

1999 Results

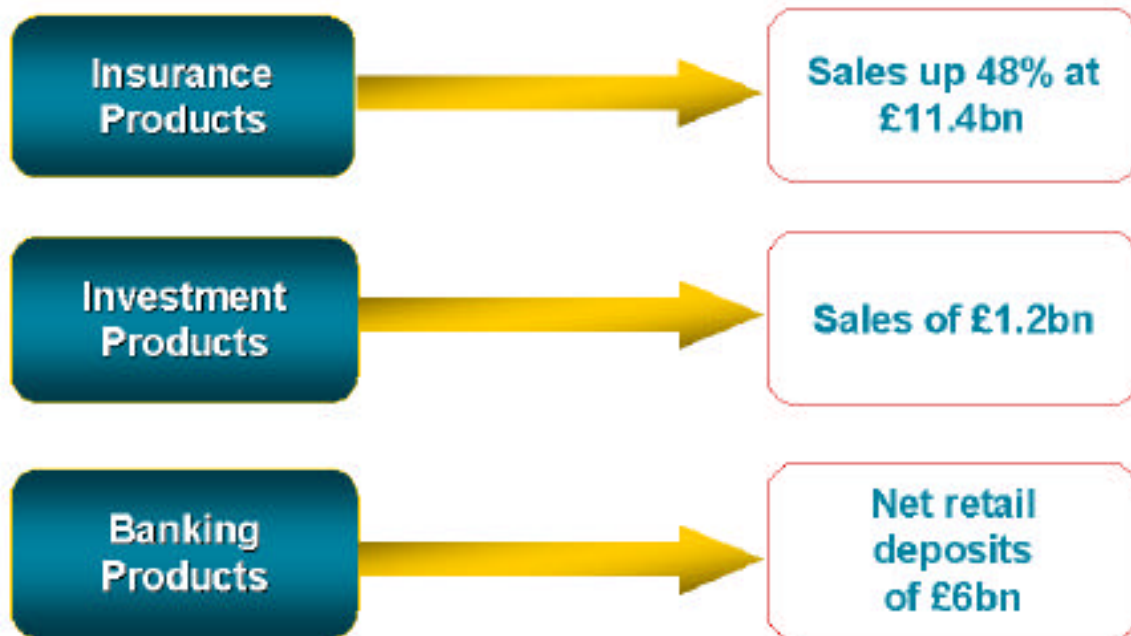


Maintaining the momentum

- New UK business model
- Acquisition of M&G
- Strong result from Jackson National Life
- Expansion of Asian operations
- Development of egg:|
- Management succession

- Progress in developing the new UK business model.
- Successfully acquired and integrated M&G.
- Excellent results at Jackson National Life.
- Significant progress in expanding our Asian operations.
- Continue to capitalise on the first mover advantage with egg:|.

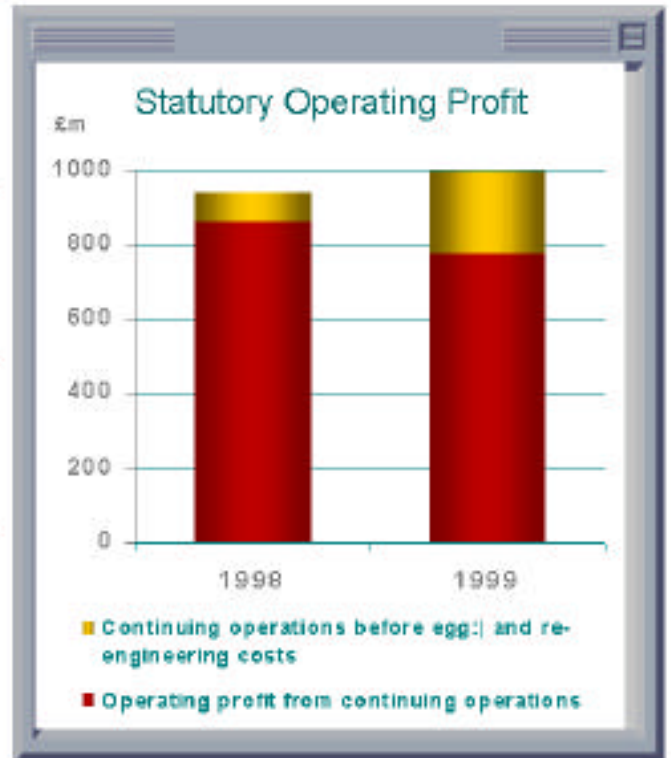
New funds of £18.6bn in 1999



- Record in-flow of over £18 billion of new funds.
- Sales of long term insurance products up by almost 50% to £11.4 billion.
- Sales of investment product sales up over five times to £1.2 billion.
- Net banking in-flows of almost £6 billion.

Underlying operating profit from continuing operations up 6%

	1999 £m	1998 £m	%
Continuing operations before egg: and re-engineering costs	996	937	+6
Operating profit from continuing operations	776	860	-10



- Underlying operating profit up 6%, before investment in egg:| and UK re-engineering costs.
- Operating profit, before the amortisation of goodwill, was £776 million.

Growth in underlying operating profit

£m	Long Term Insurance	UK General Insurance	UK Asset Mgt	USA	Asia & Europe	Other	Total
1998	404	39	28	411	17	38	937
1999	454	61	87	451	21	(78)	996
+/- (%)	12%	56%		10%	24%		

- 12% growth from UK long term insurance businesses to £454 million.
- 56% growth from UK general insurance operations to £61 million.
- US business has grown by 10% to £451 million, Asia and Europe grown by 24% to £21 million.

