

PRUDENTIAL PLC
Form 6-K
March 01, 2010

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

**Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

For the month of March, 2010

PRUDENTIAL PUBLIC LIMITED COMPANY

(Translation of registrant's name into English)

**LAURENCE POUNTNEY HILL,
LONDON, EC4R 0HH, ENGLAND**
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports
under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Enclosures: Prudential plc FY09 unaudited results Pt4.2

Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 1 principally includes exchange listed equities, mutual funds with quoted prices, exchange traded derivatives such as futures and options, and national government bonds unless there is evidence that trading in a given instrument is so infrequent that the market could not possibly be considered active. It also includes other financial instruments (including net assets attributable to unit holders of consolidated unit trusts and similar funds) where there is clear evidence that the year end valuation is based on a traded price in an active market.

Level 2 - inputs other than quoted prices included within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 2 principally includes corporate bonds and other non- national government debt securities which are valued using observable inputs, together with over-the-counter derivatives such as forward exchange contracts and non-quoted investment fund valued with observable inputs. It also includes net assets attributable to unitholders of consolidated unit trusts and similar funds and investment contract liabilities that are valued using observable inputs.

The nature of Prudential's operations in the US and the UK mean that a significant proportion of the assets backing non-linked shareholder backed business are held in corporate bonds, structured securities and other non-national government debt securities. These assets, in line with market practice, are generally valued using independent pricing providers in the US and third party broker quotes in the UK and Asia either directly or via third parties such as IDC or Bloomberg. Such assets have generally been classified as level 2 as the nature of broker quotations means that it does not strictly meet the definition of a level 1 asset. However these valuations are determined using independent external quotations from multiple sources and are subject to a number of monitoring controls such as monthly price variances, stale price reviews and variance analysis on prices achieved on subsequent trades.

In addition level 2 includes debt securities that are valued internally using standard market practices. Of the total level 2 debt securities of £83,301 million at 31 December 2009, £6,426 million are valued internally. The majority of such securities use matrix pricing, which is based on assessing the credit quality of the underlying borrower to derive a suitable discount rate relative to government securities. Under matrix pricing, the debt securities are priced taking the credit spreads on comparable quoted public debt securities and applying these to the equivalent debt instruments factoring a specified liquidity premium. The majority of the parameters used in this valuation technique are readily observable in the market and, therefore, are not subject to interpretation.

Level 3 - Significant inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Level 3 principally includes investments in private equity funds, investments in property funds which are exposed to bespoke properties or risks investments which are internally valued or subject to a significant number of unobservable assumptions and certain derivatives which are bespoke or long dated. It also includes debt securities which are rarely traded or traded only in privately negotiated transactions and hence where it is difficult to assert that these have been based on observable market data. The inherent nature of the vast majority of these assets means that, in normal market conditions, there is unlikely to be significant change in the specific underlying assets classified as level 3.

At 31 December 2009 the Group held £5,190 million, 3 per cent of the fair valued financial instruments, within level 3. Of these amounts £3,510 million was held by the Group's participating funds and therefore shareholders' profit and equity are not impacted by movements in the valuation of these financial instruments. Total level 3 assets represented 3.7 per cent of the total assets of the participating funds at 31 December 2009.

Total level 3 liabilities were £348 million out of total participating fund liabilities of £104,817 million

Of the £1,684 million level 3 financial investments, net of derivative liabilities which support non-linked shareholder-backed business (3.6 per cent of the total assets net of derivative liabilities backing this business), £1,653 million are externally valued and £31 million are internally valued. Internal valuations, which represent only 0.04 per cent of the total assets net of derivative liabilities supporting non-linked shareholder-backed business, are inherently more subjective than external valuations.

If the value of all level 3 investments backing non-linked shareholder-backed business was varied by 10 per cent, the change in valuation would be £ 3 million, which would reduce shareholders' equity by this amount before tax. Of this amount a £5 million increase would pass through the income statement substantially as part of short term fluctuations outside of operating profit offset by a £8 million decrease included as part of other comprehensive income, being unrealised movements on assets classified as available-for-sale.

| | 31 December 2009 | | | |
|--|------------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| | £m | £m | £m | £m |
| With-profits | | | | |
| Equity securities and portfolio holdings in unit trusts | 28,688 | 799 | 475 | 29,962 |
| Debt securities | 7,063 | 39,051 | 1,213 | 47,327 |
| Other investments (including derivative assets) | 79 | 1,199 | 2,170 | 3,448 |
| Derivative liabilities | (54) | (504) | (25) | (583) |
| Total financial investments net of derivative liabilities | 35,776 | 40,545 | 3,833 | 80,154 |
| Borrowing attributable to the with-profits fund held at fair value | - | (105) | - | (105) |
| Investment contract liabilities without discretionary participation feature held at fair value | - | - | - | - |
| Net asset value attributable to unit holders of consolidated unit trusts and similar funds | (1,354) | (305) | (323) | (1,982) |
| Total | 34,422 | 40,135 | 3,510 | 78,067 |
| Percentage of total | 44% | 51% | 5% | 100% |
| Unit-linked and variable annuity | | | | |
| Equity securities and portfolio holdings in unit trusts | 38,616 | 4 | - | 38,620 |
| Debt securities | 3,283 | 5,525 | 40 | 8,848 |
| Other investments (including derivative assets) | 30 | 80 | - | 110 |

| | | | | |
|---|---------|----------|-------|----------|
| Derivative liabilities | - | - | - | - |
| Total financial investments net of derivative liabilities | 41,929 | 5,609 | 40 | 47,578 |
| Investment contract liabilities without discretionary participation features held at fair value | - | (12,242) | - | (12,242) |
| Net asset value attributable to unit holders of consolidated unit trusts and similar funds | (1,324) | (7) | (2) | (1,333) |
| Total | 40,605 | (6,640) | 38 | 34,003 |
| Percentage of total | 119% | (19)% | 0% | 100% |
| Non-linked shareholder-backed | | | | |
| Equity securities and portfolio holdings in unit trusts | 557 | 36 | 179 | 772 |
| Debt securities | 5,783 | 38,725 | 1,068 | 45,576 |
| Other investments (including derivative assets) | 155 | 787 | 632 | 1,574 |
| Derivative liabilities | (20) | (703) | (195) | (918) |
| Total financial investments net of derivative liabilities | 6,475 | 38,845 | 1,684 | 47,004 |
| Investment contract liabilities without discretionary participation features held at fair value | - | (1,598) | - | (1,598) |
| Net asset value attributable to unit holders of consolidated unit trusts and similar funds | (110) | (342) | (42) | (494) |
| Total | 6,365 | 36,905 | 1,642 | 44,912 |
| Percentage of total | 14% | 82% | 4% | 100% |
| Group total | | | | |
| Equity securities and portfolio holdings in unit trusts | 67,861 | 839 | 654 | 69,354 |
| Debt securities | 16,129 | 83,301 | 2,321 | 101,751 |
| Other investments (including derivative assets) | 264 | 2,066 | 2,802 | 5,132 |
| Derivative liabilities | (74) | (1,207) | (220) | (1,501) |
| Total financial investments net of derivative liabilities | 84,180 | 84,999 | 5,557 | 174,736 |
| Borrowing attributable to the with-profits fund held at fair value | - | (105) | - | (105) |
| Investment contract liabilities without discretionary participation features held at fair value | - | (13,840) | - | (13,840) |
| Net asset value attributable to unit holders of consolidated unit trusts and similar funds | (2,788) | (654) | (367) | (3,809) |
| Total | 81,392 | 70,400 | 5,190 | 156,982 |
| Percentage of total | 52% | 45% | 3% | 100% |

31 December 2008

| | Level 1 £m | Level 2 £m | Level 3 £m | Total £m |
|---|---------------|---------------|---------------|-------------|
| With-profits | | | | |
| Equity securities and portfolio holdings in unit trusts | 30,427 | 885 | 509 | 31,821 |
| Debt securities | 6,765 | 34,858 | 1,342 | 42,965 |
| Other investments (including derivative assets) | 77 | 1,569 | 2,122 | 3,768 |
| Derivative liabilities | (166) | (2,861) | - | (3,027) |
| Total financial investments net of derivative liabilities | 37,103 | 34,451 | 3,973 | 75,527 |
| Borrowing attributable to the with-profits fund held at fair value | - | (158) | - | (158) |
| Investment contract liabilities without discretionary participation features held at fair value | - | - | - | - |
| Net asset value attributable to unit holders of consolidated unit trusts and similar funds | (1,010) | (384) | (381) | (1,775) |
| Total | 36,093 | 33,909 | 3,592 | 73,594 |
| Percentage of total | 49% | 46% | 5% | 100% |
| Unit-linked and variable annuity | | | | |

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| | | | | |
|---|---------|----------|-------|----------|
| Equity securities and portfolio holdings in unit trusts | 29,097 | 114 | - | 29,211 |
| Debt securities | 2,650 | 3,615 | 33 | 6,298 |
| Other investments (including derivative assets) | 117 | 87 | - | 204 |
| Derivative liabilities | - | - | - | - |
| Total financial investments net of derivative liabilities | 31,864 | 3,816 | 33 | 35,713 |
| Investment contract liabilities without discretionary participation features held at fair value | - | (10,309) | - | (10,309) |
| Net asset value attributable to unit holders of consolidated unit trusts and similar funds | (877) | - | - | (877) |
| Total | 30,987 | (6,493) | 33 | 24,527 |
| Percentage of total | 126% | (26)% | 0% | 100% |
| Non-linked shareholder-backed | | | | |
| Equity securities and portfolio holdings in unit trusts | 745 | 27 | 318 | 1,090 |
| Debt securities | 6,514 | 35,451 | 3,996 | 45,961 |
| Other investments (including derivative assets) | 427 | 1,210 | 692 | 2,329 |
| Derivative liabilities | (38) | (1,521) | (246) | (1,805) |
| Total financial investments net of derivative liabilities | 7,648 | 35,167 | 4,760 | 47,575 |
| Investment contract liabilities without discretionary participation features held at fair value | - | (1,307) | - | (1,307) |
| Net asset value attributable to unit holders of consolidated unit trusts and similar funds | (311) | (815) | (65) | (1,191) |
| Total | 7,337 | 33,045 | 4,695 | 45,077 |
| Percentage of total | 16% | 73% | 11% | 100% |
| Group total | | | | |
| Equity securities and portfolio holdings in unit trusts | 60,269 | 1,026 | 827 | 62,122 |
| Debt securities | 15,929 | 73,924 | 5,371 | 95,224 |
| Other investments (including derivative assets) | 621 | 2,866 | 2,814 | 6,301 |
| Derivative liabilities | (204) | (4,382) | (246) | (4,832) |
| Total financial investments net of derivative liabilities | 76,615 | 73,434 | 8,766 | 158,815 |
| Borrowing attributable to with-profits fund at fair value | - | (158) | - | (158) |
| Investment contract liabilities without discretionary participation features held at fair value | - | (11,616) | - | (11,616) |
| Net asset value attributable to unit holders of consolidated unit trusts and similar funds | (2,198) | (1,199) | (446) | (3,843) |
| Total | 74,417 | 60,461 | 8,320 | 143,198 |
| Percentage of total | 52% | 42% | 6% | 100% |

U Policyholder liabilities

Analysis of movement in policyholder liabilities and unallocated surplus of with-profits funds

Group insurance operations

A reconciliation of the total policyholder liabilities and unallocated surplus of with-profits funds of the Group is as follows:

| Insurance operations | | | |
|----------------------|----|------|-------|
| UK | US | Asia | Total |
| £m | £m | £m | £m |

| | | | | |
|--|----------------|---------------|---------------|----------------|
| At 1 January 2008 | 138,290 | 34,848 | 17,179 | 190,317 |
| Premiums | 9,372 | 6,728 | 4,162 | 20,262 |
| Surrenders | (4,281) | (3,852) | (1,191) | (9,324) |
| Maturities/Deaths | (8,324) | (564) | (354) | (9,242) |
| Net cash flows | (3,233) | 2,312 | 2,617 | 1,696 |
| Shareholders transfers post tax | (284) | - | (23) | (307) |
| Investment-related items and other movements | (16,331) | (4,552) | (4,293) | (25,176) |
| Foreign exchange translation differences | (2,481) | 12,753 | 5,589 | 15,861 |
| At 31 December 2008 / 1 January 2009 | 115,961 | 45,361 | 21,069 | 182,391 |
| Premiums | 6,867 | 9,177 | 3,807 | 19,851 |
| Surrenders | (3,971) | (3,255) | (1,201) | (8,427) |
| Maturities/Deaths | (7,239) | (733) | (342) | (8,314) |
| Net cash flows | (4,343) | 5,189 | 2,264 | 3,110 |
| Shareholders transfers post tax | (202) | - | (20) | (222) |
| Change in reserving basis in Malaysia | - | - | (63) | (63) |
| Assumption changes (shareholder-backed business) | (46) | - | (4) | (50) |
| Investment-related items and other movements | 14,118 | 2,986 | 4,242 | 21,346 |
| Foreign exchange translation differences | 707 | (5,225) | (2,069) | (6,587) |
| Disposal of Taiwan agency business | - | - | (3,508) | (3,508) |
| As at 31 December 2009 | 126,195 | 48,311 | 21,911 | 196,417 |

The items above represent the amount attributable to changes in policyholder liabilities and unallocated surplus of with-profits funds as a result of each of the components listed.

Premiums, surrenders and maturities / deaths represent the amounts impacting policyholder liabilities and may not represent the total cash paid / received (for example, premiums are net of any deductions to cover acquisition costs).

UK insurance operations

A reconciliation of the total policyholder liabilities and unallocated surplus of with-profits funds of UK insurance operations is as follows:

Other funds and subsidiaries

| | SAIF and PAC with-profits sub-fund | Unit-linked liabilities | Annuity and other long-term business | Total |
|---|---|------------------------------------|---|--------------|
| | £m | £m | £m | £m |
| At 1 January 2008 | 103,772 | 18,977 | 15,541 | 138,290 |
| Premiums | 3,157 | 2,435 | 3,780 | 9,372 |
| Surrenders | (2,336) | (1,838) | (107) | (4,281) |
| Maturities/Deaths | (6,309) | (666) | (1,349) | (8,324) |
| Net cash flows (note (a)) | (5,488) | (69) | 2,324 | (3,233) |
| Shareholders transfers post tax | (284) | - | - | (284) |
| Switches | (360) | 360 | - | - |
| Assumption changes (shareholder-backed business) | - | - | 447 | 447 |

| | | | | |
|---|----------------|----------------|----------------|----------------|
| (note (c)) | | | | |
| Investment-related items and other movements (note (b)) | (13,049) | (2,952) | (777) | (16,778) |
| Foreign exchange translation differences | (2,483) | 2 | - | (2,481) |
| At 31 December 2008 / 1 January 2009 | 82,108 | 16,318 | 17,535 | 115,961 |
| Premiums | 3,271 | 1,860 | 1,736 | 6,867 |
| Surrenders | (2,394) | (1,535) | (42) | (3,971) |
| Maturities/Deaths | (5,147) | (670) | (1,422) | (7,239) |
| Net cash flows (note (a)) | (4,270) | (345) | 272 | (4,343) |
| Shareholders transfers post tax | (202) | - | - | (202) |
| Switches | (270) | 270 | - | - |
| Assumption changes (shareholder-backed business) (note (c)) | - | - | (46) | (46) |
| Investment-related items and other movements (note (b)) | 9,365 | 2,849 | 1,904 | 14,118 |
| Foreign exchange translation differences | 764 | (57) | - | 707 |
| At 31 December 2009 | 87,495 | 19,035 | 19,665 | 126,195 |

Notes

(a) Net cash flows of negative £4,343 million have increased from negative £3,233 million in 2008, principally as a result of a decrease in premiums following the decision to limit bulk annuity transactions in the period.

(b) Investment-related items and other movements of £14,118 million across fund types reflected the strong performance of UK equity markets in 2009, as well as the increase in value of debt securities and the reversal of unrealised losses on property investments recorded in 2008.

(c) Assumption changes principally represent the net impact of changes to the deflation reserve, expense assumptions and modelling changes.

US insurance operations

| | Variable annuity separate account liabilities | Fixed annuity, GIC and other business | | Total |
|---|--|--|--|----------------|
| | £m | £m | | £m |
| At 1 January 2008 | 15,027 | 19,821 | | 34,848 |
| Premiums | 2,637 | 4,091 | | 6,728 |
| Surrenders | (1,053) | (2,799) | | (3,852) |
| Maturities/Deaths | (161) | (403) | | (564) |
| Net cash flows (note (b)) | 1,423 | 889 | | 2,312 |
| Investment-related items and other movements (note (c)) | (6,288) | 1,736 | | (4,552) |
| Foreign exchange translation differences (note (a)) | 4,376 | 8,377 | | 12,753 |
| At 31 December 2008 / 1 January 2009 | 14,538 | 30,823 | | 45,361 |
| Premiums | 4,667 | 4,510 | | 9,177 |
| Surrenders | (882) | (2,373) | | (3,255) |

| | | | |
|--|---------------|---------------|---------------|
| Maturities/Deaths | (199) | (534) | (733) |
| Net cash flows (note (b)) | 3,586 | 1,603 | 5,189 |
| Transfers from general to separate account | 984 | (984) | - |
| Investment-related items and other movements (note (c)) | 3,368 | (382) | 2,986 |
| Foreign exchange translation differences (note (a)) | (1,837) | (3,388) | (5,225) |
| At 31 December 2009 | 20,639 | 27,672 | 48,311 |

Note

(a) Movements in the year have been translated at an average rate of 1.5656 (full year 2008: 1.8518). The closing balance has been translated at closing rate of 1.6149 (full year 2008: 1.4378). Differences upon retranslation are included in foreign exchange translation differences of £5,225 million.

(b) Net cash flows for the year were £5,189 million compared with £2,312 million in 2008, driven largely by increased new business volumes for the variable annuity business.

(c) Positive investment-related items and other movements in variable annuity separate account liabilities were impacted by the recovery of US equity markets during 2009. Negative movements in fixed annuity, GIC and other business of £382 million primarily represents a reduction in the liabilities for variable annuity guarantees following improvements in equity markets and increases in interest rates offset by interest credited to policyholder accounts.

Asian insurance operations

| | With-profits business | Unit-linked liabilities | Other | Total |
|--|----------------------------------|------------------------------------|--------------|---------------|
| | £m | £m | £m | £m |
| At 1 January 2008 | 6,547 | 6,971 | 3,661 | 17,179 |
| Premiums | | | | |
| New business (note (b)) | 391 | 1,252 | 233 | 1,876 |
| In force | 647 | 1,009 | 630 | 2,286 |
| | 1,038 | 2,261 | 863 | 4,162 |
| Surrenders | (354) | (614) | (223) | (1,191) |
| Maturities/Deaths | (181) | (14) | (159) | (354) |
| Net cash flows | 503 | 1,633 | 481 | 2,617 |
| Shareholders transfers post tax | (23) | - | - | (23) |
| Investment-related items and other movements (note (d)) | (1,320) | (3,158) | 185 | (4,293) |
| Foreign exchange translation differences (note (a)) | 2,387 | 1,774 | 1,428 | 5,589 |
| At 31 December 2008 / 1 January 2009 | 8,094 | 7,220 | 5,755 | 21,069 |
| Premiums | | | | |
| New business (note (b)) | 46 | 643 | 517 | 1,206 |
| In force | 777 | 1,223 | 601 | 2,601 |
| | 823 | 1,866 | 1,118 | 3,807 |
| Surrenders | (361) | (666) | (174) | (1,201) |
| Maturities/Deaths | (253) | (19) | (70) | (342) |
| Net cash flows | 209 | 1,181 | 874 | 2,264 |

| | | | | |
|---|--------------|--------------|--------------|---------------|
| Shareholders transfers post tax | (20) | - | - | (20) |
| Change in reserving basis in Malaysia (note (c)) | - | (9) | (54) | (63) |
| Change in other reserving basis | - | - | (4) | (4) |
| Investment-related items and other movements (note (d)) | 1,431 | 2,661 | 150 | 4,242 |
| Foreign exchange translation differences (note (a)) | (853) | (612) | (604) | (2,069) |
| Disposal of Taiwan agency business (note (e)) | - | (724) | (2,784) | (3,508) |
| At 31 December 2009 | 8,861 | 9,717 | 3,333 | 21,911 |

Notes

(a) Movements in the year have been translated at the average exchange rate for the year ended 31 December 2009. The closing balance has been translated at the closing spot rates as at 31 December 2009. Differences upon retranslation are included in foreign exchange translation differences of negative £2,069 million.

(b) The increase in policyholder liabilities due to new business premium for the with-profits business fell by £345 million to £46 million. This is predominantly driven by a fall in sales of single premium with-profits policies in Hong Kong, following the withdrawal of the PruSaver product in 2009. The increase in policyholder liabilities due to new business premium for Asia unit-linked business was lower by £609 million in 2009, in line with decreases in single premium sales during the year.

(c) The change in reserving basis in Malaysia of £63 million reflects the change made following the adoption of a risk based capital (RBC) approach to the local regulatory reporting in that country.

(d) The positive investment related items and other movements for with-profits (£1,431 million) and unit-linked business (£2,661 million) are mainly driven from Asian equity market gains in the period.

(e) The disposal of Taiwan agency business reflects the liabilities transferred at the date of disposal.

(ii)

Duration of policyholder liabilities

| | 2009 | | | Total | 2008 | | | Total |
|---|------------------------------------|-------------------------------------|---|---------|-------------------------|-------------------------|----------------------------|---------|
| | UK insurance operations (note (i)) | US insurance operations (note (ii)) | Asian insurance operations (note (iii)) | | UK insurance operations | US insurance operations | Asian insurance operations | |
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Insurance contract liabilities | 77,655 | 46,346 | 21,712 | 145,713 | 72,756 | 42,476 | 20,798 | 136,030 |
| Investment contract liabilities with discretionary participation features | 24,780 | - | 100 | 24,880 | 23,367 | - | 79 | 23,446 |
| | 13,794 | 1,965 | 46 | 15,805 | 11,584 | 2,885 | 32 | 14,501 |

Investment
contract
liabilities
without
discretionary
participation
features

116,229 48,311 21,858 186,398 107,707 45,361 20,909 173,977

The tables above show the carrying value of the policyholder liabilities. Separately, the Group uses cash flow projections of expected benefit payments as part of the determination of the value of in-force business when preparing EEV basis results. The tables in the accompanying notes below also show the maturity profile of the cash flows used for that purpose for insurance contracts, as defined by IFRS, i.e. those containing significant insurance risk, and investment contracts, which do not.

The cash flow projections of expected benefit payments used in the maturity profile tables are from value of in-force business and exclude the value of future new business, including vesting of internal pension contracts. The maturity tables have been prepared on a discounted basis.

Notes

(i) UK insurance operations

| | With-profits business | | | Annuity business | | | Other | | | Total |
|---------------------------|-----------------------|-----------|------------|------------------|--------|--------|-----------|-----------|-------------|--------|
| | Insurance | | Investment | PAL | PRIL | Total | Insurance | | Investments | |
| | contracts | contracts | | | | | contracts | contracts | | |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| 2009 | | | | | | | | | | |
| Policyholders liabilities | 40,780 | 24,780 | 65,560 | 11,969 | 14,292 | 26,261 | 10,614 | 13,794 | 24,408 | 16,229 |
| | % | % | % | % | % | % | % | % | % | % |
| Expected maturity: | | | | | | | | | | |
| 0 to 5 years | 50 | 29 | 41 | 32 | 31 | 32 | 34 | 35 | 35 | 35 |
| 5 to 10 years | 26 | 25 | 26 | 25 | 23 | 24 | 25 | 22 | 23 | 23 |
| 10 to 15 years | 13 | 19 | 15 | 18 | 17 | 17 | 18 | 19 | 18 | 18 |
| 15 to 20 years | 6 | 14 | 9 | 11 | 12 | 12 | 11 | 11 | 11 | 11 |
| 20 to 25 years | 3 | 9 | 6 | 7 | 8 | 7 | 7 | 6 | 6 | 6 |
| over 25 years | 2 | 4 | 3 | 7 | 9 | 8 | 5 | 7 | 7 | 7 |

| | With-profits business | | | Annuity business | | | Other | | | Total |
|---------------------------|-----------------------|-----------|------------|------------------|--------|--------|-----------|-----------|-------------|---------|
| | Insurance | | Investment | PAL | PRIL | Total | Insurance | | Investments | |
| | contracts | contracts | | | | | contracts | contracts | | |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| 2008 | | | | | | | | | | |
| Policyholders liabilities | 39,010 | 23,367 | 62,377 | 11,477 | 12,513 | 23,990 | 9,756 | 11,584 | 21,340 | 107,707 |
| | % | % | % | % | % | % | % | % | % | % |
| Expected maturity: | | | | | | | | | | |

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| | | | | | | | | | |
|----------------|----|----|----|----|----|----|----|----|----|
| 0 to 5 years | 47 | 26 | 38 | 30 | 29 | 29 | 31 | 32 | 32 |
| 5 to 10 years | 26 | 23 | 25 | 24 | 23 | 23 | 23 | 22 | 23 |
| 10 to 15 years | 13 | 19 | 15 | 18 | 17 | 18 | 18 | 18 | 18 |
| 15 to 20 years | 7 | 15 | 10 | 12 | 13 | 13 | 12 | 12 | 12 |
| 20 to 25 years | 4 | 11 | 7 | 8 | 8 | 8 | 8 | 7 | 7 |
| over 25 years | 3 | 6 | 5 | 8 | 10 | 9 | 8 | 9 | 8 |

(a) Benefit payments do not reflect the pattern of bonuses and shareholder transfers in respect of the with-profits business.

