Section 4
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 2011.

This report is the first prepared since I became Chairman of the Remuneration Committee in June 2011. I would like to take this opportunity to thank my predecessor, Bridget Macaskill, for her contribution to the Committee over the last eight years. I would also like to welcome Kai Nargolwala, who joined the Committee on 1 January 2012.

Our aims

The primary aims of our remuneration policy remain unchanged:

- To attract and retain the high calibre executives required to lead and develop the Group, and
- To reward executives for delivering our business plans and generating sustainable growth and returns for shareholders.

In order to achieve the first of these aims, the Committee reviews remuneration packages regularly, taking account of individual performance and contributions, and information about the reward offered by the UK and overseas organisations with which we compete for executive talent.

In order to achieve the second of these aims, the Group's reward arrangements are robustly connected to the achievement of its key financial objectives and support its approach to risk management. The Group believes that increasing new business profitability, IFRS profitability and cash generation simultaneously will create sustainable growth. The combination of measures used to determine annual bonuses rewards the achievement of all three of these objectives, attained whilst maintaining adequate levels of capital and adhering to the Group's risk appetite. The performance measure for our Group long-term incentive plan is Total Shareholder Return (the combination of share price growth and dividends paid). This performance measure ensures that the interests of our executives are closely aligned with those of shareholders.

Rewarding strong performance

The financial results presented earlier in this Annual Report show that the Group delivered increases in new business profits, IFRS profits and cash generation during 2011. This growth outstripped both the stretching targets set by the Committee at the start of 2011 and market expectations, notwithstanding challenging global market conditions. These results were achieved whilst maintaining better than adequate levels of capital and working within the Group's risk appetite. The 2011 bonuses awarded to executive directors recognise this outstanding achievement.

Our 2011 results built on the strong performance over recent years which has delivered significant value to our shareholders. Over the last three financial years, Prudential's share price and dividend payments have grown; £1 invested in Prudential in January 2009 was worth more than £2 at the end of December 2011. This return for shareholders has significantly outperformed that produced by our peers in the international insurance industry. Since the growth of our share price and dividend payments relative to an index of our peers determines the vesting of Group Performance Share Plan awards, the awards made in 2009 will be released in full.

Reviewing the structure of remuneration for the future

The structure of remuneration arrangements for Prudential's executive team has remained substantially unchanged since 2006. During the course of 2012, the Remuneration Committee will undertake a review of these arrangements to ensure that the Group's reward structure continues to give the Company a competitive advantage in the international talent market and that it aligns the pay of executives with the Group's business strategy and ambitions. This review will take account of the new regulatory requirements of Solvency II and evolving guidelines, regulations and legislation. Information about any resulting proposals and changes will be provided in the Committee's report for 2012.

The UK Government has put forward proposals aimed at increasing the information available to shareholders in the remuneration report. We have anticipated the likely changes and, in the spirit of transparency, have included additional information on the compensation for our directors in 2012 in this year's report. You will see that we are continuing to ensure that our total remuneration packages remain competitive. The structure of remuneration for 2012 is substantially the same as that in 2011 and it will reward the delivery of the Group's business priorities and returns to shareholders.

I trust that you will support the policies outlined in our 2011 report.

Lord Turnbull
Chairman, Remuneration Committee
12 March 2012

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 17 May 2012.

This report has been drawn up in accordance with the UK Corporate Governance Code, Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, the UK Listing Authority Listing Rules and the Code on Corporate Governance Practices in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong. KPMG Audit Plc has audited the information provided on pages 148 to 156.

During the year, the Company has complied with the provisions of Section D and Schedule A of the UK Corporate Governance Code which are in force regarding directors' remuneration.

The Remuneration Committee

The Committee is responsible for:

- Determining the remuneration policy for the Chairman and approving the remuneration of the executive directors of the Company;
- Monitoring the remuneration of a defined leadership population and for individuals with the opportunity to earn 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 2011 are listed below. All are independent non-executive directors:

- Lord Turnbull KCB CVO (Chairman from 14 June 2011)
- Keki Dadiseth
- Michael Garrett
- Bridget Macaskill (until 14 June 2011)
- Paul Manduca

Kai Nargolwala joined the Committee on 1 January 2012

In 2011, the Committee met seven times. Key activities at each meeting are shown in the table below:

Meeting	Key activities
February 2011	• Review the requirements of the latest governance guidelines and consultations, including the FSA's revised Remuneration Code; • Approve the 2010 Directors' remuneration report; • Consider 2010 annual bonuses and the vesting of 2008 long-term incentive awards.
March 2011 (2 meetings)	• Determine 2010 annual bonuses and the vesting of 2008 long-term incentive awards in light of audited financial results for 2010.
April 2011	• Review of the reward implications of M&G's business model and KPIs; • Approve the performance measures to be used for annual bonuses and long-term incentive awards.
June 2011	• Consider the remuneration of the Group Leadership Team (comprising around 100 senior individuals including the Group Executive Committee), senior risk staff and of employees with a remuneration opportunity over £1 million per annum; • Consider trends in remuneration corporate governance and the competitive landscape; • Review current executive remuneration structures; • Note the dilution levels resulting from the Company's share plans.
September 2011	• Review the structure of remuneration for staff in the Group Risk function; • Monitor performance against long-term incentive targets to the mid year; • Agree the timeline for the review of executive remuneration structure.
December 2011	• Note the level of participation in the Company's all-employee share plans; • Review the requirements of the latest governance guidelines and consultations; • Provide feedback on a number of executive remuneration structure alternatives; • Consider the initial draft 2011 Directors' remuneration report; • Review the salaries and incentive opportunities for executive directors in 2012; • Consider the measures to be used for 2012 annual bonuses; • Approve the shareholding guidelines policy; • Approve the Committee's Terms of Reference and 2012 work plan; • Appoint the independent adviser to the Remuneration Committee.

Directors' remuneration report

The Chairman and the Group Chief Executive attend meetings by invitation. The Committee also had the benefit of advice from the Chief Financial Officer, Group Chief Risk Officer, Group Human Resources Director and Director of Group Reward and Employee Relations. Individuals are never present when their own remuneration is discussed.

During 2011 Deloitte LLP were reappointed as the independent adviser to the Committee following a competitive tender process. Advice was also provided by PricewaterhouseCoopers LLP. Market data was sourced from Deloitte LLP, PricewaterhouseCoopers LLP, Towers Watson, McLagan Partners and LOMA. Linklaters, Norton Rose and Slaughter & May provided legal counsel, 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 and PricewaterhouseCoopers LLP in relation to Solvency II, taxation and other financial matters, Towers Watson in relation to actuarial advice and Slaughter & May and Norton Rose in relation to commercial, corporate and general legal advice.

Remuneration principles

The primary aims of our remuneration policy are:

- To attract and retain the high calibre executives required to lead and develop the Group, and
- To reward executives for delivering our business plans and generating sustainable growth and returns for shareholders.

In order to achieve these aims, the Committee applies the following principles:

- A substantial portion of total remuneration is delivered through performance-related reward with the highest levels of reward only being paid for the highest levels of achievement;
- A significant element of performance-related reward is provided in the form of shares;
- The total remuneration package for each executive director is set with reference to the relevant employment market;
- The performance of executive directors responsible for business units is measured at both a business unit and Group level;
- Performance measures include absolute financial measures and relative measures, as appropriate, to provide alignment between achieving results for shareholders and the rewards for executives;
- Reward structures are designed to deliver fair and equitable remuneration for all employees; and
- Reward arrangements are designed to be consistent with the Group's risk appetite and minimise regulatory and operational risk.

These principles shape remuneration policies and practices which are aligned with our business model. They are designed to ensure that a strong governance approach is adopted and applied across all business units. The Committee continues to review these principles regularly.

Summary of main components of remuneration and related requirements

The table below summarises the Company's policies as they were applied during 2011:

