



Prudential plc 2010 Half Year Results

12 August 2010

This statement may contain certain “forward-looking statements” with respect to certain of Prudential's plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements containing the words “believes”, “intends”, “expects”, “plans”, “seeks” and “anticipates”, and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Prudential's control including among other things, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, the impact of competition, inflation, and deflation; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate. This may for example result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. As a result, Prudential's actual future financial condition, performance and results may differ materially from the plans, goals, and expectations set forth in Prudential's forward-looking statements. Prudential undertakes no obligation to update the forward-looking statements contained in this statement or any other forward-looking statements it may make.

Prudential plc 2010 Half Year Results

Agenda

Introduction	Harvey McGrath
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Business Review

Tidjane Thiam

Financial Review

Nic Nicandrou

Outlook and Q&A

Tidjane Thiam

Prudential plc 2010 Half Year Results

Agenda

Introduction

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Financial Review

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Outlook and Q&A

Tidjane Thiam

HY 2010 Financial Headlines

New business

- Group life new business sales¹ up 28% to £1.7 billion APE
- Group APE margin¹ 54% (HY 2009: 54%)
- Group new business profit¹ up 27% to £892 million
- Life IFRS net flows £4.4 billion (HY 2009: £2.2 billion)
- Asset Management net inflows £4.4 billion (HY 2009: £10.1 billion)

Operating profit

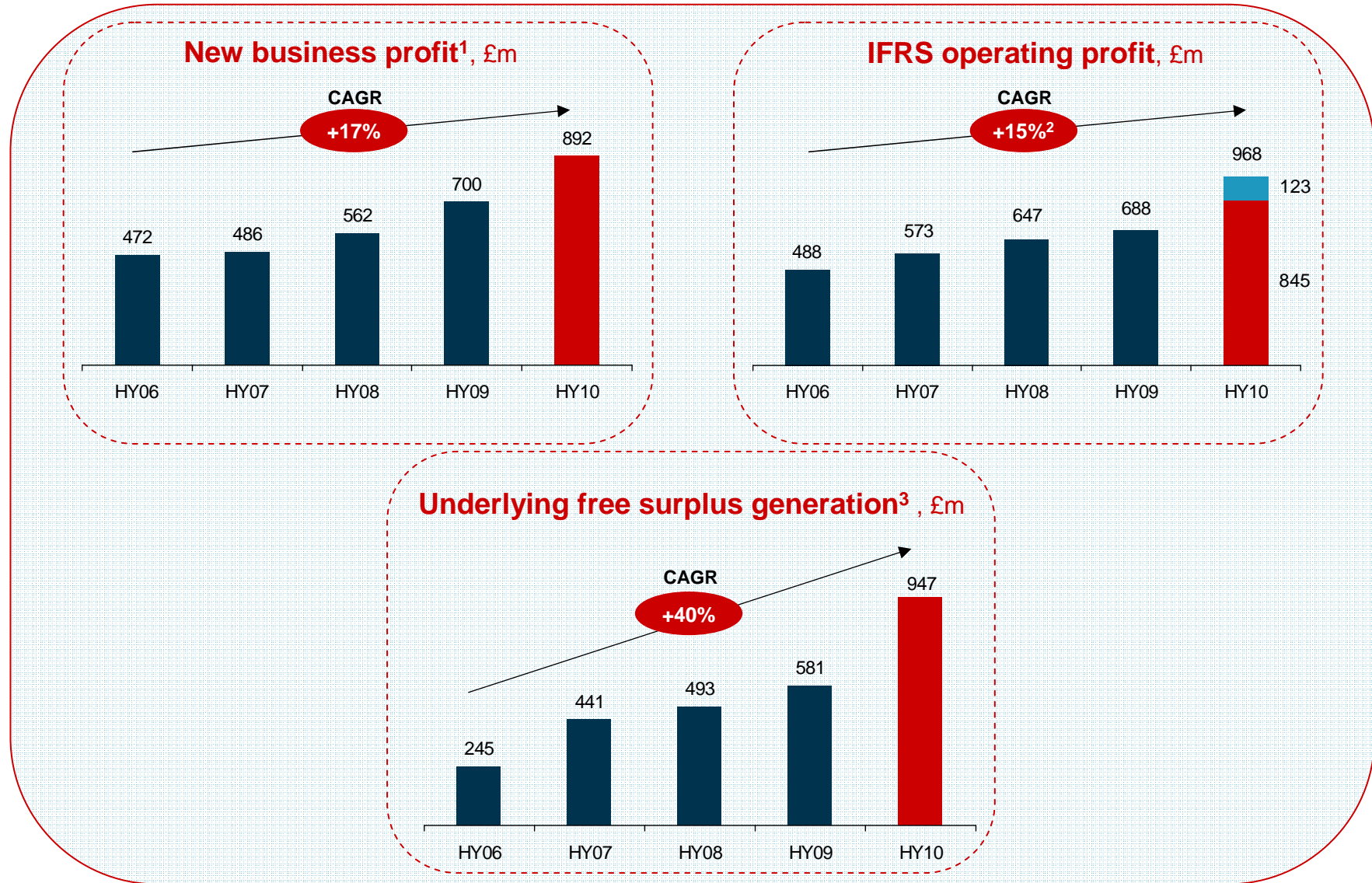
- Underlying IFRS operating profit² up 19% to £845 million
- EEV operating profit up 35% to £1.7 billion

