Directors' remuneration report
For year ended 31 December 2007

Dear Shareholders

I am pleased to present the 2007 remuneration report for Prudential, setting out our remuneration policy for senior executives and the amounts paid to directors in 2007.

The primary objectives of our remuneration policy remain to attract high calibre executives, to encourage them to contribute to the success of Prudential by achieving returns for our 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 – in other words by 'thinking globally and acting locally'.

The Remuneration Committee considers the remuneration policy and its decisions about individuals within the context of:

— the UK's regulatory framework
— shareholder views
— good practice as set out in investor guidelines
— UK corporate governance standards.

In 2006 we discussed our remuneration policy with shareholders who subsequently approved the introduction of new long-term incentive plans for our executive directors and selected senior executives. The review affirmed a set of remuneration principles which has guided the Remuneration Committee in determining its general approach and in making decisions about the remuneration of individual executive directors in 2007.

The Remuneration Principles which the Committee has applied are:

— a high proportion of total remuneration will be delivered through performance-related reward
— a significant element of performance-related reward will be provided in the form of shares
— the total remuneration package for each 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.

These principles, which the Committee reviews regularly, will also provide the basis for setting the remuneration policy and the potential awards for Prudential's executive directors in 2008.

The members of the Remuneration Committee during 2007, listed below, are all independent non-executive directors:

Bridget Macaskill (Chairman)
Keki Dadiseth
Michael Garrett
James Ross joined the Committee from 1 January 2008.

The Committee met on seven occasions in 2007. The Chairman and the Group Chief Executive are invited to attend the meetings and are asked to provide their views as appropriate. The Committee decides the remuneration of the Chairman and the executive directors, including the Group Chief Executive, but in no case is any person present when their own remuneration is discussed. Each year the Committee reviews the remuneration of the senior management throughout the Group.

During last year, the Committee addressed its regular tasks of agreeing the executive directors' incentive payments for the previous year, confirming incentive award structures for the current year and setting salaries for 2008. In addition, the Committee:

— reviewed the comparator group of companies to be used under the Group Performance Share Plan
— considered, finalised and approved the proposals on Michael McLintock's remuneration
— agreed the terms for Mark Norbom on his leaving the Company
— agreed the terms for Philip Broadley as a result of his resignation
— agreed the terms for the appointment of Tidjane Thiam
— reviewed the remuneration of senior managers throughout the Group.

The Committee sought the views and assistance of Priscilla Vaccasin, Group Human Resources Director, Hilary Oliver, Director of Group Reward and Employee Relations and Philip Broadley, Group Finance Director. In making its decisions, the Committee also requested consultancy assistance from Deloitte and Touche LLP and PricewaterhouseCoopers LLP, market data from Deloitte and Touche LLP, Towers Perrin and McLagan and legal advice, including employment law and advice on the operation of the Company's share plans from Freshfields Bruckhaus Deringer, Slaughter and May, and Linklaters. Some of these companies also provided other services to the Company: Deloitte and Touche LLP and PricewaterhouseCoopers LLP in relation to advice on taxation and finance matters, Towers Perrin in relation to advisory work on finance matters, Freshfields Bruckhaus Deringer and Slaughter and May in relation to advice on commercial and corporate law.

During 2007, the Committee consulted with investors regarding Michael McLintock's remuneration structure and incentive award levels and a proposed new long-term incentive plan, which shareholders will be requested to approve at the Annual General Meeting.

The Committee keeps the remuneration policy under review to ensure it is effectively aligned with the performance and development of Prudential's business. To that end the Committee will undertake a review in 2008 of our remuneration arrangements for the executive directors and senior executives. The Committee will consult with major shareholders should any material changes or new proposals be made.

I continue to be 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
13 March 2008

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 Regulations

The 2007 Directors' Remuneration 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 has audited the sections contained on pages 114 to 123.

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.

Directors' remuneration report
For year ended 31 December 2007
continued

Remuneration Policy for executive directors

The Company's Remuneration Policy applies the Remuneration Principles as described in the letter from the Chairman of the Remuneration Committee, including the principle of thinking globally whilst acting locally. The remuneration structures of the individual executive directors therefore reflect their different roles and locations.

Total remuneration levels are set by reference to the levels in their relevant markets.

Elements of remuneration

Total remuneration for our executive directors is made up of the elements set out below. All elements are reviewed annually.

Element	Purpose	Measures	Practice
Salary	Provides part of the guaranteed 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. Market position compared with companies of similar size and complexity to Prudential, for example from the FTSE 50 for UK-based remuneration, UK-based asset management companies for M&G and US insurers for US-based remuneration.	The Remuneration Committee reviews salaries annually. Any changes in basic salary for the Group Chief Executive and the executive directors are effective from 1 January.
Annual bonus	Rewards the achievement of business results and individual objectives in a given year.	Group financial measures Business unit financial measures and Individual contribution.	Executive directors have annual incentive plans based on the achievement of annual performance measures taken from the Company's business plans and individual contributions. Awards are payable in cash up to the following levels, and for any award above these levels in the form of deferred shares. — Group Chief Executive – cash up to 75 per cent of salary — Group Finance Director and the Chief Executives of UK and Asia – cash up to 50 per cent of salary — Chief Executive of Jackson – cash up to 100 per cent of salary — Chief Executive of M&G – half of any award above £500,000 will be in the form of deferred shares (see the section on the proposals for Michael McLintock's remuneration on page 108). In all cases the deferred 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. In addition, the Chief Executive of Jackson National Life Insurance Company (Jackson) receives a percentage of a cash-based senior management bonus pool determined by profits of Jackson for the year.
Long-term incentive	Rewards related to achieving success for shareholders over a three year period.	Group – relative TSR performance against peer group Business – internal measures which contribute to increasing shareholder capital.	All executive directors are provided with awards under the Group Performance Share Plan and those heading businesses have additional long-term incentive plans relating to their businesses (the Business Unit Performance Plans or in the case of the Chief Executive of M&G the proposed M&G Executive LTIP described on page 108). For full details of the plans for the other executive directors see the section on 'Executive directors' long-term incentive plans' on page 105.

