

Prudential Distribution Trust

Manager's annual report for
the year ended 7 January 2011
(audited)

Contents

Trust objective and policy ⁺	1
Manager's comments ⁺	1
Trust statistics	4
Portfolio	7
Portfolio statement	7
Asset class split table	13
Financial statements	14
Statement of total return	14
Statement of change in net assets attributable to unitholders	14
Balance sheet	15
Notes to the financial statements	16
Distribution tables	26
EU savings directive	28
Statement of the Manager's responsibilities	28
Statement of the Trustee's responsibilities	29
Directors' statement	29
Independent auditors' report	30
Notes to unitholders ⁺	32
General information ⁺	32

⁺ Collectively, these comprise the Manager's Report.

Trust objective and policy

This Trust aims to provide a rising income together with a steady capital growth over the longer term. The Trust aims to generate a yield greater than that of the FTSE All-Share Index.

Manager's comments

During the 12 months under review, the trust's total return (capital performance with net income reinvested) increased by 9.8%*. This compares with a return of 11.3%** by its benchmark (a composite of 55% of the FTSE All-Share Index and 45% of the Merrill Lynch Sterling Corporate All Stocks Index) and an average return of 8.0%* by its peer group, the IMA Cautious Managed Sector.

Equity markets made solid progress over the 12 months, encouraged by some better-than-expected economic data, both in the UK and the US, and the prospect of further asset purchases by the US Federal Reserve. In the UK, investors took heart from some upbeat company results and a pick-up in takeover activity. However, it was by no means plain sailing and very real worries about the financial state of peripheral eurozone countries, particularly Greece and Ireland, caused periods of asset price weakness. Investor sentiment was also prone to sudden deterioration when economic figures disappointed.

Bonds generally underperformed equities as investors' risk appetite increased, although this was mostly concentrated in the second half of the review period. The new coalition government's first budget in June, with its austerity package of spending cuts and tax rises, played an important part in shoring-up investors' confidence in the UK bond market. Sterling corporate bonds (company debt) outperformed UK government bonds (gilts), reflecting the strength of company earnings, low default rates and their higher yield (rates of return).

One of the overriding influences on the trust's performance was the significant divergence in returns between higher yielding shares – towards which the portfolio is slanted – and more economically sensitive, lower yielding shares. This saw the FTSE 350 Higher Yield Index underperform its low yielding counterpart by 10.1%, reflecting the strength of the influential mining sector which was boosted throughout by demand for commodities. The suspension of BP's dividend and share price fall, following the oil rig explosion and leak in the Gulf of Mexico in April 2010, was another blow as the oil major accounted for over 7.0% of the UK market at the time and was the highest-paying dividend stock.

Manager's comments (continued)

The trust benefited from a relatively large position in more domestically focused medium-sized companies, which was also reflected in a high industrials exposure. The decision to have a reduced position in larger companies made a small positive contribution to performance, but this was offset by stock selection within this market segment, primarily due to the portfolio's exposure to BP, Lonmin, which mines the platinum used in catalytic converters, and Segro, a property company.

Despite adding value in the first half of the reporting period, the trust's fixed income holdings were a drag on its performance overall, principally due to the rise in government bond yields in the second half. However, within the corporate bond segment, value was added through overweighting BBB rated issues and by a preference for industrials over financial corporate bonds.

In terms of activity, new positions were established in two brewing and pub operators, Marstons and Greene King, retailer Marks & Spencer, engineering conglomerate Balfour Beatty, and software and consultancy firm Logica. Marstons and Greene King have growing earnings and attractive income streams. Marks & Spencer has been performing better recently, the company is undergoing management changes at the top and there is plenty of scope for improving the business. Balfour Beatty is a high quality, international engineer with a strong balance sheet. Logica is a recovery prospect.

Amongst the sales were soap manufacturer PZ Cussons and contract caterer Compass, following good performance and a fall in their yields, as well as global technology company Smiths after the shares were caught up in takeover speculation which looked overdone. Royal Dutch Shell, Vodafone, Halfords and BP were all reduced. BP had stopped paying a dividend and the proceeds of the sales were recycled into shares which did.

The trust's gilt exposure increased over the 12 months, although advantage was taken of a sharp drop in yields towards the middle of the period, to realise some profits. Within the corporate bond segment, UK transport bond Go-Ahead was added and the National Express holding increased in the belief their businesses would do well in most economic scenarios. The trust retains a large exposure to industrial corporate bonds, with basic industry, consumer non-cyclical and utilities the preferred sectors.

Manager's comments (continued)

Currently, a disconnect exists between macroeconomic uncertainty and a corporate sector that is generally in good health. Companies are reporting profits and in a number of situations this positive outlook is not fully reflected in their share prices. Investors, however, remain somewhat nervous, concentrating on economic news and policy announcements. This situation is likely to persist until faith in a sustainable recovery returns.

Against this uncertain environment, volatility in the equity market is expected to continue in the near term. However, the trust's focus on a diverse range of high quality, cash generative companies combined with a fixed income element should serve investors well in the long run.

* Source: Morningstar, Inc.

Basis: Bid to bid with net income reinvested to 7 January 2011.

** Source: Morningstar, Inc.

Basis: Capital performance with net income reinvested to 7 January 2011.

Please note that the views expressed in this Report should not be taken as a recommendation or advice as to how the Prudential Distribution Trust or any holding mentioned in the Report is likely to perform. If you wish to obtain financial advice as to whether an investment is suitable for your needs, you should consult a financial adviser.

Trust statistics

Sterling Class 'C' units are not generally available to all investors.

Distribution dates and trust facts

Distribution type	xd	payment
First interim	08.04.11	07.06.11
Second interim	08.07.11	07.09.11
Third interim	10.10.11	07.12.11
Final	09.01.12	07.03.12

	Final distribution		Total Expense Ratio ^[b]	
	Inc 07.03.11 ^[a]	Acc 10.01.11 ^[a]	07.01.11	07.01.10
Sterling	p	p	%	%
Class 'A'	1.1240	2.3070	1.58	1.59
Class 'C'	1.2200	n/a	0.02	0.02

^[a] The date on which the final distribution will be paid to Income unitholders and credited to Accumulation unitholders.