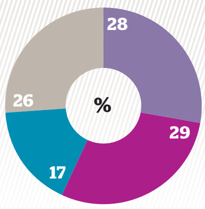
Element	Purpose	Approach
Total compensation	**Adopts appropriate compensation structures and reward payouts to attract high calibre executive directors.**	Benchmarked against the relevant market for the role, taking into account the individual's contribution and experience. Market position is compared with companies of similar size and complexity to Prudential in the relevant market(s) for the role. Consideration is also given to remuneration arrangements and levels offered to other Prudential employees.
Base salary	**Along with benefits, provides the guaranteed element of remuneration necessary to recruit and retain the best people to lead our business.**	Based on the scope of role and market position, as well as the individual's contribution and experience, taking into account total remuneration, market movement of salaries in comparator organisations and salary increases for employees generally. The Committee reviews salaries annually. Changes in base salaries are generally effective from 1 January.
Annual bonus	**Rewards the achievement of business results and individual objectives in a given year.** **Deferral reinforces the need for annual results to be grounded in business performance which is sustained over the longer term.**	Executive directors have annual bonus plans based on the achievement of Group and business unit financial performance measures and personal objectives. 2011 Group and business unit targets focused on profitability, cash flow and capital preservation. Executive directors are required to defer between 30 per cent and 50 per cent of annual bonus (for Michael McLintock, 50 per cent of bonus over £500,000 is deferred) into Prudential shares for three years. Bonuses are not pensionable.
Long-term incentive	**Rewards executive directors for delivering sustainable long-term returns for shareholders.**	All executive directors participate in the Group Performance Share Plan (GPSP) under which awards vest based on relative TSR (Total Shareholder Return, a combination of share price growth and dividends paid) performance relative to an index of international insurers. Business unit Chief Executives also participate in business unit plans that focus on financial measures which contribute to the long-term success of the business unit and, therefore, the Group. Given the cash-generative priorities of the UK business unit, the Chief Executive of UK & Europe participates in a plan using the same TSR measures as the GPSP.
Shareholding guidelines	**Encourage executives to build an interest in the Company's shares and support alignment with shareholder interests.**	The Group Chief Executive and Chief Executive of M&G are required to build up and hold shares equal to 200 per cent of base salary. Other executive directors are required to build up and hold shares equal to 100 per cent of base salary.
All-employee share plans	**Offer all employees an opportunity to participate in the success of the Company.**	The structure of plans is determined by local market practice and legislation. Executive directors are eligible to participate in all-employee plans on the same basis as other employees in their location.
Benefits	**Provide health and security benefits as part of the fixed element of remuneration.**	Set at an appropriate level. Executive directors receive benefits, for example participation in medical insurance schemes, health assessments, the use of a car and driver, and security arrangements. No benefits are pensionable.
Pension	**Provides opportunities for executive directors to save for an income in retirement in a cost efficient manner.**	It is the Company's policy to provide efficient pension plans to allow executive directors to save for their retirement. The Company's policy for all external appointments since June 2003 has been to provide a pension contribution as a fixed percentage of salary. The level of the Company's pension contribution is related to competitive practice in the executive directors' employment markets.

Directors' remuneration report

Components of 2011 remuneration

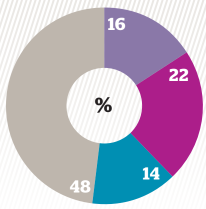
On a policy basis, the package for 2011 offered the following proportions of fixed and variable and short- and long- term reward for our executive directors (average of executive directors):

Good performance



'Good' performance results in the payment of 2011 annual bonus at plan and 2011 long-term incentive awards vesting at the threshold level.

Superior performance



'Superior' performance generates maximum payment of 2011 annual bonuses and 2011 long-term incentive awards vesting in full.

Base salary

No executive director was awarded a salary increase effective in 2011:

Director	Role	2010 Base salary	Percentage increase	2011 Base salary
Rob Devey	Chief Executive, UK & Europe	£550,000	0%	£550,000
John Foley	Group Chief Risk Officer	n/a	0%	£550,000
Michael McLintock	Chief Executive, M&G	£350,000	0%	£350,000
Nic Nicandrou	Chief Financial Officer	£550,000	0%	£550,000
Barry Stowe	Chief Executive, PCA	HKD8,000,000	0%	HKD8,000,000
Tidjane Thiam	Group Chief Executive	£900,000	0%	£900,000
Mike Wells	President & CEO, JNL	n/a	0%	$1,000,000

Note
John Foley and Mike Wells became executive directors on 1 January 2011.

Annual bonus

Performance measures

The 2011 annual bonus plans for the majority of executive directors included Group and business unit performance measures based on:

- IFRS operating profit;
- EEV operating profit;
- Holding company cash flow; and
- Insurance Groups Directive (IGD) Capital Surplus.

These performance measures have been selected because they recognise the importance of generating profit while maintaining cash flow and capital coverage. Please see the Financial Statements and the Risk and Capital Management section of the Business Review for full definitions of these measures. Michael McLintock's annual bonus plan incorporated business unit measures including M&G investment performance and M&G IFRS operating profit (excluding PruCap). The performance measures for Mike Wells' annual bonus included Jackson's IFRS pre-tax operating income and EEV new business profit.

A portion of the annual bonus for each executive director is based on the achievement of personal objectives. These objectives include the executive's contribution to Group strategy as a member of the Board and specific goals related to their functional and/or business unit role (for instance, project measures relating to the implementation of Solvency II requirements). In addition, all employees are required to comply with the regulatory, governance and risk management practices and policies as these relate to their role and business area. Specifically, all business units must act within the Group's risk appetite.

Part of the annual bonus is deferred

A proportion of each executive director's annual bonus is not paid in cash and must be deferred. This portion is deferred for three years in the form of the Company's shares. This deferral aligns the interests of our executive directors with our shareholders and helps to ensure a focus on the sustainable success of the Company.

Executive directors' bonus opportunities, the weighting of performance measures for 2011 and the proportion of annual bonuses deferred are set out opposite.

2011 Executive directors' bonus opportunities, the weighting of performance measures and the proportion of annual bonuses deferred:

			Weighting of measures		
			Financial measures		
	Maximum bonus opportunity (% of salary)	**Deferral requirement**	**Group**	**Business unit**	**Personal objectives**
Rob Devey	160%	40% of total bonus	20%	60%	20%
John Foley	160%	40% of total bonus	50%	–	50%
Michael McLintock	(note 1)	50% of bonus above £500,000	10%	60%	30%
Nic Nicandrou	160%	40% of total bonus	80%	–	20%
Barry Stowe	160%	40% of total bonus	20%	60%	20%
Tidjane Thiam	180%	50% of total bonus	80%	–	20%
Mike Wells	c.385% (note 2)	30% of total bonus	30%	60%	10%

Notes
1 Michael McLintock's annual bonus and long-term incentive opportunities are based on M&G's performance both in absolute terms and relative to its peers. In line with practice in the asset management sector, there is no specified maximum incentive award. Michael's total remuneration (including long-term incentives) is subject to an overriding cap which requires that his total remuneration must not be greater than 3 per cent of M&G's annual IFRS profit.
2 Mike Wells' annual bonus figure and the weighting of measures comprise 160 per cent of salary and a 10 per cent share of the Jackson senior management bonus pool based on the target performance of Jackson.

Rewarding 2011 performance

During 2011, the Group delivered growth in new business profits, IFRS profits and cash generation. In each of these three important areas, the Group exceeded both the performance achieved in 2010 and the stretching targets set by the Committee at the start of 2011, notwithstanding challenging global market conditions. All other financial targets set for the 2011 annual bonus plan were also exceeded, with achievement against most reaching or approaching the level required for maximum bonus payments. On the basis of this performance, the Committee approved the 2011 bonus payments set out on page 148.

Long-term incentives

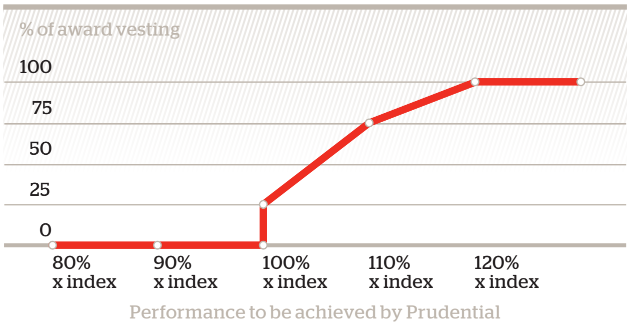
All executive directors participate in the Group Performance Share Plan (GPSP). Those executive directors with responsibility for a business unit also participate in plans linked to the long-term success of the relevant unit. The Committee will continue to keep the performance measures used in the long-term incentive plans under review to ensure their relevance.

Details of the awards made under these plans in 2011 can be found on pages 151 and 152.

Group Performance Share Plan

All executive directors participate in the GPSP. Awards vest on the basis of the Group's Total Shareholder Return (TSR) performance over a three-year period. Total Shareholder Return is the combination of the share price growth and the dividends paid. Prudential's TSR performance over the performance period is compared with the TSR performance of an index composed of 10 international insurers (see box below). This performance measure was selected because it focuses on the value delivered to shareholders. TSR is measured on a local currency basis since this has the benefits of simplicity and directness of comparison.

The vesting schedule for outstanding GPSP awards is set out below:



Peer Companies used within the Index for 2011 GPSP awards:
Aegon, Allianz, Aviva, Axa, Generali, ING, Legal & General, Manulife, Old Mutual and Standard Life

For any GPSP award to vest, the Committee must be satisfied that the quality of the Company's underlying financial performance justifies the level of reward delivered at the end of the performance period. To ensure close alignment with our shareholders' long-term interests, participants receive the value of reinvested dividends over the performance period for those shares which ultimately vest. If performance measures are not achieved in full, the unvested portion of any award lapses and performance cannot be retested.