12% growth in UK long term insurance businesses

£m	UK Long Term Insurance	General Insurance	Asset Mgt	USA	Asia & Europe	Other	Total
1998	404	39	28	411	17	38	937
Change in annual bonus rates	(22)						
Change in maturities	42						
Growth in funds	35						
Other	(5)						
1999	454	61	87	451	21	(78)	996
+/- (%)	12%	56%		10%	24%		

- 12% increase to £454 million.
- Reduction in annual bonus rates has impacted profits by £22 million.
- Exceptional level of maturities in 1999 increased profits by £42 million.
- Growth in funds under management contributed an additional £35 million of profits.

Strong profit growth from general insurance

£m	Long Term Insurance	UK General Insurance	Asset Mgt	USA	Asia & Europe	Other	Total
1998	404	39	28	411	17	38	937
Improved claims ratio		12					
Improved expense ratio		7					
Other		3					
1999	454	61	87	451	21	(78)	996
+/- (%)	12%	56%		10%	24%		

- General insurance profits up 56% to £61 million.
- £12 million is due to improved claims ratio.
- £7 million is due to improved expense ratio.

Asset management profit trebled

£m	Long Term Insurance	General Insurance	UK Asset Mgt	USA	Asia & Europe	Other	Total
1998	404	39	28	411	17	38	937
Acquisition of M&G			56				
Growth in funds			9				
Increased life fund fees			14				
Increased expenses			(15)				
Other			(5)				
1999	454	61	87	451	21	(78)	996
+/- (%)	12%	56%		10%	24%		

- Asset management result has more than trebled to £87 million.
- Increase primarily reflects eight months contribution from M&G of £56 million, ahead of acquisition assumptions.
- Within PPM, growth in funds under management has contributed a further £9 million.
- A revision to the life fund fee basis has generated £14 million of additional profit.

10% growth from US operations

£m	UK			USA	Asia & Europe	Other	Total
	Long Term Insurance	General Insurance	Asset Mgt				
1998	404	39	28	411	17	38	937
Spread				27			
Exchange rate				9			
Average realised gains				6			
Variable annuity fees				11			
Other				(13)			
1999	454	61	87	451	21	(78)	996
+/- (%)	12%	56%		10%	24%		

- Profit from our US operations increased 10% to £451 million.
- £27 million due to increased spread income.
- Exchange rate and realised gains have been beneficial.
- Strong sales of variable annuities and the rise in investment markets boosted fee income by £11 million.

Impact of M&G acquisition

£m	Long Term Insurance	UK		USA	Asia & Europe	Other	Total
		General Insurance	Asset Mgt				
1998	404	39	28	411	17	38	937
Acquisition of M&G						(75)	
Lower interest rates						(15)	
egg: funding						(16)	
Other						(10)	
1999	454	61	87	451	21	(78)	996
+/- (%)	12%	56%		10%	24%		

- Movement from cash to debt explains shift from £38 million of income to £78 million of cost.
- Increased funding from the M & G acquisition amounted to £75 million.
- Lower interest rates and the cost of increased funding for egg:|.

Continued investment in egg:|

- Investment in 1999 of £150m represents:
 - demand for additional capacity
 - investment in egg:| card launch
 - development of future products
 - continued investment in systems
- Estimate that investment for 2000 will be similar to 1999 levels

- Significant continued investment during first full year of operation.
- Increase reflects success of the venture and demand for additional capacity.
- Increased investment in egg:| card launch, development of future products and investment in systems.
- £39 million relates to the negative spread on egg:| deposit rates in excess of base rates.
- The investment for 2000 will be similar to 1999 levels.

Dividend growth of 10%

	1999 £m	1998 £m	%
Operating profit from continuing operations	776	860	-10
Discontinued operations	-	8	
Operating profit before amortisation of goodwill	776	868	-11
Profit on business disposals	-	249	
Amortisation of goodwill	(54)	-	
Short-term fluctuations in investment returns	28	24	
Profit before tax	750	1,141	-34
Effective rate of tax on operating profit	27%	25%	
Operating earnings per share (p)	29.1p	33.7p	-14
Dividend per share	23p	21p	+10

- Amortisation charge of £54 million includes £51 million related to the eight months ownership of M&G.
- Profit on business disposal in 1998 related to Australia and New Zealand.
- Effective tax rate was 27% compared with unusually low rate of 25% in 1998.
- Operating EPS has reduced by 14% to 29.1p.
- Final dividend of 15.3p results in 23p for the year - an increase of 10% on 1998.

Total increase of £0.7bn

- Market estimates industry cost in excess of £15bn
- Increase in provision from £1.1bn to £1.7bn
- Total cost of £2bn
- Increase reflects
 - accelerated timescale of dealing with Phase II
 - additional Phase II cases
 - revised economic and redress assumptions
- Shareholder portion within achieved profit result of £92m

- Market estimates for the industry cost of pensions mis-selling are now in excess of £15 billion.
- Increased provision to £1.7 billion.
- Incurred costs and paid settlements have increased to £0.3 billion.
- Actual costs and provision together have increased to an estimated £2.0 billion.