Balance sheet, capital and cash

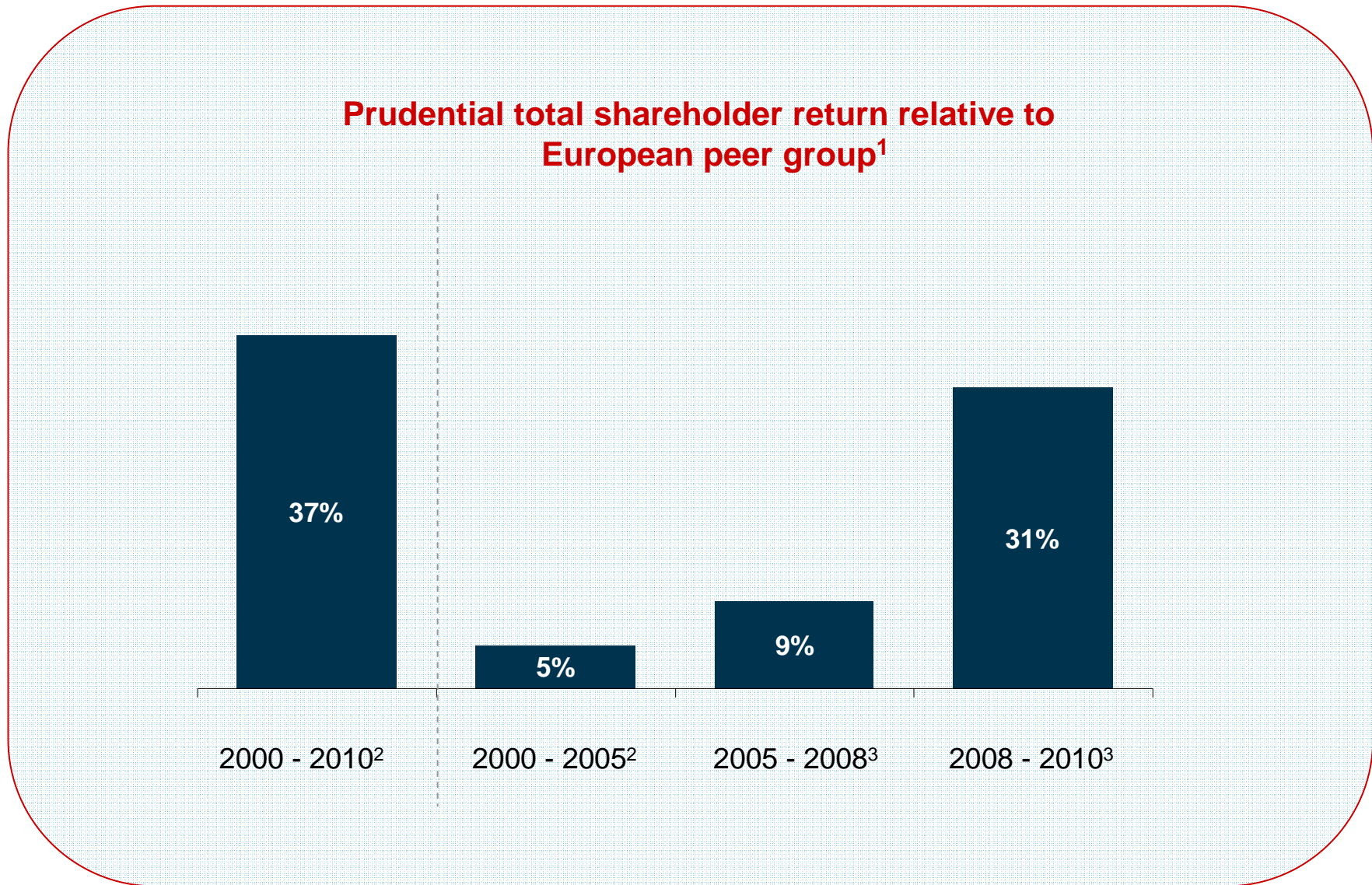
- EEV shareholders' funds £16.7 billion, £6.57 per share (FY 2009 £15.3 billion)
- Life and asset management Free Surplus £3.2 billion (FY 2009: £2.5 billion)
- IGD surplus £3.4 billion (FY 2009: £3.4 billion)
- Operating RoE³ 20% (HY 2009 20%), operating RoEV³ 16% (HY 2009 12%)
- Interim dividend increased by 5% to 6.61 pence per share