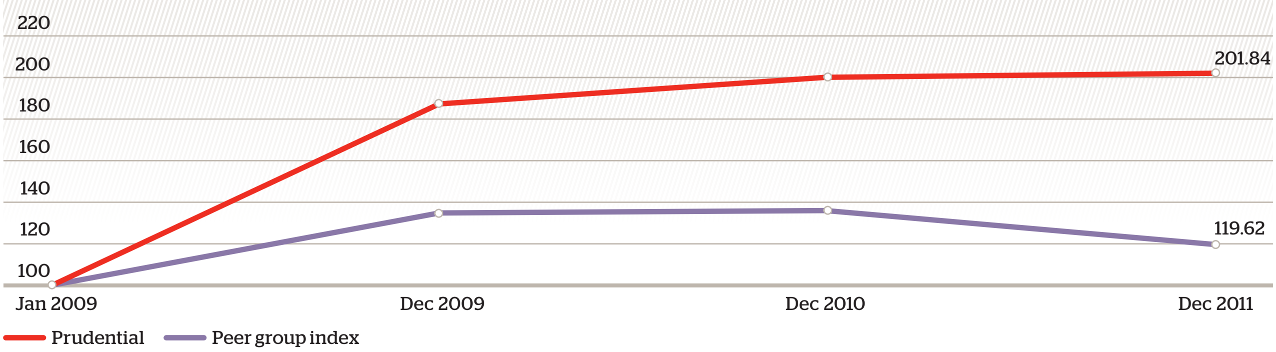
Directors' remuneration report

On 31 December 2011, the performance period for the 2009 GPSP award (which began on 1 January 2009) came to an end. The peer group used for this award was the 10 companies listed above plus Friends Provident (Friends Provident is included in the calculation until its delisting in November 2009). Since the peer group's TSR index was 100 at the start of the 2009 to 2011 performance period and was 120 at the end of the period, (as illustrated below) in order for the 2009 GPSP awards to vest in full, Prudential's TSR index over the period had to increase from 100 to at least 144 (ie 120 x 1.2). The Committee believes that this is a stretching requirement that requires exceptional performance, relative to other international insurance companies, for awards to be released in full.

Prudential's TSR performance over this period was 201.84, equal to 169 per cent of the peer index. The Committee, having satisfied itself about the quality of the Company's underlying financial performance, confirmed vesting of 100 per cent of the 2009 GPSP award (for reference, 100 per cent of the 2008 GPSP award vested).

The line chart below compares Prudential's Total Shareholder Return (TSR) during the three years from 1 January 2009 to 31 December 2011 with that of the peer group against which TSR is measured for the purposes of the GPSP.

Prudential TSR v peer group total returns index % over the three years to December 2011



Business Unit Performance Plan (BUPP)

For executives with regional responsibilities, the Business Unit Performance Plan (BUPP) provides awards which vest subject to performance over a three-year period.

For any BUPP award to vest, the Committee must be satisfied that the quality of underlying financial performance of the relevant business unit justifies the level of reward delivered at the end of the performance period. To ensure close alignment with our shareholders' long-term interests, participants receive the value of reinvested dividends over the performance period for those shares which ultimately vest. If the performance conditions are not achieved in full, the unvested portion of any award lapses and cannot be retested.

Asia BUPP

In 2009, 2010 and 2011 Barry Stowe was granted Asia BUPP awards with a performance measure based on the growth of the Shareholder Capital Value (SCV) of the Asian business. SCV represents shareholders' capital and reserves on a European Embedded Value (EEV) basis for each business unit.

Over this period we redirected the key metrics so that the performance of the Asian business has been managed and measured based on three core metrics of new business profit, IFRS profit and cash remittance. Given the success of this approach, SCV has been de-emphasised in the way that we manage and measure the PCA business and the associated reward mechanisms.

The Committee therefore felt that it was appropriate to revise the performance conditions attached to outstanding awards to align them with the business plan and the long-term objectives of the Asian business. Vesting of these awards will now be dependent on the new business profit, IFRS profit and cash remittance performance of the Asian business. Each of these measures will determine vesting of one third of each award. For the 2009, 2010 and 2011 BUPP awards, performance will be measured over the periods 2009 to 2011, 2010 to 2013 and from 2011 to 2014 respectively. The Committee is satisfied that these conditions are more relevant than the original SCV measure and that they are broadly equivalent in their degree of stretch. This revision is also consistent with the change made to the performance condition of the UK BUPP award in 2010.

On 31 December 2011, the performance period for the 2009 Asia BUPP award (which began on 1 January 2009) came to an end. Over the period, the new business profit, IFRS profit and cash remittance achieved by the Asian business meant that the Committee, having satisfied itself as to the quality of the business units' underlying financial performance, confirmed vesting of 86.50 per cent of Barry Stowe's 2009 Asia BUPP award (for reference, 30 per cent of Barry Stowe's 2008 Asia BUPP award vested). Please see pages 151 and 152 for details.

Jackson BUPP

In 2011 Mike Wells was granted a Jackson BUPP award with vesting dependent on the increase in Jackson's Shareholder Capital Value (SCV) over the performance period.

The levels of SCV growth required for vesting of Mike Wells' award are set out in the table below. Vesting occurs between these performance levels on a straight line basis. On 31 December 2011, the performance period for the 2009 Jackson BUPP award came to an end. Although no current executive director had a 2009 award under this plan the vesting level for other participants was 93.75 per cent (for reference, the SCV performance measure attached to the 2008 Jackson BUPP award was not achieved and so no part of that award vested).

Percentage of BUPP award which vests	Compound annual growth in SCV over three years
0%	<8%
30%	8%
75%	10%
100%	12%

UK BUPP

In 2009, 2010 and 2011 Rob Devey was granted UK BUPP awards. Given the cash-generative priorities of the UK business unit, UK BUPP awards are assessed using the same relative TSR measure applied to GPSP awards. As a result, all Rob Devey's outstanding UK BUPP awards have the same TSR conditions applied to them as the GPSP awards made in the same year.

On 31 December 2011, the performance period for the 2009 UK BUPP (which began on 1 January 2009) came to an end. As illustrated by the chart opposite, Prudential's TSR over this period was equal to 169 per cent of the peer index. The Committee, having satisfied itself as to the quality of the business unit's underlying financial performance, confirmed vesting of 100 per cent of Rob Devey's 2009 UK BUPP award (for reference, no current executive director had a 2008 UK BUPP award).

Limits on award sizes

The rules of the GPSP and BUPP set a limit on the value of shares which may be awarded to an executive in a financial year. The combined value of shares awarded under the two plans may not exceed a maximum of 550 per cent of salary although the awards made in a particular year are often significantly below this limit. On a change in control of Prudential, vesting of awards made under these arrangements would be prorated for performance and to reflect the elapsed portion of the performance period.

M&G Executive Long-Term Incentive Plan

In 2009, 2010 and 2011 Michael McLintock was granted M&G Executive LTIP awards. Under this plan an annual award of phantom shares is made with a notional starting share price of £1. The phantom share price at vesting is determined by the increase or decrease in M&G's profitability over the three-year performance period with profit and investment performance adjustments also applied:

Profit growth

The value of phantom shares vesting will be adjusted by a profit measure as follows:

- No adjustment will be made if profits in the third year of the performance period are at least equal to the average annual profit generated over the performance period;
- A loss or zero profit will result in the value of the award being reduced to zero, irrespective of investment performance;
- Between these points, the value of phantom shares will be reduced on a straight line basis from no reduction to the complete elimination of the value of the award.

Investment performance

The value of phantom shares vesting will be adjusted by an investment performance measure as follows:

- Where the investment performance of M&G's funds is in the top two quartiles during the three-year performance period, the value of phantom shares vesting will be enhanced. The value of phantom shares may be doubled if performance is in the top quartile;
- Investment performance in the third quartile will not change the value of phantom shares vesting;
- Investment performance in the bottom quartile will result in awards being forfeited, 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.

On 31 December 2011, the performance period for the 2009 award under the M&G Executive Long-Term Incentive Plan (which began on 1 January 2009) came to an end. M&G's profit grew by 103 per cent over the period and M&G's investment performance was in the second quartile. The Committee, having satisfied itself about the quality of M&G's underlying financial performance, confirmed vesting of Michael McLintock's 2009 award with a value of £2.96 per share (for reference, the 2008 award vested with a value of £2.62 per share).

Directors' remuneration report

The number of phantom shares awarded depends on the performance of M&G and Michael McLintock's individual contribution in the financial year prior to the year in which the award is made. Therefore, the number of phantom shares to be awarded in 2012 relates to M&G's performance in 2011 and is calculated on the basis of the award's expected value. The expected value of the award is determined by a third party (PricewaterhouseCoopers LLP). Based on 2011 performance, an award of 952,960 phantom shares with an anticipated value of £1,238,849 will be made to Michael McLintock in 2012. The ultimate value of the award will be determined with reference to the profit and investment performance of M&G over the three years from 1 January 2012 to 31 December 2014. Based on 2010 performance, an award of 1,318,148 phantom shares with an anticipated value of £1,779,500 was made to Michael McLintock in 2011.

Jackson Long-Term Incentive Plans

Prior to his appointment as an executive director, Mike Wells participated in the two long-term incentive plans offered to senior staff within Jackson. Mike Wells was awarded ADRs under the JNL US Performance Share Plan and cash-based awards under the JNL Long-Term Incentive Plan. Awards made under both plans have a performance period of four years and vesting is dependent on the achievement of shareholder value targets. Up to 150% of the original number of ADRs awarded under the JNL Performance Share Plan may be released if stretch performance targets are achieved.

Outstanding awards made to Mike Wells before his appointment as an executive director will remain subject to the original performance conditions and vesting schedule. No further awards will be made to Mike Wells under these plans.

On 31 December 2011, the performance periods for the 2008 awards under the JNL long-term incentive plans (which began on 1 January 2008) came to an end. Over the period the shareholder value of the US business grew by 18.1 per cent per annum (on a compound basis) and 94.7 per cent over the performance period. This resulted in vesting of 150 per cent of Mike Wells' 2008 JNL US Performance Share Plan award and 95 per cent of his 2008 cash-settled JNL Long-Term Incentive Plan award.