Underlying operating profit from continuing operations up 21%

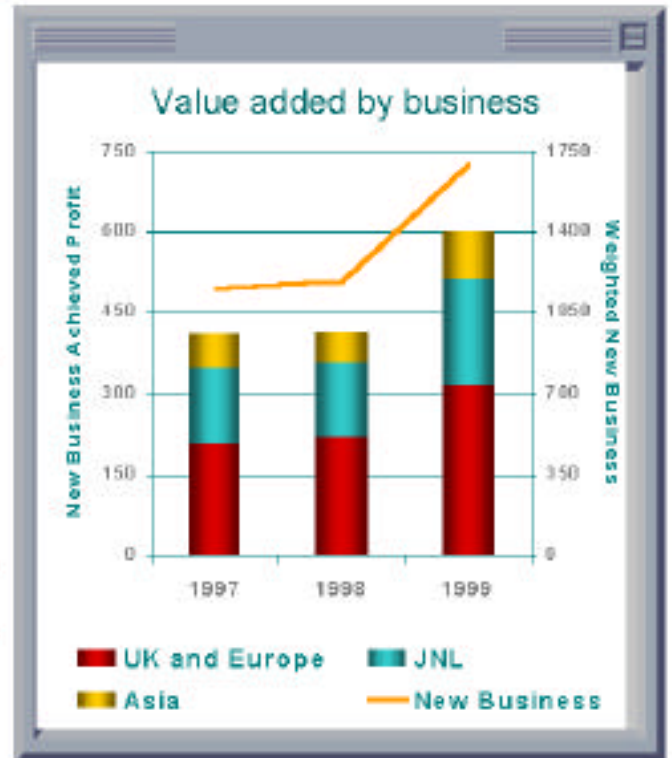
	1999 £m	1998 £m	%
Continuing operations before egg: and re-engineering costs	1,318	1,088	+21
Operating profit from continuing operations	1,098	1,011	+9



- Underlying achieved profits, after the cost of mis-selling, increased 21% to £1.3 billion.
- After investment in egg:| and UK re-engineering costs, operating profit from continuing operations is up 9% to £1.1 billion.

Value added by new business up 46% on prior year

	1999 £m	1998 £m	%
Retail IFA	174	114	+53
PRFS and Annuities	104	77	+35
Group Pensions	26	20	+30
Total UK Operations	304	211	+44
Jackson National Life	198	137	+45
Prudential Asia	90	56	+61
Prudential Europe	11	9	+22
Total	603	413	+46



- Value added from new business up 46% to £603 million.
- UK new business profits up 44% to £304 million.
- Profits from Retail IFA up 53% reflecting growth in sales and revised assessment of the Prudence Bond persistency.
- Profits from Prudential Retail Financial Services up 35% and profits from Group Pensions up 30%: both increases reflect maintained margins in 1999.
- Profits from Jackson up 45% reflecting significant growth in variable annuity and equity linked indexed products.
- Asia new business profits up 61% to £90 million.

In-force result 13% ahead of prior year

	UK & Europe £m	JNL £m	Asia £m	Total £m
Unwind of discount	390	227	43	660
Jackson spread	-	32	-	32
Persistency	43	(38)		5
Other	(8)	13	(8)	(3)
Average realised gains	-	37	-	37
Asia development costs	-	-	(12)	(12)
Total before mis-selling	425	271	23	719
Pensions mis-selling	(92)	-	-	(92)
Total in-force result	333	271	23	627

- Total in-force result from long term business is £627 million.
- UK and European result favourably impacted by a positive persistency variance of £43 million.
- Jackson National Life positive spread variance reflects actual experience ahead of spread assumption. This is due to continued adverse economic conditions.
- The Jackson negative persistency reflects continued attraction of equity based products.

Continued investment across the group

	1999 £bn
Group operating profit after tax	0.6
Dividends declared	(0.5)
Reinvested in businesses to finance growth	(0.3)
<hr/>	
Funds available to holding company	(0.2)
New investment in businesses	(2.3)
Capital repatriated from businesses	0.3
<hr/>	
Holding company net cash movement	(2.2)

- Group operating profit after tax is £0.6 billion.
- Outflows from dividends total £0.5 billion.
- Funds reinvested in businesses of £0.3 billion relates to Jackson.
- New investment of £2.3 billion includes regulatory capital for egg:| and acquisition of M&G.
- Net result is a cash outflow of £2.2 billion.

More efficient balance sheet structure

	1999 31 Dec £bn	1998 31 Dec £bn
Holding company cash	0.1	1.8
Shareholders' borrowings	(1.9)	(1.4)
Net (borrowings)/cash	(1.8)	0.4
Shareholders' funds		
- achieved basis	8.3	7.5
- statutory basis	3.4	3.2
Gearing		
- achieved basis	17%	-