^[b] The Total Expense Ratio (TER) shows the relevant annualised operating expenses of each unit class from the most recent reporting period as a single percentage of the average net asset value for that unit class over the same period.

Income accrued from interest-bearing securities is distributed on an effective yield basis.

Trust performance

Performance of unit classes.

	Net asset value per unit as at 07.01.11		Net asset value per unit as at 07.01.10		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
Sterling	p	p	p	p	%	%
Class 'A'	130.09	269.32	123.11	244.57	+5.67	+10.12
Class 'C'	139.22	n/a	130.16	n/a	+6.96	n/a

Trust statistics

Prices

	Calendar year	Income units		Accumulation units	
		Highest	Lowest	Highest	Lowest
Sterling		p	p	p	p
Class 'A'	2006	148.41	137.94	253.51	231.37
	2007	150.90	138.11	262.70	244.63
	2008	143.22	99.40	254.57	185.60
	2009	123.93	95.60	243.64	180.78
	2010	131.42	118.56	269.73	238.06
	2011 ^[a]	132.18	129.94	271.30	269.00
Class 'C'	2006	151.24	139.85	n/a	n/a
	2007	154.56	142.32	n/a	n/a
	2008	147.80	103.62	n/a	n/a
	2009	131.02	100.07	n/a	n/a
	2010	140.37	126.10	n/a	n/a
	2011 ^[a]	141.47	139.07	n/a	n/a

^[a] Up to 10 January 2011.

Past performance is not a guide to future performance.

The price of units and the income from them can go down as well as up, and you may get back less than you invested.

Trust statistics

Income

Dividend income per unit

	Calendar year	Final	Distributed Interims	Total	Reinvested
Sterling (net)		p	p	p	p
Class 'A'	2006	0.9993	4.5383	5.5376	9.2849
	2007	1.1479	4.7130	5.8609	10.1702
	2008	1.2788	4.9180	6.1968	11.2067
	2009	1.4000	4.1340	5.5340	10.5386
	2010	1.3070	4.0770	5.3840	10.7576
	2011 ^[a]	1.1240	-	1.1240	2.3070
Class 'C'	2006	1.1073	4.6844	5.7917	n/a
	2007	1.1937	4.8956	6.0893	n/a
	2008	1.3348	5.1550	6.4898	n/a
	2009	1.4880	4.3960	5.8840	n/a
	2010	1.4000	4.3850	5.7850	n/a
	2011 ^[a]	1.2200	-	1.2200	n/a

[a] Up to final: ex-distribution date 10 January 2011;
payment date 7 March 2011.

Net assets

	Year ended	Value per unit		Number of units	
		Inc	Acc	Inc	Acc
Sterling		p	p		
Class 'A'	Jan 2009	109.82	207.69	41,193,480	25,765,429
	Jan 2010	123.11	244.57	39,424,880	23,054,279
	Jan 2011	130.09	269.32	37,265,380	20,886,479
Class 'C'	Jan 2009	114.73	n/a	83,021,600	n/a
	Jan 2010	130.16	n/a	83,292,600	n/a
	Jan 2011	139.22	n/a	84,550,600	n/a

Total net asset value of trust

Year ended	£
Jan 2009	194,005,000
Jan 2010	213,335,000
Jan 2011	222,441,000

Portfolio

Portfolio statement

as at 7 January 2011

Holding		Value £'000	07.01.11 %	07.01.10 ^[a] %
	Oil & gas producers		9.06	10.42
115,524	BG Group	1,527	0.69	
1,618,227	BP	7,987	3.59	
503,929	Royal Dutch Shell 'B'	10,638	4.78	
	Chemicals		1.35	0.85
92,400	Johnson Matthey	1,890	0.85	
357,192	Yule Catto	718	0.32	
476,256	Yule Catto nil paid	402	0.18	
	Mining		2.09	2.05
96,274	Anglo American	3,151	1.42	
53,875	Lonmin	1,016	0.46	
10,762	Rio Tinto (Regd.)	475	0.21	
	Aerospace & defence		0.40	0.35
252,452	BAE Systems	886	0.40	
	Construction & materials		0.78	0.37
147,631	Balfour Beatty	479	0.21	
2,000,350	Low & Bonar	1,010	0.45	
60,726	Marshalls	62	0.03	
27,893	Morgan Sindall	202	0.09	
	Electronic & electrical equipment		0.14	0.00
88,884	Halma	316	0.14	
	General industrials		0.36	0.54
390,338	Smith (D.S.)	801	0.36	
	Industrial engineering		0.86	0.57
326,404	Vitec Group	1,909	0.86	
	Support services		4.14	3.00
304,723	Berendsen (formerly Davis Service Group)	1,329	0.60	
187,892	Bunzl	1,409	0.63	
89,496	De La Rue	749	0.34	
543,890	Electrocomponents	1,499	0.67	
1,032,946	Filtrona	2,582	1.16	
1,085,116	Hays	1,400	0.63	
217,836	Smiths News	236	0.11	
	Beverages		0.99	0.95
179,046	Diageo	2,195	0.99	
	Food producers		2.64	2.59
307,971	Tate & Lyle	1,649	0.74	
218,794	Unilever	4,236	1.90	
	Personal goods		0.00	0.37
	Tobacco		3.12	2.79
201,927	British American Tobacco	4,935	2.22	
101,268	Imperial Tobacco	2,007	0.90	