(b) Investment contracts under Other comprise certain unit-linked and similar contracts accounted for under IAS 39 and IAS 18.

(c) For business with no maturity term included within the contracts, for example with-profits investment bonds such as Prudence Bonds, an assumption is made as to likely duration based on prior experience.

(ii) US insurance operations

| | 2009 | | | 2008 | | |
|---------------------------------|--|---------------------|---------------|--|---------------------|----------|
| | Fixed annuity and other business (including GICs and similar contracts) £m | Variable annuity £m | Total £m | Fixed annuity and other business (including GICs and similar contracts) £m | Variable annuity £m | Total £m |
| Policyholder liabilities | 27,672 | 20,639 | 48,311 | 30,823 | 14,538 | 45,361 |
| | % | % | | % | % | |
| Expected maturity: | | | | | | |
| 0 to 5 years | 52 | 50 | | 49 | 46 | |
| 5 to 10 years | 27 | 28 | | 26 | 28 | |
| 10 to 15 years | 10 | 12 | | 11 | 14 | |
| 15 to 20 years | 5 | 6 | | 6 | 7 | |
| 20 to 25 years | 3 | 2 | | 3 | 3 | |
| Over 25 years | 3 | 2 | | 5 | 2 | |

(iii) Asian insurance operations

| | 2009 | 2008 |
|--------------------------|--------|--------|
| | £m | £m |
| Policyholder liabilities | 21,858 | 20,909 |
| Expected maturity: | % | % |
| 0 to 5 years | 24 | 23 |
| 5 to 10 years | 21 | 21 |
| 10 to 15 years | 15 | 15 |
| 15 to 20 years | 12 | 13 |
| 20 to 25 years | 9 | 10 |

Over 25 years 19 18

V Sensitivity analysis**Sensitivity of IFRS basis profit or loss and equity to market and other risks***Overview of risks by business unit*

The financial assets and liabilities attaching to the Group's life assurance business are, to varying degrees, subject to market and insurance risk and other changes of experience assumptions that may have a material effect on IFRS basis profit or loss and equity.

Market risk is the risk that the fair value or future cash flows of a financial instrument or, in the case of liabilities of insurance contracts, their carrying value will fluctuate because of changes in market prices.

Market risk comprises three types of risk, namely:

- Currency risk: due to changes in foreign exchange rates;
- interest rate risk: due to changes in market interest rates; and
- other price risk: due to fluctuations in market prices (other than those arising from interest rate risk or currency risk).

Policyholder liabilities relating to the Group's life assurance businesses are also sensitive to the effects of other changes in experience, or expected future experience, such as for mortality, other insurance risk and lapse risk.

In addition, the profitability of the Group's life assurance businesses and asset management business, is indirectly affected by the performance of the assets covering policyholder liabilities and related capital.

Three key points are to be noted, namely:

- The Group's with-profit and unit-linked funds absorb most market risk attaching to the fund's investments. Except for second order effects, for example on asset management fees and shareholders' share of cost of bonuses for with-profits business, shareholder results are not directly affected by market value movements on the assets of these funds;
- the Group's shareholder results are most sensitive to market risks for assets of shareholder-backed business; and
- the main exposures of the Group's IFRS basis results to market risk for life assurance operations on investments of shareholder-backed business are for debt securities.

The most significant items for which the IFRS basis shareholders' profit or loss and equity for the Group's life assurance business is sensitive to these variables are shown in the following tables. The distinction between direct and indirect exposure is not intended to indicate the relative size of the sensitivity.

| Type of business | Market and credit risk Investments/derivatives | Liabilities/unallocated Other exposure | Insurance and lapse risk |
|--------------------------------|---|---|-------------------------------------|
| <i>UK insurance operations</i> | | | |

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| | | | |
|--|---|--|---|
| With-profits business (including Prudential Annuities Limited) | Net neutral direct exposure (Indirect exposure only) | Investment performance subject to smoothing through declared bonuses | Persistency risk to future shareholder transfers |
| SAIF sub-fund | Net neutral direct exposure (Indirect exposure only) | Asset management fees earned by M&G | |
| Unit-linked business | Net neutral direct exposure (Indirect exposure only) | Investment performance through asset management fees | Persistency risk |
| Shareholder-backed annuity business | Asset/liability mismatch risk Credit risk Interest rate risk for assets in excess of liabilities i.e. representing shareholder capital | | Mortality experience and assumptions for longevity |
| <i>US insurance operations</i> | | | |
| All business | Currency risk | | Persistency risk |
| Variable annuity business | Net effect of market risk arising from incidence of guarantee features and variability of asset management fees offset by derivative hedging programme | | |
| Fixed indexed annuity business | Derivative hedge programme to the extent not fully hedged against liability and fund performance | Incidence of equity participation features | |
| Fixed indexed annuity, Fixed annuity and GIC business | Credit risk Interest rate risk | Spread difference between earned rate and rate credited to policyholders | Lapse risk but the effects of extreme events are mitigated by the use of swaption contracts |
| | These risks are reflected in volatile profit or loss and shareholders' equity for derivative value movements and impairment losses, and, in addition, for shareholders' equity for value movements on fixed income securities classified as 'available for sale' under IAS 39 | | |
| <i>Asian insurance operations</i> | | | |
| | | | Mortality and morbidity risk |

| | | | |
|--|---|--------------------------|--|
| All business With-profits business | Currency risk Net neutral direct exposure (Indirect exposure only) | | Persistency risk |
| Unit-linked business | Net neutral direct exposure (Indirect exposure only) | | Investment performance subject to smoothing through declared bonuses Investment performance through asset management fees |
| Non-participating business | Interest rate and price risk | Long-term interest rates | |

IFRS shareholder results - Exposures for market and other risk

Key Group exposures

The IFRS operating profit based on longer-term investment returns for UK insurance operations has high potential sensitivity for changes to longevity assumptions affecting the carrying value of liabilities to policyholders for shareholder-backed annuity business. In addition, at the total IFRS profit level the result is sensitive to temporary value movements on assets backing IFRS equity.

For Jackson at the level of operating profit based on longer-term investment returns, the results are sensitive to market conditions to the extent of income earned on spread-based products and equity-based exposure not mitigated by the equity and interest derivative programmes. Further information is given below under the US operations section of market and credit risk.

Jackson's derivative programme is used to substantially mitigate equity market risk attaching to its equity-based products and interest rate risk associated with its spread-based products. Movements in interest rates and credit spreads materially affect the carrying value of derivatives which are used to manage the liabilities to policyholders and backing investment assets of fixed annuity and other general account business. Combined with the use of US GAAP measurement (as grandfathered under IFRS 4) for the asset and liabilities for the insurance contract liabilities, which is largely insensitive to current period market movements, the Jackson total profit (i.e. including short-term fluctuations in investment returns) is very sensitive to market movements. In addition to these effects the Jackson IFRS equity is sensitive to the impact of interest rate and credit spread movements on the value of fixed income securities. Movements in unrealised appreciation on these securities are included as movement in equity (i.e. outside the income statement).

For Asian operations, the operating profit based on longer-term investment returns is mainly affected by the impact of market levels on unit-linked business persistency, and other insurance risk.

At the total IFRS profit level the Asian result is affected by short-term value movements on the asset portfolio for non-linked shareholder-backed business.

M&G profits are affected primarily by movements in the growth in funds under management and of the effect any impairment on the loan book and fair value movements on debt securities held by Prudential

Capital.

Market and credit risk

UK insurance operations

With-profits business

- With-profits business
Shareholder results of UK with-profits business are sensitive to market risk only through the indirect effect of investment performance on declared policyholder bonuses.
The investment assets of the PAC with-profits fund are subject to market risk. However, changes in their carrying value, net of related changes to asset-share liabilities of with-profit contracts, affect the level of unallocated surplus of the fund. As unallocated surplus is accounted for as a liability under IFRS, movements in its value do not affect shareholders' profit or equity.
The shareholder results of the UK with-profits fund correspond to the shareholders' share of the cost of bonuses declared on the with-profits business. This currently corresponds to one-ninth of the cost of bonuses declared.
Investment performance is a key driver of bonuses, and hence the shareholders' share of cost of bonuses. Due to the 'smoothed' basis of bonus declaration the sensitivity to investment performance in a single year is low. However, over multiple periods it is important.
- Prudential Annuities Limited (PAL)
PAL's business is not with-profit, it writes annuity business. However, as PAL is owned by the PAC with-profits sub-fund, changes in the carrying value of PAL's assets and liabilities are reflected in the liability for unallocated surplus which as described above, changes to which do not affect shareholder results.
- Scottish Amicable Insurance Fund (SAIF)
SAIF is a ring-fenced fund in which, apart from asset management fees, shareholders have no interest. Accordingly, the Group's IFRS profit and equity are insensitive to the direct effects of market risk attaching to SAIF's assets and liabilities.

UK insurance operations

Shareholder-backed business

The factors that may significantly affect the IFRS results of UK shareholder-backed business are the mortality experience and assumptions and credit risk attaching to the annuity business of Prudential Retirement Income Limited and the PAC non-profit sub-fund.

- Prudential Retirement Income Limited (PRIL)
The assets covering PRIL's liabilities are principally debt securities and other investments that are held to match the expected duration and payment characteristics of the policyholder liabilities. These liabilities are valued for IFRS reporting purposes by applying discount rates that reflect the market rates of return attaching to the covering assets.
Except to the extent of any asset/liability duration mismatch which is reviewed regularly, and exposure to credit risk, the sensitivity of the Group's results to market risk for movements in the carrying value of PRIL's liabilities and covering assets is broadly neutral on a net basis.
The main market risk sensitivity for PRIL arises from interest rate risk on the debt securities which substantially represent IFRS equity. This equity comprises the net assets held within the long-term fund of the company that cover regulatory basis liabilities that are not recognised for IFRS reporting purposes, for

example contingency reserves, and shareholder capital held outside the long-term fund.

The principal items affecting the IFRS results for PRIL are mortality experience and assumptions and credit risk.

- PAC non-profit sub-fund

The PAC non-profit sub-fund principally comprises annuity business previously written by Scottish Amicable Life, credit life, unit-linked and other non-participating business.

The financial assets covering the liabilities for those types of business are subject to market risk. However, for the annuity business the same considerations as described above for PRIL apply, whilst the liabilities of the unit-linked business change in line with the matching linked assets. Other liabilities of the PAC non-profit sub-fund are broadly insensitive to market risk.

- Other shareholder-backed unit-linked business

Due to the matching of policyholder liabilities to attaching asset value movements the UK unit-linked business is not directly affected by market or credit risk. The principal factor affecting the IFRS results is investment performance through asset management fees.

US insurance operations

Jackson

The IFRS basis results of Jackson are highly sensitive to market risk on the assets covering liabilities other than variable annuity business segregated in the separate accounts.

Invested assets covering liabilities (other than the separate accounts) and related capital comprise principally debt securities classified as available-for-sale. Value movements for these securities are reflected as movements in shareholders' equity through the statement of comprehensive income. Other invested assets and derivatives are carried at fair value with the value movements reflected in the income statement.

By contrast, the IFRS insurance liabilities of business written by Jackson, by the application of grandfathered GAAP under IFRS 4, are measured on US GAAP bases which with the exception of certain items covered by the equity hedging programme, are generally insensitive to temporary changes in market conditions or the short-term returns on the attaching asset portfolios.

These differences in carrying value of debt securities, other invested assets, derivatives and insurance liabilities give rise to potentially significant volatility in the IFRS income statement and shareholders' equity. As with other shareholder-backed business the profit or loss for Jackson is presented by distinguishing the result for the year between an operating result based on longer-term investment returns and short-term fluctuations in investment returns. In this way the most significant direct effect of market changes that have taken place to the Jackson result are separately identified.

Excluding these short-term effects, the factors that most significantly affect the Jackson IFRS operating result based on long-term investment returns are:

- Variable annuity business - net effect of market risk arising from the incidence and valuation of guarantee features and variability of asset management fees offset by derivative hedging performance. The net effect of market risk in Jackson's guarantees and derivatives included in operating result excludes the impact of changes in market implied volatility. Further movements in reserves for guarantees reflected in operating result are also based on a discount rate using a long-term average Corporate AA credit curve instead of the actual Corporate AA credit curve at the valuation date. The derivative hedging programme is designed to be economically effective and there can be some accounting mis-matches for those guarantee features which are not economically valued under grandfathered US GAAP, for example guaranteed

minimum death benefits. These accounting mis-matches are magnified in periods of market dislocation.

- fixed annuity business - the spread differential between the earned rate and the rate credited to policyholders; and
- fixed index annuity business - the spread differential between the earned rate and the rate credited to policyholders and incidence of equity index participation features, net of the related hedging performance.

In addition, the total profit for Jackson is affected by the level of impairment losses on the debt securities portfolios, short-term value movements on derivatives held to manage the fixed annuity and other general account business, other temporary value movements on portfolio investments classified as fair value through profit and loss and those arising on revaluing the embedded derivative components of variable annuity liabilities for the effects of short-term movements in AA corporate bond rate curves and equity volatility levels.

Asian insurance operations

For Asian with-profits business the same features apply as described above for UK with-profits business. Similarly, as for other parts of the Group, for unit-linked business the main factor affecting IFRS basis results is investment performance through asset management fees.

The sensitivity of the IFRS basis results of the Group's Asian operations to market risk is primarily restricted to the non-participating business.

This sensitivity is primarily reflected through the volatility of asset returns coupled with the fact that the accounting carrying value of liabilities to policyholders are only partially sensitive to changed market conditions. As for UK shareholder-backed operations and Jackson, the IFRS profit is distinguished in the Group's segmental analysis so as to distinguish operating profits based on longer-term investment return and short-term fluctuations in investment returns.

Insurance and lapse risk

The features described above cover the main sensitivities of IFRS profit and loss and equity for market, insurance and credit risk. Lapse and longevity risk may also be a key determination of IFRS basis results with variable impacts.

In the UK, adverse persistency experience can affect the level of profitability from with-profits and unit-linked business. For with-profits business in any given year, the amount represented by the shareholders' share of cost of bonus may be only marginally affected. However, altered persistency trends may affect future expected shareholder transfers.

By contrast, Group IFRS operating profit is particularly sensitive to longevity outlook that result in changes of assumption for the UK shareholder-backed annuity business.

Jackson is sensitive to lapse risk. However, Jackson uses swaption derivatives to ameliorate the effect of a sharp rise in interest rates, which would be the most likely cause of a sudden change in policyholder behaviour.

In Asia adverse persistency experience can impact the IFRS profitability of certain business written in the region. This risk is managed at a business unit level through monthly monitoring of experience and the implementation of management actions as necessary. These actions could include product enhancements, increased management focus on premium collection as well as other customer retention efforts. The potential financial impact of lapses is often mitigated through the specific features of the products, e.g. surrender charges.

Impact of diversification on risk exposure

The Group enjoys significant diversification benefits. This arises because not all risk scenarios will happen at the same time and across all geographic regions. The Group tests the sensitivities of results to different correlation factors such as:

Correlation across geographic regions

- Financial risk factors
- Non-financial risk factors.

Correlation across risk factors

- Longevity risk
- Expenses
- Persistency
- Other risks.

The effect of Group diversification is to significantly reduce the aggregate standalone volatility risk to IFRS operating profit based on longer-term investment returns. The effect is almost wholly explained by the correlations across risk types, in particular longevity risk.

(i)

UK insurance operations

The risks to which the IFRS basis results of the UK insurance operations are sensitive are asset/liability matching, mortality experience and payment assumptions for shareholder-backed annuity business. Further details are described below.

With-profits business

SAIF

Shareholders have no interest in the profits of SAIF but are entitled to the asset management fees paid on the assets of the fund.

With-profits sub-fund business

For with-profits business (including non-participating business of PAL which is owned by the WPSF) adjustments to liabilities and any related tax effects are recognised in the income statement. However, except for any impact on the annual declaration of bonuses, shareholders' profit for with-profits business is unaffected. This is because IFRS basis profits for with-profits business, which are determined on the same basis as on preceding UK GAAP, solely reflect one-ninth of the cost of bonuses declared for the year.

The main factors that influence the determination of bonus rates are the return on the investments of the fund, the effect of inflation, taxation, the expenses of the fund chargeable to policyholders and the degree to which investment returns are smoothed. Mortality and other insurance risk are relatively minor factors.

Unallocated surplus represents the excess of assets over policyholder liabilities of the fund. As unallocated surplus of the WPSF is recorded as a liability, movements in its value do not affect shareholders' profits or equity.

The level of unallocated surplus is particularly sensitive to the level of investment returns on the portion of the life fund assets that represents the surplus.

Shareholder-backed annuity business

Profits from shareholder-backed annuity business are most sensitive to:

- The extent to which the duration of the assets held closely matches the expected duration of the liabilities under the contracts. Assuming close matching, the impact of short-term asset value movements as a result of interest rate movements will broadly offset changes in the value of liabilities caused by movements in valuation rates of interest;
- actual versus expected default rates on assets held;
- the difference between long-term rates of return on corporate bonds and risk-free rates;
- the variance between actual and expected mortality experience;
- the extent to which expected future mortality experience gives rise to changes in the measurement of liabilities; and
- changes in renewal expense levels.

A decrease in assumed mortality rates of one per cent would decrease gross profits by approximately £44 million

(2008: £35 million). A decrease in credit default assumptions of five basis points would increase gross profits by

£91 million (2008: £71 million). A decrease in renewal expenses (excluding asset management expenses) of five per cent

would increase gross profits by £17 million (2008: £15 million). The effect on profits would be approximately symmetrical for changes in assumptions that are directionally opposite to those explained above.

Unit-linked and other business

Unit-linked and other business represents a comparatively small proportion of the in-force business of the UK insurance operations.

Profits from unit-linked and similar contracts primarily arise from the excess of charges to policyholders, for management of assets under the Company's stewardship, over expenses incurred. The former is most sensitive to the net accretion of funds under management as a function of new business and lapse and timing of death. The accounting impact of the latter is dependent upon the amortisation of acquisition costs in line with the emergence of margins (for insurance contracts) and amortisation in line with service provision (for the investment management component of investment contracts). By virtue of the design features of most of the contracts which provide low levels of mortality cover, the profits are relatively insensitive to changes in mortality experience.

Shareholder exposure to interest rate risk and other market risk

By virtue of the fund structure, product features and basis of accounting, the policyholder liabilities of the UK insurance operations are, except for pension annuity business, not generally exposed to interest rate risk. For pension annuity business, liabilities are exposed to fair value interest rate risk. However, the net exposure to the PAC WPSF (for PAL) and shareholders (for liabilities of PRIL and the non-profit sub-fund) is very substantially ameliorated by virtue of the close matching of assets with appropriate duration. The level of matching from period to period can vary depending on management actions and economic factors so it is possible for a degree of mis-matching profits to arise.

The close matching by the Group of assets of appropriate duration to annuity liabilities is based on maintaining economic and regulatory capital. The measurement of liabilities under capital reporting requirements and IFRS is not the same with contingency reserves and some other margins for prudence within the assumptions required under the FSA regulatory solvency basis not included for IFRS reporting purposes. As a result IFRS equity is higher than regulatory capital and therefore more sensitive to interest rate risk.

The estimated sensitivity of the UK non-linked shareholder-backed business (principally pension annuities business) to a movement in interest rates is as follows.

| | 2009 £m | | | | 2008 £m | | | |
|--|------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | A decrease of 2% | A decrease of 1% | An increase of 1% | An increase of 2% | A decrease of 2% | A decrease of 1% | An increase of 1% | An increase of 2% |
| Carrying value of debt securities and derivatives | 5,372 | 2,422 | (2,020) | (3,731) | 4,362 | 1,983 | (1,676) | (3,108) |
| Policyholder liabilities | (5,125) | (2,304) | 1,905 | 3,498 | (3,974) | (1,798) | 1,503 | 2,773 |
| Related deferred tax effects | (69) | (33) | 32 | 65 | (109) | (52) | 48 | 94 |
| Net sensitivity of profit after tax and shareholders' equity | 178 | 85 | (83) | (168) | 279 | 133 | (125) | (241) |

In addition the shareholder-backed portfolio of UK non-linked insurance operations covering liabilities and shareholders' equity includes equity securities and investment property. Excluding any second order effects on the measurement of the liabilities for future cash flows to the policyholder, a fall in their value would have given rise to the following effects on pre-tax profit, profit after tax, and shareholders' equity.

| | 2009 £m | | 2008 £m | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | A decrease of 20% | A decrease of 10% | A decrease of 40% | A decrease of 20% | A decrease of 10% |
| Pre-tax profit | (292) | (146) | (508) | (254) | (127) |
| Related deferred tax effects | 82 | 41 | 142 | 71 | 35 |
| Net sensitivity of profit after tax and shareholders' equity | (210) | (105) | (366) | (183) | (92) |

A 10 or 20 per cent (2008: 10, 20 or 40 per cent) increase in their value would have an approximately equal and opposite effect on profit and shareholders' equity to the sensitivities shown above. The market risk sensitivities shown above reflect the impact of temporary market movements and, therefore, the primary effect of such movements would, in the Group's segmental analysis of profits, be included within the short-term fluctuations in investment returns.

- (ii)
US insurance operations

Currency fluctuations

Consistent with the Group's accounting policies, the profits of the Group's US operations are translated at average exchange rates and shareholders' equity at the closing rate for the reporting period. For 2009, the rates were US\$1.57 (2008: US\$1.85) and US\$1.61 (2008: US\$1.44) to £1 sterling, respectively. A 10 per cent increase or decrease in these rates would reduce or increase profit (loss) before tax attributable to shareholders, profit (loss) for the year and shareholders' equity attributable to US insurance operations respectively as follows:

A 10% increase in

| | exchange rates | | A 10% decrease in exchange rates | |
|---|----------------|------------|--|------------|
| | 2009 £m | 2008 £m | 2009 £m | 2008 £m |
| Profit (loss) before tax attributable to shareholders (note (i)) | (44) | 59 | 54 | (72) |
| Profit (loss) for the year | (54) | 51 | 65 | (62) |
| Shareholders' equity attributable to US insurance operations | (274) | (158) | 335 | 193 |

Note

(i) Sensitivity on profit (loss) before tax i.e. aggregate of the operating profit based on longer-term investment returns and short-term fluctuations.

Other sensitivities

The principal determinants of variations in operating profit based on longer-term returns are:

- growth in the size of assets under management covering the liabilities for the contracts in force;
- variations in fees and other income, offset by variations in market value adjustment payments and, where necessary, strengthening of liabilities.
- incidence of guarantees and the effectiveness of the related hedge programme.
- spread returns for the difference between investment returns and rates credited to policyholders.

For the purpose of determining longer-term returns, adjustment is necessary for the normalisation of investment returns to remove the effects of short-term volatility in investment returns.

- amortisation of deferred acquisition costs.

For term business, acquisition costs are deferred and amortised in line with expected premiums. For annuity business, acquisition costs are deferred and amortised in line with expected gross profits on the relevant contracts. For interest-sensitive business, the key assumption is the expected long-term spread between the earned rate and the rate credited to policyholders, which is based on an annual spread analysis. In addition, expected gross profits depend on mortality assumptions, assumed unit costs and terminations other than deaths (including the related charges) all of which are based on a combination of actual experience of Jackson, industry experience and future expectations.

A detailed analysis of actual experience is measured by internally developed mortality and persistency studies. For variable annuity business, the key assumption is the expected long-term level of equity market returns, which for 2009 and 2008 was 8.4 per cent per annum implemented using a mean reversion methodology. These returns affect the level of future expected profits through their effects on the fee income and the required level of provision for guaranteed minimum death benefit claims. The mean reversion methodology dampens the impact of equity market movements during a particular year, but does not fully eliminate the effects of movements in the equity markets.