Group KPIs

Strategy has delivered sustained strong performance



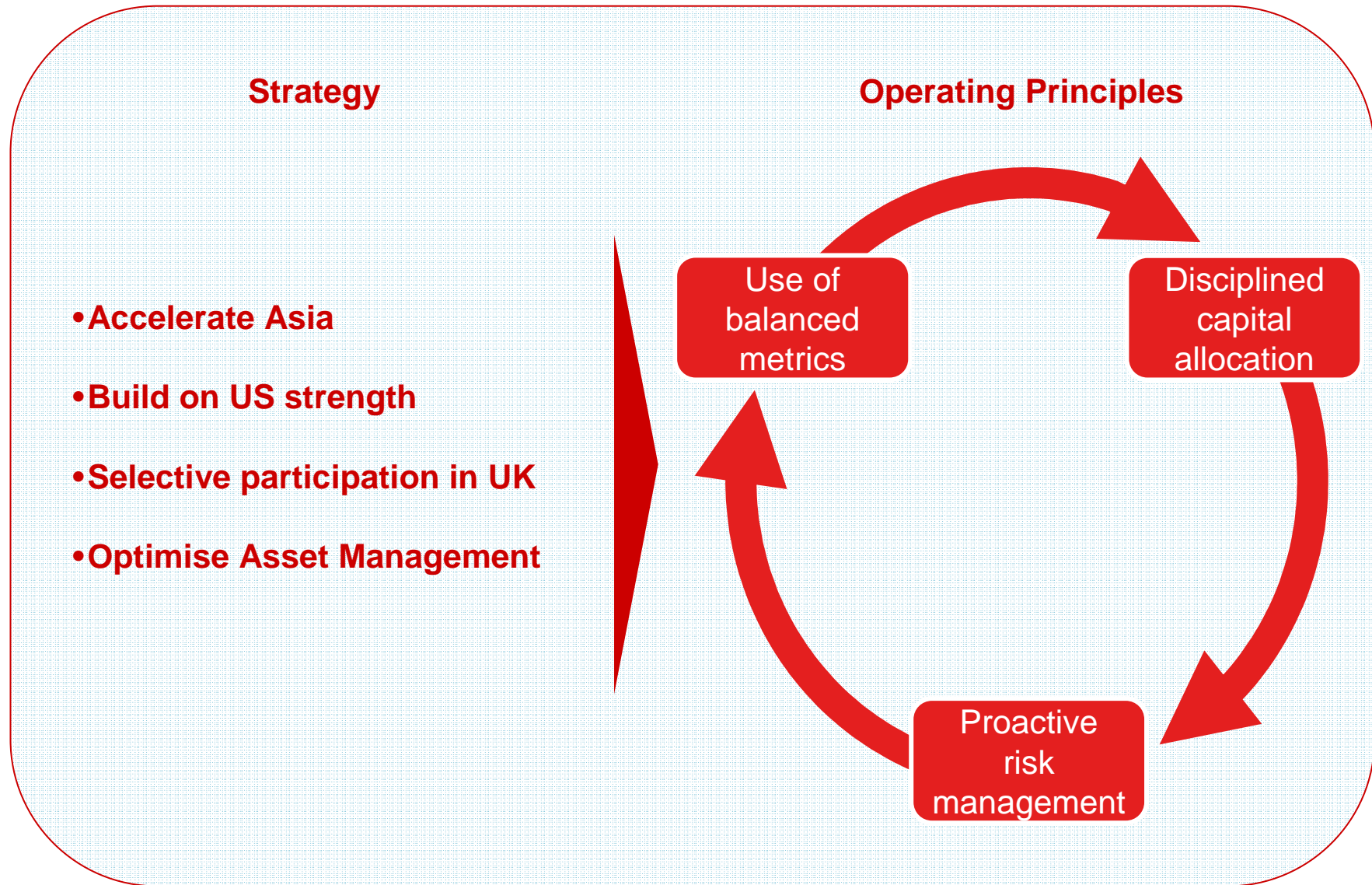
Total shareholder return



1. Peer group: Aegon, Allianz, Aviva, Axa, Generali, ING, Legal & General, Standard Life, Zurich. Average based on listed companies displayed 2. Data taken from 30 June 2000 to 30 June 2005 and 31 July 2010 3. Data taken from 30 June 2005, 30 June 2008 and 31 July 2010 Source: Bloomberg



