

European Embedded Value (EEV) basis supplementary information

Year ended 31 December 2007

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

	Note	2007 £m	2006 £m
Asian operations			
New business	5(b)	653	514
Business in force	6	393	315
Long-term business		1,046	829
Asset management		72	50
Development expenses		(15)	(15)
Total		1,103	864
US operations			
New business	5(b)	285	259
Business in force	6	342	449
Long-term business		627	708
Broker-dealer and asset management		13	18
Curian		(5)	(8)
Total		635	718
UK operations			
New business	5(b)	277	266
Business in force	6	582	420
Long-term business		859	686
M&G		254	204
Total		1,113	890
Other income and expenditure			
Investment return and other income	7	45	8
Interest payable on core structural borrowings		(168)	(177)
Corporate expenditure:			
Group Head Office (GHO)		(117)	(83)
Asia Regional Head Office		(38)	(36)
Charge for share-based payments for Prudential schemes		(11)	(10)
Total		(289)	(298)
Restructuring costs	8	(20)	(41)
Operating profit from continuing operations based on longer-term investment returns		2,542	2,133
Analysed as profits (losses) from:			
New business	5(b)	1,215	1,039
Business in force	6	1,317	1,184
Long-term business		2,532	2,223
Asset management		334	264
Other results		(324)	(354)
Total		2,542	2,133

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

The results for continuing operations shown above exclude those in respect of discontinued banking operations. On 1 May 2007, the Company sold Egg. Accordingly, the presentation of the comparative results for 2006 has been adjusted from those previously published.

Summarised consolidated income statement – EEV basis
Year ended 31 December 2007

	Note	2007 £m	2006 £m
Operating profit from continuing operations based on longer-term investment returns			
Asian operations		1,103	864
US operations		635	718
UK operations:			
UK insurance operations		859	686
M&G		254	204
		1,113	890
Other income and expenditure		(289)	(298)
Restructuring costs	8	(20)	(41)
Operating profit from continuing operations based on longer-term investment returns		2,542	2,133
Short-term fluctuations in investment returns	9	174	738
Mark to market value movements on core borrowings	10	223	85
Shareholders' share of actuarial gains and losses on defined benefit pension schemes	11	116	207
Effect of changes in economic assumptions and time value of cost of options and guarantees	12	748	59
Profit from continuing operations before tax (including actual investment returns)		3,803	3,222
Tax attributable to shareholders' profit	13	(961)	(904)
Profit from continuing operations for the year after tax before minority interests		2,842	2,318
Discontinued operations (net of tax)	1	241	(105)
Profit for the year		3,083	2,213
Attributable to:			
Equity holders of the Company		3,062	2,212
Minority interests		21	1
Profit for the year		3,083	2,213

Earnings per share – EEV basis
Year ended 31 December 2007

	Note	2007	2006
Continuing operations			
From operating profit based on longer-term investment returns, after related tax and minority interests of £1,831m (2006: £1,498m)	14	74.9p	62.1p
Based on profit from continuing operations after tax and minority interests of £2,821m (2006: £2,315m)	14	115.3p	96.0p
Discontinued operations			
Based on profit (loss) from discontinued operations after tax and minority interests		9.9p	(4.3)p
Total – based on profit for the year after minority interests of £3,062m (2006: £2,212m)		125.2p	91.7p
Average number of shares (millions)		2,445	2,413

Dividends per share
Year ended 31 December 2007

	2007	2006
Dividends relating to the reporting period:		
Interim dividend (2007 and 2006)	5.70p	5.42p
Final dividend (2007 and 2006)	12.30p	11.72p
Total	18.00p	17.14p
Dividends declared and paid in the reporting period:		
Current year interim dividend	5.70p	5.42p
Final dividend for prior year	11.72p	11.02p
Total	17.42p	16.44p

European Embedded Value (EEV) basis supplementary information continued

Movement in shareholders' equity (excluding minority interests) – EEV basis Year ended 31 December 2007

	Note	2007 £m	2006 £m
Profit for the year attributable to equity shareholders		3,062	2,212
Items taken directly to equity:			
Exchange movements	4(h)	64	(359)
Unrealised valuation movements on Egg securities classified as available-for-sale		(2)	(2)
Movement on cash flow hedges		(3)	7
Related tax		3	(74)
Dividends		(426)	(399)
Acquisition of Egg minority interests		–	(167)
New share capital subscribed		182	336
Reserve movements in respect of share-based payments		18	15
Treasury shares:			
Movement in own shares in respect of share-based payment plans		7	6
Movement on Prudential plc shares purchased by unit trusts consolidated under IFRS		4	0
Mark to market value movements on Jackson assets backing surplus and required capital*		(13)	7
Net increase in shareholders' equity	16	2,896	1,582
Shareholders' equity at beginning of year (excluding minority interests)		11,883	10,301
Shareholders' equity at end of year (excluding minority interests)	15,16	14,779	11,883
Comprising:			
Asian operations:			
Net assets		3,837	2,637
Acquired goodwill		172	172
		4,009	2,809
US operations		3,686	3,360
UK operations:			
Long-term business		6,497	5,813
M&G:			
Net assets		271	230
Acquired goodwill		1,153	1,153
Egg		–	292
		7,921	7,488
Other operations:			
Holding company net borrowings at market value		(873)	(1,542)
Other net assets (liabilities)		36	(232)
Shareholders' equity at end of year (excluding minority interests)	15,16	14,779	11,883
Net asset value per share (in pence)			
Based on EEV basis shareholders' equity of £14,779m (2006: £11,883m)		598p	486p
Number of issued shares at year end (millions)		2,470	2,444

* The mark to market value movements on Jackson assets backing surplus and required capital for 2006 represents the cumulative adjustment as at 31 December 2006.

Summarised consolidated balance sheet – EEV basis
31 December 2007

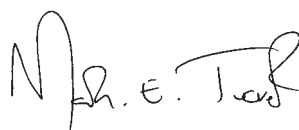
	Note	2007 £m	2006 £m
Total assets less liabilities, excluding insurance funds		195,987	183,130
Less insurance funds:*			
Policyholder liabilities (net of reinsurers' share) and unallocated surplus of with-profits funds		(189,786)	(177,642)
Less shareholders' accrued interest in the long-term business		8,578	6,395
		(181,208)	(171,247)
Total net assets	16	14,779	11,883
Share capital		123	122
Share premium		1,828	1,822
IFRS basis shareholders' reserves		4,250	3,544
Total IFRS basis shareholders' equity		6,201	5,488
Additional EEV basis retained profit		8,578	6,395
Shareholders' equity (excluding minority interests)	16	14,779	11,883

*Including liabilities in respect of insurance products classified as investment products under IFRS 4.

The supplementary information on pages 302 to 332 was approved by the Board of directors on 13 March 2008.



Sir David Clementi
Chairman



Mark Tucker
Group Chief Executive



Philip Broadley
Group Finance Director