In addition, the mean reversion methodology includes both a cap and a floor that determine the maximum impact that the methodology may have. Due to the significant market movements during 2008, Jackson exceeded the cap on future equity market returns, resulting in a higher level of sensitivity to market movements than would have been recognised had the cap not been met at the end of 2008. Given the low market return in 2008 this cap remained in place at 31 December 2009 and so the higher level of sensitivity remains.

Except to the extent of mortality experience, which primarily affects profits through variations in claim payments and GMDB reserves, the profits of Jackson are relatively insensitive to changes in insurance risk.

Exposure to equity risk

Jackson is exposed to equity risk through the options embedded in the fixed indexed liabilities and GMDB and GMWB guarantees included in certain VA benefits. This risk is managed using a comprehensive equity hedging programme to minimise the risk of a significant economic impact as a result of increases or decreases in equity market levels while taking advantage of naturally offsetting exposures in Jackson's operations. Jackson purchases external futures and options that hedge the risks inherent in these products, while also considering the impact of rising and falling separate account fees.

As a result of this hedging programme, if the equity markets were to increase further in the future, Jackson's free-standing derivatives would decrease in value. However, over time, this movement would be broadly offset by increased separate account fees and reserve decreases, net of the related changes to amortisation of deferred acquisition costs. Due to the nature of the free-standing and embedded derivatives, this hedge, while highly effective on an economic basis, may not completely mute the immediate impact of the market movements as the free-standing derivatives reset immediately while the hedged liabilities reset more slowly and fees are recognised prospectively. The opposite impacts would be observed if the equity markets were to decrease.

At 31 December 2009 based on the hedges in place at that time, it is estimated that an immediate decrease in the equity markets of 10 per cent would result in an accounting benefit, net of related DAC amortisation, before tax of up to £60 million, excluding the impact on future separate account fees. After related deferred tax there would have been an estimated increase in shareholders' equity at 31 December 2009 of up to £40 million. An immediate decrease in the equity markets of 20 per cent is estimated to result in an accounting credit, net of related DAC amortisation, before tax of up to £110 million, excluding the impact on future separate account fees. After related deferred tax there would have been an estimated increase in shareholders' equity at 31 December 2009 of up to £80 million. An immediate increase in the equity markets of 10 and 20 per cent is estimated to result in an approximately equal and opposite estimated effect on profit and shareholders' equity as that disclosed above for a decrease.

At 31 December 2008, based on the hedges in place at that time, it was estimated that an immediate decrease in the equity markets at 10 per cent would result in an accounting charge, net of related DAC amortisation, before tax of up to £20 million, excluding the impact on future separate account fees. After related deferred tax, it was estimated that there would have been an increase in shareholders' equity of up to £15 million. An immediate decrease in the equity markets of 20 and 40 per cent was estimated to result in an account charge, net of related DAC amortisation, before tax of up to £40 million and £90 million respectively, excluding the impact of future separate account fees. After related deferred tax there would have been an estimated reduction in shareholders' equity at 31 December 2008 of up to £30 million and £60 million respectively. The difference in the effects of a decrease in the equity markets at 31 December 2009 as compared to 2008 was due to a high number of GMDB and GMWB guarantees being 'in the money' at 31 December 2008. As a result, the adverse effects on provisions for policyholder liabilities from a decreasing equity market at 31 December 2008 more than offset the benefits from the hedging instruments held at that time.

The actual impact on financial results would vary contingent upon the volume of new product sales and lapses, changes to the derivative portfolio, correlation of market returns and various other factors including volatility, interest rates and elapsed time.

In addition, Jackson is also exposed to equity risk from its holding of equity securities, partnerships in investment pools and other financial derivatives.

A range of reasonably possible movements in the value of equity securities, partnerships in investment pools and other financial derivatives have been applied to Jackson's holdings at 31 December 2009 and 31 December 2008. The table below shows the sensitivity to a 10 and 20 per cent (2008: 10, 20 and 40 per cent) fall in value and the impact that this would have on pre-tax profit, net of related changes in amortisation of DAC, profit after tax and shareholders' equity.

| | 2009 £m | | | 2008 £m | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | A decrease of 20% | A decrease of 10% | A decrease of 40% | A decrease of 20% | A decrease of 10% |
| Pre-tax profit, net of related changes in amortisation of DAC | (117) | (58) | (255) | (141) | (98) |
| Related deferred tax effects | 41 | 20 | 89 | 49 | 34 |
| Net sensitivity of profit after tax and shareholders' equity | (76) | (38) | (166) | (92) | (64) |

Exposure to interest rate risk

Notwithstanding the market risk exposure previously described, except in the circumstances of interest rate scenarios where the guarantee rates included in contract terms are higher than crediting rates that can be supported from assets held to cover liabilities, the accounting measurement of fixed annuity liabilities of Jackson products is not generally sensitive to interest rate risk. This position derives from the nature of the products and the US GAAP basis of measurement. The GMWB features attaching to variable annuity business represents embedded derivatives which are fair valued and so will be sensitive to changes in interest rate.

Debt securities and related derivatives are marked to fair value. Value movements on derivatives, again net of related changes to amortisation of DAC and deferred tax, are recorded within profit and loss. Fair value movements on debt securities, net of related changes to amortisation of DAC and deferred tax, are recorded within the statement of changes in equity. The estimated sensitivity of these items and policyholder liabilities to a one per cent and two per cent decrease and increase in interest rates at 31 December 2009 and is as follows:

| | 2009 £m | | | | | 2008 £m | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | A 2% decrease | A 1% decrease | A 1% increase | A 2% increase | A 2% decrease | A 1% decrease | A 1% increase | A 2% increase |
| Profit and loss | | | | | | | | |
| Direct effect | | | | | | | | |
| Derivatives value change | (319) | (148) | 159 | 370 | (575) | (268) | 283 | 639 |
| Policyholder liabilities | (418) | (185) | 170 | 334 | (517) | (218) | 182 | 350 |
| Related effect on amortisation of DAC | 364 | 162 | (156) | (328) | 498 | 215 | (193) | (395) |
| Pre-tax profit effect | | | | | | | | |
| Operating profit based on longer-term investment returns | (144) | (62) | 56 | 109 | (128) | (59) | 64 | 146 |
| Short-term fluctuations in investment returns | (229) | (109) | 117 | 267 | (466) | (212) | 208 | 448 |
| | (373) | (171) | 173 | 376 | (594) | (271) | 272 | 594 |
| Related effect on charge for deferred tax | 131 | 60 | (60) | (131) | 206 | 94 | (95) | (207) |
| Net profit effect | (242) | (111) | 113 | 245 | (388) | (177) | 177 | 387 |

Other comprehensive income

| | | | | | | | | |
|--|-------|-------|---------|---------|-------|-------|---------|---------|
| Direct effect on carrying value of debt securities | 2,183 | 1,179 | (1,179) | (2,183) | 2,476 | 1,238 | (1,238) | (2,476) |
| Related effect on amortisation of DAC | (764) | (413) | 413 | 764 | (619) | (310) | 310 | 619 |
| Related effect on movement in deferred tax | (497) | (268) | 268 | 497 | (650) | (325) | 325 | 650 |
| Net effect | 922 | 498 | (498) | (922) | 1,207 | 603 | (603) | (1,207) |
| Total net effect on IFRS equity | 680 | 387 | (385) | (677) | 819 | 426 | (426) | (820) |

(iii)

Asian insurance operations

Sensitivity of IFRS basis profit and equity and other risks*Currency translation*

Consistent with the Group's accounting policies, the profits of the Asian operations at average exchange rates and shareholders' equity at the costing rate for the reporting period.

A 10 per cent increase or decrease in these rates would have reduced or increased profit before tax attributable to shareholders, profit for the year and shareholders' equity, excluding goodwill, attributable to Asian operations respectively as follows:

| | 2009 | A 10% increase in exchange rates | | A 10% decrease in exchange rates | |
|--|-------|----------------------------------|------|----------------------------------|------|
| | 2008 | 2009 | 2008 | 2009 | 2008 |
| | £m | £m | £m | £m | £m |
| Profit before tax attributable to shareholders (note(i)) | (40) | (14) | 49 | 18 | |
| Profit for the year | (35) | (6) | 43 | 8 | |
| Shareholders' equity, excluding goodwill, attributable to Asian operations | (129) | (202) | 158 | 246 | |

Note

(i) Sensitivity on profit before tax i.e. aggregate of the operating profit based on longer-term investment returns, short-term fluctuations in investment returns, and actuarial gains and losses on defined benefit pension schemes but excluding the loss on sale and results for Taiwan agency business.

Other risks*With-profits business*

Similar principles to those explained for UK with-profits business apply to profit emergence for the Asian with-profits business.

Correspondingly, the profit emergence reflects bonus declaration and is relatively insensitive to period by period fluctuations in insurance risk or interest rate movements.

Unit-linked business

As for the UK insurance operations, the profits and shareholders' equity related to the Asian operations is primarily driven by charges relating to invested funds. For the Asian operations, substantially all of the contracts are classified as insurance contracts under IFRS 4, i.e. containing significant insurance risk. The sensitivity of profits and equity to changes in insurance risk is minor and, to interest rate risk, not material.

Other business

- Interest rate risk for Taiwan

For 2008, the principal other business of Asian operations that was most sensitive to movements in interest rates was the whole of life business written in Taiwan. In June 2009 the Company completed the sale of its agency distribution business and associated liabilities and its agency force in Taiwan to China Life Insurance Company Ltd as explained in note G. For 2009 the assets and liabilities of the element of Taiwan business retained by the Company are relatively less sensitive to variances in interest rates, with a reasonably possible decrease in interest rates of 0.5 per cent leading to an increase in IFRS pre-tax profits of £24 million. After adjusting these results for deferred tax the reasonably possible effect on shareholders' equity is £19 million. A 0.5 per cent increase in interest rates is estimated to have an approximately equal and opposite effect on profit and shareholders' equity.

- Interest rate risk for other business excluding Taiwan

Asian operations offer a range of insurance and investment products, predominately with-profits and non-participating term, whole life endowment and unit-linked. Excluding with-profit and unit-linked business along with Taiwan, the results of the Asian business are sensitive to the vagaries of routine movements in interest rates.

For the purposes of analysing sensitivity to variations in interest rates, it has been determined for the majority of territories that a movement of 1 per cent in the 10 year government bond rate can be considered reasonably possible. At 31 December 2009, 10 year government bond rates vary from territory to territory and range from 1.3 per cent to 11.45 per cent (2008: 1.17 per cent to 10.18 per cent). An exception to this arises in Japan where reasonably possible interest rate movements have been determined as 0.5 per cent respectively. (2008: Japan 0.5 per cent, Vietnam 1.5 per cent). These reasonably possible changes would have the following impact:

| | 2009 £m | 2008 £m |
|---|-------------------|------------|
| | A decrease | A decrease |
| | of 1% | of 1% |
| | (note (i)) | (note (i)) |
| Pre-tax profit | 67 | 56 |
| Related deferred tax (where applicable) | (17) | (11) |
| Net effect on profit and equity | 50 | 45 |

Note

(i) 1 per cent sensitivity has been used in all territories except Japan (0.5 per cent) (2008: Japan 0.5 per cent, Vietnam: 1.5 per cent)

The pre-tax impacts, if they arose, would be recorded within the category short-term fluctuations in investments returns in the Group's segmental analysis of profit before tax.

At 31 December 2009, an increase in the rates of 1 per cent (Japan (0.5 per cent)) is estimated to have the effect of decreasing pre-tax profit by £87 million. After adjusting these results for deferred tax the

reasonable possible effect on shareholders' equity is a decrease of £65 million.

Equity price risk

The non-linked shareholder business has limited exposure to equity and property investment (£278 million at 31 December 2009). Generally changes in equity and property investment values are not automatically matched by investments in policyholder liabilities. However for the Vietnam business, to the extent that equity investment appreciation is realised through sales of securities then policyholders' liabilities are adjusted to the extent that policyholders' participate.

The estimated sensitivity to a 10 and 20 per cent (2008: 10, 20 and 40 per cent) change in equity and property prices for shareholder-backed Asian other business, which would be reflected in the short-term fluctuation component of the Group's segmental analysis of profit before tax, at 31 December 2009 and 2008 would be as follows:

| | 2009 £m | | 2008 £m | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | A decrease of 20% | A decrease of 10% | A decrease of 40% | A decrease of 20% | A decrease of 10% |
| Pre-tax profit | (58) | (29) | (176) | (88) | (44) |
| Related deferred tax (where applicable) | 8 | 4 | 5 | 3 | 1 |
| Net effect on profit and equity | (50) | (25) | (171) | (85) | (43) |

A 10 or 20 per cent (2008: 10, 20 or 40 per cent) increase in their value is estimated to have an approximately equal and opposite effect on profit and shareholders' equity to the sensitivities shown above. The low tax rate effect, which is particularly evident in 2008 relates to the availability of losses in some of the territories.

Insurance Risk

Many of the territories in Asia are exposed to mortality/morbidity risk and provision is made within IFRS policyholder liabilities on a prudent regulatory basis to cover the potential exposure. If these prudent assumptions were strengthened by 5 per cent (estimated at one in ten year shock) then it is estimated that post tax IFRS profit would be impacted by approximately £9 million (with a corresponding change to IFRS shareholders' equity). Mortality/morbidity has a symmetrical effect on portfolio and so a weakening of mortality/morbidity assumptions would have an approximately equal and opposite impact.

(iv)

Asset management operations

Currency translation

Consistent with the Group's accounting policies, the profits of the Asia and PPM America asset management operations are translated at average exchange rates and shareholders' equity at the closing rate for the reporting period. The rates for the most significant operations are given in note AC.

A 10 per cent increase in the relevant Asian exchange rates would have reduced reported profit before tax attributable to shareholders and shareholders' equity, excluding goodwill attributable to Asia and PPM America asset management operations, by £5 million (2008: £5 million) and £23 million (2008: £26 million) respectively.

Other sensitivities to other financial risks for asset management operations

The principal sensitivities to other financial risk of asset management operations are credit risk on the bridging loan portfolio of the Prudential Capital operation and the indirect effect of changes to market values of funds under management. Due to the nature of the asset management operations there is limited

direct sensitivity to movements in interest rates. Total debt securities held at 31 December 2009 by asset management operations were £1,164 million (2008: £991 million), the majority of which are held by the Prudential Capital operation. Debt securities held by M&G and Prudential Capital are in general variable rate bonds and so market value is limited in sensitivity to interest rate movements and consequently any change in interest rates would not have a material impact on profit or shareholder's equity. Asset management operations do not hold significant investments in property or equities.

W Related party transactions

Transactions between the Company and its subsidiaries are eliminated on consolidation.

In addition, the Company has transactions and outstanding balances with certain unit trusts, OEICs, collateralised debt obligations and similar entities which are not consolidated and where a Group company acts as manager. These entities are regarded as related parties for the purposes of IAS 24. The balances are included in the Group's statement of financial position at fair value or amortised cost in accordance with their IAS 39 classifications. The transactions are included in the income statement and include amounts paid on issue of shares or units, amounts received on cancellation of shares or units and paid in respect of the periodic charge and administration fee.

Executive officers and directors of the Company may from time to time purchase insurance, asset management or annuity products marketed by Group companies in the ordinary course of business on substantially the same terms as those prevailing at the time for comparable transactions with other persons.

Apart from the transactions with directors referred to below, no director had interests in shares, transactions or arrangements that require disclosure, other than those to be given in the directors' remuneration report in the Group's audited financial statements.

In 2009 and 2008, other transactions with directors were not deemed to be significant both by virtue of their size and in the context of the directors' financial positions. As indicated above, all of these transactions are on terms broadly equivalent to those that prevail in arm's length transactions.

X Post balance sheet events

(i) Acquisition of UOB Life Assurance Limited

On 6 January 2010 the Group announced the acquisition from United Overseas Bank Limited (UOB) of its 100 per cent interest in UOB Life Assurance in Singapore for total cash consideration of SGD428 million (£192 million) subject to a post-completion adjustment to reflect the net asset value as at the completion date. This acquisition accompanied the announcement of a long-term strategic partnership with UOB. Through this partnership Prudential's life insurance products will be distributed through UOB's 414 bank branches across Singapore, Indonesia and Thailand.

The Group continues to complete its compilation of the acquisition balance sheet and further details will be provided in the Group's 2010 half year results announcement.

(ii) Japanese insurance subsidiary's suspension of writing new business

On 15 January 2010 the Group's Japanese insurance subsidiary announced its intention to suspend underwriting new policyholder contracts in Japan after 15 February 2010. The company re-enforced its commitment to servicing its existing policyholder base, which comprised over 170,000 contracts as at 30 September 2009. This decision will be reviewed on an on-going basis in the light of changes to the business environment.

This decision does not affect the Group's asset management operation in Japan, which ranks among the largest foreign asset managers.

(iii)

Agreement to acquire AIA Group Limited

On 1 March 2010 the Group announced that it had reached agreement with American International Group (AIG) on terms for Prudential to acquire AIA Group Limited, a wholly owned subsidiary of AIG.

Additional Unaudited Financial Information

Y Analysis of long-term insurance pre-tax IFRS operating profit by driver

This schedule classifies the Group's pre-tax operating earnings from long-term insurance operations into the underlying drivers of those profits, using the following categories:

(i)

Investment spread - this represents the difference between net investment income (or premium income in the case of the UK annuities new business) and amounts credited to policyholder accounts.

(ii)

Asset management fees - this represents profits driven by investment performance, being asset management fees that vary with the size of the underlying policyholder funds net of investment management expenses.

(iii)

Net expense margin - represents expenses charged to the profit and loss account (excluding those borne by the with-profits fund and those products where earnings are purely protection driven) including amounts relating to movements in deferred acquisition costs, net of any fees or premium loadings related to expenses. Jackson DAC amortisation (net of hedging effects), which is intended to be part of the expense margin, has been separately highlighted in the table below.

(iv)

Insurance margin - profits derived from the insurance risks of mortality, morbidity and persistency including fees earned on variable annuity guarantees.

(v)

With-profits business - shareholders' transfer from the with-profits fund in the period.

(vi)

Other represents a mixture of other income and expenses that are not directly allocated to the underlying drivers, including non-recurring items.

An analysis of Group pre-tax IFRS operating profit has also been provided and is based on the long-term insurance operation tables below with the following additions:

- The results of Group asset management operations have been included within asset management fees.
- UK general insurance commission of £51 million (2008: £44 million) has been included within the other income line.
- Group Head Office (GHO) expenses consist of other operating income and expenditure and UK restructuring costs.

IFRS operating profit

| | 2009 £m | | | |
|--|-----------------------------|---------------------------------|----------------------|------------|
| | Long-term business £m | Non-long-term business £m | Group total £m | 2008 £m |
| Investment spread | 1,001 | - | 1,001 | 748 |
| Asset management fees | 458 | 297 | 755 | 751 |
| Net expense margin | (388) | - | (388) | (389) |
| DAC amortisation (Jackson only) | (223) | - | (223) | (450) |
| Net Insurance margin | 472 | - | 472 | 308 |
| With-profits business | 310 | - | 310 | 425 |
| Non-recurrent release of reserves for Malaysia Life operation | 63 | - | 63 | - |
| Other | (218) | 51 | (167) | 178 |
| GHO expenses | - | (418) | (418) | (288) |
| Total | 1,475 | (70) | 1,405 | 1,283 |

Analysis of pre-tax IFRS profit by driver by long-term business unit.

| | 2009 £m | | | |
|--|---------|-------|------|-------|
| | Asia | US | UK | Total |
| Investment spread | 56 | 622 | 323 | 1,001 |
| Asset management fees | 80 | 324 | 54 | 458 |
| Net expense margin | (65) | (227) | (96) | (388) |
| DAC amortisation (Jackson only) | - | (223) | - | (223) |
| Net Insurance margin | 253 | 178 | 41 | 472 |
| With-profits business | 29 | - | 281 | 310 |
| Non-recurrent release of reserves for Malaysia Life operations | 63 | - | - | 63 |
| Other (note(i)) | (6) | (215) | 3 | (218) |
| Total | 410 | 459 | 606 | 1,475 |

| | 2008 £m | | | |
|---------------------------------|---------|-------|-------|-------|
| | Asia | US | UK | Total |
| Investment spread | 54 | 550 | 143 | 747 |
| Asset management fees | 54 | 292 | 57 | 403 |
| Net expense margin | (79) | (192) | (114) | (385) |
| DAC amortisation (Jackson only) | - | (450) | - | (450) |
| Net Insurance margin | 198 | 122 | (12) | 308 |
| With-profits business | 30 | - | 395 | 425 |

| | | | | |
|-----------------|------|-----|-----|-------|
| Other (note(i)) | (26) | 84 | 76 | 134 |
| Total | 231 | 406 | 545 | 1,182 |

Note

(i) US "other" comprises principally of hedging costs/profits before the allowance for VA guarantee fees included within net insurance margin, together with other one-off items. Asia "other" includes development expenses of £6 million (2008: £26 million). UK other in 2008 represents the benefits of a number of one off items.

(ii) Sale of Taiwan agency business

In order to facilitate comparisons of operating profit based on longer-term investment returns that reflect the Group's retained operations, the results attributable to the Taiwan agency business for which the sale process was completed in June 2009 are included separately within the analysis of operating profit.

Z Asian operations - analysis of operating profit by territory

Operating profit based on longer-term investment returns for Asian operations are analysed as follows:

| | 2009 | 2008 |
|---|------|------|
| | £m | £m |
| China | 4 | (3) |
| Hong Kong | 48 | 33 |
| India | 12 | (6) |
| Indonesia | 102 | 55 |
| Japan | (18) | 3 |
| Korea | 6 | 12 |
| Malaysia | | |
| - underlying results | 65 | 46 |
| - Exceptional credit for Malaysia operations (note (i)) | 63 | - |
| Philippines | 2 | 5 |
| Singapore | 112 | 83 |
| Taiwan bancassurance business (note (ii)) | (7) | (4) |
| Thailand | (1) | (2) |
| Vietnam | 30 | 37 |
| Prudential Services Asia | (2) | (2) |
| Total insurance operations (note (iii)) | 416 | 257 |
| Development expenses | (6) | (26) |
| Total long-term business operating profit (schedule (iii)) | 410 | 231 |
| Asset management | 55 | 52 |
| Total Asian operations (note (iii)) | 465 | 283 |

Notes

(i) For the Malaysia life business, under the basis applied previously, 2008 IFRS basis liabilities were determined on the local regulatory basis using prescribed interest rates such that a high degree of prudence resulted. As of 1 January 2009, the local regulatory basis has been replaced by the Malaysian

authority's risk-based capital (RBC) framework. In the light of this development; the Company has re-measured the liabilities by reference to the method applied under the new RBC framework, which is more realistic than the previous approach, but with an overlay constraint to the method such that negative reserves derived at an individual policyholder level are not included. This change has resulted in a one-off release from liabilities at 1 January 2009 of £63 million.

(ii)

Sale of Taiwan agency business

In order to facilitate comparisons of operating profit based on longer-term investment returns that reflect the Group's retained operations, the results attributable to the Taiwan agency business for which the sale process was completed in June 2009 are included separately within the analysis of operating profit.

(iii)

Analysis of operating profit between new and in-force business

The result for insurance operations comprises amounts in respect of new business and business in-force as follows:

| | 2009 | 2008 |
|---------------------|------|------|
| | £m | £m |
| New business strain | (78) | (97) |
| Business in force | 494 | 354 |
| Total | 416 | 257 |

The IFRS new business strain corresponds to approximately 6 per cent of new business APE premiums for 2009 (2008: approximately 8 per cent of new business APE).

The strain represents the aggregate of the pre-tax regulatory basis strain to net worth and IFRS adjustments for deferral of acquisition costs and deferred income where appropriate.