Strategy re-inforced by operating principles



Use of balanced metrics to measure performance

EEV, IFRS and cash

- Company historically EV-focussed
- Asian IFRS in particular

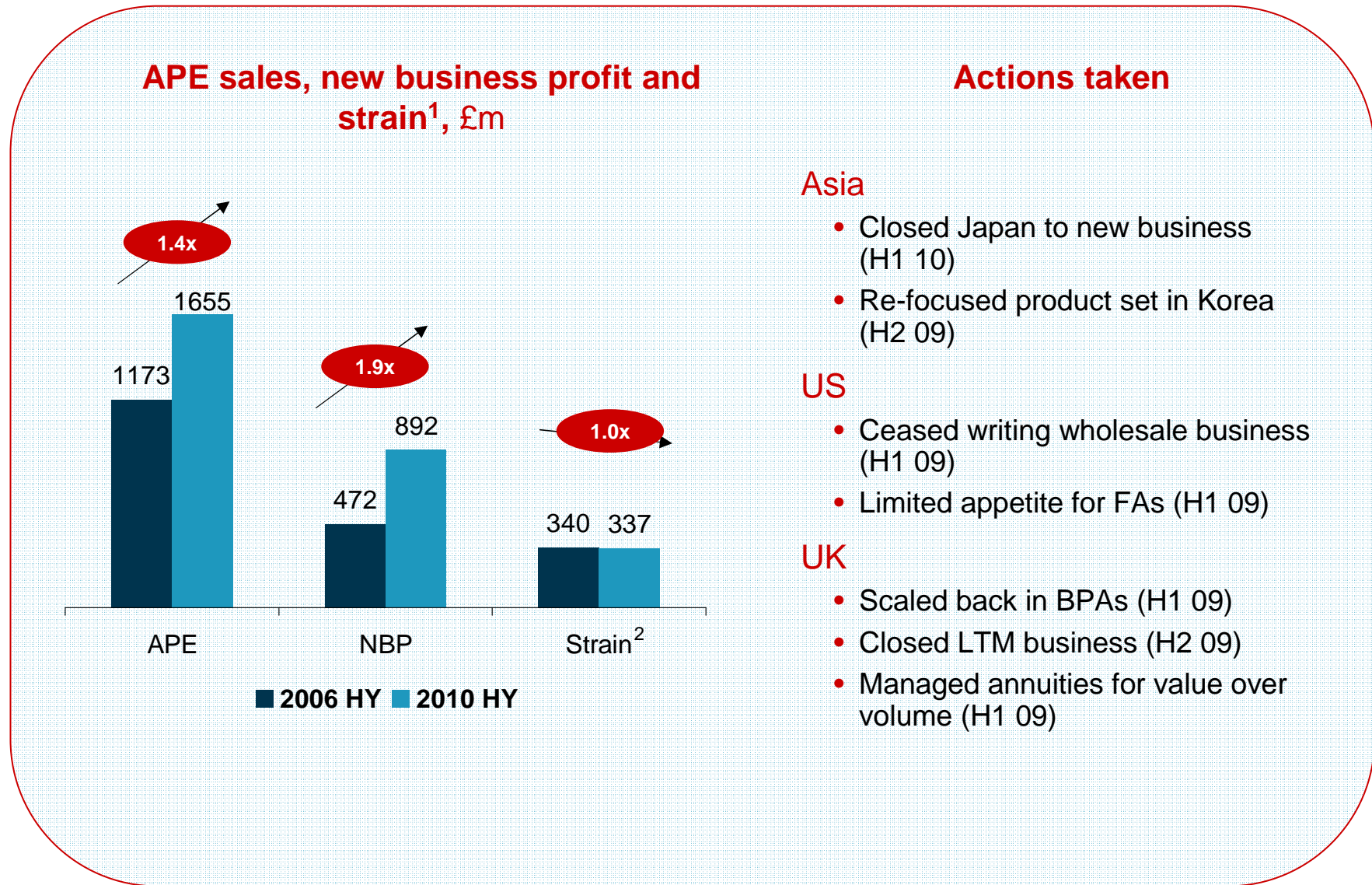
Incentives aligned to match focus

- IFRS and cash given greater weighting
- Different in each BU, aligned to strategy
- No volume targets