All-employee share plans

It is important that all employees are offered the opportunity to own shares in Prudential, connecting them both to the success of the Company and to the interests of other shareholders. Executive directors are invited to participate in these plans on the same basis as other staff in their location.

Save As You Earn (SAYE) schemes

UK-based executive directors are eligible to participate in the Prudential HM Revenue & Customs (HMRC) approved UK SAYE scheme and Barry Stowe is invited to participate in the equivalent International Share Ownership Scheme. These schemes allow employees to save towards the exercise of options over Prudential plc shares with the option price set at the beginning of the savings period at a discount of up to 20 per cent of the market price.

Participants elect to enter into savings contracts of up to £250 per month for a period of three or five years. At the end of this term, participants may exercise their options within six months and purchase 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 those options which 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 any other 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 Share Incentive Plan (SIP). This allows all UK-based employees to purchase Prudential plc shares up to a value of £125 per month from their gross salary (partnership shares). 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, matching shares are forfeited.

No directors or other employees are provided with loans to enable them to buy shares.

Shareholding guidelines

As a condition of serving, all executive and non-executive directors are required to have beneficial ownership of a minimum 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 to maximise the community of interest between them and other shareholders. This may 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.

	Shareholding guideline as % of base salary	Shareholding at 12 March 2012 as % of base salary (note 1)
Rob Devey	100%	146%
John Foley	100%	423%
Michael McLintock	200%	1,086%
Nic Nicandrou	100%	195%
Barry Stowe(note 2)	100%	274%
Tidjane Thiam	200%	461%
Mike Wells(note 2)	100%	449%

Notes

1 Based on the shar e price as at 31 December 2011 (£6.39). Calculated using base salaries on 31 December 2011.

2 Shareholdings for Barry Stowe and Mike Wells include American Depositary Receipts (ADRs). One ADR is equivalent to two Prudential plc shares.

Pensions and long-term savings

For executive directors based in the UK and Asia, it is the Company's policy to provide a supplement in lieu of pension of 25 per cent of base salary. This includes, where relevant, any Company contributions to the staff defined contribution pension, which UK executive directors may choose to join and which has no salary cap. Executives are provided with life assurance cover of up to four times salary plus a dependants' pension.

Before becoming an executive director, John Foley participated in the Company's defined benefit pension arrangement on the same basis as other employees who joined the Group before 2003. John Foley elected to become a deferred member of this arrangement on 31 December 2010 and to join the defined contribution scheme with effect from 1 April 2011.

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 for an employee with 30 years or more potential service, for which his contribution is 4 per cent of base salary. Michael McLintock participates on the same basis as other employees who joined M&G at the same date. Benefits under the plan are subject to a notional scheme earnings cap (set at £123,600 for the 2010/11 tax year and at £129,600 for the 2011/12 tax year) which replicates the HMRC earnings cap in force before A-Day (6 April 2006). Michael McLintock is entitled to supplements based on his salary above the notional earnings cap.

Other executive directors based in the UK and Asia have elected to receive their pension benefits in the form of a cash supplement. Barry Stowe also receives a payment to the Hong Kong Mandatory Provident Fund.

Mike Wells 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 6 per cent of base salary (Mike Wells' salary for pension purposes is limited to $245,000). He is also eligible to participate in the profit sharing element of the plan which provides eligible participants with an annual profit sharing contribution, depending on the financial results of Jackson for the plan year, to a maximum of an additional 6 per cent of pensionable salary. An annual profit sharing contribution equivalent to 5 per cent of pensionable salary was made in 2011 (in 2010, the profit share contribution was 5 per cent of pensionable salary). Mike Wells is provided with life assurance cover of two times salary.

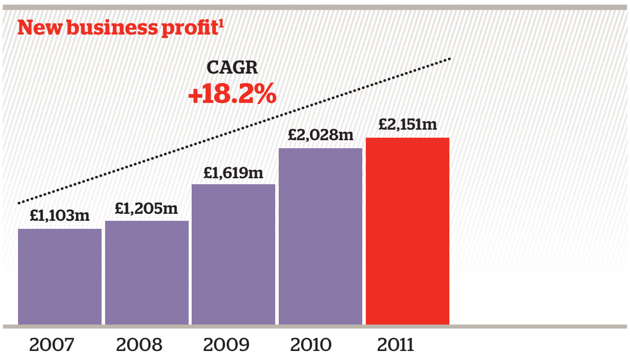
Directors' remuneration report

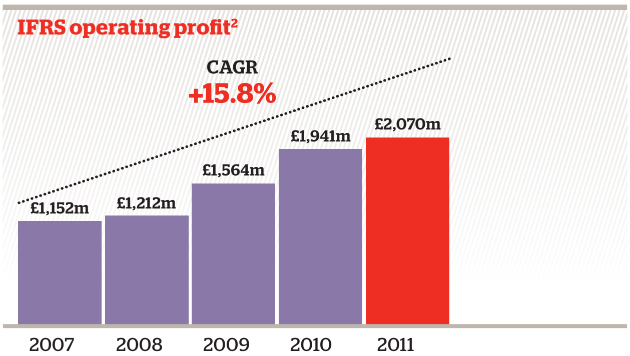
Components of 2012 remuneration

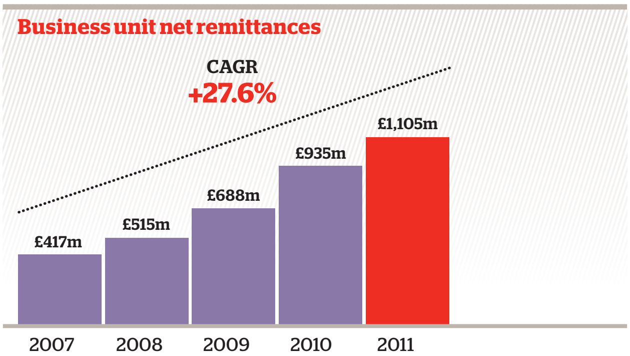
Prudential's remuneration structures for 2012 are unchanged from those used in 2011, detailed in the preceding pages. A review of these structures will take place in 2012 for implementation in 2013, subject to shareholder approval (if required) at the 2013 AGM.

In December 2011 the Remuneration Committee undertook a review of the compensation levels of the executive directors. The Committee considered the performance, experience and internal relativities for each director as well as the business performance of Prudential over recent financial years (illustrated opposite).

To provide context for this review, each director's remuneration was benchmarked against appropriate market reference point(s). The Committee felt that the benchmarks used represent the markets from which Prudential would be most likely to recruit future executives, and to which the Group might lose leaders, if reward were not to be competitive. The benchmarks used are set out below:







Notes
1 Excludes Japan and Taiwan agency.
2 In 2010, the Group amended the presentation of IFRS operating profit for its US insurance operations to remove the net equity hedge accounting effect (incorporating related amortisation of deferred acquisition costs) and include it in short-term fluctuations. The prior period comparatives for 2009 and 2008 have been amended accordingly. Excludes Taiwan agency.

Director	Role	Benchmark(s) used to assess remuneration
Rob Devey	Chief Executive, UK & Europe	• FTSE 40 • International Insurance Companies
John Foley	Group Chief Risk Officer	• FTSE 40
Michael McLintock	Chief Executive, M&G	• PwC UK Asset Management Survey • McLagan UK Investment Management Survey
Nic Nicandrou	Chief Financial Officer	• FTSE 40 • International Insurance Companies
Barry Stowe	Chief Executive, PCA	• Towers Watson Asian Insurance Survey
Tidjane Thiam	Group Chief Executive	• FTSE 40 • International Insurance Companies
Mike Wells	President & CEO, JNL	• Towers Watson US Financial Services Survey • LOMA US Insurance Survey

Over the same period (2007 to 2011), the base salary for the Group Chief Executive has been largely unchanged while total remuneration delivered to the Group Chief Executive rose by an average of 4.8 per cent per annum on a compound basis; substantially lower than the growth in the key performance metrics (illustrated opposite) used to assess business performance.

In light of the Remuneration Committee's compensation review and the Company's sustained performance, changes were made to the remuneration for the executive directors for 2012.

In 2012, executive directors will be rewarded on the basis set out below:

			2012 Annual Bonus		Long-term incentives (2012 award as a percentage of salary)		
Director	Role	Base Salary at 1 January 2012	Maximum % of salary	Deferral requirement	Group Performance Share Plan (GPSP)	Business Unit Performance Plan (BUPP)	Total
Rob Devey	Chief Executive, UK & Europe	£600,000	160%	40% of total bonus	112.5%	112.5%	225.0%
John Foley	Group Chief Risk Officer	£610,000	160%	40% of total bonus	250.0%	–	250.0%
Michael McLintock	Chief Executive, M&G	£360,000	note 1	50% of bonus above £500,000	100.0%	344.1%	444.1%
Nic Nicandrou	Chief Financial Officer	£630,000	175%	40% of total bonus	225.0%	–	225.0%
Barry Stowe	Chief Executive, PCA	£641,000	160%	40% of total bonus	112.5%	112.5%	225.0%
Tidjane Thiam	Group Chief Executive	£1,000,000	200%	50% of total bonus	400.0%	–	400.0%
Mike Wells	President & CEO, JNL	£655,000	note 2	30% of total bonus	230.0%	230.0%	460.0%

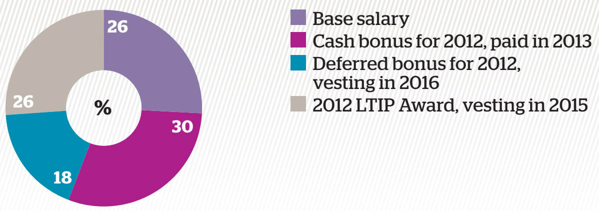
Notes

1 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. 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 3 per cent of M&G's annual IFRS profits.