AA Shareholders' funds summary by business unit and net asset value per share

(i)

Shareholders' fund summary

| | 2009 | 2008 |
|--|-------|-------|
| | £m | £m |
| Asian operations | | |
| Insurance operations | | |
| Net assets of operation | 1,382 | 2,056 |
| Acquired goodwill | 80 | 111 |
| Total | 1,462 | 2,167 |
| Asset management | | |
| Net assets of operation | 161 | 167 |
| Acquired goodwill | 61 | 61 |
| Total | 222 | 228 |
| Total | 1,684 | 2,395 |
| US operations | | |
| Jackson (net of surplus note borrowings) | 3,011 | 1,698 |

Broker-dealer, asset management and Curian operations:

| | | |
|-------------------------|--------------|-------|
| Net assets of operation | 95 | 98 |
| Acquired goodwill | 16 | 16 |
| Total | 111 | 114 |
| Total | 3,122 | 1,812 |

UK operations

Insurance operations:

| | | |
|-------------------------------|--------------|-------|
| Long-term business operations | 1,902 | 1,655 |
| Other | 37 | - |
| Total | 1,939 | 1,655 |

M&G

| | | |
|-------------------------|--------------|-------|
| Net assets of operation | 173 | 147 |
| Acquired goodwill | 1,153 | 1,153 |
| Total | 1,326 | 1,300 |
| Total | 3,265 | 2,955 |

Other operations

| | | |
|---|----------------|---------|
| Holding company net borrowings | (1,754) | (1,620) |
| Shareholders' share of deficit of the Prudential Staff Pension Scheme (net of tax) (note (a)) | (16) | (31) |
| Other net liabilities | (30) | (453) |
| Total | (1,800) | (2,104) |
| Total of all operations | 6,271 | 5,058 |

Note

(a) The 2008 comparatives also included the shareholders' share of the deficit of Scottish Amicable Pension Scheme which is included within UK Insurance Operations from 2009.

(ii)

Net asset value per share

| | 2009 | 2008 |
|--|--------------|-------|
| | £m | £m |
| Closing equity shareholders' funds | 6,271 | 5,058 |
| Net asset value per share attributable to equity shareholders (note (i)) | 248p | 203p |

Note

(i) Based on the closing issued share capital as at December 2009 of 2,532 million shares (2008: 2,497 million shares).

AB Funds under management

(i)

Summary

| | 2009 | 2008 |
|------------------|-------------|------|
| | £bn | £bn |
| Business area | | |
| Asian operations | 23.7 | 21.9 |

| | | |
|---------------------------------|--------------|-------|
| US operations | 49.6 | 46.3 |
| UK operations | 135.6 | 125.6 |
| Internal funds under management | 208.9 | 193.8 |
| External funds (note (i)) | 80.9 | 55.5 |
| Total funds under management | 289.8 | 249.3 |

Note

(i)

External funds shown above for 2009 of £80.9 billion (2008: £55.5 billion) comprise £89.8 billion (2008: £62.3 billion) in respect of investment products, as published in the full year 2009 New Business schedules (see schedule 2B) less £8.9 billion (2008: £6.8 billion) that are classified within internal funds.

(ii)

Internal funds under management - analysis by business area

| | Asian | | US | | UK | | Total | |
|-----------------------|-------------|------|-------------|------|--------------|-------|--------------|-------|
| | operations | | operations | | operations | | | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Investment properties | 0.0 | 0.1 | 0.1 | 0.1 | 11.0 | 12.2 | 11.1 | 12.4 |
| Equity securities | 11.4 | 8.1 | 21.0 | 15.1 | 37.0 | 38.9 | 69.4 | 62.1 |
| Debt securities | 10.0 | 11.1 | 22.8 | 24.3 | 69.1 | 59.8 | 101.9 | 95.2 |
| Loans and receivables | 1.2 | 1.7 | 4.3 | 5.1 | 3.3 | 3.7 | 8.8 | 10.5 |
| Other investments | 1.1 | 0.9 | 1.4 | 1.7 | 15.2 | 11.0 | 17.7 | 13.6 |
| Total | 23.7 | 21.9 | 49.6 | 46.3 | 135.6 | 125.6 | 208.9 | 193.8 |

Note

(i) As included in the investments section of the consolidated statement of financial position at 31 December 2009 except for £0.2 billion (2008: £0.4 billion) investment properties which are held-for-sale or occupied by the Group and, accordingly under IFRS, are included in other statement of financial position captions.

AC Foreign currency translation

(i)

Rates of exchange

The profit and loss accounts of foreign subsidiaries are translated at average exchange rates for the year. Assets and liabilities of foreign subsidiaries are translated at closing exchange rates. Foreign currency borrowings that have been used to provide a hedge against Group equity investments in overseas subsidiaries are also translated at closing exchange rates. The impact of these translations is recorded as a component of the movement in shareholders' equity.

The following translation rates have been applied:

| | Closing | | Average | |
|-------------------|------------------|------------------|-----------|-----------|
| | 2009 | 2009 | 2008 | 2008 |
| Local currency: £ | | | | |
| Hong Kong | 12.52 | 12.14 | 11.14 | 14.42 |
| Indonesia | 15,171.52 | 16,173.28 | 15,799.22 | 17,749.22 |
| Japan | 150.33 | 146.46 | 130.33 | 192.09 |
| Malaysia | 5.53 | 5.51 | 5.02 | 6.15 |

| | | | | |
|-----------|--------------|--------------|-------|-------|
| Singapore | 2.27 | 2.27 | 2.07 | 2.61 |
| Taiwan | 51.65 | 51.65 | 47.28 | 58.24 |
| USA | 1.61 | 1.57 | 1.44 | 1.85 |

(ii)

Effect of rate movements on results

| | As published 2009 (note (i)) £m | Memorandum 2008 (note (i) and (ii)) £m |
|---|--|---|
| EEV basis results | | |
| Asian operations: | | |
| New business | 713 | 711 |
| Business in force | 392 | 668 |
| Long-term operations | 1,105 | 1,379 |
| Asset management | 55 | 61 |
| Development expenses | (6) | (29) |
| Total Asia operations | 1,154 | 1,411 |
| US operations | | |
| New business | 664 | 347 |
| Business in force | 569 | 346 |
| Jackson | 1,233 | 693 |
| Broker-dealer, asset management and Curian operations | 4 | 8 |
| Total US operations | 1,237 | 701 |
| UK operations | | |
| New business | 230 | 273 |
| Business in force | 640 | 764 |
| Long-term business | 870 | 1,037 |
| General insurance commission | 51 | 44 |
| Total insurance | 921 | 1,081 |
| M&G | 238 | 286 |
| Total UK operations | 1,159 | 1,367 |
| Other income and expenditure | (433) | (309) |
| Restructuring costs | (27) | (32) |
| Operating profit from continuing operations on longer-term investment returns | 3,090 | 3,138 |
| Shareholders' funds | 15,273 | 14,058 |

| | As published 2009 (note (i)) £m | Memorandum 2008 (note (i) and (ii)) £m |
|---------------------------|--|---|
| IFRS basis results | | |
| Asian operations: | | |
| Long-term operations | 416 | 290 |
| Asset management | 55 | 61 |

| | | |
|---|--------------|-------|
| Development expenses | (6) | (29) |
| Total Asia operations | 465 | 322 |
| US operations | | |
| Jackson | 459 | 480 |
| Broker-dealer, asset management and Curian operations | 4 | 8 |
| Total US operations | 463 | 488 |
| UK operations | | |
| Long-term business | 606 | 545 |
| General insurance commission | 51 | 44 |
| Total UK insurance operations | 657 | 589 |
| M&G | 238 | 286 |
| Total UK operations | 895 | 875 |
| Total segment profit | 1,823 | 1,685 |
| Other income and expenditure | (395) | (267) |
| Restructuring costs | (23) | (28) |
| Operating profit from continuing operations on longer-term investment returns | 1,405 | 1,390 |
| Shareholders' funds | 6,271 | 4,810 |

Note

(i) The 'as published' operating profit for 2009 and 'memorandum' operating profit have been calculated by applying average 2009 exchange rates (CER).

The 'as published' shareholders' funds for 2009 and memorandum' shareholders' funds for 2008 have been calculated by applying closing period end 2009 exchange rates.

(ii) The 2008 operating profit of Asian long-term operations excludes the results of the Taiwan agency business for which the sale process was completed in June 2009.

AD New business summary

(i)
Insurance products and investment products (note a)

| | Insurance products gross premiums | | Investment products gross inflows | | Total | |
|------------------|--|----------------|--|----------------|----------------|----------------|
| | 2009 £m | 2008 £m | 2009 £m | 2008 £m | 2009 £m | 2008 £m |
| Asian operations | 2,019 | 2,422 | 71,176 | 46,957 | 73,195 | 49,379 |
| US operations | 8,909 | 6,941 | 6 | 36 | 8,915 | 6,977 |
| UK operations | 5,014 | 7,183 | 24,875 | 16,154 | 29,889 | 23,337 |
| Group total | 15,942 | 16,546 | 96,057 | 63,147 | 111,999 | 79,693 |

(ii)
Insurance products new business retail and wholesale

2009 £m 2008 £m

New Business

Annual premium equivalent (APE) sales:

- Retail:

| | | |
|--------------------------------|--------------|-------|
| - Asia | 1,261 | 1,216 |
| - US | 912 | 596 |
| - UK | 717 | 803 |
| - Total retail | 2,890 | 2,615 |
| - Wholesale | 6 | 264 |
| - Total Group APE sales | 2,896 | 2,879 |

(iii)

Insurance products - new business premiums and contributions (note (a))

| | Single | | Regular | | Annual premium and contribution equivalents | |
|--|--------------|---------|--------------|---------|---|---------|
| | 2009 £m | 2008 £m | 2009 £m | 2008 £m | 2009 £m | 2008 £m |
| Asian operations (note (c)) | | | | | | |
| China (Group's 50% interest) | 72 | 63 | 38 | 32 | 45 | 38 |
| Hong Kong | 94 | 507 | 232 | 154 | 241 | 205 |
| India (Group's 26% interest) | 47 | 60 | 163 | 202 | 168 | 208 |
| Indonesia | 41 | 94 | 186 | 167 | 190 | 176 |
| Japan | 57 | 115 | 46 | 30 | 52 | 42 |
| Korea | 38 | 78 | 118 | 211 | 122 | 219 |
| Malaysia | 63 | 28 | 140 | 99 | 146 | 102 |
| Singapore | 297 | 341 | 98 | 78 | 128 | 112 |
| Taiwan (note (c)) | 104 | 36 | 97 | 55 | 107 | 58 |
| Other | 29 | 18 | 59 | 54 | 62 | 56 |
| Total Asian operations (all retail) | 842 | 1,340 | 1,177 | 1,082 | 1,261 | 1,216 |
| US operations (note(iv)) | | | | | | |
| Fixed annuities | 1,053 | 1,724 | - | - | 105 | 172 |
| Fixed index annuities | 1,433 | 501 | - | - | 143 | 50 |
| Variable annuities | 6,389 | 3,491 | - | - | 639 | 349 |
| Life | 10 | 7 | 24 | 24 | 25 | 25 |
| Total US operations - retail | 8,885 | 5,723 | 24 | 24 | 912 | 596 |
| Guaranteed investment contracts | - | 857 | - | - | - | 86 |
| GIC - Medium Term Notes | - | 337 | - | - | - | 34 |
| Total US operations | 8,885 | 6,917 | 24 | 24 | 912 | 716 |
| UK operations | | | | | | |
| Product summary | | | | | | |
| Internal vesting annuities | 1,357 | 1,600 | - | - | 136 | 160 |
| Direct and partnership annuities | 590 | 703 | - | - | 59 | 70 |
| Intermediated annuities | 242 | 497 | - | - | 24 | 50 |

| | | | | | | |
|---------------------------------------|---------------|--------|-------|-------|--------------|-------|
| Total individual annuities | 2,189 | 2,800 | - | - | 219 | 280 |
| Income drawdown | 91 | 75 | - | - | 9 | 8 |
| Equity release | 127 | 242 | - | - | 13 | 24 |
| Individual pensions | 198 | 115 | 7 | 3 | 27 | 14 |
| Corporate pensions | 81 | 221 | 86 | 88 | 94 | 110 |
| Unit-linked bonds | 122 | 109 | - | - | 12 | 11 |
| With-profits bonds | 1,264 | 869 | - | - | 126 | 87 |
| Protection | - | - | 17 | 6 | 17 | 6 |
| Offshore products | 317 | 551 | 3 | 4 | 35 | 59 |
| PruHealth | - | - | 11 | 16 | 11 | 16 |
| Total retail retirement | 4,389 | 4,982 | 124 | 117 | 563 | 615 |
| Corporate pensions | 111 | 227 | 105 | 116 | 116 | 139 |
| Other products | 79 | 132 | 17 | 21 | 25 | 34 |
| DWP rebates | 127 | 153 | - | - | 13 | 15 |
| Total mature life and pensions | 317 | 512 | 122 | 137 | 154 | 188 |
| Total UK retail | 4,706 | 5,494 | 246 | 254 | 717 | 803 |
| Wholesale annuities | 39 | 1,417 | - | - | 4 | 142 |
| Credit life | 23 | 18 | - | - | 2 | 2 |
| Total UK operations | 4,768 | 6,929 | 246 | 254 | 723 | 947 |
| Channel summary | | | | | | |
| Direct and partnership | 1,814 | 2,352 | 201 | 215 | 382 | 450 |
| Intermediated | 2,765 | 2,990 | 45 | 39 | 322 | 338 |
| Wholesale | 62 | 1,434 | - | - | 6 | 144 |
| Sub-total | 4,641 | 6,776 | 246 | 254 | 710 | 932 |
| DWP rebates | 127 | 153 | - | - | 13 | 15 |
| Total UK operations | 4,768 | 6,929 | 246 | 254 | 723 | 947 |
| Group total | 14,495 | 15,186 | 1,447 | 1,360 | 2,896 | 2,879 |

(iv)

Investment products - funds under management (notes (b) and (d))

| | 2009 £m | | | | |
|------------------|------------|--------------|-------------|---------------------------------------|-------------|
| | 1 Jan 2009 | Market gross | | Market exchange translation and other | |
| | | inflows | Redemptions | movements | 31 Dec 2009 |
| Asian operations | 15,232 | 71,176 | (69,177) | 2,243 | 19,474 |
| US operations | 50 | 6 | (66) | 10 | - |
| UK operations | 46,997 | 24,875 | (11,397) | 9,831 | 70,306 |
| Group total | 62,279 | 96,057 | (80,640) | 12,084 | 89,780 |

| | 2008 £m | | | | |
|------------------|------------|--------------|-------------|---------------------------------------|-------------|
| | 1 Jan 2008 | Market gross | | Market exchange translation and other | |
| | | inflows | Redemptions | movements | 31 Dec 2008 |
| Asian operations | 17,393 | 46,957 | (46,102) | (3,016) | 15,232 |
| US operations | 55 | 36 | (32) | (9) | 50 |
| UK operations | 51,221 | 16,154 | (12,747) | (7,631) | 46,997 |
| Group total | 68,669 | 63,147 | (58,881) | (10,656) | 62,279 |

Notes

(a) The tables shown above are provided as an indicative volume measure of transactions undertaken in the reporting period that have the potential to generate profits for shareholders. The amounts shown are not, and not intended to be, reflective of premium income recorded in the IFRS income statement.

Annual Premium Equivalents (APEs) are calculated as the aggregate of regular new business amounts and one-tenth of single new business amounts. New business premiums for regular premium products are shown on an annualised basis. Department of Work and Pensions (DWP) rebate business is classified as single recurrent business. Internal vesting business is classified as new business where the contracts include an open market option.

The format of the tables shown above is consistent with the distinction between insurance and investment products as applied for previous financial reporting periods. With the exception of some US institutional business, products categorised as 'insurance' refer to those classified as contracts of long-term insurance business for regulatory reporting purposes, i.e. falling within one of the classes of insurance specified in part II of Schedule 1 to the Regulated Activities Order under FSA regulations.

The details shown above for insurance products include contributions for contracts that are classified under IFRS 4 'Insurance Contracts' as not containing significant insurance risk. These products are described as investment contracts or other financial instruments under IFRS. Contracts included in this category are primarily certain unit-linked and similar contracts written in UK insurance operations and Guaranteed Investment Contracts and similar funding agreements written in US operations.

(b) Investment products referred to in the table for funds under management above are unit trust, mutual funds and similar types of retail fund management arrangements. These are unrelated to insurance products that are classified as 'investment contracts' under IFRS 4, as described in the preceding paragraph, although similar IFRS recognition and measurement principles apply to the acquisition costs and fees attaching to this type of business.

(c) The tables above include new business for the Taiwan bank distribution operation. New business of the Taiwan Agency business, which was sold in June 2009 (as explained in note I1) are excluded from the tables. Comparative figures have been adjusted accordingly.

(d) New business and market gross inflows and redemption have been translated at the average exchange rate for the year applicable. Funds under management at points in time are translated at the exchange rate applicable at those dates.

(e) The 2008 comparatives shown in the tables above are at actual exchange rates (AER).

(v)
New business at constant exchange rates

| | As published | Memorandum |
|--|---------------------|---------------|
| | 2009 | 2008 |
| | (note (i)) | (note (i) and |
| | £m | (ii)) |
| | | £m |
| Annual premium equivalent insurance product sales (note (ii)) | | |
| Asian operations | 1,261 | 1,350 |
| US operations | 912 | 846 |
| UK operations | 723 | 947 |
| Total | 2,896 | 3,143 |

Present value of new business premiums (PVNBP)

| | | |
|------------------|--------|--------|
| Asian operations | 6,245 | 7,304 |
| US operations | 9,048 | 8,448 |
| UK operations | 5,902 | 8,081 |
| Total | 21,195 | 23,833 |

Gross investment product inflows

| | | |
|------------------|--------|--------|
| Asian operations | 71,176 | 50,407 |
| US operations | 6 | 43 |
| UK operations | 24,875 | 16,154 |
| Total | 96,057 | 66,604 |

Total insurance and investment product flows

| | | |
|------------|---------|--------|
| Insurance | 15,942 | 18,148 |
| Investment | 96,057 | 66,604 |
| Total | 111,999 | 84,752 |

Notes

(i)

The 'as published' results for 2009 and memorandum' results for 2008 have been calculated by applying average 2009 exchange rates

(ii)

The annual premium equivalent sales for insurance products shown above include contributions for contracts that are classified as 'investment contracts' under IFRS 4 as they do not contain significant insurance risk. Additional details on the basis of preparation are shown in note AE.

AE Detailed analysis of Prudential plc new business - 2009**Schedule 1A - Constant Exchange Rates****TOTAL INSURANCE AND INVESTMENT NEW BUSINESS**

| | UK | | | US (1b) | | | Asia (1b) | | | Total | | |
|------------------------------------|---------------|---------------|-------|---------------|---------------|-------|---------------|---------------|-------|---------------|---------------|-------|
| | FY 2009 £m | FY 2008 £m | +/(%) | FY 2009 £m | FY 2008 £m | +/(%) | FY 2009 £m | FY 2008 £m | +/(%) | FY 2009 £m | FY 2008 £m | +/(%) |
| Total Insurance Products | 5,014 | 7,183 | (30%) | 8,909 | 8,212 | 8% | 2,019 | 2,753 | (27%) | 15,942 | 18,148 | (12%) |
| Total Investment Products | 24,875 | 16,154 | 54% | 6 | 43 | (86%) | 71,176 | 50,407 | 41% | 96,057 | 66,604 | 44% |
| Gross Inflows⁽²⁾ | 29,889 | 23,337 | 28% | 8,915 | 8,255 | 8% | 73,195 | 53,160 | 38% | 111,999 | 84,752 | 32% |

INSURANCE OPERATIONS

| | Single | | | Regular | | | Total | | | Annual Equivalents ⁽³⁾ | | |
|--|---------------|---------------|-------|---------------|---------------|-------|---------------|---------------|-------|-----------------------------------|---------------|-------|
| | FY 2009 £m | FY 2008 £m | +/(%) | FY 2009 £m | FY 2008 £m | +/(%) | FY 2009 £m | FY 2008 £m | +/(%) | FY 2009 £m | FY 2008 £m | +/(%) |
| UK Insurance Operations Product Summary | | | | | | | | | | | | |
| Internal Vesting annuities | 1,357 | 1,600 | (15%) | - | - | - | 1,357 | 1,600 | (15%) | 136 | 160 | (15%) |
| Direct and Partnership Annuities | 590 | 703 | (16%) | - | - | - | 590 | 703 | (16%) | 59 | 70 | (16%) |
| Intermediated Annuities | 242 | 497 | (51%) | - | - | - | 242 | 497 | (51%) | 24 | 50 | (52%) |
| Total Individual Annuities | 2,189 | 2,800 | (22%) | - | - | - | 2,189 | 2,800 | (22%) | 219 | 280 | (22%) |
| Income Drawdown Equity Release Individual Pensions | 91 | 75 | 21% | - | - | - | 91 | 75 | 21% | 9 | 8 | 13% |
| Corporate Pensions | 127 | 242 | (48%) | - | - | - | 127 | 242 | (48%) | 13 | 24 | (46%) |
| Unit Linked Bonds | 198 | 115 | 72% | 7 | 3 | 133% | 205 | 118 | 74% | 27 | 14 | 93% |
| With-Profit Bonds | 81 | 221 | (63%) | 86 | 88 | (2%) | 167 | 309 | (46%) | 94 | 110 | (15%) |
| Protection | 122 | 109 | 12% | - | - | - | 122 | 109 | 12% | 12 | 11 | 9% |
| Offshore Products | 1,264 | 869 | 45% | - | - | - | 1,264 | 869 | 45% | 126 | 87 | 45% |
| Pru Health ⁽⁸⁾ | - | - | - | 17 | 6 | 183% | 17 | 6 | 183% | 17 | 6 | 183% |
| Total Retail Retirement | 317 | 551 | (42%) | 3 | 4 | (25%) | 320 | 555 | (42%) | 35 | 59 | (41%) |
| Corporate Pensions | - | - | - | 11 | 16 | (31%) | 11 | 16 | (31%) | 11 | 16 | (31%) |
| Other Products | 4,389 | 4,982 | (12%) | 124 | 117 | 6% | 4,513 | 5,099 | (11%) | 563 | 615 | (8%) |
| DWP Rebates | 111 | 227 | (51%) | 105 | 116 | (9%) | 216 | 343 | (37%) | 116 | 139 | (17%) |
| Total Mature Life and Pensions | 79 | 132 | (40%) | 17 | 21 | (19%) | 96 | 153 | (37%) | 25 | 34 | (26%) |
| Total Retail | 127 | 153 | (17%) | - | - | - | 127 | 153 | (17%) | 13 | 15 | (13%) |
| Wholesale Annuities | 317 | 512 | (38%) | 122 | 137 | (11%) | 439 | 649 | (32%) | 154 | 188 | (18%) |
| Credit Life | 4,706 | 5,494 | (14%) | 246 | 254 | (3%) | 4,952 | 5,748 | (14%) | 717 | 803 | (11%) |
| Total UK Insurance | 39 | 1,417 | (97%) | - | - | - | 39 | 1,417 | (97%) | 4 | 142 | (97%) |
| | 23 | 18 | 28% | - | - | - | 23 | 18 | 28% | 2 | 2 | 0% |
| | 4,768 | 6,929 | (31%) | 246 | 254 | (3%) | 5,014 | 7,183 | (30%) | 723 | 947 | (24%) |

Operations**Channel
Summary**

| | | | | | | | | |
|------------------------|--------------|-------------|------------|----------|--------------|-------------|------------|-----------|
| Direct and Partnership | 1,814 | 2,352 (23%) | 201 | 215 (7%) | 2,015 | 2,567 (22%) | 382 | 450 (15%) |
| Intermediated | 2,765 | 2,990 (8%) | 45 | 39 (15%) | 2,810 | 3,029 (7%) | 322 | 338 (5%) |
| Wholesale | 62 | 1,434 (96%) | - | - | 62 | 1,434 (96%) | 6 | 143 (96%) |
| Sub-Total | 4,641 | 6,776 (32%) | 246 | 254 (3%) | 4,887 | 7,030 (30%) | 710 | 932 (24%) |

| | | | | | | | | |
|-------------|------------|-----------|---|---|------------|-----------|-----------|----------|
| DWP Rebates | 127 | 153 (17%) | - | - | 127 | 153 (17%) | 13 | 15 (13%) |
|-------------|------------|-----------|---|---|------------|-----------|-----------|----------|

| | | | | | | | | |
|--------------------------------------|--------------|-------------|------------|----------|--------------|-------------|------------|-----------|
| Total UK Insurance Operations | 4,768 | 6,929 (31%) | 246 | 254 (3%) | 5,014 | 7,183 (30%) | 723 | 947 (24%) |
|--------------------------------------|--------------|-------------|------------|----------|--------------|-------------|------------|-----------|