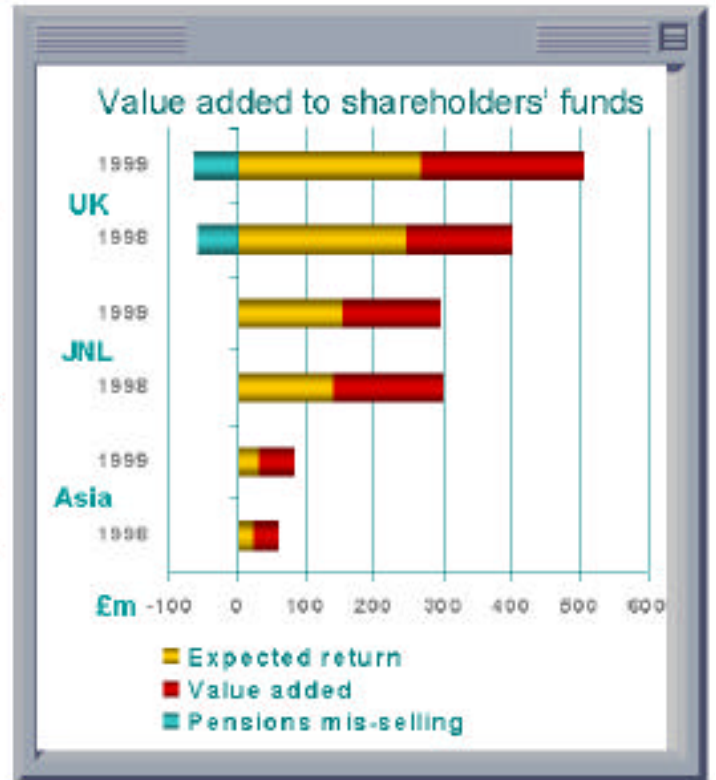
- The acquisition of M&G has moved the Group's balance sheet to a more appropriate level of gearing.
- Total shareholder funds on an achieved profits basis are £8.3 billion with balance sheet gearing of 17%.

Strong return on shareholders' funds

Return on shareholders' funds

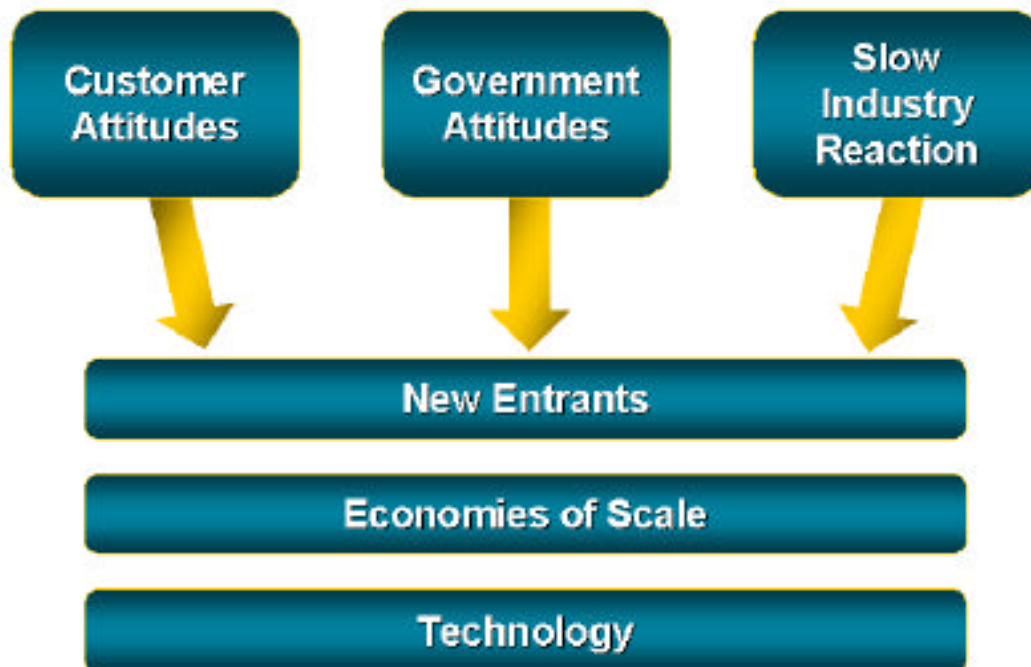
	1999	1998
UK operations		
- before mis-selling costs	12%	11%
- total returns	11%	10%
Jackson National Life	14%	16%
PC Asia *	18%	18%

* Established operations net of development costs



- The UK return before the increased provision for pension mis-selling is 12%.
- Jackson's return of 14% on an embedded value basis is down on the prior year's return which benefited from a lower than usual tax charge.
- Asia has delivered a strong return of 18%.

Market pressures will intensify the pace of change



- 1999 has been a very good year for Prudential, and an exciting time for the industry.
- Customers are now more demanding – they want value and much simpler products, transparency and performance.
- Government is keen for customers to get the products they want.
- The traditional industry has been slow to respond to these mounting pressures.
- The pressure for value puts pressure on costs – both in absolute terms and through economies of scale.
- An increasing use of technology.

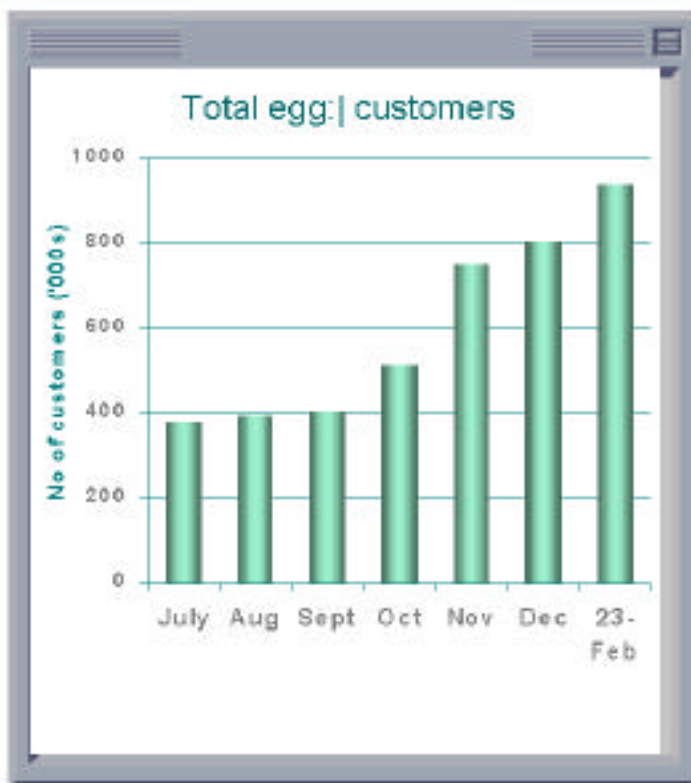
Developing egg:| to realise its full potential

The logo for egg:| is displayed in a bold, dark blue font on a light green background. The word "egg:" is followed by a vertical red line that ends in a small horizontal bar at the top, resembling a colon.