2 Mike Wells' maximum annual bonus figure is comprised of 160 per cent of salary and a 10 per cent share of the Jackson senior management bonus pool based on the target performance of Jackson.

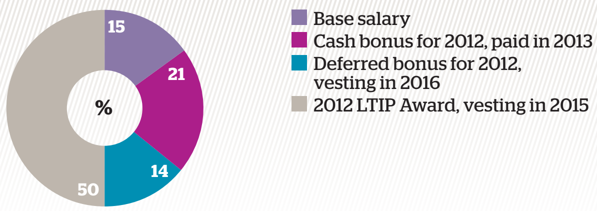
On a policy basis, the package for 2012 will offer the following proportions of fixed and variable and short- and long-term reward to executive directors (average of executive directors):

Good performance



'Good' performance results in the payment of plan annual bonuses in respect of 2012 and 2012 long-term incentive awards vesting at the threshold level.

Superior performance



'Superior' performance generates maximum payment of annual bonuses in respect of 2012 and 2012 long-term incentive awards vesting in full.

Directors' remuneration report

Service contracts

Executive directors' service contracts and letters of appointment

The normal notice of termination that the Company is required to give executive directors is 12 months. Accordingly, in normal circumstances, a director whose contract is terminated would be entitled to one year's salary and benefits in respect of their notice period. 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 the termination of any service contract, the Remuneration Committee will have regard to the specific circumstances of each case, including the director's obligation to mitigate his loss. Payments are phased over the notice period.

Executive director	Date of contract	Notice period to the Company	Notice period from the Company
Rob Devey	1 July 2009	12 months	12 months
John Foley	8 December 2010	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
Mike Wells(note1)	15 October 2010	12 months	12 months

Note

1 The contract for Mike Wells is a renewable one-year fixed term contract. The contract is renewable automatically upon the same terms and conditions unless the Company or the director gives at least 90 days' notice prior to the end of the relevant term.

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. During 2011, Michael McLintock received £45,000 as a trustee of another organisation (for reference, Michael McLintock received £42,500 for this role in 2010). Other directors served as non-executive directors on the boards of educational and cultural organisations 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, continuation of the non-executive directors' appointment is contingent on satisfactory performance and re-election by shareholders. Non-executive directors are typically expected to serve two three-year terms from the date of their election by shareholders. Thereafter, the Board may invite the Director to serve for an additional period.

Non-executive director	Appointment by the Board	Initial election by shareholders at AGM	Notice period	Expiration of current term of appointment
Keki Dadiseth[1]	1 April 2005	AGM 2005	6 months	AGM 2012
Howard Davies	15 October 2010	AGM 2011	6 months	AGM 2014
Michael Garrett[1]	1 September 2004	AGM 2005	6 months	AGM 2012
Ann Godbehere	2 August 2007	AGM 2008	6 months	AGM 2014
Alistair Johnston[2]	1 January 2012	AGM 2012	6 months	AGM 2015
Bridget Macaskill[3]	1 September 2003	AGM 2004	6 months	n/a
Paul Manduca	15 October 2010	AGM 2011	6 months	AGM 2014
Kaikhushru Nargolwala[2]	1 January 2012	AGM 2012	6 months	AGM 2015
Kathleen O'Donovan[4]	8 May 2003	AGM 2004	6 months	n/a
James Ross[5]	6 May 2004	AGM 2005	6 months	n/a
Lord Turnbull	18 May 2006	AGM 2006	6 months	AGM 2012

Notes

1 Keki Dadiseth and Michael Garrett were reappointed in 2011 for one year. The Board will consider a further renewal term in May 2012.
2 For Alistair Johnston and Kaikhushru Nargolwala, the table assumes initial election by shareholders at the 2012 AGM.
3 Bridget Macaskill retired from the Board on 30 September 2011.
4 Kathleen O'Donovan will step down from the Board on 31 March 2012.
5 James Ross retired from the Board at the AGM on 19 May 2011.

Non-executive directors' fees

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 chairmanship and membership of committees where appropriate. The Board reviews fees annually and revised fees, for the first time since 2008, with effect from 1 July 2011 (see the table below for details of the fee structure in place from this date). The fee levels established in 2011 recognise the impact that the increased size, complexity and the burden of regulatory scrutiny of the Group have had on the time commitment required from non-executive directors since fee levels were last varied in 2008.

Annual Fees	From 1 July 2011 (£)
Basic fee	85,000
Audit Committee Chairman – additional fee	70,000
Audit Committee member – additional fee	25,000
Remuneration Committee Chairman – additional fee	50,000
Remuneration Committee member – additional fee	25,000
Risk Committee Chairman – additional fee	60,000
Risk Committee member – additional fee	25,000
Senior Independent Director – additional fee	50,000

Notes
1 No fee is payable for chairmanship or membership of the Nominations Committee.
2 The Company may determine that additional fees should be paid if, in a particular year, the number of meetings is materially greater than usual.

Please see the table on page 148 for details of the fees received by individual non-executive directors during 2011.

Until July 2011, non-executive directors used the net value of £25,000 of their total annual fees to purchase shares in the Company. In July 2011, this arrangement was replaced with a share ownership requirement for non-executive directors, described below.

In July 2011, a new share ownership requirement for non-executive directors was introduced. Non-executive directors are required to hold shares with a value equivalent to one times the annual basic fee (excluding additional fees for chairmanship and membership of any committees). Non-executive directors will be expected to attain this level of share ownership within three years of the implementation of this requirement (or within three years of their date of appointment, if later). The Chairman is required to hold shares with a value equivalent to one times his annual base fee and is expected to attain this level of share ownership within five years of the date of his appointment.

Chairman's letter of appointment and benefits

Harvey McGrath was appointed as a non-executive director on 1 September 2008 and became Chairman on 1 January 2009. He is paid an annual fee of £500,000. A contractual notice period of 12 months by either party applies. Harvey McGrath is provided with life assurance cover of four times his annual fees 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 McGrath is also entitled to medical insurance coverage but he has not taken up this benefit.

Harvey McGrath will retire from the Board in 2012 when a successor has been found.

Directors' shareholdings

The interests of directors in ordinary shares of the Company are set out below. This includes shares acquired under the Share Incentive Plan (detailed in the table on page 155), deferred annual incentive awards and interests in shares awarded on appointment (detailed in the 'Other Share Awards' table on pages 153 to 155). All interests are beneficial.

	1 January 2011	31 December 2011	12 March 2012
Keki Dadiseth	30,655	32,196	32,196
Howard Davies	575	3,083	3,083
Rob Devey	78,261	126,006	126,006
John Foley	535,386	364,378	364,378
Michael Garrett	36,972	39,233	39,233
Ann Godbehere	14,628	15,914	15,914
Alistair Johnston (note 1)	–	–	–
Bridget Macaskill (note 2)	44,006	–	–
Paul Manduca	1,260	2,500	2,500
Harvey McGrath	299,540	300,636	300,636
Michael McLintock	604,390	595,363	595,363
Kaikhushru Nargolwala (note 3)	–	–	16,000
Nic Nicandrou (note 4)	133,555	167,655	167,724
Kathleen O'Donovan	23,484	24,425	24,425
James Ross (note 5)	21,190	–	–
Barry Stowe (note 6)	264,437	274,575	274,575
Tidjane Thiam	273,025	650,116	650,116
Lord Turnbull	15,589	16,624	16,624
Mike Wells (note 7)	293,842	438,718	438,718

Notes
1 Alistair Johnston was appointed to the Board on 1 January 2012.
2 Bridget Macaskill retired from the Board on 30 September 2011.
3 Kaikhushru Nargolwala was appointed to the Board on 1 January 2012.
4 Nic Nicandrou's interest in shares on 12 March 2012 includes his monthly purchases made under the SIP plan in January, February and March 2012.
5 James Ross retired from the Board on 19 May 2011.
6 Part of Barry Stowe's interest in shares is made up of 77,724 ADRs (representing 155,448 ordinary shares. 8,513.73 of these ADRs are held within an investment account which secures premium financing for a life assurance policy).
7 Mike Wells' interest in shares is made up of 219,359 ADRs (representing 438,718 ordinary shares).

