



Prudential plc 2007 Interim Results

1 August 2007

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Agenda

Introduction

Mark Tucker
Group Chief Executive

Financial Update

Philip Broadley
Group Finance Director

Business Update

Mark Tucker
Group Chief Executive

Q&A

Prudential plc

Continued delivery and momentum

	2005	2006	HY07
EEV operating profit growth ¹	+36%	+28%	+39%
IFRS operating profit growth ¹	+42%	+15%	+27%
Holding Company operating cash flow inflow/(outflow)	£(298)m	£(104)m	£34m ²



Philip Broadley
Group Finance Director

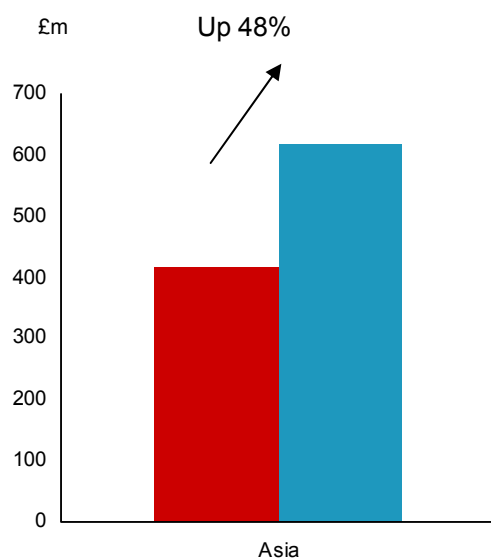
2007 Interim results highlights

- Total EEV operating profit on continuing operations up 39% to £1,326m¹
- Total IFRS operating profit on continuing operations up 27% to £601m¹
- APE sales increased 12% to £1,334m; PVNBP sales £9.7bn up 4%
- New business profit margin steady at 40%, a 12% increase in new business profit to £534m
- Operating cashflow positive for the half-year period
- Interim dividend up 5% to 5.7 pence per share

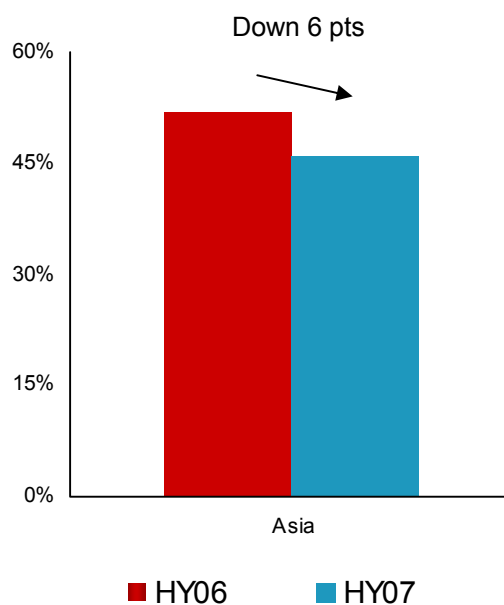
Asia new business value

New business profits up 31%

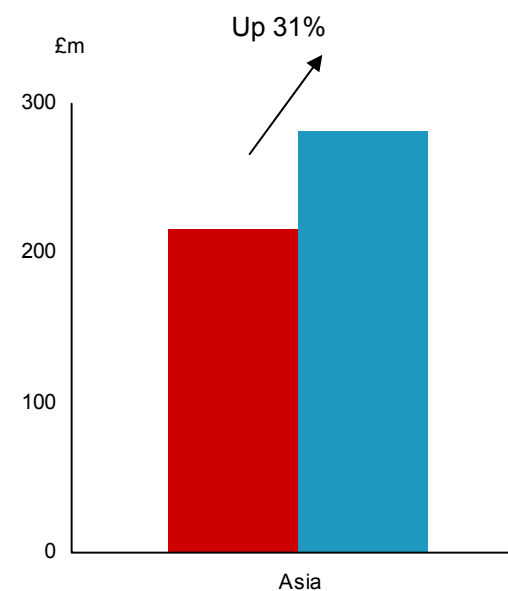
APE sales



Margin



New Business Profits

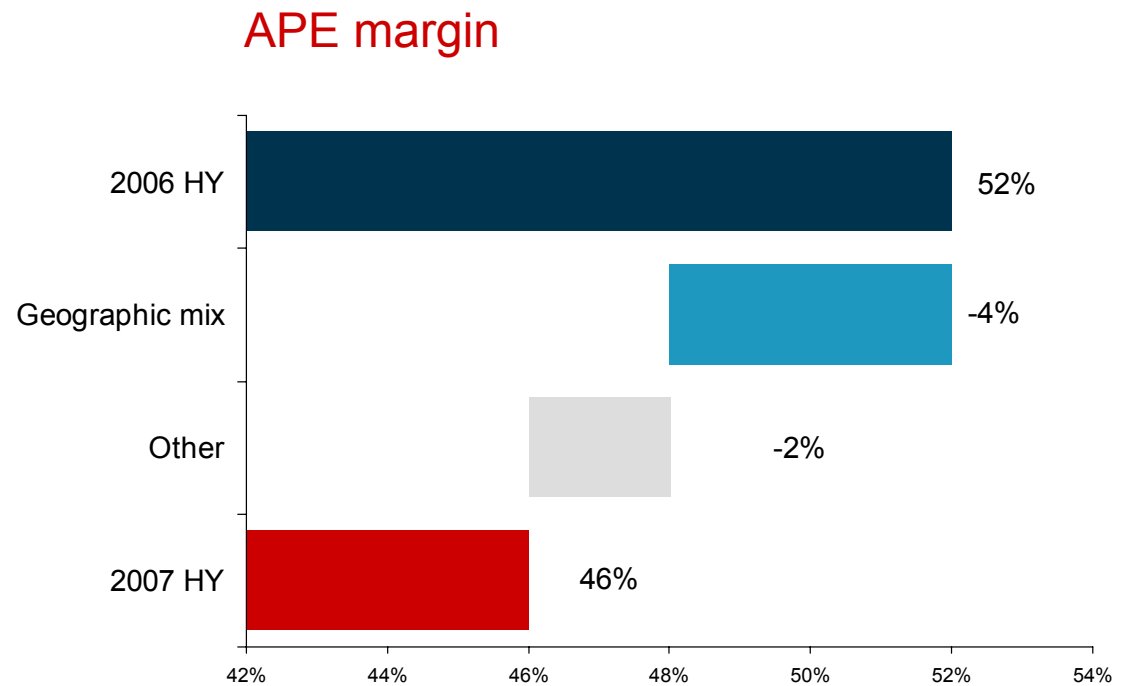


- 72% of sales were unit-linked (68% in HY06)
- Aggregate IRR on new business continues to be over 20%

Asia new business value

Targeting growth in New Business Profits

	HY07 NBP Growth (%)
China	53
Hong Kong	37
India	33
Korea	2
Taiwan	62
Other ¹	25
Overall Growth (%)	31

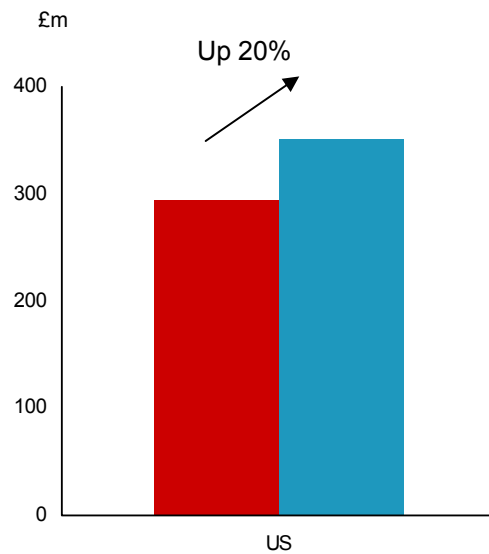


- Focus on new business profit growth
- Geographic mix is the primary driver of margin fall
- Launch of retirement campaign in Taiwan