Portfolio

Portfolio statement (continued)

as at 7 January 2011

Holding	Value £'000	07.01.11 %	07.01.10 ^[a] %
Pharmaceuticals & biotechnology		6.56	6.43
174,194 AstraZeneca	5,251	2.36	
559,192 BTG	1,263	0.57	
648,599 GlaxoSmithKline	8,065	3.63	
Food & drug retailers		0.87	0.67
1,439,995 Booker Group	836	0.38	
281,207 Sainsbury (I.)	1,091	0.49	
General retailers		1.07	1.29
140,942 Halfords Group	614	0.28	
294,295 Home Retail Group	592	0.27	
238,320 Marks & Spencer Group	928	0.42	
40,772 Mothercare	227	0.10	
Media		1.77	1.68
141,541 Daily Mail & General Trust 'A' (non-voting)	825	0.37	
140,961 Pearson	1,421	0.64	
319,812 Reed Elsevier	1,701	0.76	
Travel & leisure		1.48	0.77
116,580 Greene King	549	0.25	
596,736 Ladbrokes	752	0.34	
947,131 Marston's	1,047	0.47	
546,206 William Hill	929	0.42	
Fixed line telecommunications		1.50	1.52
1,060,628 BT Group	1,971	0.89	
1,127,658 Cable & Wireless Communications	552	0.25	
1,128,314 Cable & Wireless Worldwide	809	0.36	
Mobile telecommunications		3.56	3.09
4,539,548 Vodafone Group	7,926	3.56	
Electricity		0.00	0.18
Gas, water & multi-utilities		3.71	2.98
650,267 Centrica	2,187	0.98	
373,029 National Grid	2,162	0.97	
122,798 Severn Trent	1,803	0.81	
352,253 United Utilities	2,112	0.95	
Banks		4.41	4.78
1,420,228 HSBC Holdings	9,815	4.41	
2,613 Lloyds Banking Group	2	0.00	
Financial services		1.17	1.05
185,865 Close Brothers Group	1,632	0.73	
287,215 IP Group	95	0.04	
102,578 Provident Financial	891	0.40	
Life insurance		2.33	1.89
340,308 Aviva	1,392	0.63	
1,509,743 Legal & General Group	1,584	0.71	
87,136 Prudential	595	0.27	
734,427 Standard Life	1,610	0.72	

Portfolio

Portfolio statement (continued)

as at 7 January 2011

Holding	Value £'000	07.01.11 %	07.01.10 ^[a] %
Non-life insurance		0.90	0.72
73,640 Jardine Lloyd Thompson Group	463	0.21	
1,164,858 RSA Insurance Group	1,538	0.69	
Real estate investment trusts		2.06	2.00
173,079 Great Portland Estates	615	0.28	
275,603 Land Securities Group	1,893	0.85	
164,211 Mucklow (A&J) Group	461	0.21	
542,282 Segro	1,596	0.72	
Software & computer services		1.35	1.13
401,161 Logica	536	0.24	
884,620 Sage Group	2,472	1.11	
'AAA' credit rated bonds		4.91	7.27
£497,000 Arkle Master Issuer FRN 2060	481	0.22	
£500,000 Broadgate Financing FRN 2032	414	0.19	
£74,514 Cornerstone Titan FRN 2014	68	0.03	
£377,103 Granite Master Issuer 05-1 FRN 2054 'A6'	350	0.16	
£440,412 Granite Master Issuer 06-1 FRN 2054 'A8'	409	0.18	
£132,124 Granite Master Issuer 07-2 FRN 2054 '4A2'	123	0.05	
£713,930 Granite Mortgages 03-2 FRN 2043	669	0.30	
£496,552 Granite Mortgages 04-3 FRN 2044	464	0.21	
£221,069 Opera Finance FRN 2017	196	0.09	
£490,000 Permanent Financing No.6 FRN 2042	485	0.22	
£4,199,652 Treasury 1.25% IL 2017	4,550	2.04	
£2,450,000 Treasury 4% 2022	2,488	1.12	
£241,000 Unite (USAF) FRN 2017	216	0.10	
'AA' credit rated bonds		2.26	4.15
£800,000 Land Securities Capital Markets Var. Rate 2025	774	0.35	
£555,000 Land Securities Capital Markets Var. Rate 2032	550	0.25	
£322,000 Land Securities Capital Markets Var. Rate 2036	303	0.14	
£437,324 Mitchells & Butlers Finance 5.574% 2030	449	0.20	
£300,000 Places for People 5.09% 2043	299	0.13	
£382,000 Rabobank Capital Funding Trust 4 Var. Rate Perp.	336	0.15	
£400,000 Santander Issuances Var. Rate 2019	387	0.17	
£587,000 Wal-Mart Stores 4.875% 2039	561	0.25	
£500,000 Wal-Mart Stores 5.625% 2034	529	0.24	
£950,000 Wells Fargo 5.25% 2023	851	0.38	

Portfolio

Portfolio statement (continued)

as at 7 January 2011

Holding	Value £'000	07.01.11 %	07.01.10 ^[a] %
		16.79	15.90
£320,000	Abbey National Sterling Capital 11.5% 2017	389	0.17
£319,000	Aegon 6.625% 2039	304	0.14
£930,000	ASIF III (Jersey) 5% 2018	869	0.39
£889,000	ASIF III (Jersey) 5.375% 2016	885	0.40
£750,000	AT&T 5.875% 2017	814	0.37
£3,150,000	BAA Funding Var. Rate 2025	2,964	1.33
£1,050,000	Bank of America 5.25% 2016	986	0.44
£850,000	Bank of America 6.125% 2021	822	0.37
£778,000	Barclays Bank 10% 2021	940	0.42
£962,000	BG Energy Capital 5.125% 2025	953	0.43
£500,000	Centrica 6.375% 2022	551	0.25
£450,000	Centrica 6.4% 2026	496	0.22
£1,023,000	Coca-Cola Enterprises 6.5% 2021	1,179	0.53
£200,000	Crédit Agricole 7.375% 2023	204	0.09
£1,100,000	Crédit Agricole Var. Rate Perp.	869	0.39
£452,000	DnB NOR Bank Var. Rate 2017	475	0.21
£500,000	E.ON International Finance 6% 2019	551	0.25
£1,500,000	Electricité de France 6.125% 2034	1,634	0.73
£900,000	Electricité de France 6.875% 2022	1,045	0.47
£300,000	Fonterra Co-operative Group 9.375% 2023	409	0.18
£1,050,000	GDF Suez 7% 2028	1,248	0.56
£1,190,000	Goldman Sachs Group 7.125% 2025	1,273	0.57
£550,000	HSBC Bank Var. Rate 2030	495	0.22
£1,650,000	HSBC Holdings Var. Rate 2022	1,706	0.77
£1,550,000	JPMorgan Chase 5.375% 2016	1,575	0.71
£297,000	Lloyds TSB Bank 6.5% 2040	267	0.12
£500,000	London Stock Exchange Var. Rate 2016	528	0.24
£1,000,000	McDonalds 6.375% 2020	1,152	0.52
£250,000	Morgan Stanley 5.75% 2017	255	0.11
£1,460,000	Motability Operations Group 6.625% 2019	1,644	0.74
£400,000	Royal Bank of Scotland 6.875% 2025	381	0.17
£675,000	Royal Bank of Scotland 7.5% 2024	687	0.31
£370,000	RWE Finance 5.625% 2023	386	0.17
£175,000	Scottish & Southern 5.875% 2022	187	0.08
£291,000	SPI Electricity & Gas 7.125% 2018	340	0.15
£950,000	Standard Chartered Bank 7.75% 2018	1,075	0.48
£1,400,000	Telefónica Emisiones 5.289% 2022	1,332	0.60