- Realise full potential
- Provide acquisition currency
- Incentivisation
- Maximising value for Prudential shareholders

- Pursue plan for initial public offering of a minority stake subject to progress of the business and favourable market conditions.
- Places a value on the business.
- Gives egg:| an acquisition currency.
- Staff incentivisation.
- Maximises the value of investment for Prudential shareholders.

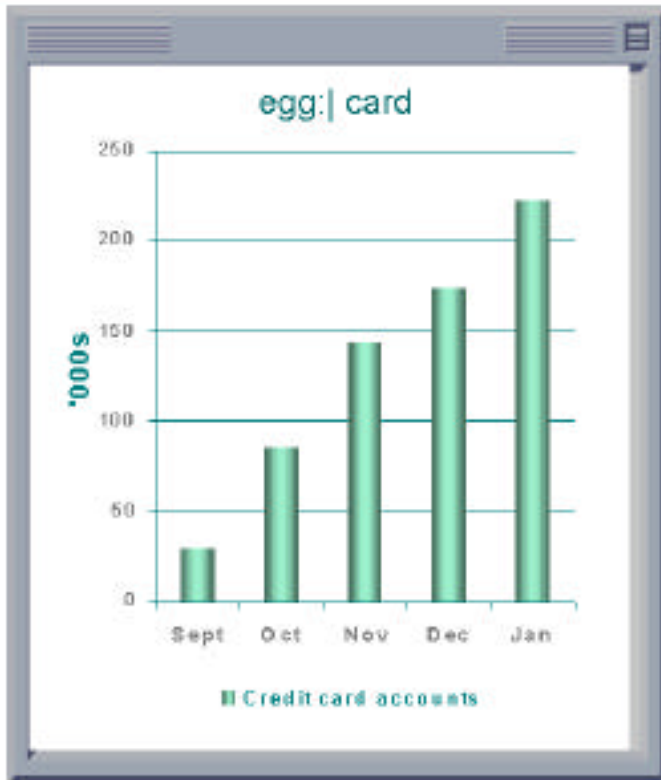
An e-commerce business



- Internet-only applications:
 - deposit account, April 1999
 - egg:| card, Sept 1999
- e-account launched July 1999
- 62% of all deposit transactions serviced over the internet in January
- 90% of mortgage applications received via internet in January

- egg:| currently has over 900,000 customers.
- egg:| customers want to purchase and service their financial products over the internet.
- Deposit account customers continue to migrate to the internet.
- The greater use our customers make of the internet, the lower the transaction costs.

Successful credit card launch



- Internet only credit card launched mid-September
- 2% cashback on online purchases from preferred retailers
- Over 250,000 accounts to date
- Credit card balances of £348m

- Currently have over a quarter of a million account-holders, all of whom have applied over the internet.
- Currently £348 million of credit card balances.

A business designed for the web



- Mutual fund supermarket
- On-line share dealing
- Current account
- Mobile internet (WAP)

- Financial services business designed for the web.
- The Shopping Zone is a major new initiative offering customers an on-line shopping facility.
- Moved into intermediated products.
- Innovative products will be launched in 2000.