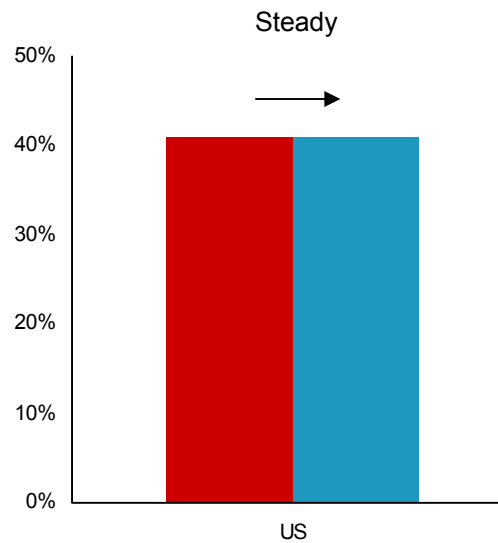
US new business value

Strong sales growth and stable margin

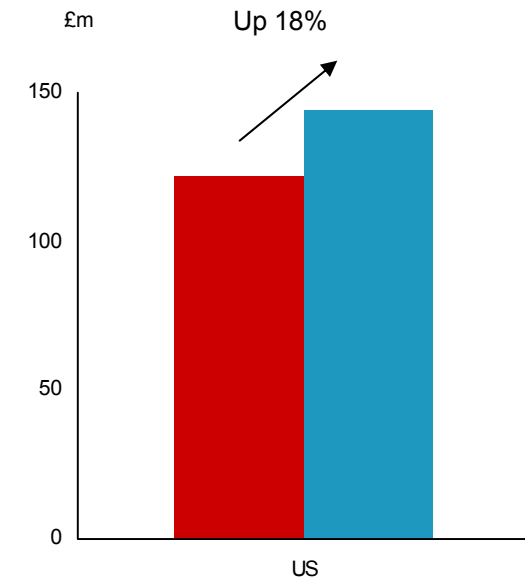
APE sales



Margin



New Business Profits



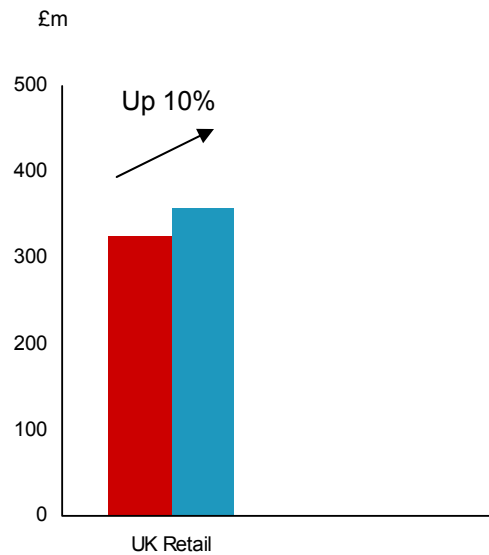
■ HY06 ■ HY07

- VA sales up 31% to £224m APE
- Institutional sales up 14% to £67m APE
- IRR on new business 18%

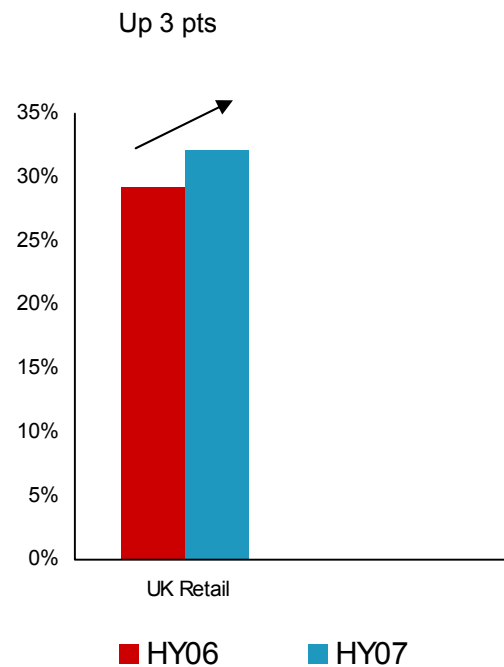
UK new business value

Strong retail growth and profitability

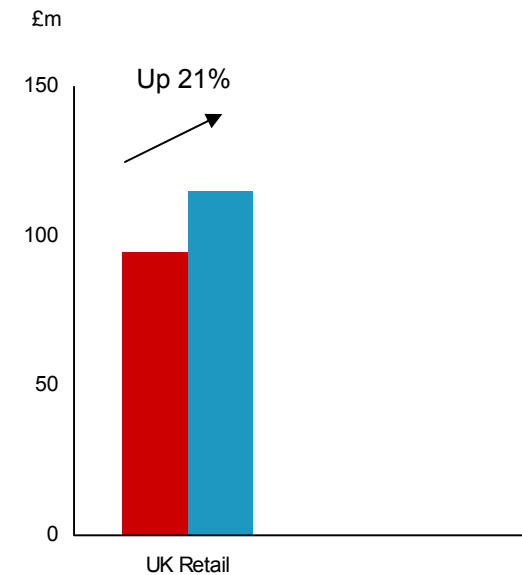
APE sales



Margin



New Business Profits

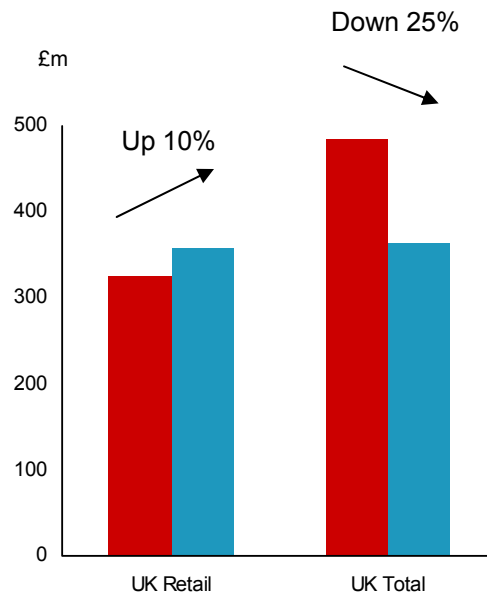


- Retail sales driven by individual annuities, with-profits bonds and corporate pensions

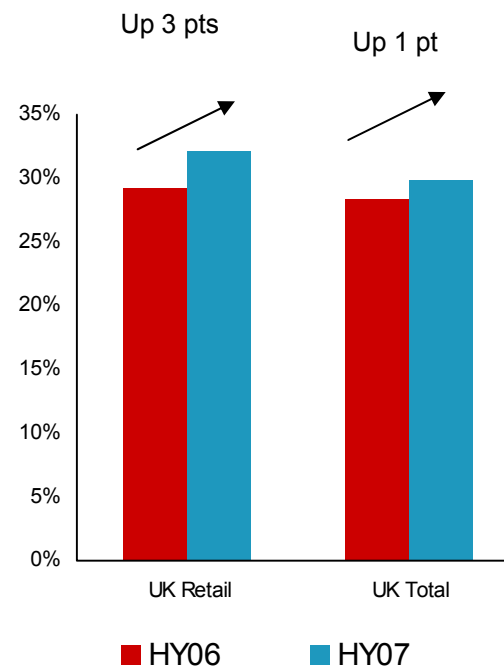
UK new business value

Strong retail growth and profitability

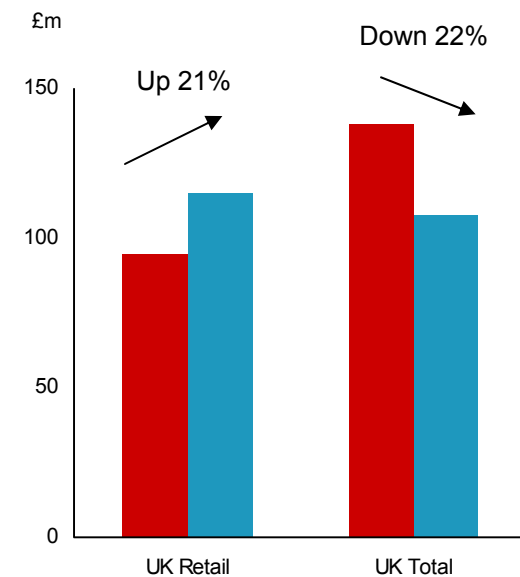
APE sales



Margin



New Business Profits



- Retail sales driven by individual annuities, with-profits bonds and corporate pensions
- Equitable Life deal expected to be booked in Q4
- IRR on new business 15%