**US Insurance
Operations^(1b)**

| | | | | | | | | |
|-----------------------|--------------|-------------|---|---|--------------|-------------|------------|-----------|
| Fixed Annuities | 1,053 | 2,039 (48%) | - | - | 1,053 | 2,039 (48%) | 105 | 204 (49%) |
| Fixed Index Annuities | 1,433 | 593 (42%) | - | - | 1,433 | 593 (42%) | 143 | 59 (14%) |

| | | | | | | | | |
|-------------------------|--------------|-------------|-----------|----------|--------------|-------------|------------|-----------|
| Variable Annuities | 6,389 | 4,130 (65%) | - | - | 6,389 | 4,130 (65%) | 639 | 413 (65%) |
| Life | 10 | 9 (9%) | 24 | 28 (28%) | 34 | 37 (37%) | 25 | 29 (29%) |
| Sub-Total Retail | 8,885 | 6,771 (76%) | 24 | 28 (32%) | 8,909 | 6,799 (76%) | 912 | 705 (80%) |

| | | | | | | | | |
|---------------------------------|---|--------------|---|---|---|--------------|---|------------|
| Guaranteed Investment Contracts | - | 1,014 (100%) | - | - | - | 1,014 (100%) | - | 101 (100%) |
|---------------------------------|---|--------------|---|---|---|--------------|---|------------|

| | | | | | | | | |
|------------------------|---|------------|---|---|---|------------|---|-----------|
| GIC - Medium Term Note | - | 399 (100%) | - | - | - | 399 (100%) | - | 40 (100%) |
|------------------------|---|------------|---|---|---|------------|---|-----------|

| | | | | | | | | |
|--------------------------------------|--------------|-------------|-----------|----------|--------------|-------------|------------|-----------|
| Total US Insurance Operations | 8,885 | 8,184 (92%) | 24 | 28 (32%) | 8,909 | 8,212 (92%) | 912 | 846 (93%) |
|--------------------------------------|--------------|-------------|-----------|----------|--------------|-------------|------------|-----------|

**Asian Insurance
Operations^(1b)**

| | | | | | | | | |
|-------|-----------|-----------|-----------|-----------|------------|------------|-----------|-----------|
| China | 72 | 76 (105%) | 38 | 39 (103%) | 110 | 115 (105%) | 45 | 47 (105%) |
|-------|-----------|-----------|-----------|-----------|------------|------------|-----------|-----------|

| | | | | | | | | |
|-----------|-----------|-----------|------------|-----------|------------|-----------|------------|-----------|
| Hong Kong | 94 | 602 (64%) | 232 | 183 (27%) | 326 | 785 (24%) | 241 | 243 (10%) |
|-----------|-----------|-----------|------------|-----------|------------|-----------|------------|-----------|

| | | | | | | | | |
|-------|-----------|-----------|------------|------------|------------|------------|------------|------------|
| India | 47 | 64 (136%) | 163 | 213 (131%) | 210 | 277 (132%) | 168 | 219 (131%) |
|-------|-----------|-----------|------------|------------|------------|------------|------------|------------|

| | | | | | | | | |
|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|
| Indonesia | 41 | 104 (254%) | 186 | 184 (104%) | 227 | 288 (127%) | 190 | 194 (102%) |
|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|

| | | | | | | | | |
|-------|-----------|------------|-----------|----------|------------|------------|-----------|-----------|
| Japan | 57 | 151 (265%) | 46 | 39 (85%) | 103 | 190 (184%) | 52 | 54 (104%) |
|-------|-----------|------------|-----------|----------|------------|------------|-----------|-----------|

| | | | | | | | | |
|-------|-----------|-----------|------------|------------|------------|------------|------------|------------|
| Korea | 38 | 79 (208%) | 118 | 213 (181%) | 156 | 292 (187%) | 122 | 221 (181%) |
|-------|-----------|-----------|------------|------------|------------|------------|------------|------------|

| | | | | | | | | |
|----------|-----------|----------|------------|-----------|------------|-----------|------------|-----------|
| Malaysia | 63 | 31 (49%) | 140 | 111 (79%) | 203 | 142 (70%) | 146 | 114 (78%) |
|----------|-----------|----------|------------|-----------|------------|-----------|------------|-----------|

| | | | | | | | | |
|-----------|------------|------------|-----------|----------|------------|------------|------------|------------|
| Singapore | 297 | 392 (132%) | 98 | 90 (91%) | 395 | 482 (122%) | 128 | 129 (101%) |
|-----------|------------|------------|-----------|----------|------------|------------|------------|------------|

| | | | | | | | | |
|--------|------------|----------|-----------|----------|------------|-----------|------------|----------|
| Taiwan | 104 | 41 (39%) | 97 | 63 (66%) | 201 | 104 (52%) | 107 | 67 (63%) |
|--------|------------|----------|-----------|----------|------------|-----------|------------|----------|

| | | | | | | | | |
|-------|-----------|----------|-----------|-----------|-----------|----------|-----------|----------|
| Other | 29 | 19 (66%) | 59 | 59 (100%) | 88 | 78 (89%) | 62 | 61 (93%) |
|-------|-----------|----------|-----------|-----------|-----------|----------|-----------|----------|

| | | | | | | | | |
|---|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Asian Insurance Operations | 842 | 1,559 (185%) | 1,177 | 1,194 (102%) | 2,019 | 2,753 (136%) | 1,261 | 1,350 (107%) |
|---|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

| | | | | | | | | |
|--------------------|---------------|---------------|--------------|--------------|---------------|---------------|--------------|--------------|
| Group Total | 14,495 | 16,672 (115%) | 1,447 | 1,476 (102%) | 15,942 | 18,148 (114%) | 2,896 | 3,143 (109%) |
|--------------------|---------------|---------------|--------------|--------------|---------------|---------------|--------------|--------------|

Schedule 1B - Actual Exchange Rates
PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2009

TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

| | UK | | | US ^(1a) | | | Asia ^(1a) | | | Total | | |
|------------------------------------|---------------|--------|-------|--------------------|-------|-------|----------------------|--------|-------|----------------|--------|-------|
| | FY | FY | +/(%) | FY | FY | +/(%) | FY | FY | +/(%) | FY 2009 | FY | +/(%) |
| | 2009 | 2008 | | 2009 | 2008 | | 2009 | 2008 | | £m | 2008 | |
| | £m | £m | | £m | £m | | £m | £m | | £m | £m | |
| Total Insurance Products | 5,014 | 7,183 | (30%) | 8,909 | 6,941 | 28% | 2,019 | 2,422 | (17%) | 15,942 | 16,546 | (4%) |
| Total Investment Products | 24,875 | 16,154 | 54% | 6 | 36 | (83%) | 71,176 | 46,957 | 52% | 96,057 | 63,147 | 52% |
| Gross Inflows⁽²⁾ | 29,889 | 23,337 | 28% | 8,915 | 6,977 | 28% | 73,195 | 49,379 | 48% | 111,999 | 79,693 | 41% |

INSURANCE OPERATIONS

| | Single | | | Regular | | | Total | | | Annual Equivalents ⁽³⁾ | | |
|--|--------------|-------|-------|-----------|------|-------|--------------|-------|-------|-----------------------------------|------|-------|
| | FY | FY | +/(%) | FY | FY | +/(%) | FY | FY | +/(%) | FY | FY | +/(%) |
| | 2009 | 2008 | | 2009 | 2008 | | 2009 | 2008 | | 2009 | 2008 | |
| | £m | £m | | £m | £m | | £m | £m | | £m | £m | |
| UK Insurance Operations Product Summary | | | | | | | | | | | | |
| Internal Vesting annuities | 1,357 | 1,600 | (15%) | - | - | - | 1,357 | 1,600 | (15%) | 136 | 160 | (15%) |
| Direct and Partnership Annuities | 590 | 703 | (16%) | - | - | - | 590 | 703 | (16%) | 59 | 70 | (16%) |
| Intermediated Annuities | 242 | 497 | (51%) | - | - | - | 242 | 497 | (51%) | 24 | 50 | (52%) |
| Total Individual Annuities | 2,189 | 2,800 | (22%) | - | - | - | 2,189 | 2,800 | (22%) | 219 | 280 | (22%) |
| Income Drawdown | 91 | 75 | 21% | - | - | - | 91 | 75 | 21% | 9 | 8 | 13% |
| Equity Release | 127 | 242 | (48%) | - | - | - | 127 | 242 | (48%) | 13 | 24 | (46%) |
| Individual Pensions | 198 | 115 | 72% | 7 | 3 | 133% | 205 | 118 | 74% | 27 | 14 | 93% |
| Corporate Pensions | 81 | 221 | (63%) | 86 | 88 | (2%) | 167 | 309 | (46%) | 94 | 110 | (15%) |

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| | | | | | | | | | | | | |
|---|--------------|-------|-------|------------|-----------|-------|--------------|-------|-------|------------|-----|-------|
| Unit Linked Bonds | 122 | 109 | 12% | - | - | - | 122 | 109 | 12% | 12 | 11 | 9% |
| With-Profit Bonds | 1,264 | 869 | 45% | - | - | - | 1,264 | 869 | 45% | 126 | 87 | 45% |
| Protection | - | - | - | 17 | 6 | 183% | 17 | 6 | 183% | 17 | 6 | 183% |
| Offshore Products | 317 | 551 | (42%) | 3 | 4 | (25%) | 320 | 555 | (42%) | 35 | 59 | (41%) |
| Pru Health ⁽⁸⁾ | - | - | - | 11 | 16 | (31%) | 11 | 16 | (31%) | 11 | 16 | (31%) |
| Total Retail Retirement | 4,389 | 4,982 | (12%) | 124 | 117 | 6% | 4,513 | 5,099 | (11%) | 563 | 615 | (8%) |
| Corporate Pensions | 111 | 227 | (51%) | 105 | 116 | (9%) | 216 | 343 | (37%) | 116 | 139 | (17%) |
| Other Products | 79 | 132 | (40%) | 17 | 21 | (19%) | 96 | 153 | (37%) | 25 | 34 | (26%) |
| DWP Rebates | 127 | 153 | (17%) | - | - | - | 127 | 153 | (17%) | 13 | 15 | (13%) |
| Total Mature Life and Pensions | 317 | 512 | (38%) | 122 | 137 | (11%) | 439 | 649 | (32%) | 154 | 188 | (18%) |
| Total Retail | 4,706 | 5,494 | (14%) | 246 | 254 | (3%) | 4,952 | 5,748 | (14%) | 717 | 803 | (11%) |
| Wholesale Annuities | 39 | 1,417 | (97%) | - | - | - | 39 | 1,417 | (97%) | 4 | 142 | (97%) |
| Credit Life | 23 | 18 | 28% | - | - | - | 23 | 18 | 28% | 2 | 2 | 0% |
| Total UK Insurance Operations | 4,768 | 6,929 | (31%) | 246 | 254 | (3%) | 5,014 | 7,183 | (30%) | 723 | 947 | (24%) |
| Channel Summary | | | | | | | | | | | | |
| Direct and Partnership | 1,814 | 2,352 | (23%) | 201 | 215 | (7%) | 2,015 | 2,567 | (22%) | 382 | 450 | (15%) |
| Intermediated | 2,765 | 2,990 | (8%) | 45 | 39 | 15% | 2,810 | 3,029 | (7%) | 322 | 338 | (5%) |
| Wholesale | 62 | 1,434 | (96%) | - | - | - | 62 | 1,434 | (96%) | 6 | 144 | (96%) |
| Sub-Total | 4,641 | 6,776 | (32%) | 246 | 254 | (3%) | 4,887 | 7,030 | (30%) | 710 | 932 | (24%) |
| DWP Rebates | 127 | 153 | (17%) | - | - | - | 127 | 153 | (17%) | 13 | 15 | (13%) |
| Total UK Insurance Operations | 4,768 | 6,929 | (31%) | 246 | 254 | (3%) | 5,014 | 7,183 | (30%) | 723 | 947 | (24%) |
| US Insurance Operations^(1a) | | | | | | | | | | | | |
| Fixed Annuities | 1,053 | 1,724 | (39%) | - | - | - | 1,053 | 1,724 | (39%) | 105 | 172 | (39%) |
| Fixed Index Annuities | 1,433 | 501 | 186% | - | - | - | 1,433 | 501 | 186% | 143 | 50 | 186% |
| Variable Annuities | 6,389 | 3,491 | 83% | - | - | - | 6,389 | 3,491 | 83% | 639 | 349 | 83% |
| Life | 10 | 7 | 43% | 24 | 24 | 0% | 34 | 31 | 10% | 25 | 25 | 0% |
| Sub-Total Retail | 8,885 | 5,723 | 55% | 24 | 24 | 0% | 8,909 | 5,747 | 55% | 912 | 596 | 53% |
| Guaranteed Investment Contracts | - | 857 | - | - | - | - | - | 857 | - | - | 86 | - |

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| | | | | | | | | | | | | |
|--------------------------------------|--------------|-------|-----|-----------|----|----|--------------|-------|-----|------------|-----|-----|
| GIC - Medium Term Note | - | 337 | - | - | - | - | - | 337 | - | - | 34 | - |
| Total US Insurance Operations | 8,885 | 6,917 | 28% | 24 | 24 | 0% | 8,909 | 6,941 | 28% | 912 | 716 | 27% |

Asian Insurance Operations^(1a)

| | | | | | | | | | | | | |
|---|------------|-------|-------|--------------|-------|-------|--------------|-------|-------|--------------|-------|-------|
| China | 72 | 63 | 14% | 38 | 32 | 19% | 110 | 95 | 16% | 45 | 38 | 18% |
| Hong Kong | 94 | 507 | (81%) | 232 | 154 | 51% | 326 | 661 | (51%) | 241 | 205 | 18% |
| India | 47 | 60 | (22%) | 163 | 202 | (19%) | 210 | 262 | (20%) | 168 | 208 | (19%) |
| Indonesia | 41 | 94 | (56%) | 186 | 167 | 11% | 227 | 261 | (13%) | 190 | 176 | 8% |
| Japan | 57 | 115 | (50%) | 46 | 30 | 53% | 103 | 145 | (29%) | 52 | 42 | 24% |
| Korea | 38 | 78 | (51%) | 118 | 211 | (44%) | 156 | 289 | (46%) | 122 | 219 | (44%) |
| Malaysia | 63 | 28 | 125% | 140 | 99 | 41% | 203 | 127 | 60% | 146 | 102 | 43% |
| Singapore | 297 | 341 | (13%) | 98 | 78 | 26% | 395 | 419 | (6%) | 128 | 112 | 14% |
| Taiwan | 104 | 36 | 189% | 97 | 55 | 76% | 201 | 91 | 121% | 107 | 58 | 84% |
| Other | 29 | 18 | 61% | 59 | 54 | 9% | 88 | 72 | 22% | 62 | 56 | 11% |
| ⁽⁴⁾ Total Asian Insurance Operations | 842 | 1,340 | (37%) | 1,177 | 1,082 | 9% | 2,019 | 2,422 | (17%) | 1,261 | 1,216 | 4% |

| | | | | | | | | | | | | |
|--------------------|---------------|--------|------|--------------|-------|----|---------------|--------|------|--------------|-------|----|
| Group Total | 14,495 | 15,186 | (5%) | 1,447 | 1,360 | 6% | 15,942 | 16,546 | (4%) | 2,896 | 2,879 | 1% |
|--------------------|---------------|--------|------|--------------|-------|----|---------------|--------|------|--------------|-------|----|

Schedule 2A - Constant Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2009

INVESTMENT OPERATIONS

| | Gross Inflows | Redemptions | Net Inflows | Opening FUM | Closing FUM | Variance % |
|--|---------------|-------------|---------------|---------------|---------------|------------|
| | £m | £m | £m | £m | £m | % |
| 2009 | | | | | | |
| M&G | | | | | | |
| Retail | 13,568 | (6,052) | 7,516 | 19,142 | 31,059 | 62% |
| Institutional | 11,307 | (5,345) | 5,962 | 27,855 | 39,247 | 41% |
| ⁽⁵⁾ Total M&G | 24,875 | (11,397) | 13,478 | 46,997 | 70,306 | 50% |

Asia

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| | | | | | | |
|---|---------------|-----------------|---------------|---------------|---------------|---------------|
| India | 552 | (880) | (328) | 1,461 | 1,852 | 27% |
| Taiwan | 1,169 | (1,019) | 150 | 1,058 | 1,655 | 56% |
| Korea | 647 | (809) | (162) | 1,808 | 1,843 | 2% |
| Japan | 1,109 | (903) | 206 | 2,783 | 4,203 | 51% |
| Other Mutual Fund Operations | 1,754 | (1,437) | 317 | 2,470 | 3,569 | 44% |
| Total Asian Equity/Bond/Other | 5,231 | (5,048) | 183 | 9,580 | 13,122 | 37% |
| MMF | | | | | | |
| India | 59,688 | (58,022) | 1,666 | 1,456 | 3,009 | 107% |
| Taiwan | 2,260 | (2,559) | (299) | 1,300 | 1,006 | (23%) |
| Korea | 2,600 | (2,584) | 16 | 456 | 447 | (2%) |
| Other Mutual Fund Operations | 980 | (920) | 60 | 375 | 440 | 17% |
| Total Asian MMF | 65,528 | (64,085) | 1,443 | 3,587 | 4,902 | 37% |
| Total Asia Retail Mutual Funds | 70,759 | (69,133) | 1,626 | 13,167 | 18,024 | 37% |
| Third Party Institutional Mandates | 417 | (44) | 373 | 715 | 1,450 | 103% |
| Total Asian Investment Operations | 71,176 | (69,177) | 1,999 | 13,882 | 19,474 | 40% |
| US | | | | | | |
| Retail | 6 | (66) | (60) | 45 | - | (100%) |
| Total US | 6 | (66) | (60) | 45 | - | (100%) |
| Total Investment Products | 96,057 | (80,640) | 15,417 | 60,924 | 89,780 | 47% |

| 2008 M&G Retail | Gross Inflows | Redemptions | Net Inflows |
|-----------------------|---------------|-------------|-------------|
| | £m | £m | £m |
| | 9,040 | (6,945) | 2,095 |

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| | | | |
|--|--------|----------|--------------|
| Institutional (5) | 7,114 | (5,802) | 1,312 |
| Total M&G | 16,154 | (12,747) | 3,407 |
| Asia | | | |
| India | 1,024 | (1,164) | (140) |
| Taiwan | 1,119 | (1,068) | 51 |
| Korea | 1,429 | (1,332) | 97 |
| Japan | 1,403 | (1,124) | 279 |
| Other Mutual Fund Operations | 1,888 | (1,334) | 554 |
| Total Asia Equity/Bond/Other | 6,863 | (6,022) | 841 |
| MMF | | | |
| India | 35,853 | (36,039) | (186) |
| Taiwan | 4,563 | (4,071) | 492 |
| Korea | 1,954 | (1,977) | (23) |
| Other Mutual Fund Operations | 879 | (819) | 60 |
| Total Asian MMF | 43,249 | (42,906) | 343 |
| Total Asia Retail Mutual Funds | 50,112 | (48,928) | 1,184 |
| Third Party Institutional Mandates | 295 | (435) | (140) |
| Total Asian Investment Operations | 50,407 | (49,363) | 1,044 |
| US | | | |
| Retail | 43 | (38) | 5 |
| Total US | 43 | (38) | 5 |
| Total Investment Products | 66,604 | (62,148) | 4,456 |

| | Gross Inflows | Redemptions | Net Inflows |
|-------------------------------------|---------------|-------------|---------------|
| 2009 Movement Relative to 2008 | % | % | % |
| M&G | | | |
| Retail | 50% | 13% | 259% |
| Institutional (5) | 59% | 8% | 354% |
| Total M&G | 54% | 11% | 296% |
| Asia | | | |
| India | (46%) | 24% | (134%) |
| Taiwan | 4% | 5% | 194% |
| Korea | (55%) | 39% | (267%) |
| Japan | (21%) | 20% | (26%) |
| Other Mutual Fund Operations | (7%) | (8%) | (43%) |
| Total Asia Equity/Bond/Other | (24%) | 16% | (78%) |
| MMF | | | |
| India | 66% | (61%) | 996% |
| Taiwan | (50%) | 37% | (161%) |

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| | | | |
|---|--------------|--------------|-----------------|
| Korea | 33% | (31%) | 170% |
| Other Mutual Fund Operations | 11% | (12%) | 0% |
| Total Asian MMF | 52% | (49%) | 321% |
| Total Asian Retail Mutual Funds | 41% | (41%) | 37% |
| Third Party Institutional Mandates | 41% | 90% | 366% |
| Total Asian Investment Operations | 41% | (40%) | 91% |
| US | | | |
| Retail | (86%) | (74%) | (1,300%) |
| Total US | (86%) | (74%) | (1,300%) |
| Total Investment Products | 44% | (30%) | 246% |

| | 2009 Q4 YTD £m | 2008 Q4 YTD £m | +/- (%) |
|-------------------------------------|-------------------------------|-------------------------------|----------------|
| US⁽⁷⁾ | | | |
| Curian Capital | | | |
| External funds under administration | 2,260 | 1,618 | 40% |

Schedule 2B - Actual Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2009

INVESTMENT OPERATIONS

| | Opening FUM £m | Gross Inflows £m | Redemptions £m | Net Inflows £m | Other Movements £m | Market & Currency Movements £m | Net Movement In FUM £m | Closing FUM £m |
|----------------------|-------------------------------|---------------------------------|---------------------------|-------------------------------|-----------------------------------|---|---|-------------------------------|
| 2009 | | | | | | | | |
| M&G | | | | | | | | |
| Retail | 19,142 | 13,568 | (6,052) | 7,516 | (626) | 5,027 | 11,917 | 31,059 |
| Institutional | 27,855 | 11,307 | (5,342) | 5,962 | (158) | 5,588 | 11,392 | 39,247 |
| ⁽⁵⁾ | | | | | | | | |
| Total M&G | 46,997 | 24,875 | (11,397) | 13,478 | (784) | 10,615 | 23,309 | 70,306 |
| Asia | | | | | | | | |
| India | 1,567 | 552 | (880) | (328) | 233 | 380 | 285 | 1,852 |
| Taiwan | 1,156 | 1,169 | (1,019) | 150 | - | 349 | 499 | 1,655 |

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| | | | | | | | | |
|--|--------------------|----------------------|--------------------|--------------------|------------------------|--|----------------------------|--------------------|
| Korea | 1,878 | 647 | (809) | (162) | (398) | 525 | (35) | 1,843 |
| Japan | 3,211 | 1,109 | (903) | 206 | - | 786 | 992 | 4,203 |
| Other Mutual Fund Operations | 2,758 | 1,754 | (1,437) | 317 | (1) | 495 | 811 | 3,569 |
| Total Asian Equity/Bond/Other | 10,570 | 5,231 | (5,048) | 183 | (166) | 2,535 | 2,552 | 13,122 |
| MMF | | | | | | | | |
| India | 1,562 | 59,688 | (58,022) | 1,666 | (274) | 55 | 1,447 | 3,009 |
| Taiwan | 1,421 | 2,260 | (2,559) | (299) | - | (116) | (415) | 1,006 |
| Korea | 474 | 2,600 | (2,584) | 16 | (41) | (2) | (27) | 447 |
| Other Mutual Fund Operations | 416 | 980 | (920) | 60 | - | (36) | 24 | 440 |
| Total Asian MMF | 3,873 | 65,528 | (64,085) | 1,443 | (315) | (99) | 1,029 | 4,902 |
| Total Asia Retail Mutual Funds | 14,443 | 70,759 | (69,133) | 1,626 | (481) | 2,436 | 3,581 | 18,024 |
| Third Party Institutional Mandates | 789 | 417 | (44) | 373 | - | 288 | 661 | 1,450 |
| Total Asian Investment Operations | 15,232 | 71,176 | (69,177) | 1,999 | (481) | 2,724 | 4,242 | 19,474 |
| US | | | | | | | | |
| Retail | 50 | 6 | (66) | (60) | 2 | 8 | (50) | - |
| Total US | 50 | 6 | (66) | (60) | 2 | 8 | (50) | - |
| Total Investment Products | 62,279 | 96,057 | (80,640) | 15,417 | (1,263) | 13,347 | 27,501 | 89,780 |
| | Opening FUM | Gross Inflows | Redemptions | Net Inflows | Other Movements | Market & Currency Movements | Net Movement In FUM | Closing FUM |
| 2008 M&G | £m | £m | £m | £m | £m | £m | £m | £m |
| Retail | 22,320 | 9,040 | (6,945) | 2,095 | - | (5,273) | (3,178) | 19,142 |
| Institutional ⁽⁵⁾ | 28,901 | 7,114 | (5,802) | 1,312 | 91 | (2,449) | (1,046) | 27,855 |
| Total M&G | 51,221 | 16,154 | (12,747) | 3,407 | 91 | (7,722) | (4,224) | 46,997 |
| Asia | | | | | | | | |
| India | 2,225 | 968 | (1,100) | (132) | (104) | (422) | (658) | 1,567 |
| Taiwan | 1,476 | 992 | (947) | 45 | - | (365) | (320) | 1,156 |