Disclosures enhanced

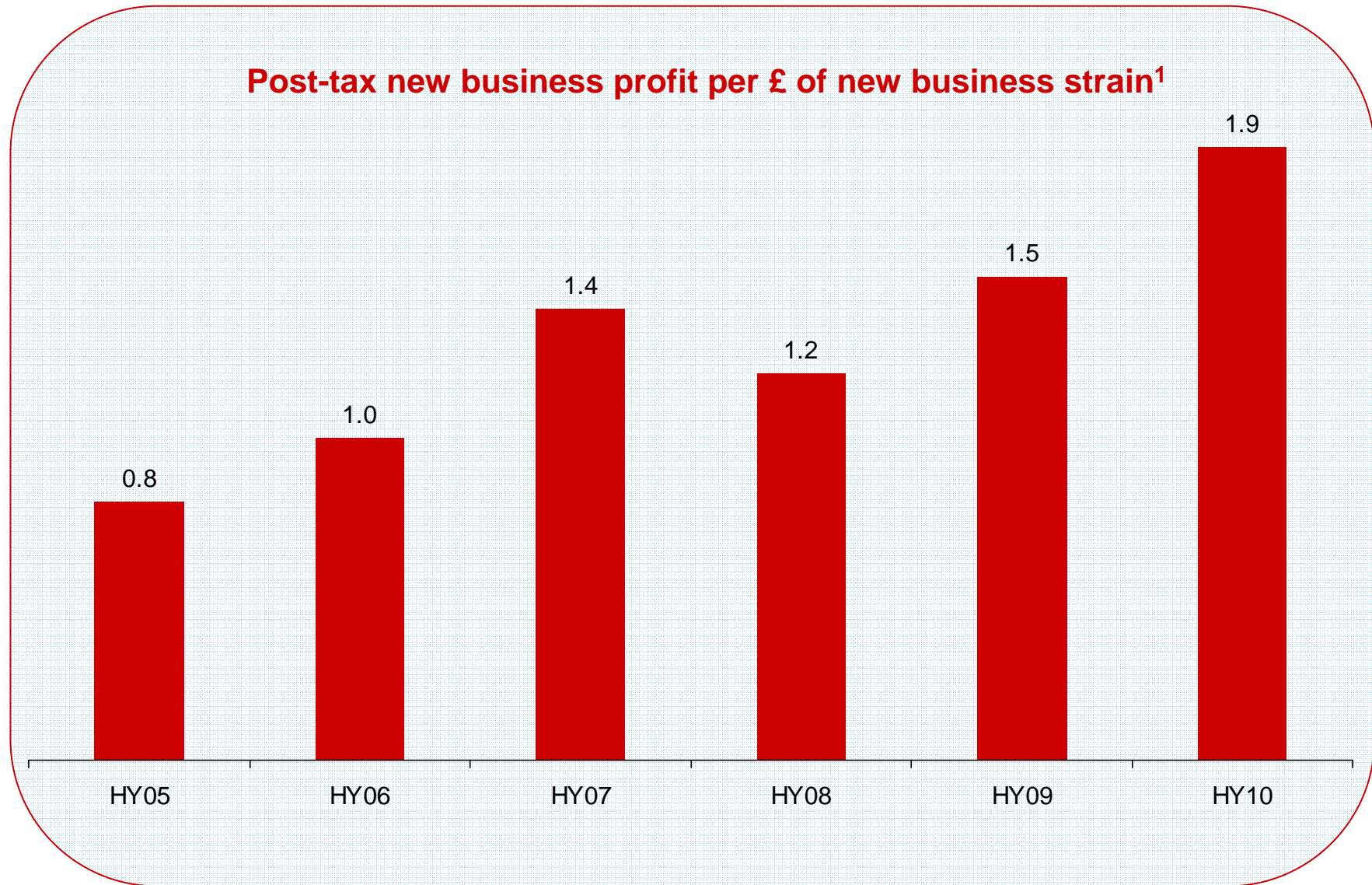
- IFRS sources of earnings
- Free surplus generation