Portfolio

Portfolio statement (continued)

as at 7 January 2011

Holding	Value £'000	07.01.11 %	07.01.10 ^[a] %
'A' credit rated bonds (continued)			
£50,000	Telefónica Emisiones 5.375% 2026	47	0.02
£723,000	Tesco 5% 2023	715	0.32
£988,000	Tesco 6.125% 2022	1,067	0.48
£1,200,000	Thames Water Utilities Finance 6.5% 2032	1,355	0.61
£300,000	Thames Water Utilities Finance 6.75% 2028	348	0.16
£600,000	Verizon Wireless Capital 8.875% 2018	774	0.35
£247,000	Westfield Financial 5.5% 2017	254	0.11
£860,000	Yorkshire Water Services Odsal Finance 6.5876% 2023	970	0.44
'BBB' credit rated bonds		12.09	12.94
£950,000	Anglian Water Services Finance Var. Rate 2040	954	0.43
£400,000	Anglo American Capital 6.875% 2018	445	0.20
£338,000	Anheuser-Busch InBev 9.75% 2024	478	0.21
£1,025,000	BAT International Finance 7.25% 2024	1,199	0.54
£700,000	British Telecommunications Var. Rate 2016	836	0.38
£176,000	Comcast 5.5% 2029	176	0.08
£72,000	Credit Suisse Group Capital Var. Rate. Perp.	76	0.03
£335,000	CRH 8.25% 2015	373	0.17
£588,000	Deutsche Telekom 6.5% 2022	644	0.29
£250,000	ENW Capital Finance 6.125% 2021	270	0.12
£390,000	Eversholt Funding 6.359% 2025	387	0.17
£296,000	Fidelity International 6.75% 2020	296	0.13
£450,000	FirstGroup 6.875% 2024	478	0.21
£814,000	FirstGroup 8.125% 2018	946	0.42
£235,000	FirstGroup 8.75% 2021	287	0.13
£400,000	G4S Var. Rate 2019	448	0.20
£1,000,000	Glencore Finance Europe 6.5% 2019	1,024	0.46
£1,133,000	Go-Ahead Group 5.375% 2017	1,139	0.51
£1,025,000	Imperial Tobacco Finance 8.125% 2024	1,242	0.56
£950,000	Imperial Tobacco Finance 9% 2022	1,221	0.55
£300,000	KPN 5.75% 2029	304	0.14
£695,000	LaFarge 6.625% 2017	709	0.32
£795,000	Legal & General Group 10% IL 2041	950	0.43
£213,000	Lloyds Banking Group 9.625% 2023	240	0.11
£625,000	Lloyds TSB Bank 7.625% 2025	591	0.27
£500,000	Lloyds TSB Bank Var. Rate 2020	489	0.22
£400,000	Lothian Mortgages No.3 FRN 2039	391	0.18

Portfolio

Portfolio statement (continued)

as at 7 January 2011

Holding	Value £'000	07.01.11 %	07.01.10 ^[a] %
'BBB' credit rated bonds (continued)			
£500,000	NEXT 5.875% 2016	525	0.24
£60,000	Northumbrian Water 6% 2017	66	0.03
£250,000	Northumbrian Water 6.875% 2023	288	0.13
£326,000	Rentokil Initial 5.75% 2016	332	0.15
£200,000	Scottish & Southern Var. Rate Perp.	193	0.09
£300,000	Severn Trent Water 6% 2018	327	0.15
£800,000	Severn Trent Water 6.25% 2029	872	0.39
£334,000	Siemens Financier. Var. Rate 2066	349	0.16
£400,000	South Eastern Power Network 5.5% 2026	397	0.18
£106,922	Sutton Bridge Financing 8.625% 2022	116	0.05
£610,000	Tate & Lyle International Finance 6.75% 2019	663	0.30
£300,000	Telecom Italia 6.375% 2019	292	0.13
£150,000	Thames Water Utilities Cayman Finance 5.375% 2025	151	0.07
£290,000	TNT 7.5% 2018	324	0.15
£1,596,000	United Utilities Water 5.75% 2022	1,680	0.75
£330,000	Vector Group 7.625% 2019	363	0.16
£550,000	WPP Finance 6.375% 2020	580	0.26
£1,197,000	Xstrata Canada Financial 7.375% 2020	1,349	0.61
£1,345,000	Yorkshire Water Services Var. Rate 2025	1,402	0.63
'BB' credit rated bonds			0.00
Bonds with no credit rating			3.70
£420,000	Annington Repackaging No.1 5.3236% 2023	411	0.18
£80,000	British Land 5.264% 2035	70	0.03
£166,424	British Land 5.357% 2028	154	0.07
£84,000	British Land 5.357% 2028 (Bearer)	78	0.04

Portfolio

Portfolio statement (continued)

as at 7 January 2011

Holding	Value £'000	07.01.11 %	07.01.10 ^[a] %
Bonds with no credit rating (continued)			
£75,000 British Land 6.75% 2011	76	0.03	
£300,000 British Land 6.75% 2020 (Bearer)	324	0.15	
£240,000 Delamare Finance 6.067% 2029	236	0.11	
£500,000 Guardian Royal Exchange 6.625% 2023	528	0.24	
£314,000 Hammerson 6% 2026	303	0.14	
£365,000 Housing Finance 8.625% 2023	491	0.22	
£453,000 John Lewis 8.375% 2019	537	0.24	
£1,480,000 National Express 6.25% 2017	1,528	0.69	
£200,000 Segro 5.25% 2015	205	0.09	
£250,000 Segro 6% 2019	250	0.11	
£660,000 Segro 6.75% 2024	689	0.31	
£150,000 Washington Mutual Bank 5.5% 2019 ^[b]	0	0.00	
Portfolio of investments (notes 1b & 1d)	216,592	97.37	99.01
Net other assets	5,849	2.63	0.99
Net assets attributable to unitholders	222,441	100.00	100.00

[a] The comparative sector weightings have been re-analysed to reflect changes to the sector classifications.