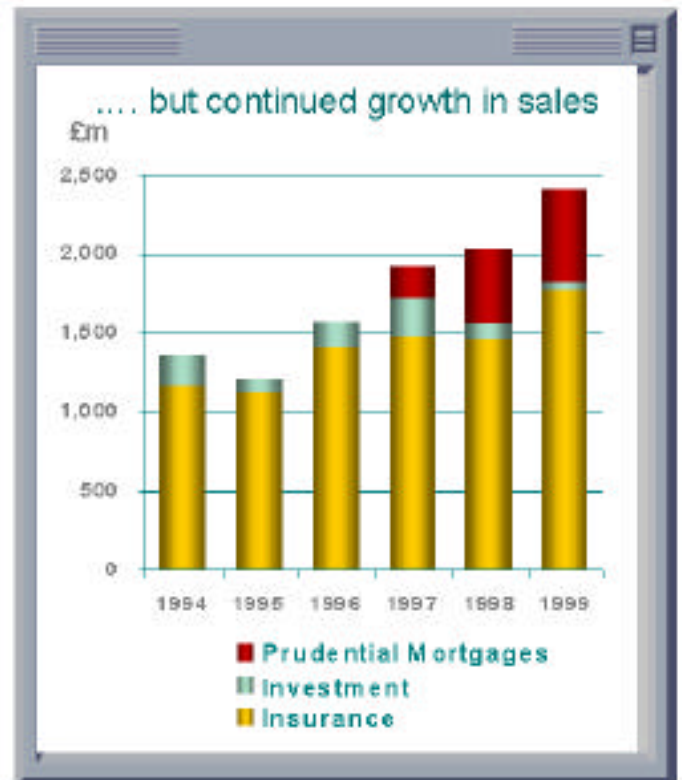
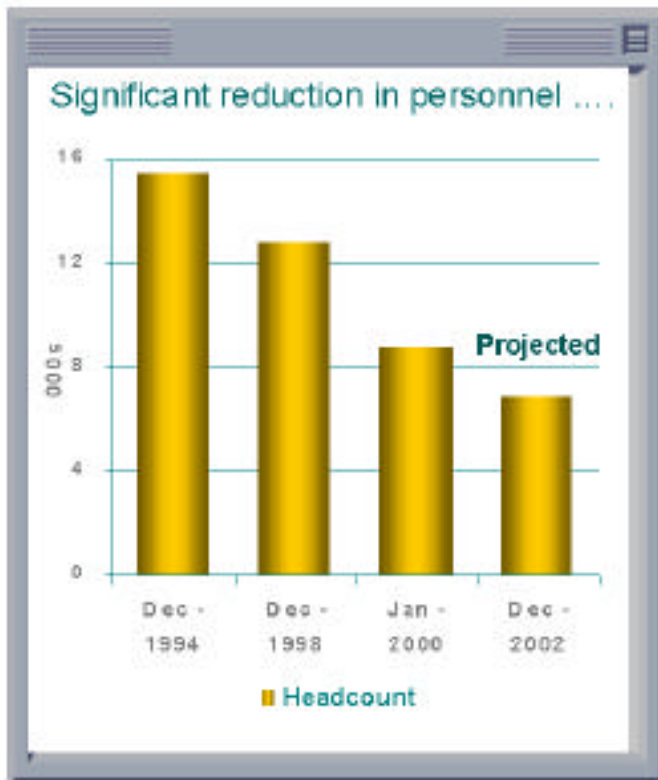
Strong brand recognition

The logo for egg:| is displayed in a dark blue, bold, sans-serif font. The word "egg:" is followed by a vertical red line that extends slightly above and below the height of the text.

- Strong brand awareness
- A web business
- Capitalising on first mover advantage

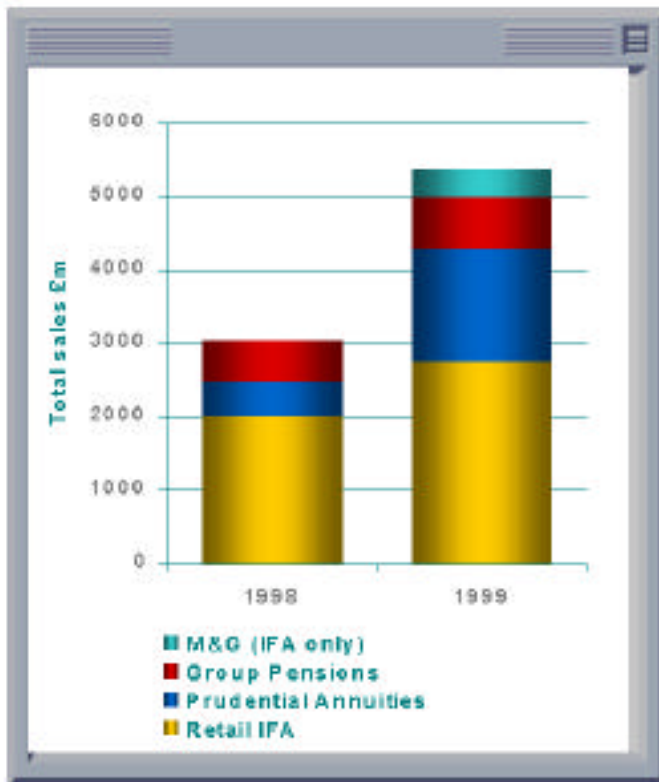
- Built a brand with real resonance.
- egg:| designed as a web business:
 - in attitude to customers;
 - in nature of products;
 - in its economic model;
 - built to cope with future technologies.

Building a fundamentally different business model



- In the last three years a completely new business model has been built.
- Overall headcount has been halved. Announced a reduction in headcount of 5,000 in 1999.
- Salesmen numbers are now 1,900 compared with some 6,000 just three years ago.
- Productivity has risen over the last 12 months by almost 40%.