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| | | | | | | | | |
|---|--------------------|----------------------|--------------------|--------------------|------------------------|--|----------------------------|--------------------|
| Korea | 2,946 | 1,413 | (1,317) | 96 | (177) | (987) | (1,068) | 1,878 |
| Japan | 4,313 | 1,070 | (857) | 213 | - | (1,315) | (1,102) | 3,211 |
| Other Mutual Fund Operations | 2,537 | 1,602 | (1,145) | 457 | (13) | (223) | 221 | 2,758 |
| Total Asia Equity/Bond/Other | 13,497 | 6,045 | (5,366) | 679 | (294) | (3,312) | (2,927) | 10,570 |
| MMF | | | | | | | | |
| India | 1,416 | 33,896 | (34,072) | (176) | 16 | 306 | 146 | 1,562 |
| Taiwan | 632 | 4,047 | (3,610) | 437 | - | 352 | 789 | 1,421 |
| Korea | 480 | 1,933 | (1,955) | (22) | (21) | 37 | (6) | 474 |
| Other Mutual Fund Operations | 252 | 780 | (727) | 53 | - | 111 | 164 | 416 |
| Total Asian MMF | 2,780 | 40,656 | (40,364) | 292 | (5) | 806 | 1,093 | 3,873 |
| Total Asia Retail Mutual Funds | 16,277 | 46,701 | (45,730) | 971 | (299) | (2,506) | (1,834) | 14,443 |
| Third Party Institutional Mandates | 1,116 | 256 | (372) | (116) | - | (211) | (327) | 789 |
| Total Asian Investment Operations | 17,393 | 46,957 | (46,102) | 855 | (299) | (2,717) | (2,161) | 15,232 |
| US | | | | | | | | |
| Retail | 55 | 36 | (32) | 4 | 4 | (13) | (5) | 50 |
| Total US | 55 | 36 | (32) | 4 | 4 | (13) | (5) | 50 |
| Total Investment Products | 68,669 | 63,147 | (58,881) | 4,266 | (204) | (10,452) | (6,390) | 62,279 |
| | Opening FUM | Gross Inflows | Redemptions | Net Inflows | Other Movements | Market & Currency Movements | Net Movement In FUM | Closing FUM |
| 2009 Movement Relative to 2008 M&G | % | % | % | % | % | % | % | % |
| Retail | (14%) | 50% | 13% | 259% | - | 195% | 475% | 62% |
| Institutional | (4%) | 59% | 8% | 354% | (274%) | 328% | 1,189% | 41% |
| ⁽⁵⁾ Total M&G | (8%) | 54% | 11% | 296% | (962%) | 237% | 652% | 50% |
| Asia | | | | | | | | |

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| | | | | | | | | |
|---|--------------|--------------|---------------|-----------------|-----------------|----------------|----------------|----------------|
| India | (30%) | (43%) | 20% | (148%) | 324% | 190% | 143% | 18% |
| Taiwan | (22%) | 18% | (8%) | 233% | - | 196% | 256% | 43% |
| Korea | (36%) | (54%) | 39% | (269%) | (125%) | 153% | 97% | (2%) |
| Japan | (26%) | 4% | (5%) | (3%) | - | 160% | 190% | 31% |
| Other Mutual Fund Operations | 9% | 9% | (26%) | (31%) | 92% | 322% | 267% | 29% |
| Total Asia Equity/Bond/Other | (22%) | (13%) | 6% | (73%) | 44% | 177% | 187% | 24% |
| MMF | | | | | | | | |
| India | 10% | 76% | (70%) | 1,047% | (1,813%) | (82%) | 891% | 93% |
| Taiwan | 125% | (44%) | 29% | (168%) | - | (133%) | (153%) | (29%) |
| Korea | (1%) | 35% | (32%) | 173% | (95%) | (105%) | (350%) | (6%) |
| Other Mutual Fund Operations | 65% | 26% | (27%) | 13% | - | (132%) | (85%) | 6% |
| Total Asian MMF | 39% | 61% | (59%) | 394% | (6,200%) | (112%) | (6%) | 27% |
| Total Asian Retail Mutual Funds | (11%) | 52% | (51%) | 67% | (61%) | 197% | 295% | 25% |
| Third Party Institutional Mandates | (29%) | 63% | 88% | 422% | - | 236% | 302% | 84% |
| Total Asian Investment Operations | (12%) | 52% | (50%) | 134% | (61%) | 200% | 296% | 28% |
| US | | | | | | | | |
| Retail | (9%) | (83%) | (106%) | (1,600%) | (50%) | 162% | (900%) | - |
| Total US | (9%) | (83%) | (106%) | (1,600%) | (50%) | 162% | (900%) | - |
| Total Investment Products | (9%) | 52% | (37%) | 261% | (519%) | 228% | 530% | 44% |
| | | | | | | 2009 Q4 | 2008 Q4 | |
| US | | | | | | YTD | YTD | +/- (%) |
| | | | | | | £m | £m | |
| Curian Capital | | | | | | | | |
| External Funds Under Administration | | | | | | 2,260 | 1,818 | 24% |

Schedule 3 - Actual Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS - QUARTER 4 2009 VERSUS QUARTER 4 2008

INSURANCE OPERATIONS

| | Single | | | Regular | | | Total | | | Annual Equivalents ⁽³⁾ | | |
|--|--------------|--------------|--------------|-----------|-----------|-------------|--------------|--------------|--------------|--------------------------------------|------------|--------------|
| | Q4 | Q4 | +/- (%) | Q4 | Q4 | +/- (%) | Q4 | Q4 | +/- (%) | Q4 | Q4 | +/- (%) |
| | 2009 | 2008 | | 2009 | 2008 | | 2009 | 2008 | | 2009 | 2008 | |
| | £m | £m | | £m | £m | | £m | £m | | £m | £m | |
| UK Insurance Operations Product Summary | | | | | | | | | | | | |
| Internal Vesting annuities | 334 | 471 | (29%) | - | - | - | 334 | 471 | (29%) | 33 | 47 | (30%) |
| Direct and Partnership Annuities | 166 | 153 | 8% | - | - | - | 166 | 153 | 8% | 17 | 15 | 13% |
| Intermediated Annuities | 46 | 96 | (52%) | - | - | - | 46 | 96 | (52%) | 5 | 10 | (50%) |
| Total Individual Annuities | 546 | 720 | (24%) | - | - | - | 546 | 720 | (24%) | 55 | 72 | (24%) |
| Income Drawdown Equity Release | 21 | 21 | 0% | - | - | - | 21 | 21 | 0% | 2 | 2 | 0% |
| Individual Pensions | 43 | 54 | (20%) | - | - | - | 43 | 54 | (20%) | 4 | 5 | (20%) |
| Corporate Pensions | 53 | 63 | (16%) | 2 | 1 | 100% | 55 | 64 | (14%) | 7 | 7 | 0% |
| Unit Linked Bonds | 26 | 67 | (61%) | 25 | 24 | 4% | 51 | 91 | (44%) | 28 | 31 | (10%) |
| With-Profit Bonds | 39 | 21 | 86% | - | - | - | 39 | 21 | 86% | 4 | 2 | 100% |
| Protection | 295 | 218 | 35% | - | - | - | 295 | 218 | 35% | 30 | 22 | 36% |
| Offshore Products | - | - | - | 5 | 2 | 150% | 5 | 2 | 150% | 5 | 2 | 150% |
| Pru Health | 110 | 104 | 6% | - | 1 | - | 110 | 105 | 5% | 11 | 11 | 0% |
| (8) | - | - | - | 2 | 2 | 0% | 2 | 2 | 0% | 2 | 2 | 0% |
| Total Retail Retirement | 1,133 | 1,268 | (11%) | 34 | 30 | 13% | 1,167 | 1,298 | (10%) | 147 | 157 | (6%) |
| Corporate Pensions | 23 | - | - | 25 | 28 | (11%) | 48 | 28 | 71% | 27 | 28 | (4%) |
| Other Products | 20 | 19 | 5% | 4 | 4 | 0% | 24 | 23 | 4% | 6 | 6 | 0% |
| DWP Rebates | 47 | 50 | (6%) | - | - | - | 47 | 50 | (6%) | 5 | 5 | 0% |
| Total Mature Life and Pensions | 90 | 69 | 30% | 29 | 32 | (9%) | 119 | 101 | 18% | 38 | 39 | (3%) |
| Total Retail | 1,223 | 1,337 | (9%) | 63 | 62 | 2% | 1,286 | 1,399 | (8%) | 185 | 196 | (6%) |
| Wholesale Annuities | 27 | 47 | (43%) | - | - | - | 27 | 47 | (43%) | 3 | 5 | (40%) |
| Credit Life | 6 | 7 | (14%) | - | - | - | 6 | 7 | (14%) | 1 | 1 | 0% |
| Total UK Insurance Operations | 1,256 | 1,391 | (10%) | 63 | 62 | 2% | 1,319 | 1,453 | (9%) | 189 | 201 | (6%) |

Channel Summary

| | | | | | | | | | | | | |
|------------------------|--------------|--------------|--------------|-----------|-----------|-----------|--------------|--------------|-------------|------------|------------|-------------|
| Direct and Partnership | 467 | 623 | (25%) | 52 | 54 | (4%) | 519 | 677 | (23%) | 99 | 116 | (15%) |
| Intermediated | 709 | 664 | 7% | 11 | 8 | 38% | 720 | 672 | 7% | 82 | 74 | 11% |
| Wholesale | 33 | 54 | (39%) | - | - | - | 33 | 54 | (39%) | 3 | 5 | (40%) |
| Sub-Total | 1,209 | 1,341 | (10%) | 63 | 62 | 2% | 1,272 | 1,403 | (9%) | 184 | 196 | (6%) |

| | | | | | | | | | | | | |
|-------------|----|----|------|---|---|---|----|----|------|---|---|----|
| DWP Rebates | 47 | 50 | (6%) | - | - | - | 47 | 50 | (6%) | 5 | 5 | 0% |
|-------------|----|----|------|---|---|---|----|----|------|---|---|----|

| | | | | | | | | | | | | |
|--------------------------------------|--------------|--------------|--------------|-----------|-----------|-----------|--------------|--------------|-------------|------------|------------|-------------|
| Total UK Insurance Operations | 1,256 | 1,391 | (10%) | 63 | 62 | 2% | 1,319 | 1,453 | (9%) | 189 | 201 | (6%) |
|--------------------------------------|--------------|--------------|--------------|-----------|-----------|-----------|--------------|--------------|-------------|------------|------------|-------------|

US Insurance Operations^{(1a) (7)}

| | | | | | | | | | | | | |
|-----------------|-----|-----|-------|---|---|---|-----|-----|-------|----|----|-------|
| Fixed Annuities | 212 | 583 | (64%) | - | - | - | 212 | 583 | (64%) | 21 | 58 | (64%) |
|-----------------|-----|-----|-------|---|---|---|-----|-----|-------|----|----|-------|

| | | | | | | | | | | | | |
|-----------------------|-----|-----|------|---|---|---|-----|-----|------|----|----|------|
| Fixed Index Annuities | 378 | 184 | 105% | - | - | - | 378 | 184 | 105% | 38 | 18 | 111% |
|-----------------------|-----|-----|------|---|---|---|-----|-----|------|----|----|------|

| | | | | | | | | | | | | |
|--------------------|-------|-----|------|---|---|---|-------|-----|------|-----|----|------|
| Variable Annuities | 2,068 | 895 | 131% | - | - | - | 2,068 | 895 | 131% | 207 | 90 | 130% |
|--------------------|-------|-----|------|---|---|---|-------|-----|------|-----|----|------|

| | | | | | | | | | | | | |
|------|---|---|------|---|---|----|---|---|-----|---|---|----|
| Life | 3 | 1 | 200% | 6 | 6 | 0% | 9 | 7 | 29% | 6 | 6 | 0% |
|------|---|---|------|---|---|----|---|---|-----|---|---|----|

| | | | | | | | | | | | | |
|-------------------------|--------------|--------------|------------|----------|----------|-----------|--------------|--------------|------------|------------|------------|------------|
| Sub-Total Retail | 2,661 | 1,663 | 60% | 6 | 6 | 0% | 2,667 | 1,669 | 60% | 272 | 172 | 58% |
|-------------------------|--------------|--------------|------------|----------|----------|-----------|--------------|--------------|------------|------------|------------|------------|

| | | | | | | | | | | | | |
|---------------------------------|---|----|---|---|---|---|---|----|---|---|---|---|
| Guaranteed Investment Contracts | - | 42 | - | - | - | - | - | 42 | - | - | 4 | - |
|---------------------------------|---|----|---|---|---|---|---|----|---|---|---|---|

| | | | | | | | | | | | | |
|------------------------|---|----|---|---|---|---|---|----|---|---|---|---|
| GIC - Medium Term Note | - | 16 | - | - | - | - | - | 16 | - | - | 2 | - |
|------------------------|---|----|---|---|---|---|---|----|---|---|---|---|

| | | | | | | | | | | | | |
|--------------------------------------|--------------|--------------|------------|----------|----------|-----------|--------------|--------------|------------|------------|------------|------------|
| Total US Insurance Operations | 2,661 | 1,721 | 55% | 6 | 6 | 0% | 2,667 | 1,727 | 54% | 272 | 178 | 53% |
|--------------------------------------|--------------|--------------|------------|----------|----------|-----------|--------------|--------------|------------|------------|------------|------------|

Asian Insurance Operations^(1a)

| | | | | | | | | | | | | |
|-------|----|----|-------|----|---|-----|----|----|------|----|----|----|
| China | 14 | 16 | (13%) | 10 | 9 | 11% | 24 | 25 | (4%) | 11 | 11 | 0% |
|-------|----|----|-------|----|---|-----|----|----|------|----|----|----|

| | | | | | | | | | | | | |
|-----------|----|----|-------|----|----|------|-----|----|-----|----|----|-----|
| Hong Kong | 30 | 47 | (36%) | 88 | 41 | 115% | 118 | 88 | 34% | 91 | 46 | 98% |
|-----------|----|----|-------|----|----|------|-----|----|-----|----|----|-----|

| | | | | | | | | | | | | |
|-------|----|---|-----|----|----|-----|----|----|-----|----|----|-----|
| India | 10 | 7 | 43% | 51 | 34 | 50% | 61 | 41 | 49% | 52 | 35 | 49% |
|-------|----|---|-----|----|----|-----|----|----|-----|----|----|-----|

| | | | | | | | | | | | | |
|-----------|----|---|-----|----|----|-----|----|----|-----|----|----|-----|
| Indonesia | 17 | 9 | 89% | 62 | 46 | 35% | 79 | 55 | 44% | 64 | 47 | 36% |
|-----------|----|---|-----|----|----|-----|----|----|-----|----|----|-----|

| | | | | | | | | | | | | |
|-------|---|----|-------|----|---|-----|----|----|-------|----|---|-----|
| Japan | 7 | 21 | (67%) | 11 | 6 | 83% | 18 | 27 | (33%) | 12 | 8 | 50% |
|-------|---|----|-------|----|---|-----|----|----|-------|----|---|-----|

| | | | | | | | | | | | | |
|-------|----|----|-------|----|----|-------|----|----|-------|----|----|-------|
| Korea | 10 | 15 | (33%) | 25 | 35 | (29%) | 35 | 50 | (30%) | 26 | 37 | (30%) |
|-------|----|----|-------|----|----|-------|----|----|-------|----|----|-------|

| | | | | | | | | | | | | |
|----------|----|---|------|----|----|-----|----|----|-----|----|----|-----|
| Malaysia | 13 | 6 | 117% | 61 | 35 | 74% | 74 | 41 | 80% | 62 | 36 | 72% |
|----------|----|---|------|----|----|-----|----|----|-----|----|----|-----|

| | | | | | | | | | | | | |
|-----------|-----|----|------|----|----|-----|-----|----|------|----|----|-----|
| Singapore | 135 | 35 | 286% | 34 | 22 | 55% | 169 | 57 | 196% | 48 | 26 | 85% |
|-----------|-----|----|------|----|----|-----|-----|----|------|----|----|-----|

| | | | | | | | | | | | | |
|--------|----|---|--------|----|----|------|----|----|-----|----|----|----|
| Taiwan | 34 | 3 | 1,033% | 27 | 29 | (7%) | 61 | 32 | 91% | 30 | 29 | 3% |
|--------|----|---|--------|----|----|------|----|----|-----|----|----|----|

| | | | | | | | | | | | | |
|-------|----|---|------|----|----|-----|----|----|-----|----|----|-----|
| Other | 12 | 4 | 200% | 18 | 14 | 29% | 30 | 18 | 67% | 19 | 14 | 36% |
|-------|----|---|------|----|----|-----|----|----|-----|----|----|-----|

| | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Total Asian Insurance Operations | 282 | 163 | 73% | 387 | 271 | 43% | 669 | 434 | 54% | 415 | 287 | 45% |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|

| | | | | | | | | | | | | |
|--------------------|--------------|-------|-----|------------|-----|-----|--------------|-------|-----|------------|-----|-----|
| Group Total | 4,199 | 3,275 | 28% | 456 | 339 | 35% | 4,655 | 3,614 | 29% | 876 | 667 | 31% |
|--------------------|--------------|-------|-----|------------|-----|-----|--------------|-------|-----|------------|-----|-----|

INVESTMENT OPERATIONS

| | | Opening FUM | Gross Inflows | Redemptions | Net Inflows | Other Movements | Market & Currency Movements | Net Movement In FUM | Closing FUM |
|--|------------|------------------------|------------------|-------------|------------------------|--------------------|-----------------------------------|------------------------------------|------------------------|
| | | £m | £m | £m | £m | £m | £m | £m | £m |
| M&G (5) | Q4 2009 | 66,235 | 6,434 | (4,093) | 2,341 | (53) | 1,783 | 4,071 | 70,306 |
| | Q4 2008 | 49,994 | 4,040 | (4,775) | (735) | 110 | (2,372) | (2,997) | 46,997 |
| | +/- (%) | 32% | 59% | 14% | 419% | (148%) | 175% | 236% | 50% |
| Asia Retail Mutual Funds | Q4 2009 | 17,773 | 18,130 | (18,394) | (264) | (28) | 543 | 251 | 18,024 |
| | Q4 2008 | 13,594 | 12,529 | (12,618) | (89) | (6) | 944 | 849 | 14,443 |
| | +/- (%) | 31% | 45% | (46%) | (197%) | (367%) | (42%) | (70%) | 25% |
| Asia Third Party | Q4 2009 | 1,008 | 378 | (6) | 372 | - | 70 | 442 | 1,450 |
| | Q4 2008 | 755 | 16 | (24) | (8) | - | 42 | 34 | 789 |
| | +/- (%) | 34% | 2,263% | 75% | 4,750% | - | 67% | 1,200% | 84% |
| US Retail Mutual Funds | Q4 2009 | - | - | 1 | 1 | - | (1) | - | - |
| | Q4 2008 | 58 | 4 | (8) | (4) | 2 | (6) | (8) | 50 |
| | +/- (%) | (100%) | - | 113% | 125% | - | 83% | - | (100%) |
| Total Investment Products | Q4 2009 | 85,016 | 24,942 | (22,492) | 2,450 | (81) | 2,395 | 4,764 | 89,780 |
| | Q4 2008 | 64,401 | 16,589 | (17,425) | (836) | 106 | (1,392) | (2,122) | 62,279 |
| | +/- (%) | 32% | 50% | (29%) | 393% | (176%) | 272% | 325% | 44% |

Schedule 4 - Actual Exchange Rates**PRUDENTIAL PLC - NEW BUSINESS - QUARTER 4 2009 VERSUS QUARTER 3 2009****INSURANCE OPERATIONS**

| | | Single | | | Regular | | | Total | | | Annual Equivalents⁽³⁾ | | |
|--|--|---------------|-------------|----------------|----------------|-------------|----------------|--------------|-------------|----------------|---|-------------|----------------|
| | | Q4 | Q3 | | Q4 | Q3 | | Q4 | Q3 | | Q4 | Q3 | |
| | | 2009 | 2009 | +/- (%) | 2009 | 2009 | +/- (%) | 2009 | 2009 | +/- (%) | 2009 | 2009 | +/- (%) |

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| | £m | £m | | £m | £m | | £m | £m | | £m | £m | |
|---------------------------------------|--------------|--------------|-------------|-----------|-----------|------------|--------------|--------------|------------|------------|------------|------------|
| UK Insurance Operations | | | | | | | | | | | | |
| Product Summary | | | | | | | | | | | | |
| Internal Vesting annuities | 334 | 297 | 12% | - | - | - | 334 | 297 | 12% | 33 | 30 | 10% |
| Direct and Partnership Annuities | 166 | 151 | 10% | - | - | - | 166 | 151 | 10% | 17 | 15 | 13% |
| Intermediated Annuities | 46 | 56 | (18%) | - | - | - | 46 | 56 | (18%) | 5 | 6 | (17%) |
| Total Individual Annuities | 546 | 504 | 8% | - | - | - | 546 | 504 | 8% | 55 | 50 | 10% |
| Income Drawdown Equity Release | 21 | 24 | (13%) | - | - | - | 21 | 24 | (13%) | 2 | 2 | 0% |
| Individual Pensions | 43 | 30 | 43% | - | - | - | 43 | 30 | 43% | 4 | 3 | 33% |
| Corporate Pensions | 53 | 47 | 13% | 2 | 2 | 0% | 55 | 49 | 12% | 7 | 7 | 0% |
| Unit Linked Bonds | 26 | 8 | 225% | 25 | 17 | 47% | 51 | 25 | 104% | 28 | 18 | 56% |
| With-Profit Bonds | 39 | 34 | 15% | - | - | - | 39 | 34 | 15% | 4 | 3 | 33% |
| Protection | 295 | 285 | 4% | - | - | - | 295 | 285 | 4% | 30 | 29 | 3% |
| Offshore Products | - | - | - | 5 | 5 | 0% | 5 | 5 | 0% | 5 | 5 | 0% |
| Pru Health (8) | 110 | 80 | 38% | - | 1 | - | 110 | 81 | 36% | 11 | 9 | 22% |
| Total Retail Retirement | 1,133 | 1,012 | 12% | 34 | 28 | 21% | 1,167 | 1,040 | 12% | 147 | 129 | 14% |
| Corporate Pensions | 23 | 20 | 15% | 25 | 21 | 19% | 48 | 41 | 17% | 27 | 23 | 17% |
| Other Products | 20 | 20 | 0% | 4 | 3 | 33% | 24 | 23 | 4% | 6 | 5 | 20% |
| DWP Rebates | 47 | - | - | - | - | - | 47 | - | - | 5 | - | - |
| Total Mature Life and Pensions | 90 | 40 | 125% | 29 | 24 | 21% | 119 | 64 | 86% | 38 | 28 | 36% |
| Total Retail | 1,223 | 1,052 | 16% | 63 | 52 | 21% | 1,286 | 1,104 | 16% | 185 | 157 | 18% |
| Wholesale Annuities | 27 | 4 | 575% | - | - | - | 27 | 4 | 575% | 3 | - | - |
| Credit Life | 6 | 5 | 20% | - | - | - | 6 | 5 | 20% | 1 | 1 | 0% |
| Total UK Insurance Operations | 1,256 | 1,061 | 18% | 63 | 52 | 21% | 1,319 | 1,113 | 19% | 189 | 158 | 20% |
| Channel Summary | | | | | | | | | | | | |
| Direct and Partnership | 467 | 398 | 17% | 52 | 41 | 27% | 519 | 439 | 18% | 99 | 81 | 22% |
| Intermediated | 709 | 654 | 8% | 11 | 11 | 0% | 720 | 665 | 8% | 82 | 76 | 8% |
| Wholesale | 33 | 9 | 267% | - | - | - | 33 | 9 | 267% | 3 | 1 | 200% |
| Sub-Total | 1,209 | 1,061 | 14% | 63 | 52 | 21% | 1,272 | 1,113 | 14% | 184 | 158 | 16% |

| | | | | | | | | | | | | |
|--|--------------|-----------|-----|------------|------------|------------|--------------|-----------|-----|------------|----------|-----|
| DWP Rebates | 47 | - | - | - | - | - | 47 | - | - | 5 | - | - |
| Total UK Insurance Operations | 1,256 | 1,061 | 18% | 63 | 52 | 21% | 1,319 | 1,113 | 19% | 189 | 158 | 20% |
| US Insurance Operations^{(1a) (7)} | | | | | | | | | | | | |
| Fixed Annuities | 212 | 140 | 51% | - | - | - | 212 | 140 | 51% | 21 | 14 | 50% |
| Fixed Index Annuities | 378 | 480 (21%) | | - | - | - | 378 | 480 (21%) | | 38 | 48 (21%) | |
| Variable Annuities | 2,068 | 1,804 | 15% | - | - | - | 2,068 | 1,804 | 15% | 207 | 180 | 15% |
| Life | 3 | 2 | 50% | 6 | 6 | 0% | 9 | 8 | 13% | 6 | 6 | 0% |
| Sub-Total Retail | 2,661 | 2,426 | 10% | 6 | 6 | 0% | 2,667 | 2,432 | 10% | 272 | 249 | 9% |
| Guaranteed Investment Contracts | - | - | - | - | - | - | - | - | - | - | - | - |
| GIC - Medium Term Note | - | - | - | - | - | - | - | - | - | - | - | - |
| Total US Insurance Operations | 2,661 | 2,426 | 10% | 6 | 6 | 0% | 2,667 | 2,432 | 10% | 272 | 249 | 9% |
| Asian Insurance Operations^{(1a) (7)} | | | | | | | | | | | | |
| China | 14 | 15 (7%) | | 10 | 11 (9%) | | 24 | 26 (8%) | | 11 | 13 (15%) | |
| Hong Kong | 30 | 33 (9%) | | 88 | 52 69% | | 118 | 85 39% | | 91 | 55 65% | |
| India | 10 | 5 100% | | 51 | 39 31% | | 61 | 44 39% | | 52 | 40 30% | |
| Indonesia | 17 | 11 55% | | 62 | 42 48% | | 79 | 53 49% | | 64 | 43 49% | |
| Japan | 7 | 12 (42%) | | 11 | 10 10% | | 18 | 22 (18%) | | 12 | 11 9% | |
| Korea | 10 | 8 25% | | 25 | 29 (14%) | | 35 | 37 (5%) | | 26 | 30 (13%) | |
| Malaysia | 13 | 17 (24%) | | 61 | 30 103% | | 74 | 47 57% | | 62 | 32 94% | |
| Singapore | 135 | 47 187% | | 34 | 24 42% | | 169 | 71 138% | | 48 | 29 66% | |
| Taiwan | 34 | 38 (11%) | | 27 | 22 23% | | 61 | 60 2% | | 30 | 26 15% | |
| Other ⁽⁴⁾ | 12 | 9 33% | | 18 | 14 29% | | 30 | 23 30% | | 19 | 15 27% | |
| Total Asian Insurance Operations | 282 | 195 | 45% | 387 | 273 | 42% | 669 | 468 | 43% | 415 | 293 | 42% |
| Group Total | 4,199 | 3,682 | 14% | 456 | 331 | 38% | 4,655 | 4,013 | 16% | 876 | 700 | 25% |