[b] Unquoted / unlisted.

Asset class split	Value £'000	07.01.11 %	07.01.10 %
Equities	130,498	58.67	55.03
Bonds	86,094	38.70	43.98
Net other assets	5,849	2.63	0.99
Net assets attributable to unitholders	222,441	100.00	100.00

Financial statements

for the year ended 7 January 2011

Statement of total return

	Note	2011		2010	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	3		14,550		25,130
Revenue	4	10,057		10,772	
Expenses	5	(1,658)		(1,549)	
Net revenue before taxation		8,399		9,223	
Taxation	6	(657)		(819)	
Net revenue after taxation			7,742		8,404
Total return before distributions			22,292		33,534
Finance costs: Distributions	12		(8,984)		(9,561)
Change in net assets attributable to unitholders from investment activities			13,308		23,973

Statement of change in net assets attributable to unitholders

	2011		2010	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		213,335		194,005
Amounts received on issue of units	8,741		7,743	
Amounts paid on cancellation of units	(15,199)		(14,889)	
		(6,458)		(7,146)
Stamp Duty Reserve Tax (SDRT)		(30)		(25)
Change in net assets attributable to unitholders from investment activities (see above)		13,308		23,973
Retained distributions on Accumulation units		2,276		2,516
Unclaimed distributions		10		12
Closing net assets attributable to unitholders		222,441		213,335

Financial statements

Balance sheet

	as at 7 January 2011		as at 7 January 2010	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		216,592		211,219
Debtors				
Amounts receivable on issues	168		0	
Debt security interest receivable	2,202		2,495	
Dividends receivable	539		456	
Sales awaiting settlement	370		3,875	
Tax recoverable	6		17	
		<u>3,285</u>	<u>6,843</u>	
Cash and bank balances				
Cash held as bank balances	4,987		4,496	
		<u>4,987</u>	<u>4,496</u>	
Total other assets		8,272		11,339
Total assets		224,864		222,558
Liabilities				
Creditors				
Amounts payable on cancellations	(280)		(237)	
Corporation tax payable	(317)		(433)	
Expenses payable	(58)		(59)	
Net distributions payable on Income units	(1,451)		(1,682)	
Purchases awaiting settlement	(314)		(6,810)	
SDRT payable	(3)		(2)	
		<u>(2,423)</u>	<u>(9,223)</u>	
Total liabilities		(2,423)		(9,223)
Net assets attributable to unitholders		222,441		213,335

Financial statements

Notes to the financial statements

1 Accounting policies

a) **Basis of accounting**

The financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA SORP 2010) in October 2010.

During the year, the trust has adopted the IMA SORP 2010. There are no presentational changes to the 2010 comparatives.

b) **Basis of valuation of investments**

All investments are valued at their fair value as at 12 noon on 7 January 2011, being the last business day of the financial year. The fair value of non-derivative securities is bid price, excluding any accrued interest. Unquoted investments are shown at the Manager's valuation.

c) **Investment gains and losses**

Gains and losses, including exchange differences, on the realisation of investments and increases and decreases in the valuation of investments held at the balance sheet date, including unrealised exchange differences, are treated as capital.

d) **Exchange rates**

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling as at 12 noon on 7 January 2011, being the last business day of the financial year.

e) **Dividend and interest income**

Dividends from quoted equity and non-equity shares are recognised net of attributable tax credits when the security is quoted ex-dividend. Dividends are recognised as either revenue or capital depending upon the nature and circumstances of the dividend receivable.

Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment and is treated as revenue. The effective yield basis amortises any discount or premium on the purchase of an investment over its remaining life based on estimated future cashflows. Any adjustments resulting from changes in cashflow estimates are treated as capital.

Bank interest is recognised on an accruals basis and treated as revenue.

Financial statements

Notes to the financial statements (continued)

1 Accounting policies (continued)

f) **Stock dividends**

The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the trust. Any enhancement above the cash dividend is treated as capital.

g) **Underwriting commission**

This is treated as revenue and recognised when the issue takes place, except where the trust is required to take up all or some of the shares underwritten, in which case the commission is deducted from the cost of these shares.

h) **Expenses**

For accounting purposes, all expenses (other than those relating to the purchase and sale of investments and Stamp Duty Reserve Tax) are charged against revenue for the year on an accruals basis.

i) **Apportionment of income and expenses to multiple unit classes**

With the exception of the Manager's periodic charge and registration fees, which are directly attributable to individual unit classes, all income and expenses are apportioned to the trust's unit classes pro-rata to the value of the net assets of the relevant unit class on the day that the income or expenses are recognised.

j) **Taxation**

The rate of corporation tax for the trust is 20%, with relief for double taxation taken where appropriate. The tax accounting treatment follows the principal amounts involved.

k) **Deferred taxation**

Deferred tax is provided for in respect of timing differences that have originated but not reversed by the balance sheet date, with the exception of those regarded as permanent differences. Any liability to deferred tax is provided at the average rate of tax expected to apply. A deferred tax asset is recognised to the extent that it is expected to be utilised, based on the likelihood of taxable profits arising in the next twelve month period from which the future reversal of timing differences can be deducted. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Financial statements

Notes to the financial statements (continued)

1 Accounting policies (continued)

1) Distribution policy

The policy of the trust is to distribute all available income, excluding any items treated as capital in accordance with the above policies and after deduction of expenses properly chargeable against revenue. In determining the distribution of the trust, the Manager's periodic charge is offset against capital. The effect of this is that the distribution is determined as if the Manager's periodic charge had been charged to capital. Stock dividends form part of the distributable income.