EEV basis in-force profit

Strong growth in in-force with positive variances and assumption changes

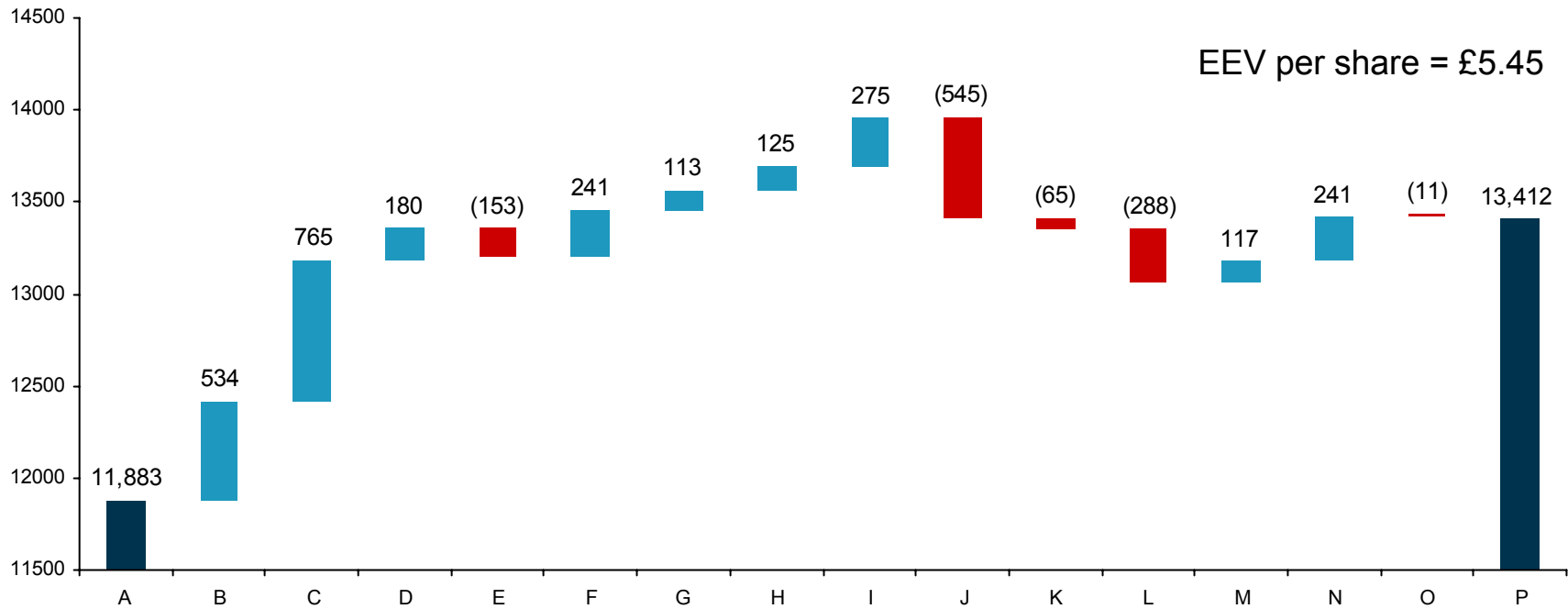
	Asia £m	US £m	UK £m	HY07 Total £m	HY06 Total £m AER
Unwind of discount¹	163	136	318	617	527
Change in assumptions	34	(7)	68	95	8
Variance					
Persistency	7	(1)	-	6	7
US spread	-	53	-	53	60
Amortisation of interest related gains	-	17	-	17	23
Other	7	2	(32)	(23)	(72)
Total variances	14	71	(32)	53	18
Total 2007 in-force profits	211	200	354	765	
Total 2006 (AER) in-force profits	127	212	198		537

- Increase in unwind of discount from growing in-force and rising interest rates
- Tax-related assumption changes in UK and Asia

EEV Shareholders' funds

Strong operating and investment performance

Analysis of Movement in EEV Shareholders' funds: 31 Dec 2006 to 30 Jun 2007



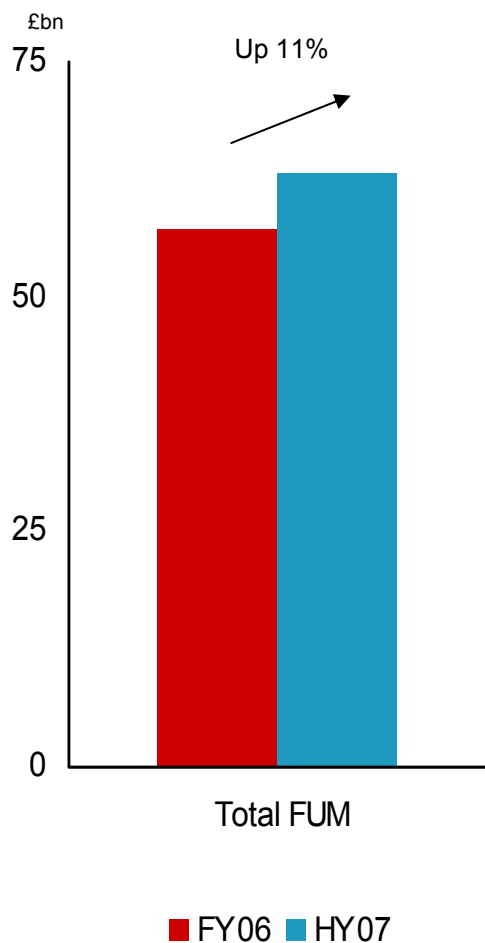
- A. 2007 opening shareholders' funds
- B. Life new business profits
- C. Life in-force profit
- D. Asset management and other operating profit
- E. Other income and expenditure (incl Asia Dev exp)
- F. Short-term fluctuations in investment returns
- G. Mark to market movement on core borrowings
- H. Actuarial gains and losses on DB pension schemes

- I. Effect changes in economic assumptions & time value of cost of options and guarantees
- J. Tax
- K. FX Movements
- L. External dividends
- M. New Share capital
- N. Egg – net profit on disposal
- O. Other
- P. 2007 HY closing shareholders' funds

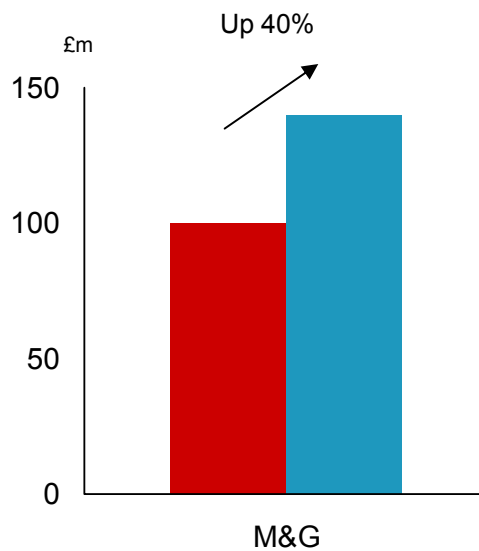
Asset management

Strong FUM and profit growth

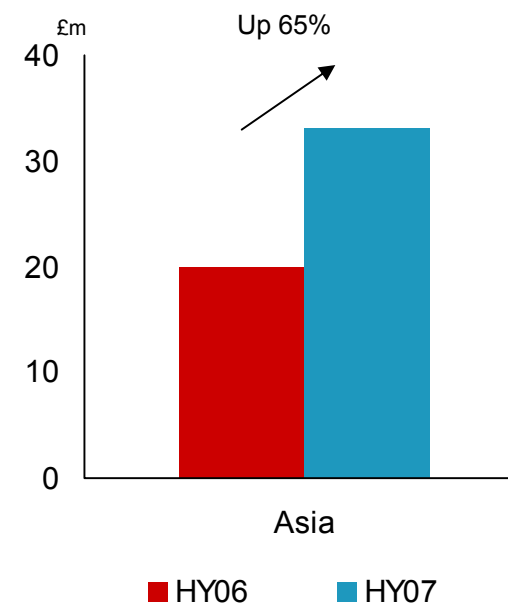
External FUM Growth



M&G Profits



Asia Profits

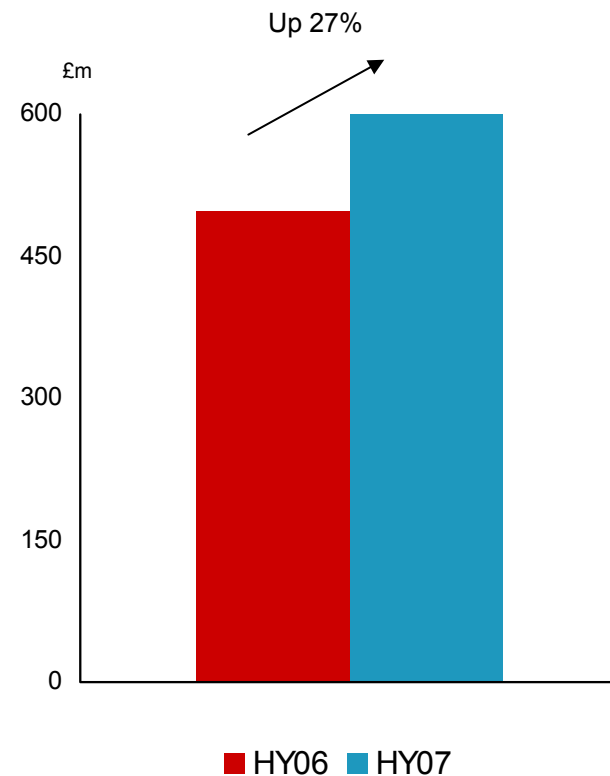


- Strong underlying profit growth
- Carried Interest in M&G in HY07 £12m (£3m in HY06)
- PRF in M&G in HY07 £1m (£6m in HY06)