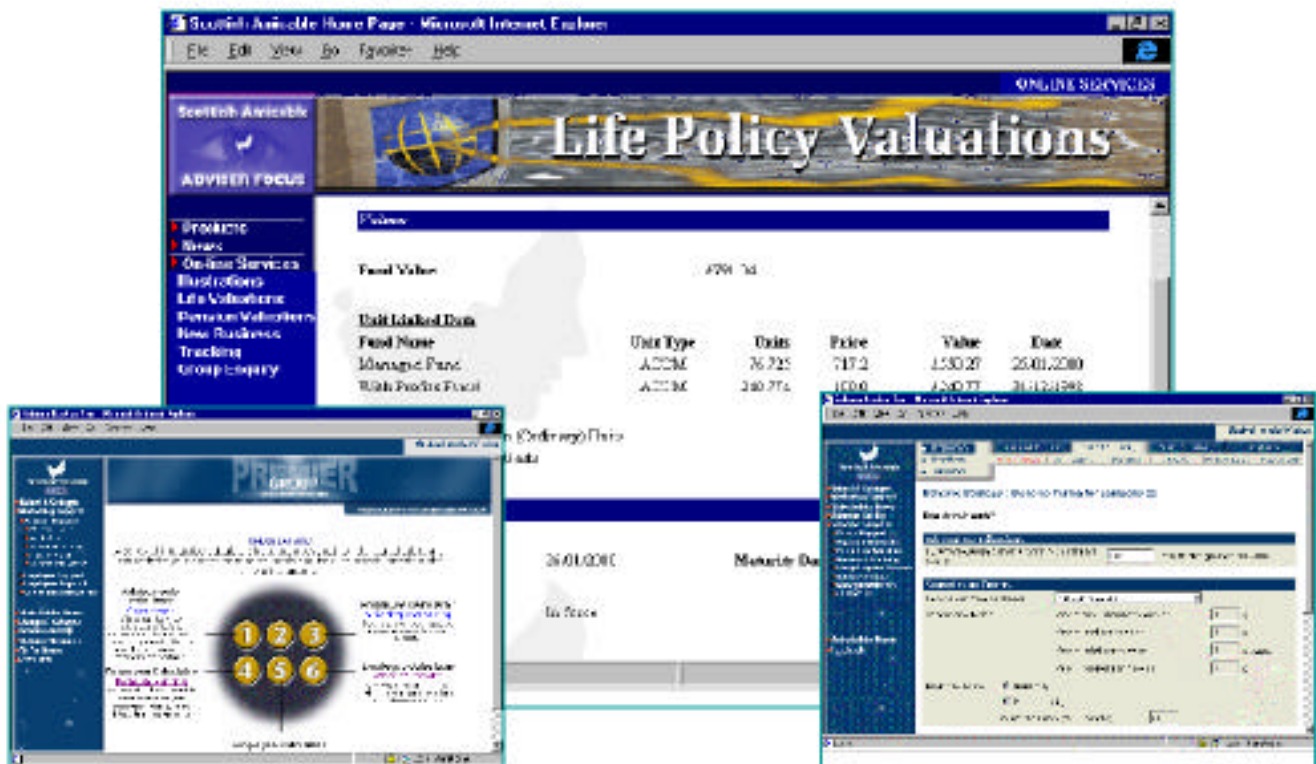
Successful sales growth through IFA channels



- Total growth of 76%
- Growth in annuities boosted by £1bn bulk annuity sales
- 22% increase in Group Pensions
- M&G sales of £375m through IFA channel
- 36% growth by Retail IFA

- Outstanding sales growth of 76% from IFA businesses.
- Prudential Annuities successfully entered the bulk annuity market during 1999.
- Since acquisition, M&G has seen a very strong increase in new business.
- Strong growth in pooled pensions products contributed to the 22% increase in Group Pensions sales.
- Retail IFA sales up 36% due to the strong performance of Prudence Bond.

Differentiate through value added servicing and technology



The screenshot displays the 'Life Policy Valuations' interface. The main content area features a table with the following data:

Fund Name	Unit Type	Units	Price	Value	Exit
Fund Value		4791.74			
Unit Type	ACOM	76.725	717.2	5500.27	25.01.2009
Unit Type	ACOM	240.774	1000	240774	31.12.1998

Two inset windows are shown: one on the left titled 'PRUDENTIAL PREMIER' and one on the right showing a detailed form for 'Life Policy Valuations' with various input fields and checkboxes.

- Technology integral to Scottish Amicable's IFA proposition.
- Scottish Amicable launched an extranet service to IFAs.
- Service will enable IFAs to access on-line services and information.

Clear focus on core strengths



- Fund management core part of the business.
- Fundamentally overhauled our operations in 1999 following M&G acquisition.
- Focus on areas of fund management where we have unique strengths.
- Currently in negotiations to sell our UK institutional equity fund management arm.
- Aligned overseas fund management operations with our overseas operations.

Performance ahead of acquisition targets

- Market growth ahead of acquisition assumptions
- Strong sales performance
- IFA momentum and support continuing
- 5% share of ISA market
- Product innovation



- Strong sales growth in 1999.
- Secured a 5% share of the unit trust ISA market.
- Innovative new product launches.

Improving fund performance

M&G Group

- Continued diversification away from pure 'value' investing
- Increased presence in bond funds
- Launch of innovative new funds
- Smaller top performing equity growth funds in the portfolio

PPM

- Competitor outperformance by UK life fund

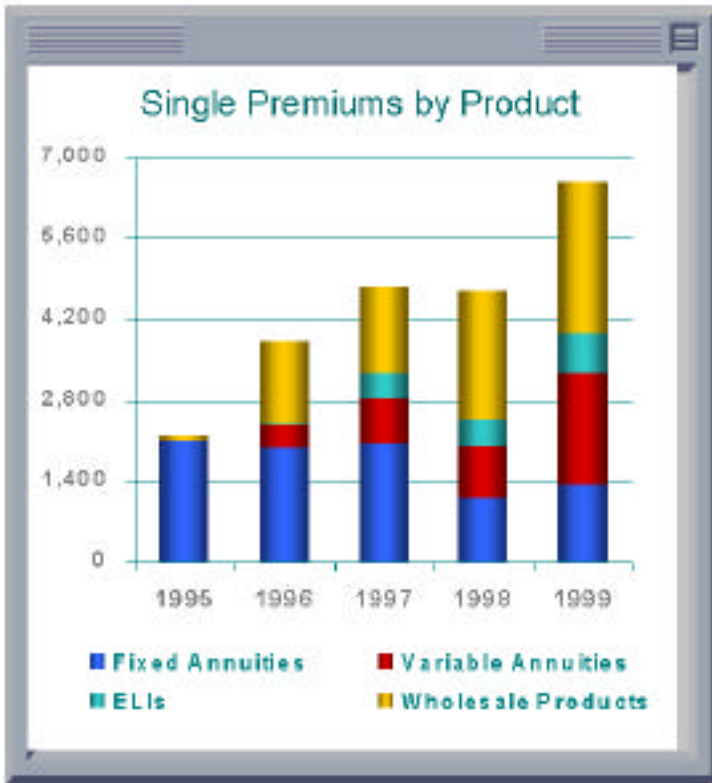
- M&G continues to diversify product range.
- Offers a range of investment styles across different markets.
- Developed strong reputation for fixed income management.
- High Yield Corporate Bond Fund has been particularly successful in 1999.
- UK Life Fund outperformed competitor benchmark in 1999.