Element	Purpose	Measures	Practice
All-employee share plans	Allows for all employees to participate in the success of the Company.	The structure of plans is determined by market practice and local legislation.	Executive directors are eligible to participate in all-employee plans on the same basis as other employees. Further details are set out in the section on 'All-employee plans' on page 106.
Benefits	Provide another guaranteed element set at an appropriate level compared with peers.	Determined by market comparison/practice.	Executive directors receive certain benefits for example participation in medical insurance schemes, the provision of a cash allowance for a car and in some cases the use of a car and driver and security arrangements. No benefits are pensionable. Executive directors are entitled to participate in certain M&G investment products on the same terms as available to other members of staff.
Pension	Provides income in retirement.	Determined by market comparison/practice. No new executive directors appointed since June 2003 participate in defined benefit pension plans.	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. The executive directors' pension arrangements and life assurance provisions are set out in the 'Directors' pensions and life assurance' section on pages 122 and 123.

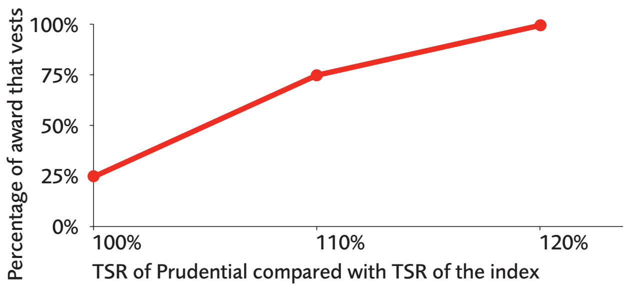
Executive directors' long-term incentive plans

All long-term incentive arrangements relating to executive directors have a performance period of three years. Shares released from all the Company's long-term plans are currently purchased in the open market through a trust for the benefit of qualifying employees.

Group Performance Share Plan (Group PSP)

The Group PSP delivers shares to participants subject to performance over a three-year period. The performance measure for the award is Prudential's Total Shareholder Return (TSR) performance 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 vesting schedule is set out in the following table and graph. The unvested portion of any award lapses. The Committee reviews the peer companies annually and for the 2007 awards decided to include Standard Life (which became a public company for the first time in 2006). No further changes were made to the comparator companies for the 2008 awards. Companies in the index for 2007 and 2008 are: Aegon, Allianz, Aviva, Axa, Friends Provident, Generali, ING, Legal & General, Manulife, Old Mutual and Standard Life.

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%



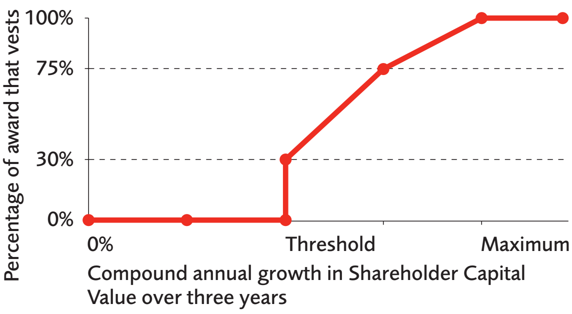
The Remuneration Committee must also be satisfied that the quality of the Company's underlying financial performance justifies the level of award delivered at the end of the performance period and may adjust the vesting level accordingly at its discretion.

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.

Directors' remuneration report
For year ended 31 December 2007 continued

Business Unit Performance Plans (BUPPs)
For executive directors with regional responsibilities, this plan delivers share and cash-based awards, subject to a three-year performance period. The performance measure under the BUPPs is Shareholder Capital Value (SCV) which is shareholders' capital and reserves on a European Embedded Value (EEV) basis (using the EEV Principles for reporting adopted by European insurance companies) for each regional business unit. Payouts depend on the increase in SCV over the performance period, with the required growth rates being different for each of Prudential's business regions to reflect the relative maturity of the markets and the different business environments. The vesting schedules are set out in the table below. The unvested portion of any award lapses.

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



The Remuneration Committee must also be satisfied that the quality of the 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.

Prudential is intending to change its supplementary basis of reporting from EEV to Market Consistent Embedded Value (MCEV). The development of the MCEV Principles and Guidance by the CFO Forum of European Insurance Companies is currently at an advanced stage and they are likely to be issued by mid 2008.

The Remuneration Committee will keep the targets for the awards under review to ensure that the vesting outcomes are not materially distorted up or down by such a change.

The M&G long-term incentive arrangements for Michael McLintock are discussed on pages 108 and 109.

All-employee plans
UK-based executive directors are eligible to participate in the Prudential HM Revenue & Customs (HMRC) approved UK Savings Related Share Option Scheme (SAYE scheme) and the Asia-based executive director can participate in the equivalent International SAYE scheme. The 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, or additionally in the UK scheme seven 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 contributions 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.

UK-based executive directors are also eligible to participate in the Company's HMRC approved Share Incentive Plan 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 the employee participates 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 policy
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, into which contributions of six per cent of basic salary up to a maximum of US$225,000, were made in 2007. He is also eligible to participate in the profit sharing element of Jackson's IRS-approved Defined Contribution Retirement Plan. The plan is an all-employee plan that provides eligible participants with annual profit sharing, depending on the financial results of Jackson for the plan year, with a maximum of six per cent of salary capped at US$13,200 in 2007.

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 HMRC approved pension schemes and supplementary provisions. Participation in the HMRC approved pension schemes is on the same basis as other employees who joined at the same date as the executive director in question. For defined benefit schemes, our policy is to retain a notional scheme earnings cap, set at £108,600 and £112,800 for the 2006/07 and 2007/08 tax years respectively. No employees with employment offers after 30 June 2003 are eligible for membership of any defined benefit schemes.

For UK 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 would be eligible to join. This plan has no salary cap.

Current remuneration structure for executive directors

The structure for the remuneration of Prudential's Group Chief Executive and executive directors will not change between 2007 and 2008, except in the case of Michael McLintock where new arrangements are proposed for 2008, described in detail on page 108. The following table summarising the structure includes the salaries of the executive directors from 1 January 2008 for information.