Efficient allocation of capital

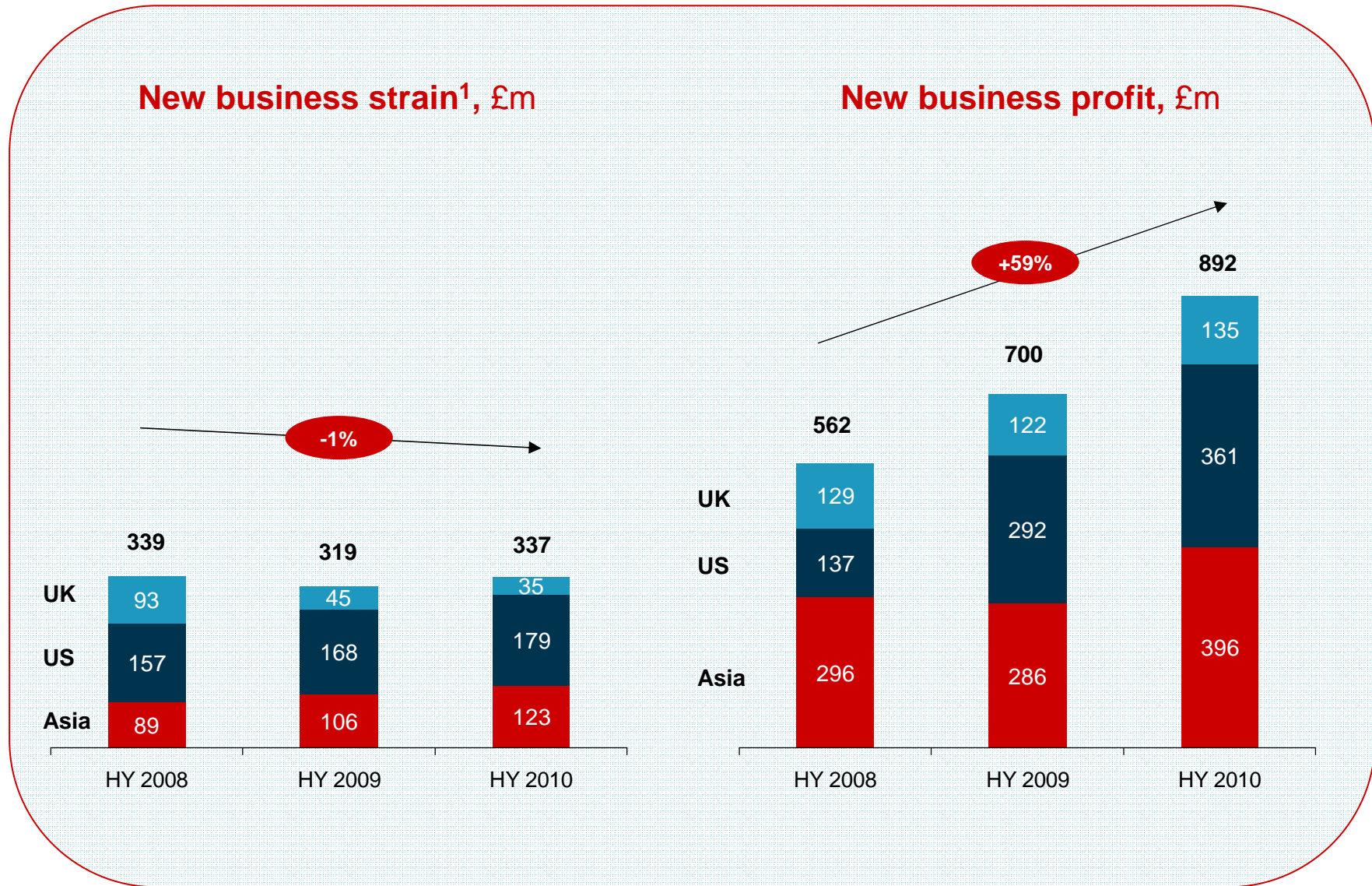


Leading to increasing returns on new business investment

Controlling investment and focusing on the highest returns

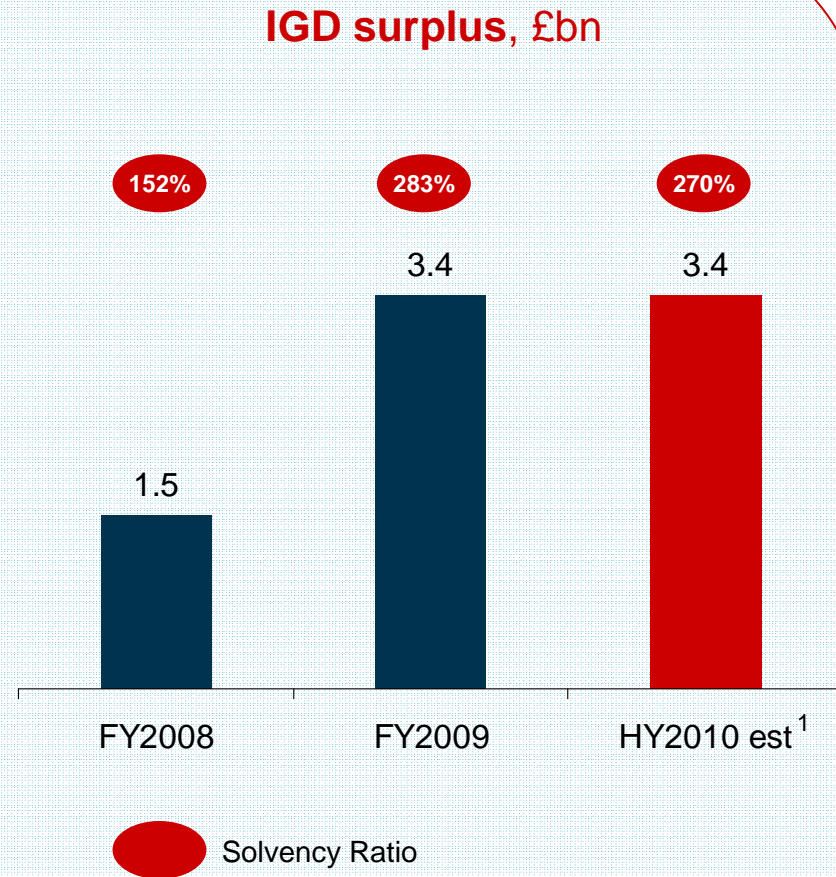


Improving efficiency of new business investment



Risk & capital management

- Grew IGD position through crisis