IFRS basis operating profit

Operating profit for the Group up 27% to £601m

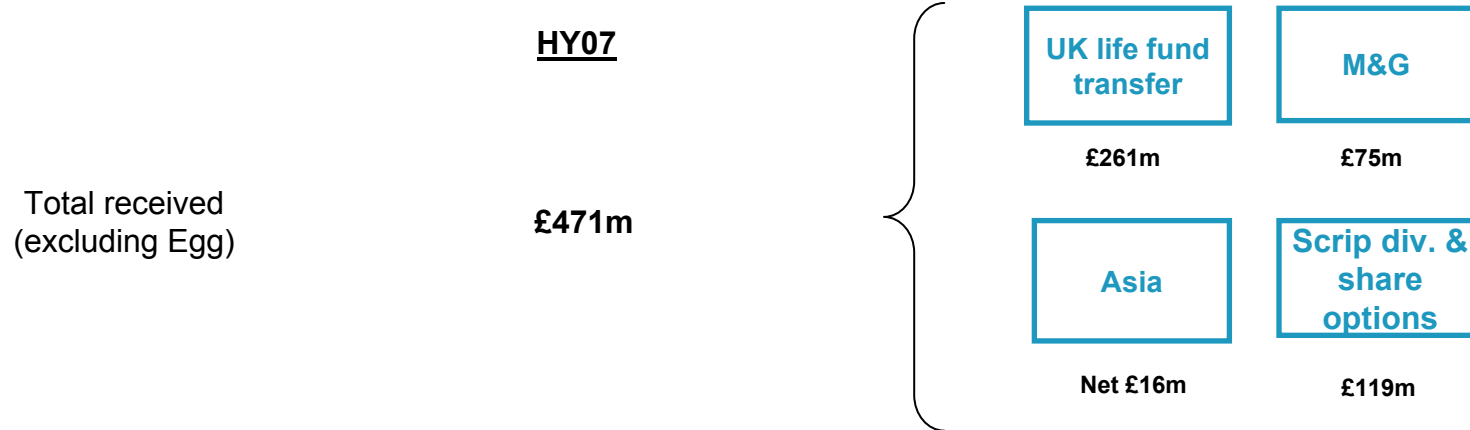
Group



- UK up 22% to £251m
- US up 9% to £225m
- Asia up 6% to £109m
- M&G up 40% to £140m