Income attributable to Accumulation unitholders is retained at the end of each distribution period and represents a reinvestment of income. All remaining income is distributed in accordance with the Collective Investment Schemes sourcebook.

Distributions which have remained unclaimed by unitholders for more than six years are credited to the capital property of the trust.

2 Risk management policies

In pursuing the trust's investment objective, as set out on page 1, the Manager accepts market price risk, interest rate risk and credit risk in relation to the investment portfolio.

The capital value of equity investments within the trust depends on the performance of the stockmarkets the trust is invested in.

In the context of the trust's objective, the Manager may, on occasion, make an investment with a view to securing a particular dividend to enhance distributable income. This can act as a constraint on short-term capital performance.

The capital value of bond investments within the trust may be affected by interest rate fluctuations. When interest rates rise the capital value is likely to fall and vice versa. The effect is more apparent where portfolios are invested in long dated securities, such as this trust.

The Manager considers the credit rating, yield and maturity of corporate bonds in order to ensure that the yield fully reflects any perceived risk. The capital value of investments within the trust will fall in the event of the default or perceived increased credit risk of an issuer.

Financial statements

Notes to the financial statements (continued)

2 Risk management policies (continued)

Generally, the Manager will not seek to hedge exposure to market price risk since he believes that, in the long term, such hedging would be detrimental to total return. Accordingly, although permitted by the Prospectus, the trust has not used derivative instruments.

Income arising in foreign currencies is generally converted into sterling shortly after receipt and is not hedged in advance of receipt.

All of the Manager's periodic charge, net of any tax relief available, is offset against capital in determining the distribution of the trust, thereby increasing the level of distributable income whilst restraining the trust's capital performance to an equivalent extent. This policy increases investment opportunities in lower yielding companies and the Manager believes that this should facilitate maximising the total return of the trust, consistent with the yield target.

The trust's assets comprise securities of which the majority can be readily realised to meet obligations that may arise on the redemption of units. It is the Manager's policy that the trust should normally be close to fully invested but this is subject to the need to retain liquidity for the purpose of effecting the redemption of units, and the efficient management of the trust in accordance with its objectives. There may, therefore, be occasions when there will be higher levels of liquidity, for example following the issue of units or the realisation of investments. Higher liquidity levels may also arise when the trust's asset allocation policy is changed.

These policies have been consistently applied since the beginning of the financial year (07.01.10: same).

Financial statements

Notes to the financial statements (continued)

3 Net capital gains

	2011 £'000	2010 £'000
Non-derivative securities	14,555	25,139
Effective yield adjustments	0	(5)
Transaction charges	(5)	(4)
Net capital gains	14,550	25,130

4 Revenue

	2011 £'000	2010 £'000
Bank interest	10	7
Interest on debt securities	4,898	5,502
Property income dividends	29	78
Stock dividends	509	443
UK dividends	4,606	4,687
Underwriting commission	5	55
Total revenue	10,057	10,772

5 Expenses

	2011 £'000	2010 £'000
Payable to the Manager or associate		
Manager's periodic charge	1,552	1,446
Payable to the Trustee or associate		
Trustee's fee (including VAT)	17	15
Distribution fees	1	1
	18	16
Other expenses		
Audit fee (including VAT)	9	9
Registration fees	71	70
Safe custody charge	8	8
	88	87
Total expenses	1,658	1,549

Financial statements

Notes to the financial statements (continued)

6 Taxation

	2011 £'000	2010 £'000
a) Analysis of charge in the year		
Corporation tax	657	820
Current tax charge (note 6b)	657	820
Deferred tax (note 6c)	0	(1)
Total taxation	657	819
b) Factors affecting taxation charge for the year		
Net revenue before taxation	8,399	9,223
Corporation tax at 20%	1,680	1,845
Effects of:		
UK dividends [a]	(921)	(937)
Stock dividends not taxable	(102)	(89)
Revenue taxable in different periods	0	1
Current tax charge (note 6a)	657	820

[a] As an authorised unit trust this item is not subject to corporation tax.

c) Provision for deferred taxation

Provision at the start of the year	0	1
Deferred tax in profit and loss account (note 6a)	0	(1)
Provision at the end of the year	0	0

The trust has no unrecognised deferred tax asset at the year end (07.01.10: same).

7 Contingent liabilities and outstanding commitments

Rights issues

At the balance sheet date, the trust had a contingent liability of £552,457 (2010: nil) in respect of 476,256 Yule Catto nil paid shares resulting from a rights issue, whereby three nil paid shares were issued for every four ordinary shares held. The nil paid shares may be exercised on 17 January 2011 at £1.16 per share.

Subsequent to the year end, the rights were exercised.

Financial statements

Notes to the financial statements (continued)

8 Related parties

Prudential Unit Trusts Limited, as Manager and The Royal Bank of Scotland plc, as Trustee, are regarded as controlling parties by virtue of having the ability to act in concert in respect of the operations of the trust. Prudential Unit Trusts Limited acts as principal on all the transactions of units in the trust except with in-specie transactions, where Prudential Unit Trusts Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the statement of change in net assets attributable to unitholders and note 12. Amounts due to / from Prudential Unit Trusts Limited in respect of unit transactions at the year end are disclosed in the balance sheet where applicable.

Amounts paid to Prudential Unit Trusts Limited in respect of the Manager's periodic charge and amounts paid to The Royal Bank of Scotland plc in respect of the Trustee's fee are disclosed in note 5. Amounts due at the year end are disclosed in the balance sheet where applicable.

During the year, there were transactions in shares in related parties of Prudential Unit Trusts Limited with a total value of £249,000 (2010: £1,906,000) and in shares in related parties of The Royal Bank of Scotland plc with a total value of £nil (2010: £146,000).

At the balance sheet date, the trust held shares in related parties of Prudential Unit Trusts Limited with a value of £595,000 (07.01.10: £758,000).

At the balance sheet date, material unitholders from within Prudential plc, of which Prudential Unit Trusts Limited is a wholly owned subsidiary, have holdings totalling 59.25% (07.01.10: 57.14%) of the trust's units.

9 Financial instruments

The policies applied in the management of financial instruments are set out in note 2.

Short-term debtors and creditors have only been included in respect of the currency exposure when this is applicable (07.01.10: same).