INVESTMENT OPERATIONS

Redemptions

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| | | Opening FUM | Gross Inflows | | Net Inflows | Other Movements | Market & Currency Movements | Net Closing Movement In FUM | Closing FUM |
|----------------------------------|---------|----------------|------------------|----------|----------------|--------------------|-----------------------------------|-----------------------------------|----------------|
| | | £m | £m | £m | £m | £m | £m | £m | £m |
| M&G⁽⁵⁾ | Q4 2009 | 66,235 | 6,434 | (4,093) | 2,341 | (53) | 1,783 | 4,071 | 70,306 |
| | Q3 2009 | 55,921 | 5,810 | (3,298) | 2,512 | (113) | 7,915 | 10,314 | 66,235 |
| | +/- (%) | 18% | 11% | (24%) | (7%) | 53% | (77%) | (61%) | 6% |
| Asia Retail Mutual Funds | Q4 2009 | 17,773 | 18,130 | (18,394) | (264) | (28) | 543 | 251 | 18,024 |
| | Q3 2009 | 15,518 | 20,579 | (20,142) | 437 | (1) | 1,819 | 2,255 | 17,773 |
| | +/- (%) | 15% | (12%) | 9% | (160%) | (2,700%) | (70%) | (89%) | 1% |
| Asia Third Party | Q4 2009 | 1,008 | 378 | (6) | 372 | - | 70 | 442 | 1,450 |
| | Q3 2009 | 859 | 5 | (7) | (2) | - | 151 | 149 | 1,008 |
| | +/- (%) | 17% | 7,460% | 14% | 18,700% | - | (54%) | 197% | 44% |
| US Retail Mutual Funds | Q4 2009 | - | - | 1 | 1 | - | (1) | - | - |
| | Q3 2009 | 38 | - | (49) | (49) | 1 | 10 | (38) | - |
| | +/- (%) | - | - | 102% | 102% | - | - | - | - |
| Total Investment Products | Q4 2009 | 85,016 | 24,942 | (22,492) | 2,450 | (81) | 2,395 | 4,764 | 89,780 |
| | Q3 2009 | 72,336 | 26,394 | (23,496) | 2,898 | (113) | 9,895 | 12,680 | 85,016 |
| | +/- (%) | 18% | (6%) | 4% | (15%) | 28% | (76%) | (62%) | 6% |

Schedule 5 - Constant Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2009

TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

| | UK | | | US ^(1b) | | | Asia ^(1b) | | | Total | | |
|------------------------|---------------|---------------|---------|--------------------|---------------|---------|----------------------|---------------|---------|---------------|---------------|---------|
| | FY 2009 £m | FY 2008 £m | +/- (%) | FY 2009 £m | FY 2008 £m | +/- (%) | FY 2009 £m | FY 2008 £m | +/- (%) | FY 2009 £m | FY 2008 £m | +/- (%) |
| Total Insurance | 5,014 | 7,183 | (30%) | 8,909 | 8,212 | 8% | 2,019 | 2,753 | (27%) | 15,942 | 18,148 | (12%) |

| | | | | | | | | | | | | |
|--|---------------|--------|-----|--------------|-------|-------|---------------|--------|-----|----------------|--------|-----|
| Products | | | | | | | | | | | | |
| Total Investment Products Gross Inflows⁽²⁾ | 24,875 | 16,154 | 54% | 6 | 43 | (86%) | 71,176 | 50,407 | 41% | 96,057 | 66,604 | 44% |
| | 29,889 | 23,337 | 28% | 8,915 | 8,255 | 8% | 73,195 | 53,160 | 38% | 111,999 | 84,752 | 32% |

INSURANCE OPERATIONS

| | Single | | | Regular | | | Total | | | PVNBP | | |
|--|--------------|-------|-------|------------|------|-------|--------------|-------|-------|--------------|-------|-------|
| | FY | FY | +/- | FY | FY | +/- | FY | FY | +/- | FY | FY | +/- |
| | 2009 | 2008 | (%) | 2009 | 2008 | (%) | 2009 | 2008 | (%) | 2009 | 2008 | (%) |
| | £m | £m | | £m | £m | | £m | £m | | £m | £m | |
| UK Insurance Operations Product Summary | | | | | | | | | | | | |
| Internal Vesting annuities | 1,357 | 1,600 | (15%) | - | - | - | 1,357 | 1,600 | (15%) | 1,357 | 1,600 | (15%) |
| Direct and Partnership Annuities | 590 | 703 | (16%) | - | - | - | 590 | 703 | (16%) | 590 | 703 | (16%) |
| Intermediated Annuities | 242 | 497 | (51%) | - | - | - | 242 | 497 | (51%) | 242 | 497 | (51%) |
| Total Individual Annuities | 2,189 | 2,800 | (22%) | - | - | - | 2,189 | 2,800 | (22%) | 2,189 | 2,800 | (22%) |
| Income Drawdown | 91 | 75 | 21% | - | - | - | 91 | 75 | 21% | 91 | 75 | 21% |
| Equity Release | 127 | 242 | (48%) | - | - | - | 127 | 242 | (48%) | 127 | 242 | (48%) |
| Individual Pensions | 198 | 115 | 72% | 7 | 3 | 133% | 205 | 118 | 74% | 218 | 124 | 76% |
| Corporate Pensions | 81 | 221 | (63%) | 86 | 88 | (2%) | 167 | 309 | (46%) | 547 | 645 | (15%) |
| Unit Linked | 122 | 109 | 12% | - | - | - | 122 | 109 | 12% | 122 | 109 | 12% |
| Bonds | | | | | | | | | | | | |
| With-Profit | 1,264 | 869 | 45% | - | - | - | 1,264 | 869 | 45% | 1,264 | 869 | 45% |
| Bonds | | | | | | | | | | | | |
| Protection | - | - | - | 17 | 6 | 183% | 17 | 6 | 183% | 110 | 38 | 189% |
| Offshore | 317 | 551 | (42%) | 3 | 4 | (25%) | 320 | 555 | (42%) | 336 | 573 | (41%) |
| Products | | | | | | | | | | | | |
| Pru Health ⁽⁸⁾ | - | - | - | 11 | 16 | (31%) | 11 | 16 | (31%) | 111 | 146 | (24%) |
| Total Retail Retirement | 4,389 | 4,982 | (12%) | 124 | 117 | 6% | 4,513 | 5,099 | (11%) | 5,115 | 5,621 | (9%) |
| Corporate Pensions | 111 | 227 | (51%) | 105 | 116 | (9%) | 216 | 343 | (37%) | 460 | 653 | (30%) |
| Other Products | 79 | 132 | (40%) | 17 | 21 | (19%) | 96 | 153 | (37%) | 138 | 219 | (37%) |
| DWP Rebates | 127 | 153 | (17%) | - | - | - | 127 | 153 | (17%) | 127 | 153 | (17%) |

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| | | | | | | | | |
|---|--------------|-------------|------------|-----------------|--------------|-------------|--------------|-------------|
| Total Mature Life and Pensions | 317 | 512 (38%) | 122 | 137 (11%) | 439 | 649 (32%) | 725 | 1,025 (29%) |
| Total Retail | 4,706 | 5,494 (14%) | 246 | 254 (3%) | 4,952 | 5,748 (14%) | 5,840 | 6,646 (12%) |
| Wholesale Annuities | 39 | 1,417 (97%) | - | - | 39 | 1,417 (97%) | 39 | 1,417 (97%) |
| Credit Life | 23 | 18 28% | - | - | 23 | 18 28% | 23 | 18 28% |
| Total UK Insurance Operations | 4,768 | 6,929 (31%) | 246 | 254 (3%) | 5,014 | 7,183 (30%) | 5,902 | 8,081 (27%) |
| Channel Summary | | | | | | | | |
| Direct and Partnership | 1,814 | 2,352 (23%) | 201 | 215 (7%) | 2,015 | 2,567 (22%) | 2,667 | 3,268 (18%) |
| Intermediated | 2,765 | 2,990 (8%) | 45 | 39 15% | 2,810 | 3,029 (7%) | 3,046 | 3,227 (6%) |
| Wholesale | 62 | 1,434 (96%) | - | - | 62 | 1,434 (96%) | 62 | 1,434 (96%) |
| Sub-Total | 4,641 | 6,776 (32%) | 246 | 254 (3%) | 4,887 | 7,030 (30%) | 5,775 | 7,929 (27%) |
| DWP Rebates | 127 | 153 (17%) | - | - | 127 | 153 (17%) | 127 | 153 (17%) |
| Total UK Insurance Operations | 4,768 | 6,929 (31%) | 246 | 254 (3%) | 5,014 | 7,183 (30%) | 5,902 | 8,081 (27%) |
| US Insurance Operations^(1b) | | | | | | | | |
| Fixed Annuities | 1,053 | 2,039 (48%) | - | - | 1,053 | 2,039 (48%) | 1,053 | 2,039 (48%) |
| Fixed Index Annuities | 1,433 | 593 142% | - | - | 1,433 | 593 142% | 1,433 | 593 142% |
| Variable Annuities | 6,389 | 4,130 55% | - | - | 6,389 | 4,130 55% | 6,389 | 4,130 55% |
| Life | 10 | 9 11% | 24 | 28 (14%) | 34 | 37 (8%) | 173 | 273 (37%) |
| Sub-Total Retail | 8,885 | 6,771 31% | 24 | 28 (14%) | 8,909 | 6,799 31% | 9,048 | 7,035 29% |
| Guaranteed Investment | - | 1,014 | - | - | - | 1,014 | - | 1,014 |

| | | | | | | | | | | | | |
|--|---------------|---------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|---------------|---------------|--------------|
| Contracts | | | | | | | | | | | | |
| GIC - Medium Term Note | - | 399 | - | - | - | - | - | 399 | - | - | 399 | - |
| Total US Insurance Operations | 8,885 | 8,184 | 9% | 24 | 28 | (14%) | 8,909 | 8,212 | 8% | 9,048 | 8,448 | 7% |
| Asian Insurance Operations^(1b) | | | | | | | | | | | | |
| China | 72 | 76 | (5%) | 38 | 39 | (3%) | 110 | 115 | (4%) | 253 | 277 | (9%) |
| Hong Kong | 94 | 602 | (84%) | 232 | 183 | 27% | 326 | 785 | (58%) | 1,414 | 1,915 | (26%) |
| India | 47 | 64 | (27%) | 163 | 213 | (23%) | 210 | 277 | (24%) | 581 | 790 | (26%) |
| Indonesia | 41 | 104 | (61%) | 186 | 184 | 1% | 227 | 288 | (21%) | 671 | 713 | (6%) |
| Japan | 57 | 151 | (62%) | 46 | 39 | 18% | 103 | 190 | (46%) | 263 | 284 | (7%) |
| Korea | 38 | 79 | (52%) | 118 | 213 | (45%) | 156 | 292 | (47%) | 568 | 1,109 | (49%) |
| Malaysia | 63 | 31 | 103% | 140 | 111 | 26% | 203 | 142 | 43% | 814 | 636 | 28% |
| Singapore | 297 | 392 | (24%) | 98 | 90 | 9% | 395 | 482 | (18%) | 1,033 | 1,104 | (6%) |
| Taiwan | 104 | 41 | 154% | 97 | 63 | 54% | 201 | 104 | 93% | 427 | 268 | 59% |
| Other ⁽⁴⁾ | 29 | 19 | 53% | 59 | 59 | 0% | 88 | 78 | 13% | 221 | 208 | 6% |
| Total Asian Insurance Operations | 842 | 1,559 | (46%) | 1,177 | 1,194 | (1%) | 2,019 | 2,753 | (27%) | 6,245 | 7,304 | (14%) |
| Group Total | 14,495 | 16,672 | (13%) | 1,447 | 1,476 | (2%) | 15,942 | 18,148 | (12%) | 21,195 | 23,833 | (11%) |

Schedule 6 - Actual Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2009

TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

| | UK | | | US ^(1a) | | | Asia ^(1a) | | | Total | | |
|------------------------------------|---------------|---------------|--------------|--------------------|---------------|--------------|----------------------|---------------|--------------|----------------|---------------|-------------|
| | FY 2009 £m | FY 2008 £m | +/(%) | FY 2009 £m | FY 2008 £m | +/(%) | FY 2009 £m | FY 2008 £m | +/(%) | FY 2009 £m | FY 2008 £m | +/(%) |
| Total Insurance Products | 5,014 | 7,183 | (30%) | 8,909 | 6,941 | 28% | 2,019 | 2,422 | (17%) | 15,942 | 16,546 | (4%) |
| Total Investment Products | 24,875 | 16,154 | 54% | 6 | 36 | (83%) | 71,176 | 46,957 | 52% | 96,057 | 63,147 | 52% |
| Gross Inflows⁽²⁾ | 29,889 | 23,337 | 28% | 8,915 | 6,977 | 28% | 73,195 | 49,379 | 48% | 111,999 | 79,693 | 41% |

INSURANCE OPERATIONS

| | Single | | | Regular | | | Total | | | PVNBP | | |
|--|--------------|--------------|--------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | FY | FY | +/(%) | FY | FY | +/(%) | FY | FY | +/(%) | FY | FY | +/(%) |
| | 2009 | 2008 | | 2009 | 2008 | | 2009 | 2008 | | 2009 | 2008 | |
| | £m | £m | | £m | £m | | £m | £m | | £m | £m | |
| UK Insurance Operations Product Summary | | | | | | | | | | | | |
| Internal Vesting annuities | 1,357 | 1,600 | (15%) | - | - | - | 1,357 | 1,600 | (15%) | 1,357 | 1,600 | (15%) |
| Direct and Partnership Annuities | 590 | 703 | (16%) | - | - | - | 590 | 703 | (16%) | 590 | 703 | (16%) |
| Intermediated Annuities | 242 | 497 | (51%) | - | - | - | 242 | 497 | (51%) | 242 | 497 | (51%) |
| Total Individual Annuities | 2,189 | 2,800 | (22%) | - | - | - | 2,189 | 2,800 | (22%) | 2,189 | 2,800 | (22%) |
| Income Drawdown | 91 | 75 | 21% | - | - | - | 91 | 75 | 21% | 91 | 75 | 21% |
| Equity Release | 127 | 242 | (48%) | - | - | - | 127 | 242 | (48%) | 127 | 242 | (48%) |
| Individual Pensions | 198 | 115 | 72% | 7 | 3 | 133% | 205 | 118 | 74% | 218 | 124 | 76% |
| Corporate Pensions | 81 | 221 | (63%) | 86 | 88 | (2%) | 167 | 309 | (46%) | 547 | 645 | (15%) |
| Unit Linked Bonds | 122 | 109 | 12% | - | - | - | 122 | 109 | 12% | 122 | 109 | 12% |
| With-Profit Bonds | 1,264 | 869 | 45% | - | - | - | 1,264 | 869 | 45% | 1,264 | 869 | 45% |
| Protection | - | - | - | 17 | 6 | 183% | 17 | 6 | 183% | 110 | 38 | 189% |
| Offshore Products | 317 | 551 | (42%) | 3 | 4 | (25%) | 320 | 555 | (42%) | 336 | 573 | (41%) |
| Pru Health ⁽⁸⁾ | - | - | - | 11 | 16 | (31%) | 11 | 16 | (31%) | 111 | 146 | (24%) |
| Total Retail Retirement | 4,389 | 4,982 | (12%) | 124 | 117 | 6% | 4,513 | 5,099 | (11%) | 5,115 | 5,621 | (9%) |
| Corporate Pensions | 111 | 227 | (51%) | 105 | 116 | (9%) | 216 | 343 | (37%) | 460 | 653 | (30%) |
| Other Products | 79 | 132 | (40%) | 17 | 21 | (19%) | 96 | 153 | (37%) | 138 | 219 | (37%) |
| DWP Rebates | 127 | 153 | (17%) | - | - | - | 127 | 153 | (17%) | 127 | 153 | (17%) |
| Total Mature Life and Pensions | 317 | 512 | (38%) | 122 | 137 | (11%) | 439 | 649 | (32%) | 725 | 1,025 | (29%) |
| Total Retail | 4,706 | 5,494 | (14%) | 246 | 254 | (3%) | 4,952 | 5,748 | (14%) | 5,840 | 6,646 | (12%) |
| | 39 | 1,417 | (97%) | - | - | - | 39 | 1,417 | (97%) | 39 | 1,417 | (97%) |

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Wholesale
Annuities

| | | | | | | | | | | | | |
|-------------|-----------|----|-----|---|---|---|-----------|----|-----|-----------|----|-----|
| Credit Life | 23 | 18 | 28% | - | - | - | 23 | 18 | 28% | 23 | 18 | 28% |
|-------------|-----------|----|-----|---|---|---|-----------|----|-----|-----------|----|-----|

| | | | | | | | | | | | | |
|--------------------------------------|--------------|-------|-------|------------|-----|------|--------------|-------|-------|--------------|-------|-------|
| Total UK Insurance Operations | 4,768 | 6,929 | (31%) | 246 | 254 | (3%) | 5,014 | 7,183 | (30%) | 5,902 | 8,081 | (27%) |
|--------------------------------------|--------------|-------|-------|------------|-----|------|--------------|-------|-------|--------------|-------|-------|

Channel Summary

| | | | | | | | | | | | | |
|------------------------|--------------|-------|-------|------------|-----|------|--------------|-------|-------|--------------|-------|-------|
| Direct and Partnership | 1,814 | 2,352 | (23%) | 201 | 215 | (7%) | 2,015 | 2,567 | (22%) | 2,667 | 3,268 | (18%) |
|------------------------|--------------|-------|-------|------------|-----|------|--------------|-------|-------|--------------|-------|-------|

| | | | | | | | | | | | | |
|---------------|--------------|-------|------|-----------|----|-----|--------------|-------|------|--------------|-------|------|
| Intermediated | 2,765 | 2,990 | (8%) | 45 | 39 | 15% | 2,810 | 3,029 | (7%) | 3,046 | 3,227 | (6%) |
|---------------|--------------|-------|------|-----------|----|-----|--------------|-------|------|--------------|-------|------|

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|-----------|-----------|-------|-------|---|---|---|-----------|-------|-------|-----------|-------|-------|
| Wholesale | 62 | 1,434 | (96%) | - | - | - | 62 | 1,434 | (96%) | 62 | 1,434 | (96%) |
|-----------|-----------|-------|-------|---|---|---|-----------|-------|-------|-----------|-------|-------|

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|------------------|--------------|-------|-------|------------|-----|------|--------------|-------|-------|--------------|-------|-------|
| Sub-Total | 4,641 | 6,776 | (32%) | 246 | 254 | (3%) | 4,887 | 7,030 | (30%) | 5,775 | 7,929 | (27%) |
|------------------|--------------|-------|-------|------------|-----|------|--------------|-------|-------|--------------|-------|-------|

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|-------------|------------|-----|-------|---|---|---|------------|-----|-------|------------|-----|-------|
| DWP Rebates | 127 | 153 | (17%) | - | - | - | 127 | 153 | (17%) | 127 | 153 | (17%) |
|-------------|------------|-----|-------|---|---|---|------------|-----|-------|------------|-----|-------|

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|--------------------------------------|--------------|-------|-------|------------|-----|------|--------------|-------|-------|--------------|-------|-------|
| Total UK Insurance Operations | 4,768 | 6,929 | (31%) | 246 | 254 | (3%) | 5,014 | 7,183 | (30%) | 5,902 | 8,081 | (27%) |
|--------------------------------------|--------------|-------|-------|------------|-----|------|--------------|-------|-------|--------------|-------|-------|

US Insurance Operations^(1a)

| | | | | | | | | | | | | |
|-----------------|--------------|-------|-------|---|---|---|--------------|-------|-------|--------------|-------|-------|
| Fixed Annuities | 1,053 | 1,724 | (39%) | - | - | - | 1,053 | 1,724 | (39%) | 1,053 | 1,724 | (39%) |
|-----------------|--------------|-------|-------|---|---|---|--------------|-------|-------|--------------|-------|-------|

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|-----------------------|--------------|-----|------|---|---|---|--------------|-----|------|--------------|-----|------|
| Fixed Index Annuities | 1,433 | 501 | 186% | - | - | - | 1,433 | 501 | 186% | 1,433 | 501 | 186% |
|-----------------------|--------------|-----|------|---|---|---|--------------|-----|------|--------------|-----|------|

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|--------------------|--------------|-------|-----|---|---|---|--------------|-------|-----|--------------|-------|-----|
| Variable Annuities | 6,389 | 3,491 | 83% | - | - | - | 6,389 | 3,491 | 83% | 6,389 | 3,491 | 83% |
|--------------------|--------------|-------|-----|---|---|---|--------------|-------|-----|--------------|-------|-----|

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|------|-----------|---|-----|-----------|----|----|-----------|----|-----|------------|-----|-------|
| Life | 10 | 7 | 43% | 24 | 24 | 0% | 34 | 31 | 10% | 173 | 230 | (25%) |
|------|-----------|---|-----|-----------|----|----|-----------|----|-----|------------|-----|-------|

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|------------------|--------------|-------|-----|-----------|-----------|----|--------------|-------|-----|--------------|-------|-----|
| Sub-Total | 8,885 | 5,723 | 55% | 24 | 24 | 0% | 8,909 | 5,747 | 55% | 9,048 | 5,946 | 52% |
|------------------|--------------|-------|-----|-----------|-----------|----|--------------|-------|-----|--------------|-------|-----|

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| Retail | | | | | | | | | | | | |
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|---------------------------------|---|-----|---|---|---|---|---|-----|---|---|-----|---|
| Guaranteed Investment Contracts | - | 857 | - | - | - | - | - | 857 | - | - | 857 | - |
|---------------------------------|---|-----|---|---|---|---|---|-----|---|---|-----|---|