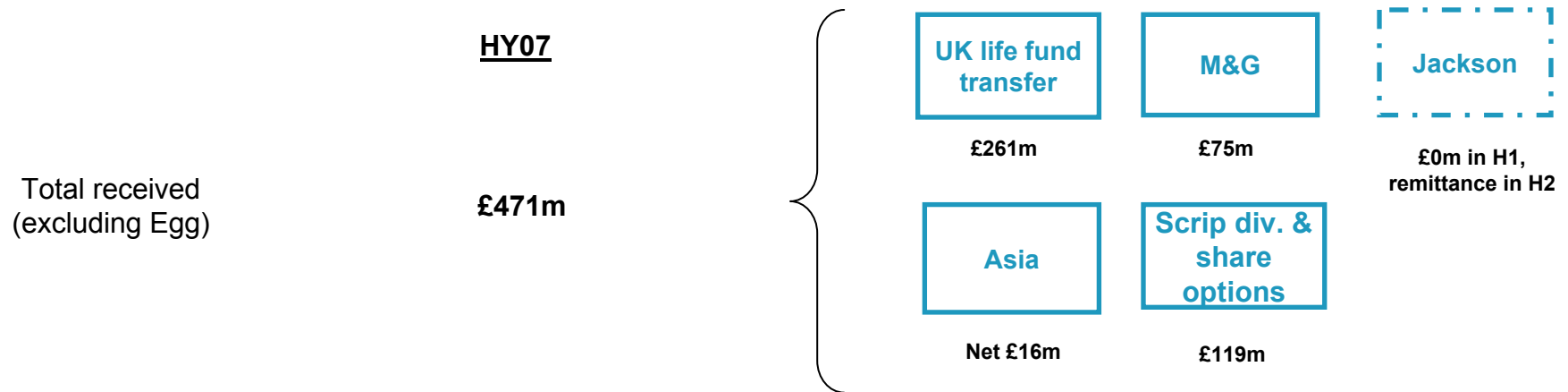
Cashflow

Positive operating cashflow for the group



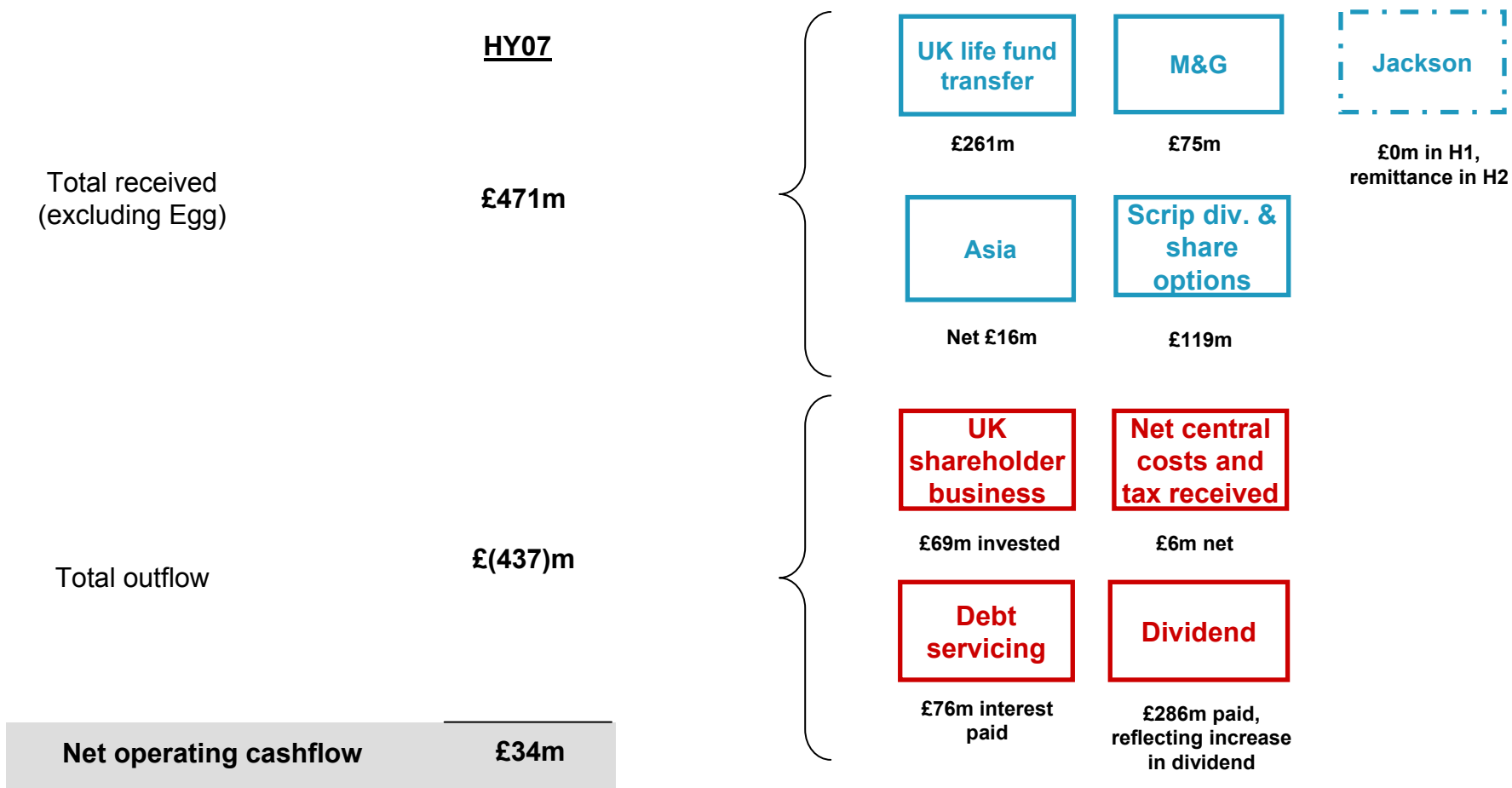
Cashflow

Positive operating cashflow for the group



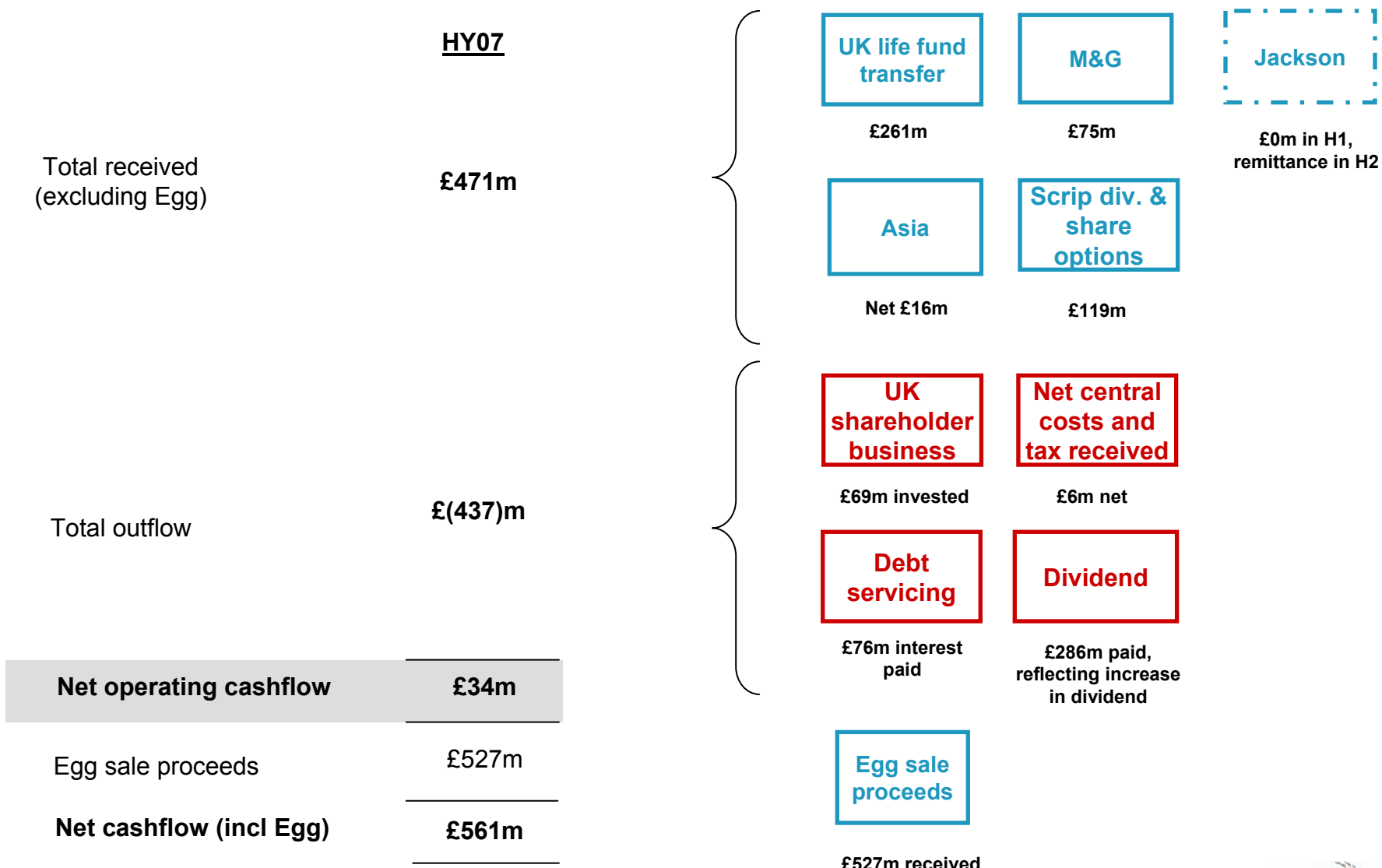
Cashflow

Positive operating cashflow for the group



Cashflow

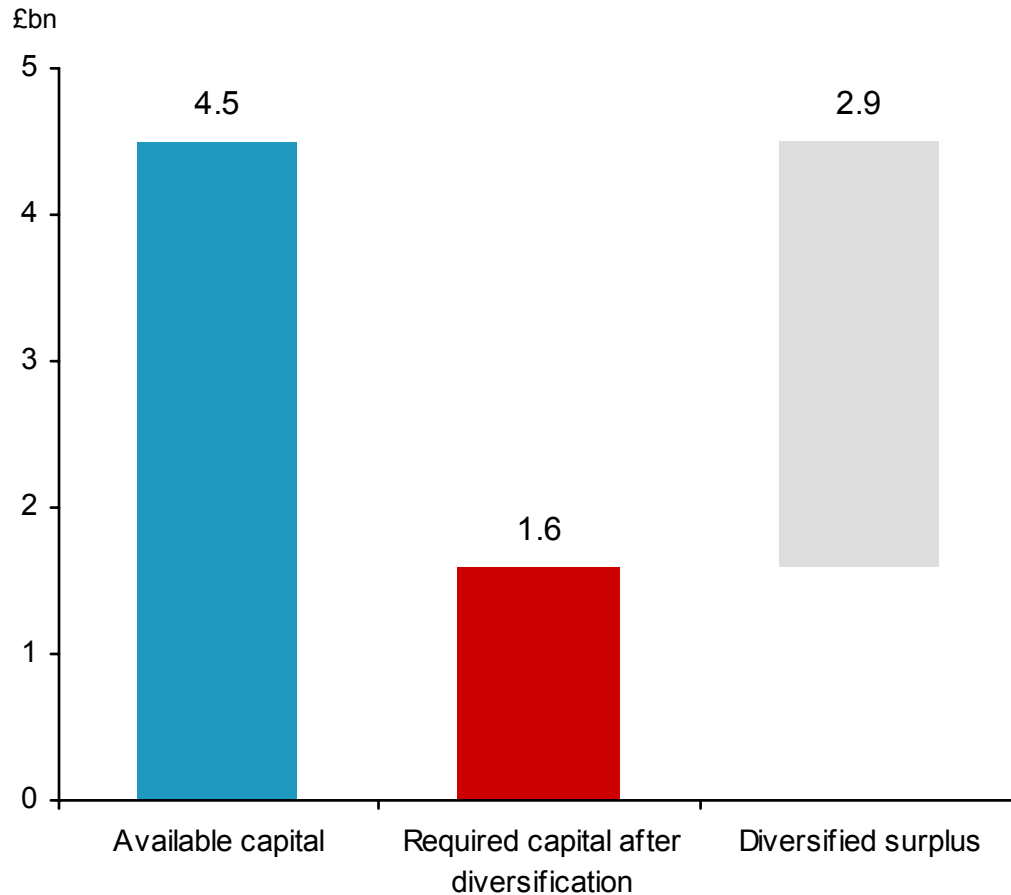
Positive operating cashflow for the group



Group Capital Efficiency

Moving towards Solvency II

Economic capital analysis



- £1.3 bn geographic diversification benefit across Business Units

Summary

Key points

- Retirement focus providing strong results across US, Asia and UK retail insurance businesses
- Fund management business also delivering significant profit growth
- Continued improvement in Group cashflow position

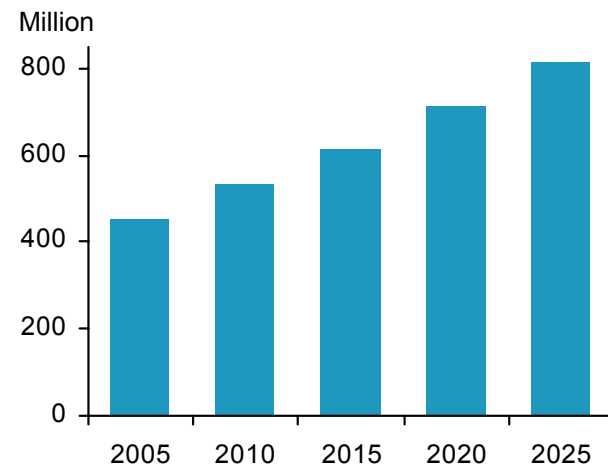


Mark Tucker
Group Chief Executive

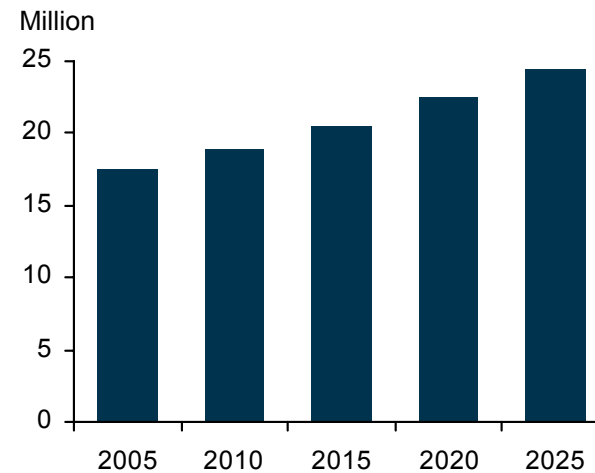
The global retirement opportunity

The largest wave of money-in-motion in history

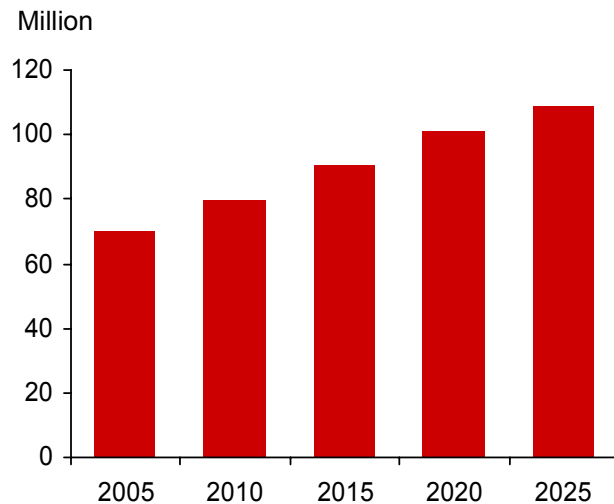
Asia – projection of population aged 55+