Currency exposure

There was no significant foreign currency exposure within the trust at the balance sheet date (07.01.10: same).

Financial statements

Notes to the financial statements (continued)

9 Financial instruments (continued)

Interest rate profile

	Floating rate financial assets		Fixed rate financial assets		Total	
	as at 07.01.11 £'000	as at 07.01.10 £'000	as at 07.01.11 £'000	as at 07.01.10 £'000	as at 07.01.11 £'000	as at 07.01.10 £'000
UK government / corporate bonds	4,266	6,586	81,828	87,250	86,094	93,836
Bank balances	4,987	4,496	0	0	4,987	4,496
Total	9,253	11,082	81,828	87,250	91,081	98,332

The weighted average gross interest rate of these fixed interest-bearing assets at the balance sheet date was 5.13% (07.01.10: 5.48%) and the weighted average period for which the interest rates were fixed was 7.85 years (07.01.10: 9.35 years) assuming the earliest maturity date for those assets with variable maturity dates.

Floating rate interest-bearing assets at the balance sheet date consist of bank balances, on which interest is calculated at a variable rate by reference to sterling bank deposit rates or the international equivalent; floating rate notes, on which interest is calculated at a variable rate by reference to the London Interbank Offered Rate (LIBOR); and variable rate bonds (07.01.10: same).

Fair values

There is no material difference between the carrying values and fair values of the financial instruments disclosed in the balance sheet (07.01.10: same).

10 Portfolio transaction costs

	2011 £'000	2010 £'000
a) Purchases		
Purchases excluding transaction costs	232,951	135,065
Commissions	13	23
Taxes	81	106
Total transaction costs	94	129
Total purchases including transaction costs	233,045	135,194
b) Sales		
Sales excluding transaction costs	242,060	140,644
Commissions	(11)	(28)
Total sales net of transaction costs	242,049	140,616

Financial statements

Notes to the financial statements (continued)

11 Unitholder funds

The trust contains Sterling Class 'A' (Income and Accumulation) units and Sterling Class 'C' (Income) units.

The charging structure for each unit class, as at 7 January 2011, is set out in the following table (07.01.10: same):

	Class 'A' %	Class 'C' %
Initial charge:	3.00	n/a
Withdrawal fee: ^[a]	n/a	n/a
Manager's annual remuneration:	1.50	nil

[a] The Manager may, at not less than 60 days notice to unitholders in writing, make a charge on the withdrawal of units. At present no withdrawal fee is levied.

With the exception of the Manager's periodic charge and registration fees, which are directly attributable to individual unit classes, all income and expenses are apportioned to the trust's unit classes pro-rata to the value of the net assets of the relevant unit class on the day that the income or expenses are recognised.

The net asset values for each unit class are set out in the following table:

	07.01.11		07.01.10	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Sterling				
Class 'A'	48,479	56,251	48,535	56,384
Class 'C'	117,711	n/a	108,416	n/a

The net asset value per unit and the number of units are given in the comparative table on page 6. The distribution per unit is given in the distribution tables on pages 26 and 27. Each unit class has the same rights on winding-up.

Financial statements

Notes to the financial statements (continued)

12 Finance costs

	2011 £'000	2010 £'000
Income units (sterling)		
Class 'A' -First interim	525	541
Second interim	587	677
Third interim	451	451
Final	419	515
Class 'C' -First interim	1,211	1,169
Second interim	1,381	1,471
Third interim	1,072	1,009
Final	1,032	1,166
Accumulation units (sterling)		
Class 'A' -First interim	600	628
Second interim	675	774
Third interim	519	522
Final	482	592
Finance costs: Dividend distributions	8,954	9,515
Income deducted on cancellation of units	86	96
Income received on issue of units	(56)	(50)
Finance costs: Distributions	8,984	9,561
Net revenue per statement of total return	7,742	8,404
Expenses offset against capital	1,552	1,446
Relief on expenses offset against capital	(310)	(289)
Undistributed income brought forward	8	8
Undistributed income carried forward	(8)	(8)
Finance costs: Distributions	8,984	9,561

Financial statements

Distribution tables

Dividend distributions on Income units	Net income	Equal- isation	Distribution paid / payable	
			2010/11	2009/10
	p	p	p	p
Sterling				
Class 'A' - First interim				
Group 1:	1.3470	-	1.3470	1.3260
Group 2:	0.5374	0.8096	1.3470	1.3260
- Second interim				
Group 1:	1.5350	-	1.5350	1.6760
Group 2:	0.6298	0.9052	1.5350	1.6760
- Third interim				
Group 1:	1.1950	-	1.1950	1.1320
Group 2:	0.4479	0.7471	1.1950	1.1320
- Final				
Group 1:	1.1240	-	1.1240	1.3070
Group 2:	0.3787	0.7453	1.1240	1.3070
Class 'C' - First interim				
Group 1:	1.4560	-	1.4560	1.4090
Group 2:	0.6682	0.7878	1.4560	1.4090
- Second interim				
Group 1:	1.6490	-	1.6490	1.7770
Group 2:	0.7481	0.9009	1.6490	1.7770
- Third interim				
Group 1:	1.2800	-	1.2800	1.2100
Group 2:	0.4720	0.8080	1.2800	1.2100
- Final				
Group 1:	1.2200	-	1.2200	1.4000
Group 2:	0.3612	0.8588	1.2200	1.4000

Financial statements

Distribution tables (continued)

Dividend distributions on Accumulation units	Net income	Equalisation	Amount reinvested	
			2010/11	2009/10
	p	p	p	p
Sterling Class 'A' - First interim				
Group 1:	2.6760	-	2.6760	2.5076
Group 2:	1.0676	1.6084	2.6760	2.5076
- Second interim				
Group 1:	3.0821	-	3.0821	3.2124
Group 2:	1.2645	1.8176	3.0821	3.2124
- Third interim				
Group 1:	2.4301	-	2.4301	2.2046
Group 2:	0.9108	1.5193	2.4301	2.2046
- Final				
Group 1:	2.3070	-	2.3070	2.5694
Group 2:	0.7773	1.5297	2.3070	2.5694

First interim period 08.01.10 - 07.04.10

Second interim period 08.04.10 - 07.07.10

Third interim period 08.07.10 - 07.10.10

Final period 08.10.10 - 07.01.11

Group 1: Units purchased prior to a distribution period.