				Long Term Incentives	
			Annual Incentive Plan	Group Performance Share Plan	Business Unit Performance Plan
Director	Role	Annual Salary from 1 January 2008	Maximum	Maximum	Maximum
Philip Broadley	Group Finance Director	£567,100	110%	160%	n/a
Clark Manning[note 1]	President & Chief Executive Officer Jackson	US$1,050,000	c320%	230%	230%
Michael McLintock[note 2]	Chief Executive M&G	£320,000	–[2]	100%	–[2]
Nick Prettejohn	Chief Executive Prudential UK & Europe	£650,000	110%	130%	130%
Barry Stowe	Chief Executive Prudential Corporation Asia	£550,000	110%	130%	130%
Mark Tucker	Group Chief Executive	£975,000	125%	200%	n/a

Notes

1 In addition to the Annual Bonus Plan, Clark Manning participates in a 10 per cent share of a senior management `bonus pool based on the profits of Jackson. Clark Manning's annual bonus figure includes a notional figure for his participation in the senior management bonus pool reflecting exceptional performance.

2 The details for Michael McLintock's new arrangements are set out in the section on 'Michael McLintock remuneration arrangements' below. 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.

Changes from previous policy

Apart from the change to Michael McLintock's 2007 LTIP award, which is detailed in the section below, the only change to policy that was made in 2007 was an amendment to the rules covering deferred share awards from annual incentive plans, confirming that the shares would normally be made available at the end of the period and clarifying the treatment of leavers.

Michael McLintock remuneration arrangements

In the 2006 accounts we indicated that the remuneration structures of Michael McLintock would be reviewed in 2007. As a result of this, an additional award was made under the current LTIP in 2007 and a new structure is proposed for 2008.

2007 Long-Term Incentive Award

As a result of this review, it was decided that Michael McLintock's remuneration was below market for the superior level of performance achieved in recent years. After consulting with shareholders, an LTIP award was made to Michael McLintock under the share section of the current M&G Chief Executive Long-Term Incentive Plan. This plan provides phantom M&G share awards, the value of which depends on the profit and fund performance of M&G over the performance period. The notional starting phantom share price is £1.00. The change in the phantom share price equals the change in M&G profit, modified by the investment performance of M&G over the performance period. For 2007 the face value of the share award was £1,333,000 with an expected value of £1,999,500. The value of the units after three years is paid in cash.

Remuneration arrangements for 2008 onwards

A full review of the remuneration arrangements for Michael McLintock was undertaken in 2007. Our major shareholders were consulted in October and November 2007 on the proposed arrangements to apply from 2008.

Salary and benefits

No change is proposed to Michael McLintock's salary which is set at a competitive level relative to the asset management sector. Additionally no changes to the benefits policy are proposed for 2008.

Annual bonus

Awards will be made based on M&G's performance both in absolute terms and relative to its peers with bonus amounts determined by an assessment of market competitive rewards for median and superior performance. In line with practice in the asset management sector there will be no specified maximum annual bonus award going forward. For 2008, we would not anticipate bonus levels to differ significantly from awards under the current plan for comparable levels of performance.

Any bonus award up to £500,000 will be paid in cash and half of any bonus awarded over £500,000 will be in the form of an award of Prudential shares deferred for three years. Dividends will accumulate during the deferral period on any deferred shares. This deferral policy will be applied to awards from 2008, including the 2007 annual bonus award.

Long-term incentive plans

Group Performance Share Plan

As currently, in 2008 an award of 100 per cent of salary will be made to Michael McLintock under the Group Performance Share Plan.

Proposed new M&G long-term incentive plan

Subject to shareholder approval a new M&G LTIP will be introduced following the Annual General Meeting. Under this plan, awards of phantom shares will be made. The phantom share price at vesting will be determined by the increase or decrease in M&G's profits over the three year performance period, with a notional starting share price of £1.00.

The number of phantom shares in the award will depend on the performance of M&G in the financial year prior to the award being made and an assessment of Michael McLintock's contribution. Thus the award to be made in 2008 will be related to the business performance in 2007. For median performance, the new plan has been calibrated to provide a similar level of reward as the current plan. In recognition of M&G's strong performance in 2007, it is proposed that an award of phantom shares with a face value of £1,141,176 and an expected value of £1,940,000 be made in 2008. This award is subject to shareholder approval of the plan.

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 appropriate levels of profitability and maintaining strong 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 prior year and the performance period.
— The scaling back will be on a straight-line basis from 0 per cent to 100 per cent of the award between zero profit and the achievement of profits equal to the average.
— No award will vest in the event of a loss or zero profit, irrespective of fund performance.
— 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 prior year and the performance period.

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 reached.
— Awards will be forfeited if investment performance is in the fourth quartile, irrespective of any profit growth.

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

Should Michael McLintock leave the Group, the award will be forfeited unless he were termed a 'good leaver' (for instance death, disability or ill health) in which case the award would vest but would be pro-rated based on the number of days employed compared with the total number of days in the performance period. The exit value would be based on the profits and investment performance at the end of the previous financial year.

In the event of a change of control of the Company, the award will remain in place and vest at the end of the normal three-year performance period. The exit value of the award will be underpinned at profit levels projected by the most recently adopted M&G business plan prior to the change of control. If Michael McLintock were to leave within 12 months of a change of control for reasons associated with the change a pro-rated award would vest.

Further details about the plan are set out in the Notice of Annual General Meeting.

Total remuneration limit

In normal circumstances we would not expect Michael McLintock's total remuneration to exceed three per cent of M&G's IFRS profits, as currently defined for accounting purposes. Should the Committee ever wish to exceed this percentage it will consult with the Company's largest shareholders prior to making any awards and disclose in the Directors' Remuneration Report the reasons, in its opinion, the three per cent cap should be exceeded.

Directors' remuneration report
For year ended 31 December 2007
continued

Service Contracts
Chairman's letter of appointment and benefits
The Chairman, Sir David Clementi, is paid an annual fee and has a contractual notice period of 12 months by either party. The Chairman participates in a medical insurance scheme, has life assurance cover of four times his annual fees in lieu of death in service 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. His annualised fee as at 1 January 2008 is £520,000 and his pension allowance is 25 per cent of his fees.

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. 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 will vest depending on the circumstances and according to the rules of the plans. When considering any termination of a service contract, 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

* 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.

Tidjane Thiam

Tidjane Thiam is due to join Prudential on 25 March 2008 as Chief Financial Officer and will join the Board on the same day. The appointment as a director will be subject to a vote at the Annual General Meeting in May.