UK – Projection of population aged 55+



US – Projection of population aged 55+



- Estimated £7 trillion of assets in the UK and US moving in to the retirement market over the next five years
- Significant retirement opportunity in Asia

The global retirement opportunity

Prudential is well-positioned to capture the opportunity

What it will take Prudential's advantaged positioning

Brand

- Trusted and well-established as a leader in retirement
- Strong retail presence in both UK and Asia
- Superior business reputation in US broker channel

Skills

- Risk management – longevity, mortality, investment
- Asset allocation capability – strong returns with low volatility
- Customer Management

Product

- Track record of delivering innovative solutions across the financial life cycle – accumulation, transition and decumulation

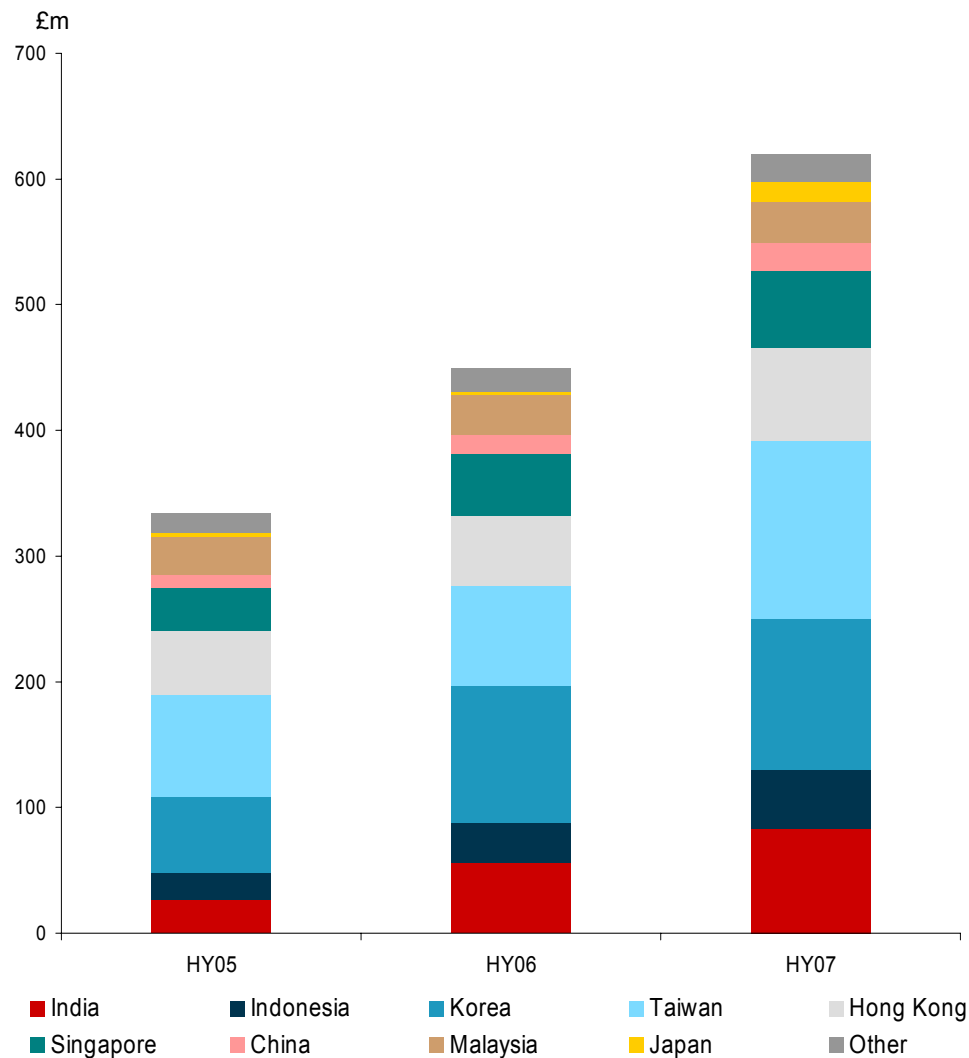
Access

- A network of 350,000 agents in Asia; established and fast growing non-agency distribution
- Powerful advice-based distribution in the US
- Diversified distribution in the UK; segmentation of IFAs

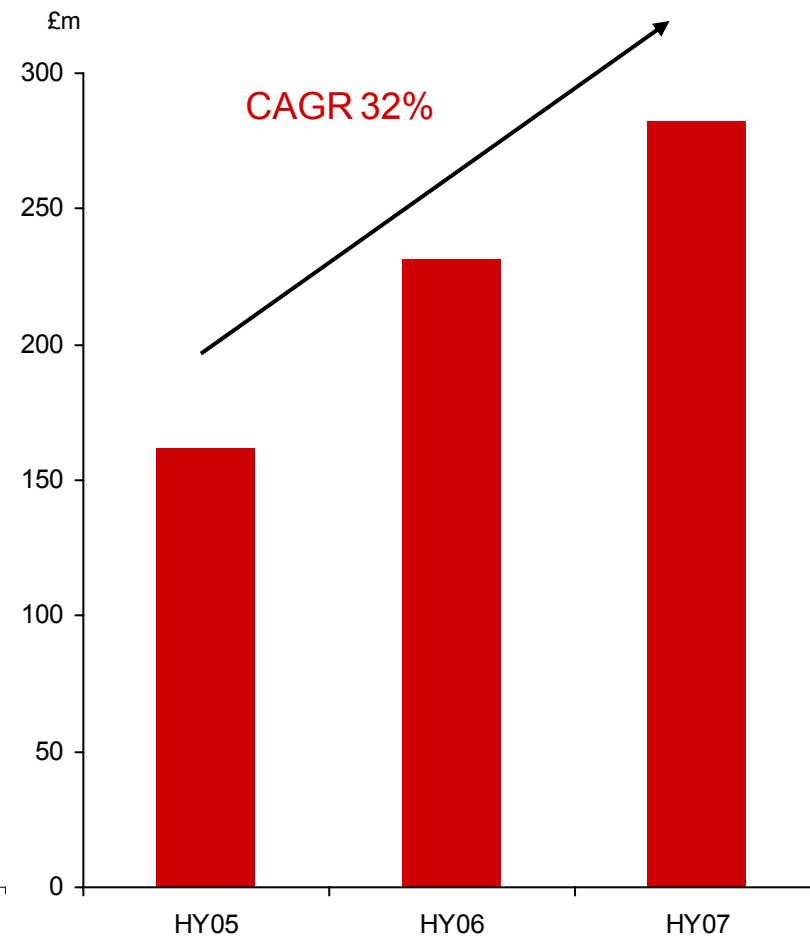
Asia insurance operations

Strong, broad based growth supporting progress to at least double 2005 EEV NBP by 2009

New business APE



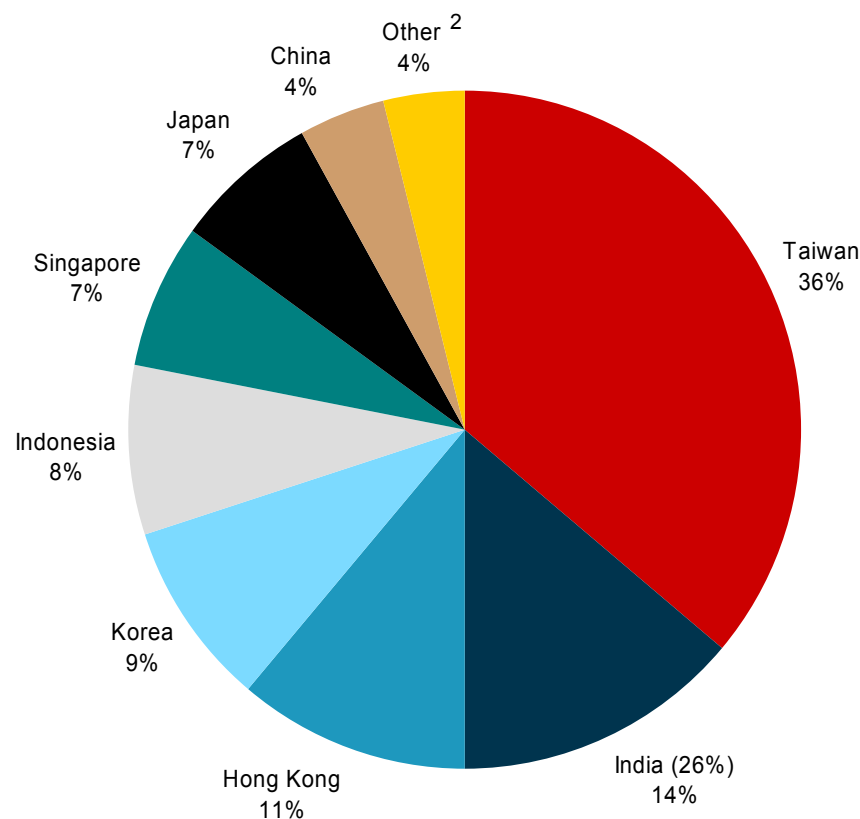
New business profit



Asia insurance operations

Drivers of APE growth for HY07 from HY06

Contributions to £201m increase in APE¹



Broad based growth

- Successful retirement campaign in Taiwan
- Continued geographic expansion in India:
 - June 07 583 branches up from 256 in June 06
- Continued geographic expansion in China:
 - 21 licences
- Successful campaigns in Hong Kong:
 - Ongoing retirement initiative
 - Double treasure driving growth through SCB
- Expanding distribution in Korea:
 - More FCs and GAs
 - Two new bank partners
- Building Indonesian agency:
 - Adding a net average of 1,000 agents per month