 - Sale of Taiwan
 - Hybrid debt
 - Recognition of future WP transfers
- Effective hedging in US
- Sustainable dividend policy
- De-risking debt portfolio



Accelerating Asia

Historical strengths

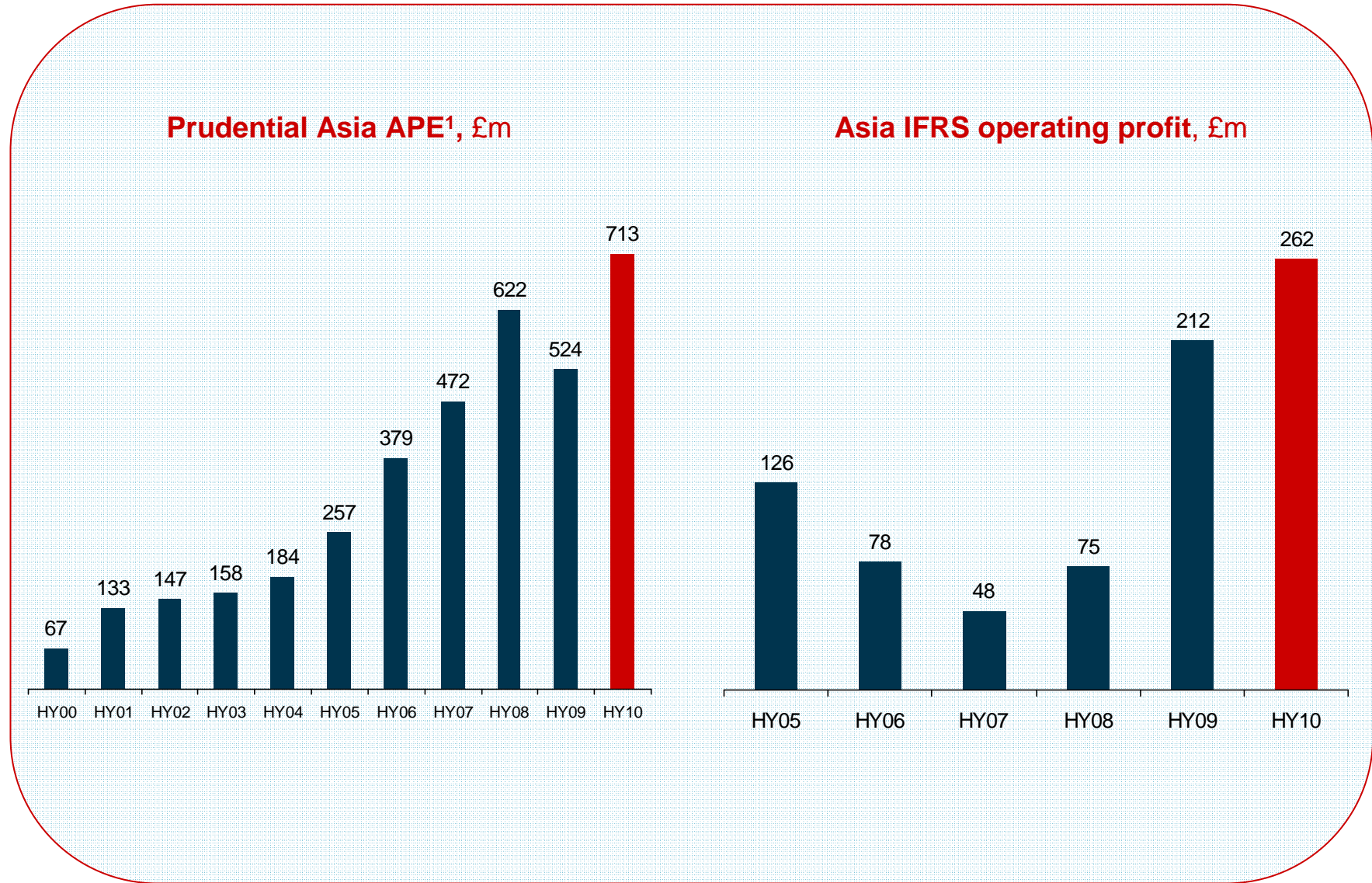
- Significant participation in 12 markets
- Proprietary agency channel
- Highly trusted brand
- Strong EV & NBP growth