Directors' remuneration report

Directors' remuneration for 2011 (audited information)

£000	Salary/fees	2011 Cash bonus	2011 Deferred bonus	Total 2011 bonus	Benefits*	Cash supplements for pension purposes†	Total emoluments 2011	Value of anticipated releases from LTIPs in respect of performance periods ending 31 December 2011‡
Chairman								
Harvey McGrath	500	–	–	–	82	–	582	–
Executive directors								
Rob Devey	550	479	319	798	111	138	1,597	1,544
John Foley (note 1)	550	518	345	863	139	100	1,652	–
Michael McLintock	350	779	279	1,058	93	96	1,597	6,005
Nic Nicandrou	550	507	338	845	84	138	1,617	2,020
Barry Stowe (note 2)	641	579	386	965	544	160	2,310	2,341
Tidjane Thiam	900	785	785	1,570	116	225	2,811	1,910
Mike Wells (notes 1 and 3)	624	1,660	711	2,371	64	–	3,059	1,369
Total executive directors	4,165	5,307	3,163	8,470	1,151	857	14,643	15,189
Non-executive directors								
Keki Dadiseth (note 4)	102						102	
Howard Davies	153						153	
Michael Garrett	93						93	
Ann Godbehere	158						158	
Bridget Macaskill (note 5)	65						65	
Paul Manduca	156						156	
Kathleen O'Donovan	98						98	
James Ross (note 6)	33						33	
Lord Turnbull	129						129	
Total non-executive directors	987						987	
Overall total	5,652	5,307	3,163	8,470	1,233	857	16,212	15,189

* Benefits include (where provided) the cost of providing the use of a car and driver, medical insurance, security arrangements and expatriate benefits.
† Pension benefits are described in the section on Pensions and long-term savings on page 143.
‡ Value of anticipated long-term incentive plan 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 2011. All executive directors participate in long-term incentive plans and the details of share releases from awards with a performance period ending 31 December 2011 are provided in the footnotes to the tables on share awards on pages 151 to 152. This figure does not include releases from other share plans (detailed on pages 153 to 155) or all-employee share plans, (set out on pages 155 and 156). Dividend equivalents will be released on these vested shares.

Notes
1 John Foley and Mike Wells were appointed to the board on 1 January 2011.
2 Barry Stowe's benefits relate primarily to his expatriate status, including costs of £184,489 for housing, £32,077 for children's education, £35,093 for home leave and a £245,114 Executive Director Location Allowance.
3 Mike Wells' bonus figure excludes a contribution of $12,250 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 156.
4 Keki Dadiseth was paid allowances totalling £8,997 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.
5 Bridget Macaskill retired from the Board on 30 September 2011.
6 James Ross retired from the Board on 19 May 2011.

Directors' remuneration for 2010 (audited information)

£000	Salary/fees	2010 Cash bonus	2010 Deferred bonus	Total 2010 bonus	Benefits*	Cash supplements for pension purposes†	Total emoluments 2010	Value of anticipated releases from LTIPs in respect of performance periods ending 31 December 2010‡
Chairman								
Harvey McGrath	500	–	–	–	43	–	543	–
Executive directors								
Rob Devey(note 1)	550	496	331	827	43	154	1,574	–
Michael McLintock	350	1,052	552	1,604	53	87	2,094	3,312
Nic Nicandrou(note 2)	550	512	341	853	43	161	1,607	–
Barry Stowe(note 3)	666	625	417	1,042	285	167	2,160	937
Tidjane Thiam	900	–	1,570	1,570	64	225	2,759	2,099
Total executive directors	3,016	2,685	3,211	5,896	488	794	10,194	6,348
Non-executive directors								
Keki Dadiseth(note 4)	87						87	
Howard Davies	27						27	
Michael Garrett	77						77	
Ann Godbehere	119						119	
Bridget Macaskill	89						89	
Paul Manduca	18						18	
Kathleen O'Donovan	87						87	
James Ross	108						108	
Lord Turnbull	88						88	
Total non-executive directors	700						700	
Overall total	4,216	2,685	3,211	5,896	531	794	11,437	6,348

* 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 and contributions to the LTSP and/or the ARBS are included in the table.
‡ Value of anticipated long-term incentive plan 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 2010.

Notes

1 Rob Devey elected not to receive his cash supplement for pension purposes in full during 2010. The Company made a request to the Trustees of the Alternative Retirement Benefit Scheme to accept a contribution equivalent to this supplement. The value of this contribution is included in the table above.
2 Nic Nicandrou elected not to receive his cash supplement for pension purposes in full during 2010. The Company made a request to the Trustees of the Long Term Savings Plan to accept a contribution equivalent to this supplement. The value of this contribution is included in the table above.
3 Barry Stowe's benefits relate primarily to his expatriate status, including costs of £153,384 for housing, £47,639 for children's education and £42,509 for home leave.
4 Keki Dadiseth was paid allowances totalling £10,083 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.

Directors' remuneration report

Payments and share releases in 2011 to past executive directors

Mark Tucker

The 2008 Directors' remuneration report provided details of the remuneration arrangements which applied to Mark Tucker following his resignation as Group Chief Executive. These arrangements were implemented as intended by the Committee.

On 31 December 2010, the performance period for Mark Tucker's 2008 GPSP award came to an end. His GPSP award was prorated for service (21/36ths) and its vesting remained dependent on TSR performance achieved over the three-year performance period. Since this condition was met in full, Mark Tucker's prorated 2008 GPSP award vested and was released at the same time as for all other participants in the GPSP. This award was the last that Mark Tucker had outstanding under a Prudential long-term incentive plan.

Nick Prettejohn

The 2009 Directors' remuneration report provided details of the remuneration arrangements that would apply to Nick Prettejohn after he resigned from the position of Chief Executive UK & Europe. These arrangements were implemented as intended by the Committee.

The performance periods of Nick Prettejohn's GPSP and UK BUPP awards for 2008 and 2009 ended on 31 December 2010 and 31 December 2011 respectively. Vesting was prorated based on service (ie 21/36ths and 9/36ths). Vesting remained dependent on performance achieved over the performance period and shares were released at the same time as for all other participants in these plans.

The performance condition attached to the 2008 GPSP award was met in full and 100 per cent of the proportion of the award which was outstanding was released in 2011. Achievement of the SCV performance measure attached to the 2008 UK BUPP award was not achieved and so no part of the award vested.

The performance condition attached to the 2009 GPSP award was met in full and 100 per cent of the proportion of the award which was outstanding will be released during 2012. Achievement of the SCV performance measure attached to the 2009 UK BUPP award was 12.5 per cent per annum (on a compound basis), so 87.5 per cent of the outstanding portion of this award will be released during 2012.

Clark Manning

Clark Manning stepped down from his role as President and Chief Executive of Jackson and as an executive director on 31 December 2010. Clark Manning remained Chairman of Jackson until 30 April 2011 and acted in an advisory role until 31 December 2011. The 2010 Directors' remuneration report provided details of the remuneration arrangements that would apply to Clark Manning after his resignation. These arrangements were implemented as intended by the Committee.

During 2011, Clark Manning received the following payments:

- Salary and benefits were paid to Clark Manning until 31 December 2011;
- Clark Manning had a prorated 2011 annual bonus opportunity (4/12ths) based on his length of service as Chairman of Jackson during 2011. On this basis, a cash payment of £725,389 will be made to him in 2012;
- The deferred portion of the bonus awarded to Clark Manning in respect of performance in 2007 was released to him in March 2011. Other outstanding deferred bonus shares will be released to Clark Manning in July 2012.
- The performance condition attached to the 2008 GPSP award was met in full and 100 per cent of the award was released in 2011.
- Achievement of the SCV performance measure attached to the 2008 JNL BUPP award was not achieved and so no part of the award vested.

The performance condition attached to the 2009 GPSP award was met in full and 100 per cent of the award will be released during 2012. Achievement of the SCV performance measure attached to the 2009 Jackson BUPP award was 11.5 per cent per annum (on a compound basis), so 93.75 per cent of the outstanding portion of this award will be released during 2012.

Outstanding awards made under the GPSP and BUPP will vest (subject to the achievement of performance conditions) on the same schedule as awards made to other executive directors. These awards will be prorated to reflect the portion of the performance periods which had elapsed on 31 December 2011.

No awards were made to Clark Manning under any long-term incentive plan during 2011 and none will be made in any subsequent year.

No other amounts were paid during the financial year or were receivable by directors (or past directors) in connection with leaving the organisation.

Payments and share releases in 2011 to newly appointed executive directors

Shares awards made to Tidjane Thiam and Nic Nicandrou in connection with their appointment were released, as scheduled, during 2011. Details of these awards were originally set out in the Directors' remuneration reports for 2008 and 2009. Please see the Other Share Awards table on pages 153 to 155 for details.

No amounts were paid to Mike Wells or John Foley in connection with their appointment as executive directors.

Directors' outstanding long-term incentive awards

Share-based long-term incentive awards

The table below sets out the outstanding share awards under the Group Performance Share Plan and Business Unit Performance Plan.