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|------------------------|---|-----|---|---|---|---|---|-----|---|---|-----|---|
| GIC - Medium Term Note | - | 337 | - | - | - | - | - | 337 | - | - | 337 | - |
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|---|--------------|-------|-----|-----------|-----------|----|--------------|-------|-----|--------------|-------|-----|
| Total US Insurance Operations^(1a) | 8,885 | 6,917 | 28% | 24 | 24 | 0% | 8,909 | 6,941 | 28% | 9,048 | 7,140 | 27% |
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|---|---------------|--------|-------|--------------|-------|-----|---------------|--------|-------|---------------|--------|------|
| Malaysia | 63 | 28 | 125% | 140 | 99 | 41% | 203 | 127 | 60% | 814 | 570 | 43% |
| Singapore | 297 | 341 | (13%) | 98 | 78 | 26% | 395 | 419 | (6%) | 1,033 | 961 | 7% |
| Taiwan | 104 | 36 | 189% | 97 | 55 | 76% | 201 | 91 | 121% | 427 | 237 | 80% |
| Other | 29 | 18 | 61% | 59 | 54 | 9% | 88 | 72 | 22% | 221 | 188 | 18% |
| (4) | | | | | | | | | | | | |
| Total Asian Insurance Operations | 842 | 1,340 | (37%) | 1,177 | 1,082 | 9% | 2,019 | 2,422 | (17%) | 6,245 | 6,508 | (4%) |
| Group Total | 14,495 | 15,186 | (5%) | 1,447 | 1,360 | 6% | 15,942 | 16,546 | (4%) | 21,195 | 21,729 | (2%) |

Schedule 7 - Actual Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS - QUARTER 4 2009 VERSUS QUARTER 4 2008

INSURANCE OPERATIONS

| | Single | | | Regular | | | Total | | | PVNBP | | |
|--|--------------|-------|---------|-----------|------|---------|--------------|-------|---------|--------------|-------|---------|
| | Q4 | Q4 | +/- (%) | Q4 | Q4 | +/- (%) | Q4 | Q4 | +/- (%) | Q4 | Q4 | +/- (%) |
| | 2009 | 2008 | | 2009 | 2008 | | 2009 | 2008 | | 2009 | 2008 | |
| | £m | £m | | £m | £m | | £m | £m | | £m | £m | |
| UK Insurance Operations Product Summary | | | | | | | | | | | | |
| Internal Vesting annuities | 334 | 471 | (29%) | - | - | - | 334 | 471 | (29%) | 334 | 471 | (29%) |
| Direct and Partnership Annuities | 166 | 153 | 8% | - | - | - | 166 | 153 | 8% | 166 | 153 | 8% |
| Intermediated Annuities | 46 | 96 | (52%) | - | - | - | 46 | 96 | (52%) | 46 | 96 | (52%) |
| Total Individual Annuities | 546 | 720 | (24%) | - | - | - | 546 | 720 | (24%) | 546 | 720 | (24%) |
| Income Drawdown | 21 | 21 | 0% | - | - | - | 21 | 21 | 0% | 21 | 21 | 0% |
| Equity Release | 43 | 54 | (20%) | - | - | - | 43 | 54 | (20%) | 43 | 54 | (20%) |
| Individual Pensions | 53 | 63 | (16%) | 2 | 1 | 100% | 55 | 64 | (14%) | 59 | 67 | (12%) |
| Corporate Pensions | 26 | 67 | (61%) | 25 | 24 | 4% | 51 | 91 | (44%) | 161 | 190 | (15%) |
| Unit Linked Bonds | 39 | 21 | 86% | - | - | - | 39 | 21 | 86% | 39 | 21 | 86% |
| With-Profit Bonds | 295 | 218 | 35% | - | - | - | 295 | 218 | 35% | 295 | 218 | 35% |
| Protection | - | - | - | 5 | 2 | 150% | 5 | 2 | 150% | 34 | 12 | 183% |
| Offshore Products | 110 | 104 | 6% | - | 1 | - | 110 | 105 | 5% | 114 | 110 | 4% |
| Pru Health | - | - | - | 2 | 2 | 0% | 2 | 2 | 0% | 29 | 17 | 71% |
| Total Retail Retirement | 1,133 | 1,268 | (11%) | 34 | 30 | 13% | 1,167 | 1,298 | (10%) | 1,341 | 1,430 | (6%) |

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| | | | | | | | | | | | | |
|---|--------------|--------------|--------------|-----------|-----------|-------------|--------------|--------------|-------------|--------------|--------------|--------------|
| Corporate Pensions | 23 | - | - | 25 | 28 | (11%) | 48 | 28 | 71% | 75 | 132 | (43%) |
| Other Products | 20 | 19 | 5% | 4 | 4 | 0% | 24 | 23 | 4% | 34 | 53 | (36%) |
| DWP Rebates | 47 | 50 | (6%) | - | - | - | 47 | 50 | (6%) | 47 | 50 | (6%) |
| Total Mature Life and Pensions | 90 | 69 | 30% | 29 | 32 | (9%) | 119 | 101 | 18% | 156 | 235 | (34%) |
| Total Retail | 1,223 | 1,337 | (9%) | 63 | 62 | 2% | 1,286 | 1,399 | (8%) | 1,497 | 1,665 | (10%) |
| Wholesale Annuities | 27 | 47 | (43%) | - | - | - | 27 | 47 | (43%) | 27 | 47 | (43%) |
| Credit Life | 6 | 7 | (14%) | - | - | - | 6 | 7 | (14%) | 6 | 7 | (14%) |
| Total UK Insurance Operations | 1,256 | 1,391 | (10%) | 63 | 62 | 2% | 1,319 | 1,453 | (9%) | 1,530 | 1,719 | (11%) |
| Channel Summary | | | | | | | | | | | | |
| Direct and Partnership | 467 | 623 | (25%) | 52 | 54 | (4%) | 519 | 677 | (23%) | 659 | 887 | (26%) |
| Intermediated | 709 | 664 | 7% | 11 | 8 | 38% | 720 | 672 | 7% | 791 | 730 | 8% |
| Wholesale | 33 | 54 | (39%) | - | - | - | 33 | 54 | (39%) | 33 | 54 | (39%) |
| Sub-Total | 1,209 | 1,341 | (10%) | 63 | 62 | 2% | 1,272 | 1,403 | (9%) | 1,483 | 1,671 | (11%) |
| DWP Rebates | 47 | 50 | (6%) | - | - | - | 47 | 50 | (6%) | 47 | 50 | (6%) |
| Total UK Insurance Operations | 1,256 | 1,391 | (10%) | 63 | 62 | 2% | 1,319 | 1,453 | (9%) | 1,530 | 1,719 | (11%) |
| US Insurance Operations^{(1a) (7)} | | | | | | | | | | | | |
| Fixed Annuities | 212 | 583 | (64%) | - | - | - | 212 | 583 | (64%) | 212 | 583 | (64%) |
| Fixed Index Annuities | 378 | 184 | 105% | - | - | - | 378 | 184 | 105% | 378 | 184 | 105% |
| Variable Annuities | 2,068 | 895 | 131% | - | - | - | 2,068 | 895 | 131% | 2,068 | 895 | 131% |
| Life | 3 | 1 | 200% | 6 | 6 | 0% | 9 | 7 | 29% | 30 | 85 | (65%) |
| Sub-Total Retail | 2,661 | 1,663 | 60% | 6 | 6 | 0% | 2,667 | 1,669 | 60% | 2,688 | 1,747 | 54% |
| Guaranteed Investment Contracts | - | 42 | - | - | - | - | - | 42 | - | - | 42 | - |
| GIC - Medium Term Note | - | 16 | - | - | - | - | - | 16 | - | - | 16 | - |
| Total US Insurance Operations | 2,661 | 1,721 | 55% | 6 | 6 | 0% | 2,667 | 1,727 | 54% | 2,688 | 1,805 | 49% |

Asian Insurance Operations^{(1a) (7)}

| | | | | | | | | | | | | |
|---|--------------|-------|--------|------------|-----|-------|--------------|-------|-------|--------------|-------|-------|
| China | 14 | 16 | (13%) | 10 | 9 | 11% | 24 | 25 | (4%) | 60 | 66 | (9%) |
| Hong Kong | 30 | 47 | (36%) | 88 | 41 | 115% | 118 | 88 | 34% | 483 | 450 | 7% |
| India | 10 | 7 | 43% | 51 | 34 | 50% | 61 | 41 | 49% | 172 | 141 | 22% |
| Indonesia | 17 | 9 | 89% | 62 | 46 | 35% | 79 | 55 | 44% | 240 | 154 | 56% |
| Japan | 7 | 21 | (67%) | 11 | 6 | 83% | 18 | 27 | (30%) | 51 | 12 | 325% |
| Korea | 10 | 15 | (33%) | 25 | 35 | (29%) | 35 | 50 | (30%) | 114 | 220 | (48%) |
| Malaysia | 13 | 6 | 117% | 61 | 35 | 74% | 74 | 41 | 80% | 340 | 193 | 76% |
| Singapore | 135 | 35 | 286% | 34 | 22 | 55% | 169 | 57 | 196% | 380 | 208 | 83% |
| Taiwan | 34 | 3 | 1,033% | 27 | 29 | (7%) | 61 | 32 | 91% | 136 | 116 | 17% |
| Other ⁽⁴⁾ | 12 | 4 | 200% | 18 | 14 | 29% | 30 | 18 | 67% | 70 | 48 | 46% |
| Total Asian Insurance Operations | 282 | 163 | 73% | 387 | 271 | 43% | 669 | 434 | 54% | 2,046 | 1,608 | 27% |
| Group Total | 4,199 | 3,275 | 28% | 456 | 339 | 35% | 4,655 | 3,614 | 29% | 6,264 | 5,132 | 22% |

INVESTMENT OPERATIONS

| | | Opening FUM | Gross Inflows | Redemptions | Net Inflows | Other Movements | Market & Currency Movements | Net Closing Movement In FUM | Net Closing FUM |
|---------------------------------|---------|--------------------|---------------|-------------|--------------------|-----------------|-----------------------------|------------------------------------|------------------------|
| | | £m | £m | £m | £m | £m | £m | £m | £m |
| M&G⁽⁵⁾ | Q4 2009 | 66,235 | 6,434 | (4,093) | 2,341 | (53) | 1,783 | 4,071 | 70,306 |
| | Q4 2008 | 49,994 | 4,040 | (4,775) | (735) | 110 | (2,372) | (2,997) | 46,997 |
| | +/- (%) | 32% | 59 | 14% | 419% | (148%) | 175% | 236% | 50% |
| Asia Retail Mutual Funds | Q4 2009 | 17,773 | 18,130 | (18,394) | (264) | (28) | 543 | 251 | 18,024 |
| | Q4 2008 | 13,594 | 12,529 | (12,618) | (89) | (6) | 944 | 849 | 14,443 |
| | +/- (%) | 31% | 45% | (46%) | (197%) | (367%) | (42%) | (70%) | 25% |
| Asia Third Party | Q4 2009 | 1,008 | 378 | (6) | 372 | - | 70 | 442 | 1,450 |
| | Q4 2008 | 755 | 16 | (24) | (8) | - | 42 | 34 | 789 |
| | +/- (%) | 34% | 2,263% | 75% | 4,750% | - | 67% | 1,200% | 84% |
| US Retail Mutual | Q4 2009 | - | - | 1 | 1 | - | (1) | - | - |

| | | | | | | | | | |
|----------------------------------|------------|---------------|--------|----------|--------------|--------|---------|----------------|---------------|
| Funds | Q4 2008 | 58 | 4 | (8) | (4) | 2 | (6) | (8) | 50 |
| | +/- (%) | (100%) | - | 113% | 125% | - | 83% | - | (100%) |
| Total Investment Products | Q4 2009 | 85,016 | 24,942 | (22,492) | 2,450 | (81) | 2,395 | 4,764 | 89,780 |
| | Q4 2008 | 64,401 | 16,589 | (17,425) | (836) | 106 | (1,392) | (2,122) | 62,279 |
| | +/- (%) | 32% | 50% | (29%) | 393% | (176%) | 272% | 325% | 44% |

Schedule 8 - Actual Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS - QUARTER 4 2009 VERSUS QUARTER 3 2009

INSURANCE OPERATIONS

| | Single | | | Regular | | | Total | | | PVNBP | | |
|--|------------------|-------------------|---------|------------------|-------------------|---------|------------------|-------------------|---------|------------------|-------------------|---------|
| | Q4 2009 £m | Q 3 2009 £m | +/- (%) | Q4 2009 £m | Q 3 2009 £m | +/- (%) | Q4 2009 £m | Q 3 2009 £m | +/- (%) | Q4 2009 £m | Q 3 2009 £m | +/- (%) |
| UK Insurance Operations Product Summary | | | | | | | | | | | | |
| Internal Vesting annuities | 334 | 297 | 12% | - | - | - | 334 | 297 | 12% | 334 | 297 | 12% |
| Direct and Partnership Annuities | 166 | 151 | 10% | - | - | - | 166 | 151 | 10% | 166 | 151 | 10% |
| Intermediated Annuities | 46 | 56 | (18%) | - | - | - | 46 | 56 | (18%) | 46 | 56 | (18%) |
| Total Individual Annuities | 546 | 504 | 8% | - | - | - | 546 | 504 | 8% | 546 | 504 | 8% |
| Income Drawdown Equity Release | 21 | 24 | (13%) | - | - | - | 21 | 24 | (13%) | 21 | 24 | (13%) |
| Individual Pensions | 43 | 30 | 43% | - | - | - | 43 | 30 | 43% | 43 | 30 | 43% |
| Corporate Pensions | 53 | 47 | 13% | 2 | 2 | 0% | 55 | 49 | 12% | 59 | 52 | 13% |
| Unit Linked Bonds | 26 | 8 | 225% | 25 | 17 | 47% | 51 | 25 | 104% | 161 | 100 | 61% |
| With-Profit Bonds | 39 | 34 | 15% | - | - | - | 39 | 34 | 15% | 39 | 34 | 15% |
| Protection | 295 | 285 | 4% | - | - | - | 295 | 285 | 4% | 295 | 285 | 4% |
| Offshore Products | - | - | - | 5 | 5 | 0% | 5 | 5 | 0% | 34 | 31 | 10% |
| Pru Health | 110 | 80 | 38% | - | 1 | - | 110 | 81 | 36% | 114 | 85 | 34% |
| | - | - | - | 2 | 3 | (33%) | 2 | 3 | (33%) | 29 | 26 | 12% |
| Total Retail Retirement | 1,133 | 1,012 | 12% | 34 | 28 | 21% | 1,167 | 1,040 | 12% | 1,341 | 1,171 | 15% |

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|---------------------------------------|--------------|-------|-------|-----------|-----------|------------|--------------|-------|-------|--------------|-------|-------|
| Corporate Pensions | 23 | 20 | 15% | 25 | 21 | 19% | 48 | 41 | 17% | 75 | 100 | (25%) |
| Other Products | 20 | 20 | 0% | 4 | 3 | 33% | 24 | 23 | 4% | 34 | 30 | 13% |
| DWP Rebates | 47 | - | - | - | - | - | 47 | - | - | 47 | - | - |
| Total Mature Life and Pensions | 90 | 40 | 125% | 29 | 24 | 21% | 119 | 64 | 86% | 156 | 130 | 20% |
| Total Retail | 1,223 | 1,052 | 16% | 63 | 52 | 21% | 1,286 | 1,104 | 16% | 1,497 | 1,301 | 15% |
| Wholesale Annuities | 27 | 4 | 575% | - | - | - | 27 | 4 | 575% | 27 | 4 | 575% |
| Credit Life | 6 | 5 | 20% | - | - | - | 6 | 5 | 20% | 6 | 5 | 20% |
| Total UK Insurance Operations | 1,256 | 1,061 | 18% | 63 | 52 | 21% | 1,319 | 1,113 | 19% | 1,530 | 1,310 | 17% |
| Channel Summary | | | | | | | | | | | | |
| Direct and Partnership Intermediated | 467 | 398 | 17% | 52 | 41 | 27% | 519 | 439 | 18% | 659 | 586 | 12% |
| Wholesale | 33 | 9 | 267% | - | - | - | 33 | 9 | 267% | 33 | 9 | 267% |
| Sub-Total | 1,209 | 1,061 | 14% | 63 | 52 | 21% | 1,272 | 1,113 | 14% | 1,483 | 1,310 | 13% |
| DWP Rebates | 47 | - | - | - | - | - | 47 | - | - | 47 | - | - |
| Total UK Insurance Operations | 1,256 | 1,061 | 18% | 63 | 52 | 21% | 1,319 | 1,113 | 19% | 1,530 | 1,310 | 17% |
| US Insurance Operations | | | | | | | | | | | | |
| Fixed Annuities | 212 | 140 | 51% | - | - | - | 212 | 140 | 51% | 212 | 140 | 51% |
| Fixed Index Annuities | 378 | 480 | (21%) | - | - | - | 378 | 480 | (21%) | 378 | 480 | (21%) |
| Variable Annuities | 2,068 | 1,804 | 15% | - | - | - | 2,068 | 1,804 | 15% | 2,068 | 1,804 | 15% |
| Life | 3 | 2 | 50% | 6 | 6 | 0% | 9 | 8 | 13% | 30 | 47 | (36%) |
| Sub-Total Retail | 2,661 | 2,426 | 10% | 6 | 6 | 0% | 2,667 | 2,432 | 10% | 2,688 | 2,471 | 9% |
| Guaranteed Investment Contracts | - | - | - | - | - | - | - | - | - | - | - | - |
| GIC - Medium Term Note | - | - | - | - | - | - | - | - | - | - | - | - |
| Total US Insurance Operations | 2,661 | 2,426 | 10% | 6 | 6 | 0% | 2,667 | 2,432 | 10% | 2,688 | 2,471 | 9% |

Asian Insurance
Operations

(1a) (7)

| | | | | | | | | | | | | |
|---|------------|-----|-------|------------|------------|------------|------------|-----|-------|--------------|-------|-------|
| China | 14 | 15 | (7%) | 10 | 11 | (9%) | 24 | 26 | (8%) | 60 | 68 | (12%) |
| Hong Kong | 30 | 33 | (9%) | 88 | 52 | 69% | 118 | 85 | 39% | 483 | 349 | 38% |
| India | 10 | 5 | 100% | 51 | 39 | 31% | 61 | 44 | 39% | 172 | 137 | 26% |
| Indonesia | 17 | 11 | 55% | 62 | 42 | 48% | 79 | 53 | 49% | 240 | 149 | 61% |
| Japan | 7 | 12 | (42%) | 11 | 10 | 10% | 18 | 22 | (18%) | 51 | 57 | (11%) |
| Korea | 10 | 8 | 25% | 25 | 29 | (14%) | 35 | 37 | (5%) | 114 | 140 | (19%) |
| Malaysia | 13 | 17 | (24%) | 61 | 30 | 103% | 74 | 47 | 57% | 340 | 179 | 90% |
| Singapore | 135 | 47 | 187% | 34 | 24 | 42% | 169 | 71 | 138% | 380 | 244 | 56% |
| Taiwan | 34 | 38 | (11%) | 27 | 22 | 23% | 61 | 60 | 2% | 136 | 113 | 20% |
| Other | 12 | 9 | 33% | 18 | 14 | 29% | 30 | 23 | 30% | 70 | 57 | 23% |
| Total Asian Insurance Operations | 282 | 195 | 45% | 387 | 273 | 42% | 669 | 468 | 43% | 2,046 | 1,493 | 37% |

Group Total **4,199** 3,682 14% **456** **331** **38%** **4,655** 4,013 16% **6,264** 5,274 19%

INVESTMENT OPERATIONS

| | | Opening FUM | Gross Inflows | Redemptions | Net Inflows | Other Movements | Market & Currency Movements | Net Closing Movement In FUM | Closing FUM |
|---------------------------------|---------|---------------|---------------|-------------|----------------|-----------------|-----------------------------|-----------------------------|---------------|
| | | £m | £m | £m | £m | £m | £m | £m | £m |
| M&G⁽⁵⁾ | Q4 2009 | 66,235 | 6,434 | (4,093) | 2,341 | (53) | 1,783 | 4,071 | 70,306 |
| | Q3 2009 | 55,921 | 5,810 | (3,298) | 2,512 | (113) | 7,915 | 10,314 | 66,235 |
| | +/- (%) | 18% | 11% | (24%) | (7%) | 53% | (77%) | (61%) | 6% |
| Asia Retail Mutual Funds | Q4 2009 | 17,773 | 18,130 | (18,394) | (264) | (28) | 543 | 251 | 18,024 |
| | Q3 2009 | 15,518 | 20,579 | (20,142) | 437 | (1) | 1,819 | 2,255 | 17,773 |
| | +/- (%) | 15% | (12%) | 9% | (160%) | (2,700%) | (70%) | (89%) | 1% |
| Asia Third Party | Q4 2009 | 1,008 | 378 | (6) | 372 | - | 70 | 442 | 1,450 |
| | Q3 2009 | 859 | 5 | (7) | (2) | - | 151 | 149 | 1,008 |
| | +/- (%) | 17% | 7,460% | 14% | 18,700% | - | (54%) | 197% | 44% |
| US Retail Mutual Funds | Q4 2009 | - | - | 1 | 1 | - | (1) | - | - |
| | | 38 | - | (49) | (49) | 1 | 10 | (38) | - |

| | | | | | | | | | |
|----------------------------------|-----------------------|---------------|--------|----------|--------------|-------|-------|---------------|---------------|
| | Q3 2009 +/- (%) | - | - | 102% | 102% | - | - | - | - |
| Total Investment Products | Q4 2009 | 85,016 | 24,942 | (22,492) | 2,450 | (81) | 2,395 | 4,764 | 89,780 |
| | Q3 2009 +/- (%) | 72,336 | 26,394 | (23,496) | 2,898 | (113) | 9,895 | 12,680 | 85,016 |
| | | 18% | (6%) | 4% | (15%) | 28% | (76%) | (62%) | 6% |

PRUDENTIAL PLC - NEW BUSINESS SCHEDULES BASIS OF PREPARATION

The new business schedules are provided as an indicative volume measure of transactions undertaken in the reporting period that have the potential to generate profits for shareholders. The amounts shown are not, and not intended to be, reflective of premium income recorded in the IFRS income statement.

The format of the schedules is consistent with the distinction between insurance and investment products as applied for previous financial reporting periods. Products categorised as "insurance" refer to those classified as contracts of long-term insurance business for regulatory reporting purposes, i.e. falling within one of the classes of insurance specified in part II of Schedule 1 to the Regulated Activities Order under FSA regulations.

The details shown for insurance products include contributions for contracts that are classified under IFRS 4 "Insurance Contracts" as not containing significant insurance risk. These products are described as investment contracts or other financial instruments under IFRS. Contracts included in this category are primarily certain unit-linked and similar contracts written in UK Insurance Operations, and Guaranteed Investment Contracts and similar funding agreements written in US Operations.

New business premiums for regular premium products are shown on an annualised basis. Department of Work and Pensions rebate business is classified as single recurrent business. Internal vesting business is classified as new business where the contracts include an open market option.

Investment products referred to in the tables for funds under management are unit trusts, mutual funds and similar types of retail fund management arrangements. These are unrelated to insurance products that are classified as investment contracts under IFRS 4, as described in the preceding paragraph, although similar IFRS recognition and measurement principles apply to the acquisition costs and fees attaching to this type of business.

New business in India is included at Prudential's 26 per cent interest in the India life operation.

New business in China is included at Prudential's 50 per cent interest in the China life operation.

Mandatory Provident Fund (MPF) product sales in Hong Kong are included at Prudential's 36 per cent interest in Hong Kong MPF operation.

Notes to Schedules 1 - 8

(1a) Insurance and investment new business for overseas operations has been calculated using average exchange rates. The applicable rate for Jackson is 1.57 (2008: 1.85).

(1b) Insurance and investment new business for overseas operations has been calculated using constant exchange rates. The applicable rate for Jackson is 1.57.

(2) Represents cash received from sale of investment products.

(3) Annual Equivalents, calculated as regular new business contributions plus 10 per cent single new business contributions, are subject to roundings. PVNBPs are calculated as equalling single premiums plus the present value of expected premiums of new regular premium business. In determining the present value, allowance is made for lapses and other assumptions applied in determining the EEV new business profit.

(4) In Asia, 'Other' insurance operations include Thailand, the Philippines and Vietnam.

(5) Balance includes segregated and pooled pension funds, private finance assets and other institutional clients. Other movements reflect the net flows arising from the cash component of a tactical asset allocation fund managed by PPM South Africa.

(6) Balance Sheet figures have been calculated at the closing exchange rate. Prior year balance is shown on a constant exchange rate.

(7) Sales are converted using the year to date average exchange rate applicable at the time. The sterling results for individual quarters represent the difference between the year to date reported sterling results at successive quarters and will include foreign exchange movements from earlier periods.

(8) Pru Health sales exclude £6m (£3m 50% share) of Trust business.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date 01 March, 2010

PRUDENTIAL PUBLIC LIMITED COMPANY

By: /s/

Susan Henderson
Deputy Group Secretary