On joining, Tidjane Thiam's remuneration will be as set out in the following table:

Director	Role	Annual Salary	Annual Incentive Plan Maximum	Group Performance Share Plan Maximum
Tidjane Thiam	Chief Financial Officer	£650,000	110%	160%

His benefits will be a non-pensionable allowance of £10,000 per annum, in lieu of a company car allowance, medical insurance for himself and his family and the use of a car and driver. Additionally a salary supplement for pension purposes of 25 per cent of his salary and life assurance of four times salary on death in service will be provided.

In order to compensate him for the loss of his 2007 bonus, it was necessary to provide Tidjane Thiam with a cash payment of £325,000 on joining and an award of shares to be deferred for three years with a value of £325,000.

A guarantee has also been provided that his bonus for 2008 will not be less than 100 per cent of his salary. Any amount of bonus paid which is greater than 50 per cent of his salary will be awarded in shares which are deferred for three years. Under the current remuneration policy, an award of 160 per cent of his salary will be made under the Group Performance Share Plan (GPSP). For 2008, in recognition of his appointment he will be made a double award under the GPSP totalling 320 per cent of salary.

In order to compensate for the loss of outstanding deferred share awards under annual incentive plans and long term awards with his previous employer, Tidjane Thiam will receive the following:

— A cash sum on joining in lieu of the 2005 awards which were due to vest in March 2008; and
— two restricted share awards, in lieu of his 2006 and 2007 awards without performance conditions which will vest in March 2009 and 2010, respectively.

These awards will be valued taking the relative share prices of his previous employer at his date of leaving and the Company at his date of joining. Hence the value will be disclosed in the 2008 Directors' Remuneration Report.

Philip Broadley

Philip Broadley resigned in 2007. In view of his flexibility in agreeing a leaving date after the 2008 Annual General Meeting and for his agreement to act as a consultant for six months post his date of leaving, the Committee agreed the following:

— A total payment of £507,105 to be paid in two tranches in June and December 2008;
— medical insurance and life assurance cover for six months after his leaving date;
— treatment as a 'good leaver' in respect of his outstanding share awards. The deferred share awards under his 2006 and 2007 annual incentive plans will be released on his leaving and his outstanding long-term incentive awards will vest according to the rules of the plans in the same way as other recipients of awards, but pro-rated where appropriate for the time worked during the performance period.

All of the above payments after June 2008 are subject to his continuing to be available for consultancy for six months after his leaving date and subject to his compliance with non-solicitation and confidentiality conditions.

Policy on external appointments

Subject to the Group Chief Executive'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.

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.

	Date of initial appointment by the Board	Commencement date of current term*	Expiry date of current term
Sir Winfried Bischoff	2 August 2007	Subject to election at AGM 2008	AGM 2011 (subject to election at AGM 2008)
Keki Dadiseth	1 April 2005	AGM 2005	AGM 2008
Michael Garrett	1 September 2004	AGM 2005	AGM 2008
Ann Godbehere	2 August 2007	Subject to election at AGM 2008	AGM 2011 (subject to election at AGM 2008)
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 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.

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 2007.

The current annual fees for the non-executive directors are as follows:

	£
Basic fee	60,000
Audit Committee Chairman – additional fee	40,000
Audit Committee member – additional fee	15,000
Remuneration Committee Chairman – additional fee	22,500
Remuneration Committee member – additional fee	10,000
Senior Independent Director – additional fee	25,000

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 2008
Sir Winfried Bischoff	£60,000
Keki Dadiseth	£70,000
Michael Gararett	£70,000
Ann Godbehere	£75,000
Bridget Macaskill	£82,500
Kathleen O'Donovan	£100,000
James Ross	£95,000
Lord Turnbull	£75,000

Directors' shareholdings

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 two months of appointment to the Board if the director does not have such an interest upon appointment.

Non-executive directors also use a proportion of their fees to purchase additional shares in the Company on a quarterly basis.

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 incentive 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 13 March 2008 as a % of salary*
Philip Broadley	1 x salary	143%
Clark Manning	1 x salary	51%
Michael McLintock†	2 x salary	792%
Nick Prettejohn	1 x salary	74%
Barry Stowe‡	1 x salary	95%
Mark Tucker†	2 x salary	248%

* Based on the share price as at 31 December 2007.
† With an interim target of 1 x salary after three years.
‡ Shareholdings for Barry Stowe include American Depositary Receipts (ADRs). 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 and include shares acquired under the Share Incentive Plan, the deferred annual incentive awards detailed in the table on Other Share Awards on pages 120 and 121, and interests in shares awarded on appointment.

The interests of directors in shares of the Company include changes between 31 December 2007 and 13 March 2008. All interests are beneficial.

	1 Jan 2007*	31 Dec 2007	13 Mar 2008
Sir Winfried Bischoff	0	20,853	20,853
Philip Broadley note 1	71,599	113,621	113,696
Sir David Clementi	33,582	48,555	48,555
Keki Dadiseth	5,676	21,998	21,998
Michael Garrett	18,113	22,079	22,079
Ann Godbehere	0	3,753	3,753
Bridget Macaskill	14,858	16,922	16,922
Clark Manning	25,589	35,546	35,546
Michael McLintock	291,337	355,732	355,732
Kathleen O'Donovan	12,331	14,346	14,346
Nick Prettejohn	57,730	64,118	64,118
James Ross	10,387	12,452	12,452
Barry Stowe note 2	66,678	66,678	66,678
Mark Tucker	199,088	316,360	316,360
Lord Turnbull	3,885	6,035	6,035

* Or date of appointment if later.

Notes

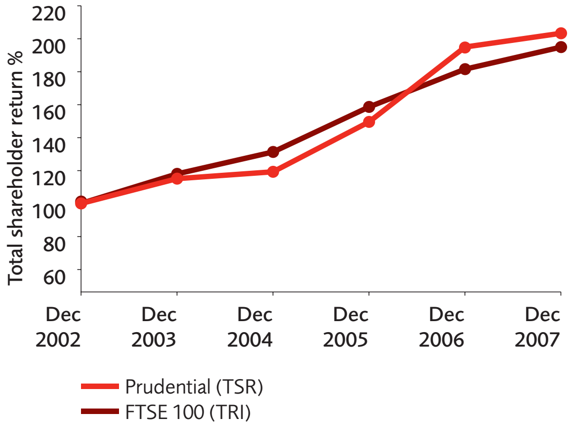
1 The shares in the table include shares purchased under the Prudential Services Limited Share Incentive Plan together with Matching Shares (on a 1:4 basis) and accumulated dividend shares. The total shares included in the table will only be released if the employee remains in employment for three years. For Philip Broadley the total number of Matching Shares at 31 December 2007 was 162.