Group 2: Units purchased during a distribution period.

Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

EU savings directive

as at 7 January 2011

The percentage of the Prudential Distribution Trust held in interest-bearing assets (as defined by the UK rules for the EU Savings Directive 2003/48/EC) is 37.22%.

Statement of the Manager's responsibilities

The Collective Investment Schemes sourcebook (COLL), as issued (and amended) by the Financial Services Authority (FSA) requires the Manager to prepare the annual report and financial statements for each financial year which give a true and fair view of the financial affairs of the Scheme and of its net revenue and net gains for the year. In preparing the financial statements the Manager is required to:

- a) Select suitable accounting policies and then apply them consistently.
- b) Comply with requirements of the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in October 2010.
- c) Follow generally accepted accounting principles and applicable accounting standards.
- d) Keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.
- e) Make judgments and estimates that are reasonable and prudent.
- f) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that this Scheme will continue in operation.

The Manager is responsible for the management of the Scheme in accordance with its Trust Deed, Prospectus and COLL.

The Manager is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's responsibilities

In respect of the scheme and report of the Trustee to the unitholders of the Prudential Distribution Trust for the year ended 7 January 2011

The Trustee is responsible for the safekeeping of all the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is managed in accordance with the Financial Services Authority's Collective Investment Schemes sourcebook (COLL), as amended, the Scheme's Trust Deed and Prospectus, in relation to the pricing of, and dealings in, units in the Scheme; the application of revenue of the Scheme; and the investment and borrowing powers of the Scheme.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects, the Manager:

- i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the Trust Deed, Prospectus and COLL.
- ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

The Royal Bank of Scotland plc
Trustee
Edinburgh
15 February 2011

Directors' statement

This report has been prepared in accordance with the requirements of the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Services Authority.

G W MacDowall
J R Talbot
Directors
Prudential Unit Trusts Limited
15 February 2011

Independent auditors' report

Independent auditors' report to the unitholders of the Prudential Distribution Trust ('the trust')

We have audited the financial statements of the Prudential Distribution Trust for the year ended 7 January 2011 which comprise the statement of total return, the statement of change in net assets attributable to unitholders, the balance sheet, the related notes and the distribution tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

Respective responsibilities of Authorised Fund Manager and Auditors

As explained more fully in the Authorised Fund Manager's Responsibilities Statement the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and the overall presentation of the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view of the financial position of the trust at 7 January 2011 and of the net revenue and the net gains of the scheme property of the trust for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the trust have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
London
15 February 2011

The financial statements are published at www.pru.co.uk/managersreports, which is a website maintained by Prudential UK ('Prudential'). The maintenance and integrity of the Prudential Unit Trust website is the responsibility of the Authorised Fund Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Notes to unitholders

Please note that with effect from 1 November 2010 the provision of Fund Accounting and the daily calculation of fund prices (Price Making) for all our funds is being undertaken by State Street Bank and Trust Company.

Mr Trevor Cheal resigned as a Director of Prudential Unit Trusts Limited on 31 March 2010.

Mr Mark Thompson was appointed as a Director of Prudential Unit Trusts Limited on 18 May 2010, and resigned as a Director of Prudential Unit Trusts Limited on 10 December 2010.

General information

If you would like further details about any aspects of your investment please contact Customer Relations.

Prudential Unit Trusts Limited,
PO Box 9022, Chelmsford, Essex CM99 2WA

Please remember to quote your name, customer number, and sign any written communication to Prudential. Failure to provide this may affect your ability to transact with us.

Alternatively, if you are unsure whether your investment remains suitable, you should seek financial advice.

Prudential Unit Trust prices can be obtained from our website at www.pru.co.uk or by telephoning Customer Relations on 0845 783 5500.

For security purposes and to improve the quality of our service, we may record and monitor telephone calls. You will require your customer number. Failure to provide this will affect your ability to transact with us.

Copies of the Prospectus are available on request free of charge.

Prudential Unit Trusts Limited is a member of the Investment Management Association.

You are classified as a 'Retail Client' as defined in the FSA Handbook unless we notify you in writing to the contrary.

Category of Trust

The Prudential Distribution Trust is an Authorised Unit Trust Scheme within the meaning of the Financial Services & Markets Act 2000 and has been established as a 'UCITS' Scheme (Undertakings for Collective Investment in Transferable Securities).

Manager

Prudential Unit Trusts Limited,
Laurence Pountney Hill, London EC4R 0HH
Telephone: 0845 783 5500
(Authorised and regulated by the Financial Services Authority)

Directors

L U Darby
C I Jackson
M Lewis
G W MacDowall
L J Mumford
W J Nott
L J Scrine
J R Talbot

Secretary

M&G Management Services Limited

Investment adviser

M&G Investment Management Limited,
Laurence Pountney Hill, London EC4R 0HH
(Authorised and regulated by the Financial Services Authority)

Registrar

International Financial Data Services (UK) Limited,
IFDS House, St. Nicholas Lane, Basildon, Essex SS15 5FS
(Authorised and regulated by the Financial Services Authority)

Trustee

The Royal Bank of Scotland plc,
Trustee & Depositary Services, The Broadstone,
50 South Gyle Crescent, Edinburgh EH12 9UZ
(Authorised and regulated by the Financial Services Authority)

Independent auditors

Each trust has its financial statements audited by an independent firm of auditors. The audited financial statements are published every year within the Manager's Annual Report.

PricewaterhouseCoopers LLP,
Hay's Galleria, 1 Hay's Lane, London SE1 2RD



www.pru.co.uk

'Prudential' is a trading name of Prudential Unit Trusts Limited and Prudential Personal Equity Plans Limited. This name is also used by other companies within the Prudential Group, which between them provide a range of financial products including life assurance, pensions, savings and investment products. Prudential Unit Trusts Limited and Prudential Personal Equity Plans Limited are registered in England and Wales under numbers 1796126 and 2059989 respectively. Registered Office at Laurence Pountney Hill, London EC4R 0HH. Authorised and regulated by the Financial Services Authority.