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6 March 2008

Dear Sirs

**RESPONSE TO THE INTERIM WORKING COMMITTEE ON FINANCIAL CONGLOMERATES
DRAFT "RECOMMENDATIONS TO ADDRESS THE CONSEQUENCES OF THE DIFFERENCES
IN SECTORAL RULES ON THE CALCULATION OF OWN FUNDS OF FINANCIAL
CONGLOMERATES"**

Prudential plc is a leading international financial services group providing retail financial services and fund management in the UK and Europe, the US and twelve Asian jurisdictions. We are grateful for the opportunity to comment on your proposed advice to the European Commission on own funds for financial conglomerates.

We support your advice on revaluation reserves and unrealised gains (paragraph 68), participations and deductions (paragraph 88), and method of calculation (paragraph 104 and 105).

On hybrids (paragraphs 57 and 58), we share the view that differences between banking and insurance should be limited to where they reflect the specificities in both sectors. Prudential plc considers hybrid capital instruments, particularly hybrid Tier 1, important long-term components of its capital structure and its financial planning. We have raised significant amounts of Tier 1 hybrid capital.

Your advice suggests CEBS' recent draft proposals for hybrid Tier 1 capital as the benchmark for harmonisation between banking and insurance in this area. We have, however, serious concerns about some aspects of CEBS' proposals: the requirement for principal write-down and the requirements for the Alternative Coupon Settlement Mechanism (ACSM). We have raised these concerns in our response to CEBS' recent consultation; I attach a copy for your information.

We trust that this is a useful contribution to the debate. My colleagues would be happy to discuss this further.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'P Broadley', with a long horizontal flourish extending to the right.

Philip Broadley
Group Finance Director
Prudential PLC