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

The Directors' Remuneration Report Regulations 2002 (the Regulations)

The line graph below shows the Total Shareholder Return (TSR) of the Company during the five years from 1 January 2003 to 31 December 2007 against the FTSE 100. This comparison was selected as Prudential is a major company in the FTSE 100.

Prudential TSR v FTSE 100 total returns index



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.

Note that the table above compares Prudential's TSR performance against the TSR performance of the FTSE 100 index over five years. The performance condition within the Group Performance Share Plan compares Prudential's TSR performance against a group of insurers over three years.

Directors' remuneration for 2007

	Salary/Fees	Bonus	Benefits*	Cash supplements for pension purposes†	Total Emoluments 2007	Total Emoluments 2006 including cash supplements for pension purposes‡	Value of anticipated releases from LTIPs in respect of performance periods ending 31 December 2007§
	£000						
Chairman							
Sir David Clementi	508	–	41	127	676	632	
Executive directors							
Philip Broadley	567	590	56	153	1,366	1,174	814
Clark Manning notes 1, 2	500	1,724	16	–	2,240	1,943	2,933
Michael McLintock note 3	320	1,780	48	–	2,148	1,938	1,280
Mark Norbom (until 14 December 2006) note 4	–	–	–	–	–	1,345	–
Nick Prettejohn (from 1 January 2006) note 5	615	615	54	80	1,364	1,119	–
Barry Stowe (from 26 September 2006) notes 6, 7	500	500	140	125	1,265	347	–
Mark Tucker note 8	907	1,134	59	227	2,327	2,089	1,588
Total executive directors	3,409	6,343	373	585	10,710	9,955	6,615
Non-executive directors							
Sir Winfried Bischoff (from 2 August 2007)	25				25	–	
Keki Dadiseth note 9	81				81	71	
Michael Garrett	66				66	56	
Ann Godbehere (from 2 August 2007)	29				29	–	
Bridget Macaskill	79				79	65	
Roberto Mendoza (until 17 May 2007)	24				24	73	
Kathleen O'Donovan	98				98	83	
James Ross	98				98	80	
Rob Rowley (until 18 May 2006)	–				–	35	
Lord Turnbull (from 18 May 2006)	73				73	34	
Total non-executive directors	573				573	497	
Overall total	4,490	6,343	414	712	11,959	11,084	6,615

* Benefits include, where provided, cash allowances for cars, 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 policy' on page 106. The pension arrangements for current executive directors are described in the section on 'Directors' pensions and life assurance' on page 122.
‡ 2006 figures include deferred share awards made from 2006 annual incentive plans which are detailed in the section 'Other Share Awards' on page 120.
§ 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 2007. All executive directors participate in long-term incentive plans and the details of releases for awards with a performance period ending 31 December 2007 are provided in the footnotes to the tables on share awards on pages 116 to 119. Executive directors' participation in all-employee plans are detailed on page 122.

Notes
1 It is anticipated that for Clark Manning a deferred share award from the 2007 annual bonus valued at $200,000 will be made. This is included in the 2007 bonus figure.
2 Clark Manning's bonus figure excludes a contribution of £6,745, from a profit sharing plan, which has been made into a 401K retirement plan. This is included in the table on pension contributions on page 123.
3 Michael McLintock's 2007 annual incentive contains a deferral element as described in the section on 'Michael McLintock remuneration arrangements' on page 108. It is anticipated that a deferred share award from the 2007 annual bonus valued at £640,000 will be made. This is included in the 2007 bonus figure.
4 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 nine successive monthly payments of £55,792. He also received private medical and life cover, school fees and club memberships until 31 October 2007 and housing benefits until 5 May 2007.
5 It is anticipated that for Nick Prettejohn a deferred share award from the 2007 annual bonus valued at £307,625 will be made. This is included in the 2007 bonus figure.
6 It is anticipated that for Barry Stowe a deferred share award from the 2007 annual bonus valued at £250,000 will be made. This is included in the 2007 bonus figure.
7 Barry Stowe's benefits include those relating to his expatriate status including costs of £88,288 related to housing.
8 It is anticipated that for Mark Tucker a deferred share award from the 2007 annual bonus valued at £453,600 will be made. This is included in the 2007 bonus figure.
9 Keki Dadiseth was paid allowances totalling £9,400 in 2007 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.

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 2007, Michael McLintock earned £48,542 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.

Remuneration for 2007

The following sections provide information on payments, outstanding conditional incentive awards and shares released in 2007 for each executive director.

2007 Annual Incentive Plan structures

Annual bonus awards for all executive directors are determined by the Company's financial performance and the contribution of the individual. Greater weighting is given to the financial measures. The balance between the Group and business unit measures reflect the Committee's view for each executive director on the structure required to ensure the appropriate focus. The table below sets out the weightings between the Group and Business Unit measures and personal performance.

	Financial measures		Personal performance
	Group	Business	
Philip Broadley	80%	–	20%
Clark Manning*	25%	65%	10%
Michael McLintock	10%	75%	15%
Nick Prettejohn	20%	60%	20%
Barry Stowe	20%	60%	20%
Mark Tucker	80%	–	20%

* The proportions for Clark Manning relate to his participation in the annual bonus plan and the Jackson Bonus pool which is based on Jackson financial performance. The proportions shown in the table incorporate a notional level for this pool.

Annual Incentive Plans – Performance in 2007

The main business measures considered by the Remuneration Committee and incorporated into the annual incentive plans are IFRS profit, EEV profit and cash flow. The measures for Jackson are different and are identified later in this section.

The 2007 results under the main business measures were:

	Group notes 2,3	UK notes 2,4	Asia	M&G note 5
IFRS profit from continuing operations	£1,213m	£528m	£246m	£254m
EEV profit from long-term business	£2,532m	£859m	£1,046m	–
Net cash flow	£-82m	£-142m	£37m	–

Comparing these with the 2006 results, using constant exchange rates, produces the results set out in the following table.