Asia insurance operations

Progress with priorities

Achieved agency scale of 350,000

-
- India up 170%
 - China up 45%
 - Indonesia up 42%
 - Korea up 32%
-

Improving agency productivity

- Singapore +27%
 - Hong Kong +20%
 - Vietnam +68%
-

Expanding partnership distribution

- IBK and KB in Korea
 - Citi distribution agreement
-

Developing retirement solutions

- “What’s your number?”
-

Deepening customer relationships

- Anniversary up sell policy in Hong Kong
 - Cross sell direct mail in Singapore
 - Accident rider offer in Vietnam
-

Launching new health products

- HY07 62% growth in new business
 - Launched new products in Singapore and India
-

Asia insurance operations

Capturing the significant retirement opportunity

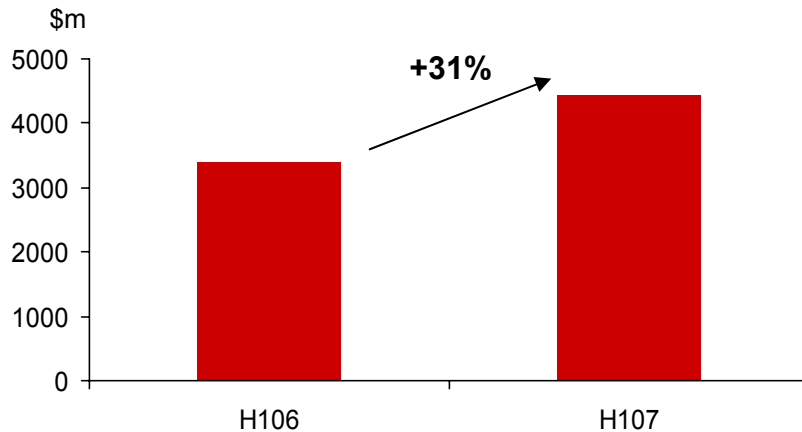
- Identified key retirement insight:
 - Targets do not know how much they need to save for retirement
- Provides solution via 'What's Your Number' campaign
- Leverages regional best practice while meeting local needs
 - Korea
 - Hong Kong
 - Taiwan
- Plans to roll out to other markets across region
- Leverages Group's variable annuity expertise



US insurance operations

Pre and post retirement success in Variable Annuities

VA sales



VA market share by channel¹

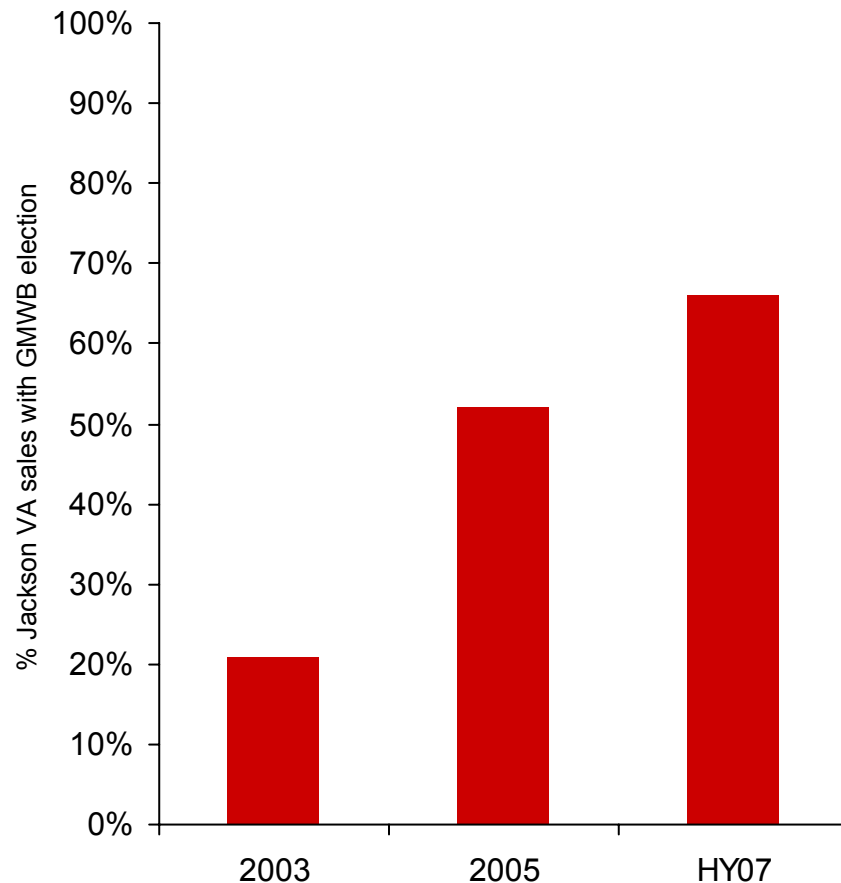
	Q107	FY06
Independent Broker Dealers	11.7%	10.8%
Regional Broker Dealers	6.7%	5.8%
Bank	3.4%	3.4%

- Increasing our distribution capacity
 - External wholesalers increased by 30% since start of 2007
 - Number of wholesaling territories increased; even more granular
- Wholesaler productivity continues to improve
- Introduced 3 new Guaranteed Minimum Withdrawal Benefits and a Guaranteed Minimum Accumulation Benefit
- Maintaining market share in fixed annuities and fixed indexed annuities

US insurance operations

Jackson efficiently meeting consumers retirement needs

Growing demand for GMWBs

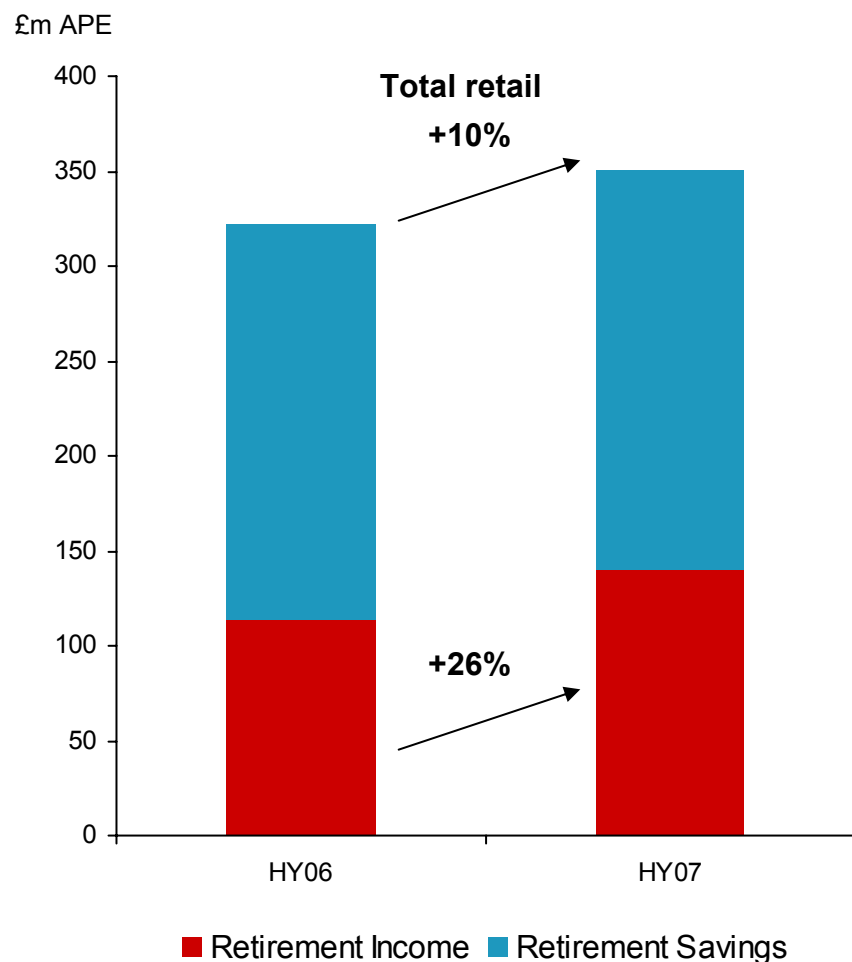


- Rapid product introduction through flexible Perspective II platform
 - 2,100 benefit combinations
 - Seven GMWB options
- Customised at point of sale
 - Lower elections than market on average
 - Market consistent pricing