Plan name	Year of initial award	Conditional share awards outstanding at 1 January 2011 (Number of shares)	Conditional awards in 2011 (Number of shares)	Market price at date of original award (pence)	Dividend equivalents on vested shares (Number of shares released) (note 3)	Rights exercised in 2011	Rights lapsed in 2011	Conditional share awards outstanding at 31 December 2011 (Number of shares)	Date of end of performance period
Rob Devey									
GPSP	2009	120,898		639				120,898	31 Dec 11
BUPP	2009	120,897		639				120,897	31 Dec 11
GPSP	2010	104,089		568.5				104,089	31 Dec 12
BUPP	2010	104,089		568.5				104,089	31 Dec 12
GPSP	2011		76,242	733.5				76,242	31 Dec 13
BUPP	2011		76,242	733.5				76,242	31 Dec 13
		449,973	152,484					602,457	
John Foley									
GPSP	2011		152,484	733.5				152,484	31 Dec 13
			152,484					152,484	
Michael McLintock									
GPSP	2008	48,330		674.5	5,696	48,330		–	31 Dec 10
GPSP	2009	92,022		455.5				92,022	31 Dec 11
GPSP	2010	66,238		568.5				66,238	31 Dec 12
GPSP	2011		48,517	733.5				48,517	31 Dec 13
		206,590	48,517		5,696	48,330		206,777	
Nic Nicandrou									
GPSP	2009	316,328		639				316,328	31 Dec 11
GPSP	2010	208,179		568.5				208,179	31 Dec 12
GPSP	2011		152,484	733.5				152,484	31 Dec 13
		524,507	152,484					676,991	
Barry Stowe									
GPSP	2008	107,988		674.5	12,728	107,988		–	31 Dec 10
BUPP	2008	53,994		674.5	1,908	16,198	37,796	–	31 Dec 10
GPSP (note 1)	2009	196,596		455.5				196,596	31 Dec 11
BUPP (note 1)	2009	196,596		455.5				196,596	31 Dec 11
GPSP (note 1)	2010	129,076		568.5				129,076	31 Dec 12
BUPP (note 1)	2010	129,076		568.5				129,076	31 Dec 12
GPSP (note 1)	2011		88,270	733.5				88,270	31 Dec 13
BUPP (note 1)	2011		88,270	733.5				88,270	31 Dec 13
		813,326	176,540		14,636	124,186	37,796	827,884	
Tidjane Thiam									
GPSP	2008	314,147		674.5	37,035	314,147		–	31 Dec 10
GPSP	2009	299,074		455.5				299,074	31 Dec 11
GPSP	2010	510,986		568.5				510,986	31 Dec 12
GPSP	2011		374,279	733.5				374,279	31 Dec 13
		1,124,207	374,279		37,035	314,147		1,184,339	
Mike Wells (note 2)									
JNL PSP (note 4)	2007	85,500		700.0		85,500		–	31 Dec 10
JNL PSP (note 4)	2008	84,900		546				84,900	31 Dec 11
JNL PSP (note 4)	2009	218,100		455.5				218,100	31 Dec 12
JNL PSP (note 4)	2010	141,000		568.5				141,000	31 Dec 13
GPSP	2011		197,648	733.5				197,648	31 Dec 13
BUPP	2011		197,648	733.5				197,648	31 Dec 13
		529,500	395,296			85,500		839,296	

Directors' remuneration report

Cash rights granted under the Business Unit Performance Plan.

	Plan name	Year of initial award	Face value of conditional awards outstanding at 1 January 2011 £000	Conditionally awarded in 2011 £000	Payments made in 2011 £000	Cash rights lapsed in 2011 £000	Face value of conditional awards outstanding at 31 December 2011 £000	Date of end of performance period
Barry Stowe	BUPP	2008	358		107	251	–	31 Dec 10
			358		107	251	–	

Notes
1 The awards made in 2009, 2010 and 2011 for Barry Stowe were made in ADRs (1 ADR = 2 Prudential plc shares). The figures in the table are represented in terms of Prudential shares.
2 The awards for Mike Wells were all made in ADRs (1 ADR = 2 Prudential plc shares). The figures in the table are represented in terms of Prudential shares.
3 In 2009 and 2010 a scrip dividend equivalent and in 2011 a DRIP dividend equivalent was accumulated on these awards.
4 The table above reflects the maximum number of shares (150 per cent of the original awarded) which may be released to Mike Wells under the JNL Performance Share Plan. This maximum number of shares may be released if stretch performance targets are achieved.
5 At 31 December 2011, Prudential's TSR performance was 168.7 per cent of the TSR performance of the peer index. On this basis, it is anticipated that awards granted under this plan in 2009 will vest in full. This will result in 120,898 shares vesting for Rob Devey, 92,022 shares for Michael McLintock, 316,328 shares for Nic Nicandrou, 196,596 shares for Barry Stowe and 299,074 shares for Tidjane Thiam under this plan. Dividend equivalents will be released on these vested shares.
6 At 31 December 2011, the performance period of the 2009 BUPP awards came to an end. Over the performance period the new business profit, IFRS profit and cash remittance achieved by the Asian business meant that it is anticipated that 86.50 per cent of the award will vest. This will result in 170,055 shares being released to Barry Stowe under this plan. Since the UK BUPP uses the same TSR performance measure as the GPSP, it is anticipated that 120,897 shares will be released to Rob Devey under this plan. No current executive director participated in the 2009 JNL BUPP. Dividend equivalents will be released on these vested shares.

Business-specific cash-based long-term incentive plans

Details of all outstanding awards under cash-based long-term incentive plans are set out in the table below. The performance period for all M&G Executive LTIP awards is three years while the performance period for all JNL LTIP awards is four years:

	Year of initial award	Face value of conditional awards outstanding at 1 January 2011 £000	Conditionally awarded in 2011 £000	Payments made in 2011 £000	Face value of conditional share awards outstanding at 31 December 2011 £000	Date of end of performance period
Michael McLintock						
M&G Executive LTIP	2008	1,141		2,990	–	31 Dec 10
M&G Executive LTIP	2009	1,830			1,830	31 Dec 11
M&G Executive LTIP	2010	987			987	31 Dec 12
M&G Executive LTIP	2011		1,318		1,318	31 Dec 13
Total cash payments made in 2011				2,990		
Mike Wells						
JNL LTIP	2007	699		858	–	31 Dec 10
JNL LTIP	2008	756			756	31 Dec 11
JNL LTIP	2009	894			894	31 Dec 12
JNL LTIP	2010	906			906	31 Dec 13
Total cash payments made in 2011				858		

Note
Under the M&G Executive LTIP, the value of each unit at award is £1. The value of units changes based on M&G's profit growth and investment performance over the performance period. For the 2008 award of 1,141,176 units, the unit price at the end of the performance period was £2.62. This resulted in a payment of £2,989,881 to Michael McLintock. For the 2009 award of 1,830,189 units, the unit price at the end of the performance period was £2.96, which will result in a payment of £5,417,359 to Michael McLintock during 2012.

In the 2010 Annual Report, the value shown for Michael McLintock's 2010 M&G Executive LTIP award was the expected value rather than the face value of the award. This has been amended in the table above.

See page 142 for a description of the JNL LTIP. Performance over the period from 2007 to 2010 resulted in a payment of £857,617 to Mike Wells in 2011. Performance over the period from 2008 to 2011 will result in a payment of £826,975 to Mike Wells during 2012. The awards above were made before Mike Wells became an executive director. Mike Wells was not made a 2011 JNL LTIP award and it is anticipated that no further awards will be made to him under this Plan.

The sterling face value of Mike Wells' JNL LTIP awards have been calculated using the average exchange rate for the year in which the grant was made. The face value of conditional share awards outstanding on 1 January 2011 and 31 December 2011 was $5,600,000 and $4,200,000 respectively.

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 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 2010 annual incentives, made in 2011, the average share price was 735 pence. Please see the table on page 155 for details of shares acquired under the Share Incentive Plan.

	Year of initial award	Conditional share awards outstanding at 1 January 2011 (Number of shares)	Conditionally awarded in 2011 (Number of shares)	Dividends accumulated (Number of shares) (note 2)	Shares released in 2011 (Number of shares)	Conditional share awards outostanding at 31 December 2011 (Number of shares)	Date of end of restricted period	Shares released in 2011 (Number of shares)	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	31 Mar 12			639	
Deferred 2009 annual incentive award	2010	27,686		1,051		28,737	31 Dec 12			552.5	
Deferred 2010 annual incentive award	2011		44,987	1,707		46,694	31 Dec 13			721.5	
John Foley											
Deferred 2008 deferred PruCap award	2010	233,333		8,858	242,191	–	16 Dec 11	242,191	16 Dec 11	612	609.5
Deferred 2009 deferred PruCap award	2010	166,667		6,326		172,993	14 Dec 12			612	
Michael McLintock											
Deferred 2007 annual incentive award	2010	68,385			68,385	–	31 Dec 10	68,385	10 Mar 11	519.5	735
Deferred 2008 annual incentive award	2010	132,664		5,036		137,700	31 Dec 11			519.5	
Deferred 2009 annual incentive award	2010	72,104		2,736		74,840	31 Dec 12			552.5	
Deferred 2010 annual incentive award	2011		75,136	2,852		77,988	31 Dec 13			721.5	