	Group	UK	Asia	M&G
IFRS profit from continuing operations	Increase of 20%	Increase of 6%	Increase of 17%	Increase of 25%
EEV profit from long-term business	Increase of 25%	Increase of 25%	Increase of 34%	–
Net cash flow	£22m improvement	£30m improvement	£9m improvement	–
	Increase of 21%	Increase of 17%	Increase 32%	

Notes

1 The 2007 and 2006 profit figures (based on reported actual exchange rates) were audited by KPMG. Net cash flow and the conversions at constant exchange rates are not audited.
2 In considering the bonus payments to be made to the executive directors the Committee decided to exclude the effects of Egg such that IFRS profits are from continuing operations. Hence no income from the sale of Egg or operating losses pre-sale are included.
3 2007 Group performance against the metrics included in the executive directors' annual incentive plans was above maximum.
4 UK Net cash flow excludes the With-profits transfer.
5 Michael McLintock's annual bonus plan performance measures include, as well as IFRS profits, growth in retail funds under management and comparative fund investment performance. Performance achieved against IFRS profits was above superior performance and the other two measures were around upper quartile performance.
6 2007 performance of the metrics in the individual business incentive plans were generally significantly above expectation, although Asia results included outcomes between threshold and business plan and a UK result close to business plan.

Clark Manning's annual plan includes free cash generated and the result was 21 per cent above business plan levels. Clark Manning also participates in the Jackson Bonus pool which in 2007 was based principally on US GAAP profits (up 26 per cent compared with 2006) and New Business EEV profits (up 19 per cent compared with 2006).

For all the executive directors, individual strategic goals formed the objectives against which individual performance was assessed. These included each executive director's contribution to the Group strategy as a member of the Prudential plc Board and the proper performance of their functional and/or business unit roles.

The Committee is fully satisfied that it has considered each case carefully, applied appropriate judgement and that the bonus award has been made for each executive director taking into account the overall performance of the Company in 2007.

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, 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 2007 (Number of shares)	Conditional awards in 2007 (Number of shares)	Market price at date of original award (pence)	Releases or rights (options) granted upon vesting in 2007 (Number of shares)	Conditional share awards outstanding at 31 Dec 2007 (Number of shares)	Date of end of performance period
Philip Broadley	Restricted Share Plan	2004	210,713				–[1]	31 Dec 06
	Restricted Share Plan	2005	182,983				182,983[2]	31 Dec 07
	Group Performance Share Plan	2006	170,127				170,127[3]	31 Dec 08
	Group Performance Share Plan	2007		147,559	745		147,559[4]	31 Dec 09
			563,823	147,559			500,669	
Clark Manning	Restricted Share Plan	2004	196,174				–[1]	31 Dec 06
	Restricted Share Plan	2005	163,352				163,352[2]	31 Dec 07
	Group Performance Share Plan	2006	241,415				241,415[3]	31 Dec 08
	Business Unit Performance Plan (share element)	2006	120,707				120,707	31 Dec 08
	Group Performance Share Plan	2007		191,140	745		191,140[4]	31 Dec 09
	Business Unit Performance Plan (share element)	2007		95,570	745		95,570	31 Dec 09
			721,648	286,710			812,184	
Michael McLintock	Restricted Share Plan	2004	67,429				–[1]	31 Dec 06
	Restricted Share Plan	2005	58,555				58,555[2]	31 Dec 07
	Group Performance Share Plan	2006	64,199				64,199[3]	31 Dec 08
	Group Performance Share Plan	2007		52,040	745		52,040[4]	31 Dec 09
			190,183	52,040			174,794	

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

	Plan name	Year of initial award	Conditional share awards outstanding at 1 Jan 2007 (Number of shares)	Conditional awards in 2007 (Number of shares)	Market price at date of original award (pence)	Releases or rights (options) granted upon vesting in 2007 (Number of shares)	Conditional share awards outstanding at 31 Dec 2007 (Number of shares)	Date of end of performance period
Mark Norbom	Restricted Share Plan	2004	200,177				–[1]	31 Dec 06
	Restricted Share Plan	2005	182,983				–[5]	31 Dec 07
	Group Performance Share Plan	2006	144,648				–[5]	31 Dec 08
	Business Unit Performance Plan (share element)	2006	72,324				–[5]	31 Dec 08
			600,132				–	
Nick Prettejohn	Group Performance Share Plan	2006	149,964				149,964[3]	31 Dec 08
	Business Unit Performance Plan (share element)	2006	74,982				74,982	31 Dec 08
	Group Performance Share Plan	2007		130,071	745		130,071[4]	31 Dec 09
	Business Unit Performance Plan (share element)	2007		65,035	745		65,035	31 Dec 09
			224,946	195,106			420,052	
Barry Stowe	Group Performance Share Plan	2007		105,706	745		105,706[4]	31 Dec 09
	Business Unit Performance Plan (share element)	2007		52,853	745		52,853	31 Dec 09
				158,559			158,559	
Mark Tucker	Restricted Share Plan	2005	356,817				356,817[2]	31 Dec 07
	Group Performance Share Plan	2006	337,044				337,044[3]	31 Dec 08
	Group Performance Share Plan	2007		295,067	745		295,067[4]	31 Dec 09
			693,861	295,067			988,928	

Cash rights granted under the Business Unit Performance Plan

	Plan name	Year of initial award	Conditional awards outstanding at 1 Jan 2007 £000	Conditional awards in 2007 £000	Payments made in 2007 £000	Conditional awards outstanding at 31 Dec 2007 £000	Date of end of performance period
Clark Manning	Business Unit Performance Plan (Cash element)	2006	577			577	31 Dec 08
	Business Unit Performance Plan (Cash element)	2007		624		624	31 Dec 09
Mark Norbom	Business Unit Performance Plan (Cash element)	2006	361			–[5]	31 Dec 08
Nick Prettejohn	Business Unit Performance Plan (Cash element)	2006	374			374	31 Dec 08
	Business Unit Performance Plan (Cash element)	2007		400		400	31 Dec 09
Barry Stowe	Business Unit Performance Plan (Cash element)	2007		325		325	31 Dec 09

Restricted Share Plan awards
For RSP awards in 2004 and 2005, no rights were granted if the Company's TSR performance as ranked against the comparator group (those companies remaining out of the FTSE 100 at the beginning of the performance period) was at the 50th percentile or below. The maximum grant is made only if the TSR ranking of the Company is 20th percentile or above. Between these points, the size of the grant made is calculated on a straight-line sliding scale. In normal circumstances, directors may take up their right to receive shares at any time during the following seven years.