UK insurance operations

Deliver value by focusing on strengths in the retirement market

Retail New Business



Retirement income:

- Internal vestings +11%
- Direct and Partnership annuities +59%
- With-profit annuities +51%
- Barclays annuity distribution agreement
 - Barclays's retail customers in the UK
 - Live in H207
 - Five year agreement

Retirement savings:

- Transitioning product range
 - Launch trail-based products focused on our multi-asset capability
- Evaluating white-label wrap options

Health and Protection JV

- PruHealth lives covered up to 117,000
- Protection product into JV Q4 2007

UK insurance operations

Update on cost savings and Inherited Estate

Cost savings £195m annualised by 2010

- Actions to secure £115 million of savings will have been taken by end 2007
- Offshore / outsource decision mid Q4 2007 to deliver the remaining £80 million of savings
- Estimated one-off costs of delivery up to £165 million
 - Final cost to be confirmed when offshore / outsource decision taken

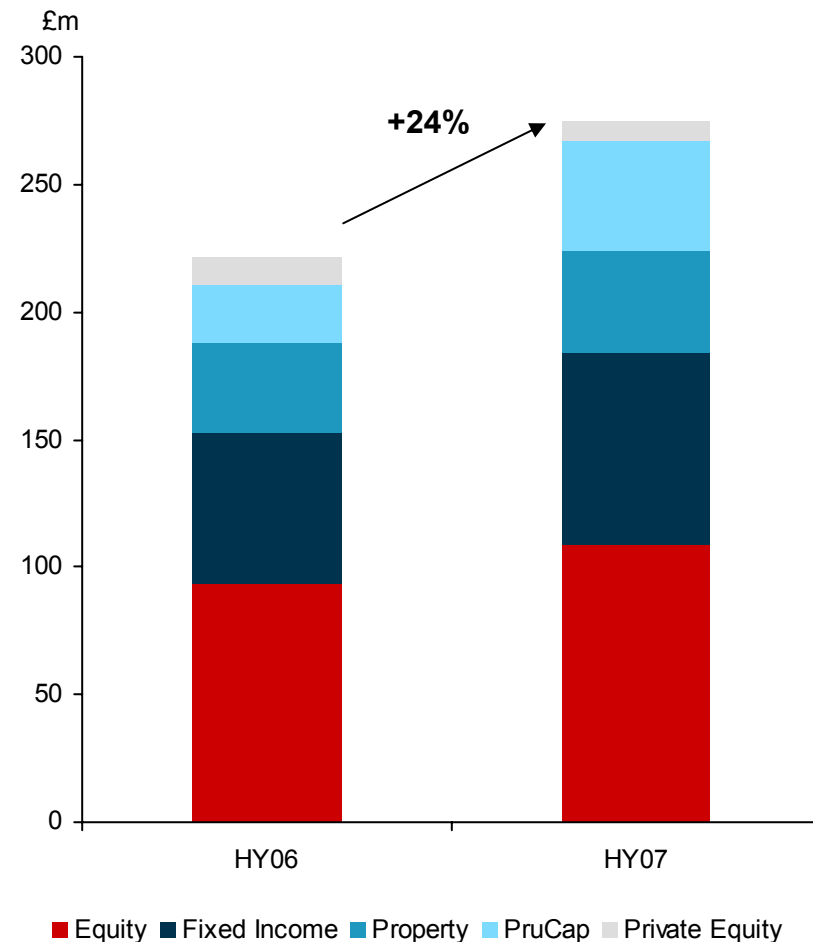
Potential reattribution of Inherited Estate

- On track to take decision on whether to proceed by end Q4
 - If provides benefits to both policyholders and shareholders

Asset Management – M&G

Delivering value internally; growing rapidly externally

Diversified revenues

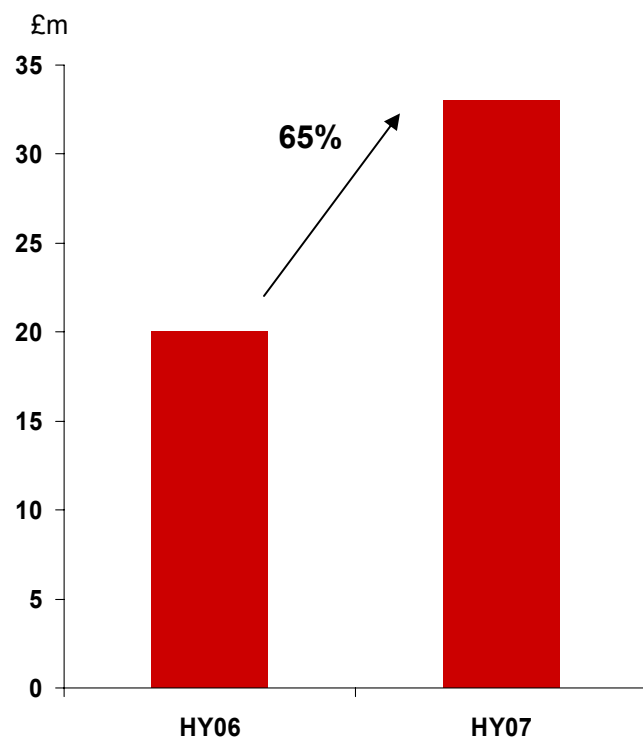


- External FUM £49 billion
- Record retail net sales
- Increasing contribution from Europe, Asia and South Africa
- Lower institutional sales but higher margin areas
- Significant product development activity

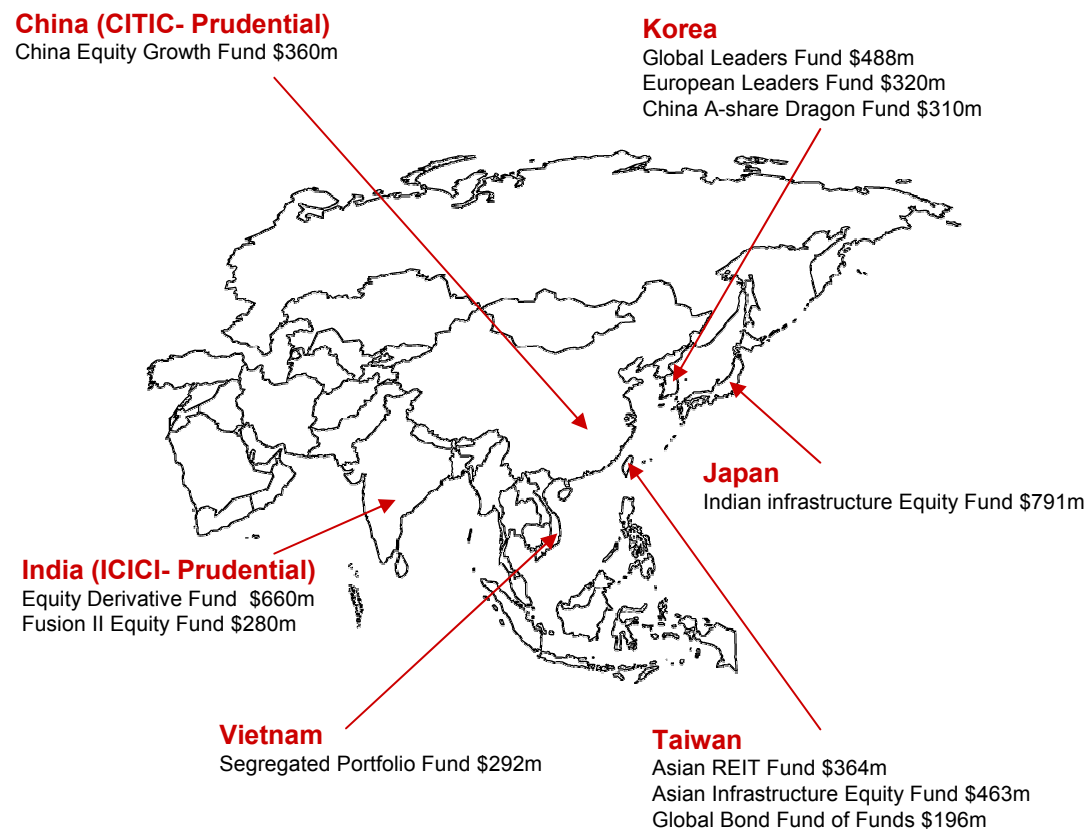
Asset Management – Asia

Delivering value internally; growing rapidly externally

IFRS Profits



Major Fund Launches¹





PRUDENTIAL

- Retirement focus driving continued strong performance across insurance business
- Fund management delivering significant profit growth
- Improved Group cashflow
- Long-term sustainable profit growth