Directors' remuneration report

	Year of initial award	Conditional share awards outstanding at 1 January 2011 (Number of shares)	Conditionally awarded in 2011 (Number of shares)	Dividends accumulated (Number of shares) (note 2)	Shares released in 2011 (Number of shares)	Conditional share awards outstanding at 31 December 2011 (Number of shares)	Date of end of restricted period	Shares released in 2011 (Number of shares)	Date of release	Market price at original date of award (pence)	Market price at date of vesting or release (pence)
Nic Nicandrou	2009	13,898			13,898	–	31 Mar 11	13,898	30 Mar 11	639	721.5
Awards under appointment terms		16,059			16,059	–	31 Mar 11	16,059	30 Mar 11	639	721.5
		68,191				68,191	31 Mar 12			639	
Deferred 2009 annual incentive award	2010	25,380		962		26,342	31 Dec 12			552.5	
Deferred 2010 annual incentive award	2011		46,394	1,761		48,155	31 Dec 13			721.5	
Barry Stowe Deferred 2007 annual incentive award	2008	45,339			45,339	–	31 Dec 10	45,339	10 Mar 11	635	735
Deferred 2008 annual incentive award	2009	21,815		828		22,643	31 Dec 11			349.5	
Deferred 2009 annual incentive award[note 1]	2010	37,650		1,438		39,088	31 Dec 12			552.5	
Deferred 2010 annual incentive award[note 1]	2011		54,244	2,072		56,316	31 Dec 13			721.5	
Tidjane Thiam Awards under appointment terms	2008	49,131			49,131	–	31 Mar 11	49,131	30 Mar 11	662	721.5
Deferred 2008 annual incentive award	2010	67,367		2,557		69,924	31 Dec 11			552.5	
Deferred 2009 annual incentive award	2010	60,928		2,312		63,240	31 Dec 12			552.5	
Deferred 2010 annual incentive award	2011		213,550	8,107		221,657	31 Dec 13			721.5	

	Year of initial award	Conditional share awards outstanding at 1 January 2011 (Number of shares)	Conditionally awarded in 2011 (Number of shares)	Dividends accumulated (Number of shares) (note 2)	Shares released in 2011 (Number of shares)	Conditional share awards outostanding at 31 December 2011 (Number of shares)	Date of end of restricted period	Shares released in 2011 (Number of shares)	Date of release	Market price at original date of award (pence)	Market price at date of vesting or release (pence)
Mike Wells											
2009 After Tax Deferral Program award (notes 1 & 3)	2010	32,250				32,250	15 Mar 13			520	
Deferred 2010 Group Deferred Bonus Plan award (note 1)	2011		87,508	3,346		90,854	31 Dec 13			721.5	

Notes
1 The Deferred Share Awards in 2010 and 2011 for Barry Stowe and Mike Wells were made in ADRs (1 ADR = 2 Prudential plc shares). The figures in the table are represented in terms of Prudential shares.
2 In 2009 and 2010 a scrip dividend equivalent and in 2011 a DRIP dividend equivalent were accumulated on these awards.
3 This award attracts dividends in the form of cash rather than shares.

Shares acquired under the Share Incentive Plan

	Year of initial award	Share Incentive Plan awards held in Trust at 1 January 2011 (Number of shares)	Partnership shares accumulated in 2011 (Number of shares)	Matching shares accumulated in 2011 (Number of shares)	Dividend shares accumulated in 2011 (Number of shares)	Share Incentive Plan awards held in Trust at 31 December 2011 (Number of shares)
Nic Nicandrou						
Shares held in Trust	2010	303	222	55	16	596

Note
The table above provides information about shares purchased under the SIP together with Matching shares (awarded on a 1:4 basis) and Dividend shares. The total number of shares will only be released if Nic Nicandrou remains in employment for five years.

Directors' remuneration report

Outstanding share options

The following table sets out the share options held by the directors in the UK Savings Related Share Option Scheme (SAYE) as at the end of the period. No other directors held shares in any other option scheme.

				Exercise period		Number of options						
	Date of grant	Exercise price	Market price at 30 Dec 2011	Beginning	End	Beginning of period	Granted	Exercised	Cancelled	Forfeited	Lapsed	End of period
Tidjane Thiam	25 Apr 08	551	638.5	01 Jun 11	30 Nov 11	1,705		1,705				–
John Foley	25 Apr 08	551	638.5	01 Jun 13	29 Nov 13	2,953						2,953
Tidjane Thiam	16 Sep 11	465.8666	638.5	01 Dec 14	29 May 15		965					965
Nic Nicandrou	16 Sep 11	465.8666	638.5	01 Dec 16	31 May 17		3,268					3,268
Rob Devey	16 Sep 11	465.8666	638.5	01 Dec 16	31 May 17		3,268					3,268

Notes
1 Tidjane Thiam made a total gain of £665 on the exercise of SAYE options during 2011 (2010: £nil).
2 No price was paid for the award of any option.
3 The highest and lowest share prices during 2011 were 777 pence and 509 pence respectively.

Dilution

Releases from Prudential's GPSP and BUPP are satisfied using new issue shares rather than by 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 2011 was 0.2 per cent 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 Company's pension policy is set out on page 143. Details of directors' pension entitlements under HMRC approved defined benefit schemes and supplements in the form of contributions to pension arrangements paid by the Company are set out in the following table:

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

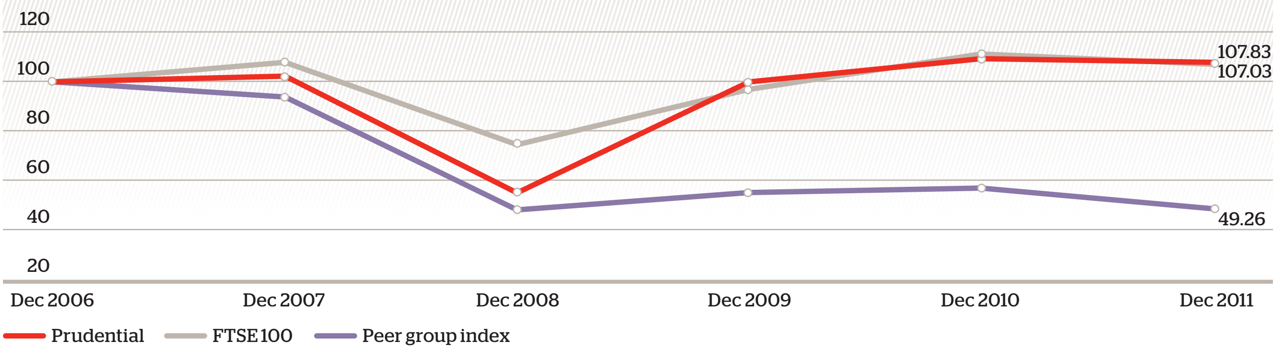
				Additional pension earned during year ended 31 December 2011		Transfer value of accrued benefit at 31 December[3]			
	Age at 31 December 2011	Years of pensionable service at 31 December 2011	Accrued benefit at 31 December 2011 (£per annum) £000	Ignoring inflation on pension earned to 31 December 2010[1] £000	Allowing for inflation on pension earned to 31 December 2010[2] £000	2011 £000	2010 £000	Increase in transfer value less contributions made by directors during 2011 £000	Contributions to pension and life assurance arrangements[4] £000
Rob Devey	43								5
John Foley	55								37
Michael McLintock	50	19	55	5	3	1,102	856	232	22
Nic Nicandrou	46								5
Barry Stowe	54								2
Tidjane Thiam	49								9
Mike Wells	51								19

Notes
1 As required by the Companies Act remuneration regulations.
2 As required by Stock Exchange Listing rules.
3 The transfer value equivalent has been calculated in accordance with the M&G Group Pension Scheme's transfer basis.
4 This table includes employer contributions to defined contribution plans. Supplements in the form of cash are included in the table on page 148.
5 Total contributions to directors' pension and life assurance arrangements in 2011, including cash supplements for pension purposes, were £957,960 (2010: £624,921) of which £100,960 (2010: £44,608) related to money purchase schemes.

Company TSR performance (unaudited information)

As required by the Companies Act, the line chart below compares Prudential's Total Shareholder Return (TSR) during the five years from 1 January 2007 to 31 December 2011, with that of the peer group against which TSR is measured for the purposes of the Group Performance Share Plan. Our performance is also shown relative to the FTSE 100 since Prudential is a major company within this index. This chart is prepared using the methodology stipulated in the Companies Act remuneration regulations:

Prudential TSR v FTSE 100 and peer group total returns index % over the five years to December 2011



Five highest paid individuals (unaudited information)

Of the five individuals with the highest emoluments in 2011, two were directors whose emoluments are disclosed in this report (2010: one; 2009: two). The aggregate of the emoluments of the other three individuals for 2011 (2010: four; 2009: three) were as follows:

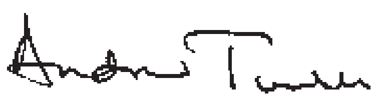
£000,000	2009	2010	2011
Base salaries, allowances and benefits in kind	1	1	1
Pension contributions*	–	–	–
Bonuses paid or receivable	12	18	23
Share-based payments and other cash payments	4	6	2
Total	17	25	26

* Pension contributions payable in the period were less than £150,000 in each period.

Their emoluments were within the following bands:

	2009	2010	2011
£5,000,001 – £5,100,000		1	
£5,200,001 – £5,300,000	1		
£5,300,001 – £5,400,000		1	
£5,400,001 – £5,500,000	1		
£6,000,001 – £6,100,000		1	
£6,600,001 – £6,700,000	1		
£8,200,001 – £8,300,000			1
£8,300,001 – £8,400,000		1	
£8,400,001 – £8,500,000			2

Signed on behalf of the Board of directors



Lord Turnbull
Chairman, Remuneration Committee
12 March 2012

Harvey McGrath
Chairman