2007 Awards
The awards made under the Group Performance Share Plan and the Business Unit Performance Plan in respect of 2007 have a performance period from 1 January 2007 to 31 December 2009.

In determining the 2007 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 614.91 pence.

Group Performance Share Plan
Awards under the Group Performance Share Plan are described on page 105.

Business Unit Performance Plan
Awards under the Business Unit Performance Plan are described on page 106.

Notes
Performance levels under current awards at 31 December 2007:

Note	Plan	Award year	Performance levels under current awards at 31 December 2007
1	Restricted Share Plan	2004	The ranking of the Company's TSR was ranked at 56th percentile at the end of the three-year performance period ending on 31 December 2006 and as a result the 2004 awards lapsed.
2	Restricted Share Plan	2005	The ranking of the Company's TSR at the end of the three-year performance period ending on 31 December 2007 was 30th out of the remaining 85 companies in the FTSE 100 (35th percentile) and as a result it is anticipated that options over 62.5 per cent of the maximum number of shares in each award will be made which would result in nil cost options over 114,365 shares for Philip Broadley, 102,095 shares for Clark Manning, 36,597 shares for Michael McLintock and 223,011 shares for Mark Tucker.
3	Group Performance Share Plan	2006	At 31 December 2007 Prudential's TSR performance was 121.4 per cent of the TSR performance of the index. At this performance level, 100 per cent of the maximum award would vest.
4	Group Performance Share Plan	2007	At 31 December 2007 Prudential's TSR performance was 113.1 per cent of the TSR performance of the index. At this performance level, 84 per cent of the maximum award would vest.
5	Mark Norbom		The 2005 RSP, 2006 GPSP and the 2006 BUPP awards for Mark Norbom lapsed on the termination of his employment.

Business-specific cash-based long-term incentive plans

Details of all outstanding awards under cash-based long-term incentive plans up to and including 2007 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 2007 £000	Conditionally awarded in 2007 £000	Payments made in 2007 £000	Face value of conditional awards outstanding at 31 Dec 2007 £000	Date of end of performance period
Clark Manning						
Business Cash LTIP	2004	1,295		2,013	–	31 Dec 06
Business Cash LTIP	2005	1,295			1,295	31 Dec 07
Michael McLintock						
Phantom M&G options	2000	184		403	–	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 options	2004	368			368	31 Dec 06
Phantom M&G shares	2004	225		583	–	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
Phantom M&G shares	2007		1,333		1,333	31 Dec 09
Mark Norbom						
Business Cash LTIP	2004	713		413	–	31 Dec 06
Business Cash LTIP	2005	750			–	31 Dec 07
Total cash payments made in 2007				3,412		

Clark Manning

In 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 change in the Prudential plc share price 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 greater or equal to eight per cent compound growth per annum. 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 2004 award the results led to a payment of US$4,028,896. The face values of the awards for Clark Manning are converted at the average exchange rate for 2007 which was US$2.0015 = £1 (2006: US$1.8430 = £1). For the 2005 Business Cash LTIP, the compound annual growth rate in appraisal value was 22.8 per cent and as a result a payment of US$4,416,308 will be made.

Michael McLintock

Michael McLintock's 2004, 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 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 2004 award the phantom share price at the end of the performance period was £2.59. This resulted in a payment from the phantom share award of £582,750 and a phantom option award of 367,800 units. Michael McLintock did not exercise any of these options. For the 2005 award, the phantom share price at the end of the performance period was £2.34. This will result in a payment of £526,500 from the share element of the award.

Under the rules of Michael McLintock's 2000 phantom option award, a payment of £402,741 was made at the end of the seven-year exercise period.

Following consultations with shareholders an award with a face value of £1,333,000 was made in 2007 under the share element of the M&G Chief Executive Long-Term Incentive Plan.

Mark Norbom

Mark Norbom's awards under the Business Cash LTIP for 2004 vested as a result of Asia's performance and a payment of £412,751 was made in 2007. On the termination of his employment his award under the 2005 Business Cash LTIP lapsed.

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 114. 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 2006 awards the average share price was 681.5 pence.

	Year of initial grant (Number of shares)	Conditional share awards outstanding at 1 Jan 2007 (Number of shares)	Conditionally awarded in 2007 (Number of shares)	Scrip dividends accumulated (Number of shares)	Shares released in 2007 (Number of shares)	Conditional share awards outstanding at 31 Dec 2007 (Number of shares)	Date of end of restricted period	Shares released in 2007 (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	6,387			6,387	–	31 Dec 06	6,387	15 Mar 07	502	675
Deferred 2005 annual incentive award[note 1]	2006	31,954		789		32,743[1,2]	31 Dec 08				
Deferred 2006 annual incentive award[note 1]	2007		31,100	768		31,686[1,2]	31 Dec 09				
Clark Manning											
Deferred 2006 annual incentive award[note 1]	2007		9,100	224		9,324[1,3]	31 Dec 09				
Michael McLintock											
Deferred 2003 annual incentive award	2004	57,121			57,121	–	31 Dec 06	57,121	15 Mar 07	502	675
Deferred 2004 annual incentive award	2005	93,750		2,317	96,067	–	31 Dec 07	96,067	31 Dec 07	475	712
Deferred 2005 annual incentive award[note 1]	2006	84,779		2,095		86,874[1]	31 Dec 08				
Deferred 2006 annual incentive award[note 1]	2007		81,438	2,012		83,450[1,4]	31 Dec 09				
Mark Norbom											
Awards under appointment terms[note 7]	2004	89,353			89,353	–[7]	01 Jan 07	89,353	02 Feb 07	439	705.5
	2004	31,596				–[7]	01 Jan 08				
	2004	15,339				–[7]	01 Jan 09				
	2004	414,826			87,403	–[7]	20 Feb 13	87,403	28 Feb 07	439	673.5
Deferred 2004 annual incentive award[note 1]	2005	33,965			33,965	–[7]	31 Dec 07	33,965	08 Feb 07	475	715
Deferred 2005 annual incentive award[note 1]	2006	18,306			18,306	–[7]	31 Dec 08	18,306	08 Feb 07	715.5	715