A strategy for Europe

- Build retail presence through strategic alliances and broker distribution
 - strategic alliance with CNP
 - joint venture with Signal Iduna
- Launch first new products in 2000

- Announced the formation of Prudential Europe in November.
- Strategy built around a partnership approach in addition to existing European operations.
- Already announced strategic alliances with CNP in France and Signal Iduna in Germany.
- Focus on distributing equity-based savings products.

Variable annuities more than doubled in 1999



- Variable annuities more than doubled
- No.1 provider of equity linked indexed annuities

- Record \$8 billion of total new and renewal premiums in 1999.
- Doubled variable annuity sales.
- Jackson 23rd in market for variable annuity sales in 1999.
- Largest US provider of equity linked indexed annuities.

Internet enhances customer service



- Internet used to enhance customer service.
- Policyholders can access product information, value their portfolio and download forms and prospectuses.
- New services in 2000 include on-line transactions, customised illustrations and presentations - services previously available only on interactive CD-ROM's.
- Distribution channels are supported through use of the internet, both in Jackson and through NPC.
- NPC is amongst the fastest growing players in the US market.

A pan-Asian platform for growth

Established markets

Hong Kong
Singapore
Malaysia

Emerging markets

Thailand
Indonesia
Philippines



New markets

China
Taiwan
Vietnam

Fund Management

India
Hong Kong
Singapore
Japan

- Fundamentally changed the scale and scope of our operations in the region.
- Received a life licence in China and formed a joint venture with the China International Trust & Investment Corporation.
- We will launch in Guangzhou during 2000.
- Obtained a life licence in Vietnam.
- Joint venture with Bank of China in Hong Kong.
- Acquired Chinfon Life in Taiwan.

New operations

Vietnam

- Open for two months
- 4,000 new customers
- Average premium size close to average GDP per capita

Taiwan

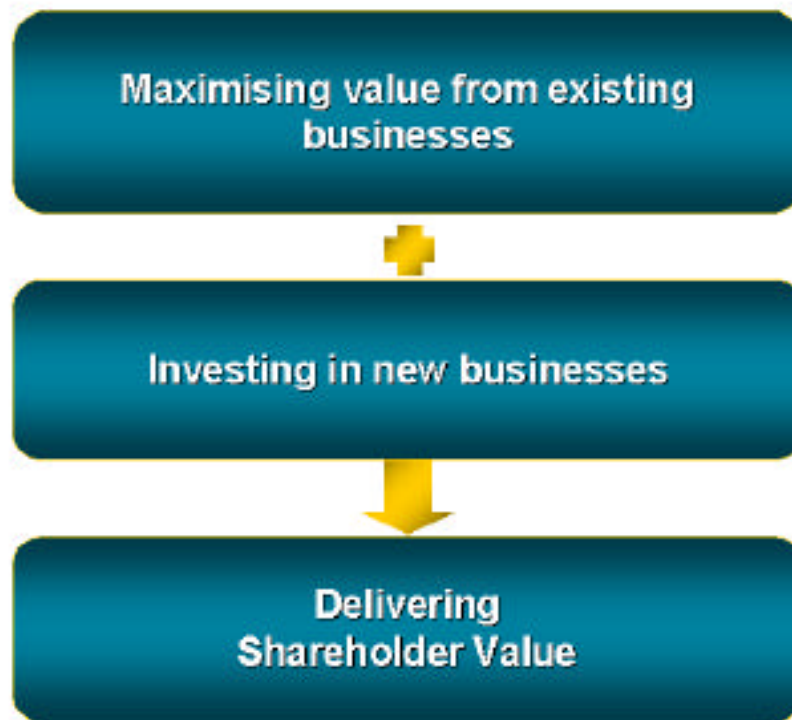
- Successful acquisition
- Highest sales contributor in January
- Growing agency base, now 3,500

India

- Over US\$1bn funds under management
- Over 68,000 investors
- Technology fund attracted US\$125m in four weeks

- Significant progress in new operations.
- First UK company to be granted a life licence in Vietnam.
- Acquired Chinfon Life in Taiwan.
- January sales in Taiwan were largest in Asian operations.
- Expanded our product range with our asset management joint venture in India.

Clear long term objective to deliver shareholder value



- Maximise value from our existing business while investing in new operations.
- Use technology to improve access, service and reduce costs.
- Restructured our UK operations for the changing market.
- Multi-channel, multi-product offering, with real retail focus.
- Objective is to deliver good value, straight-forward products.



Jackson National Life
Insurance Company



Scottish Amicable

M&G


PRUDENTIAL


PRUDENTIAL


PRUDENTIAL
英国保诚保险



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