Other share awards continued

	Year of initial grant (Number of shares)	Conditional share awards outstanding at 1 Jan 2007 (Number of shares)	Conditionally awarded in 2007 (Number of shares)	Scrip dividends accumulated (Number of shares)	Shares released in 2007 (Number of shares)	Conditional share awards outstanding at 31 Dec 2007 (Number of shares)	Date of end of restricted period	Shares released in 2007 (Number of shares)	Date of release	Market price at original date of award (pence)	Market price at date of vesting or release (pence)
Nick Prettejohn											
Awards under appointment terms[note 8]	2006	16,000			16,000	–	31 Oct 07	16,000	31 Oct 07	627.5	712
		5,500				5,500	31 Oct 08				
Deferred 2006 annual incentive award[note 1]	2007		11,837	291		12,128[1,5]	31 Dec 09				
Barry Stowe											
Awards under appointment terms[note 9]	2006	7,088			7,088	–	01 May 07	7,088	01 May 07	702	746
		7,088				7,088	01 May 08				
		7,088				7,088	01 May 09				
		28,706				28,706	01 Sept 09				
		7,088				7,088	01 Jan 10				
		2,110				2,110	01 May 10				
Mark Tucker											
Deferred 2005 annual incentive award[note 1]	2006	37,206		919		38,125[1]	31 Dec 08				
Deferred 2006 annual incentive award[note 1]	2007		72,302	1,786		74,088[1,6]	31 Dec 09				

Notes

1 Under the annual bonus plans, the element of bonus for performance above specified levels are made in the form of a share award deferred for three years. The value of the 2006 deferred share award is included in the total 2006 figure in the Directors' Remuneration table on page 114.

2 In 2007, a deferred share award from his 2006 annual bonus valued at £211,947 was made to Philip Broadley. This is included in the 2006 total in the Directors' Remuneration table on page 114. Under the terms agreed on his leaving the Company, the outstanding deferred awards to Philip Broadley will be released after his termination date.

3 In 2007, a deferred share award from his 2006 annual bonus valued at US$121,360 was made to Clark Manning. This is included in the 2006 total in the Directors' Remuneration table on page 114. The exchange rate used was US$1.8430 = £1.

4 In 2007, a deferred share award from his 2006 annual bonus valued at £555,000 was made to Michael McLintock. This is included in the 2006 total in the Directors' Remuneration table on page 114.

5 In 2007, a deferred share award from his 2006 annual bonus valued at £80,673 was made to Nick Prettejohn. This is included in the 2006 total in the Directors' Remuneration table on page 114.

6 In 2007, a deferred share award from his 2006 annual bonus valued at £492,744 was made to Mark Tucker. This is included in the 2006 total in the Directors' Remuneration table on page 114.

7 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.

8 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.

9 In order to secure the appointment of Barry Stowe and to compensate him for the loss of substantial amounts of outstanding long-term remuneration, he was awarded rights to Prudential plc American Depositary Receipts, that 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.

In order to compensate for the loss of share options, Barry Stowe was also awarded 1,255 Prudential plc ADRs in 2007.

Directors' remuneration report
For year ended 31 December 2007
continued

Outstanding 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 & 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 out-standing at 1 Jan 2007	Exercised in 2007	Market price on exercise date (pence)	Options forfeit in 2007	Options granted in 2007	Options out-standing at 31 Dec 2007	Market price at 31 Dec 2007 (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**	**763.5**			**–**		**364**	**346**	01 Jun 07	30 Nov 07
Michael McLintock	2003	**6,153**					**6,153**	**712**	**280**	**266**	01 Jun 08	30 Nov 08
Nick Prettejohn	2006	**661**					**661**	**712**	**565**	**n/a**	01 Jun 09	30 Nov 09
Mark Tucker	2005	**2,297**					**2,297**	**712**	**407**	**n/a**	01 Dec 08	31 May 09

Notes

1 Gains of £11,339 were made by directors in 2007 on the exercise of share options. (2006: nil).

2 No price was paid for the award of any option.

3 The highest and lowest share prices during 2007 were 811 pence and 618 pence respectively.

Dilution

Prudential currently meets its obligations under its share plans by funding an employee trust which acquires shares on the open market either at the time of grant or by maintaining sufficient shares in the trust to meet the requirements as awards vest. Shares relating to options granted under all-employee share plans are satisfied by new issue shares. The combined dilution from all outstanding options at 31 December 2007 was 0.1 per cent of the total share capital at the time.

Directors' pensions and life assurance

The pensions policy is set out on page 106. Prudential's current practice in respect of pension arrangements for the current executive directors is set out below.

Philip Broadley participates in a non-contributory scheme that provides a pension of one-sixtieth 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. They are also provided with life assurance cover of four times salary.

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 including life assurance of four times salary. 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 114.

Directors' pensions and life assurance continued

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 Dec 2007		Transfer value of accrued benefit at 31 Dec note 3			
	Age at 31 Dec 2007	Years of pensionable service at 31 Dec 2007	Accrued benefit at 31 Dec 2007 £000	Ignoring inflation on pension earned to 31 Dec 2006 note 1 £000	Allowing for inflation on pension earned to 31 Dec 2006 note 2 £000	2007 B £000	2006 A £000	Amount of (B-A) less contributions made by directors during 2007 £000	Contributions to pension and life assurance arrangements note 4 £000
Sir David Clementi	58	–	–	–	–	–	–	–	15
Philip Broadley	46	7	14	2	2	135	111	24	–
Clark Manning	49	–	–	–	–	–	–	–	15
Michael McLintock	46	15	38	3	4	435	397	25	91
Nick Prettejohn	47	–	–	–	–	–	–	–	74
Barry Stowe	50	–	–	–	–	–	–	–	–
Mark Tucker	50	–	–	–	–	–	–	–	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 Supplements in the form of cash are included in the Directors' Remuneration table on page 114.

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 £1,163,687 (2006: £1,161,410) of which £166,557 (2006: £138,937) related to money purchase schemes.

Signed on behalf of the Board of directors

B A Macaskill

Bridget Macaskill
Chairman, Remuneration Committee
13 March 2008

David Clementi

Sir David Clementi
Chairman
13 March 2008