Moving to the next level

- Focus on highest return growth markets
- Broaden distribution
- Increase penetration of Health & Protection (H&P) products
- Continue to address areas of underperformance
- Increasing focus on IFRS

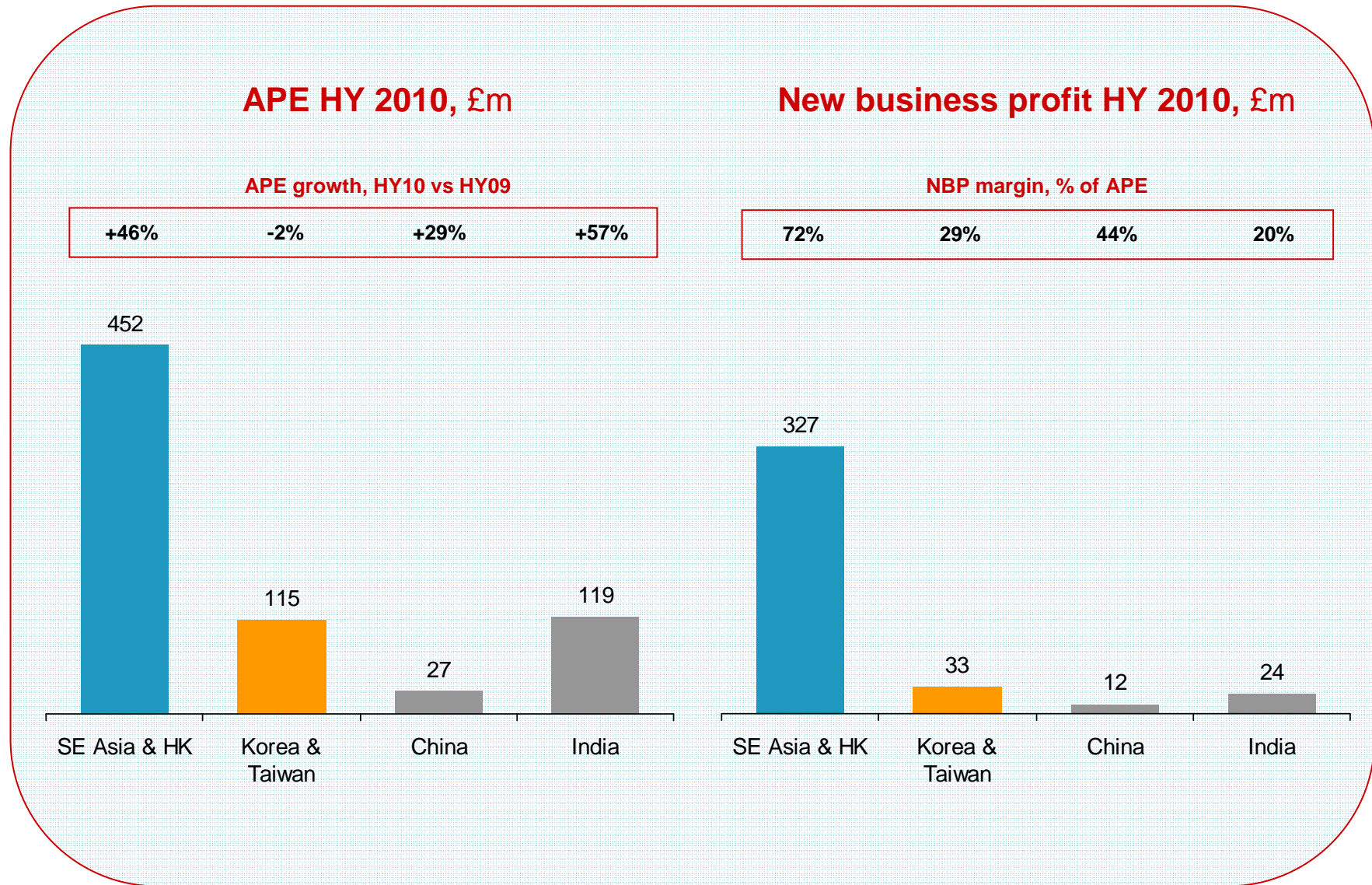
Asia Life

Sales and IFRS profits growing strongly



Asia Life

Strong sales growth in high profitability markets



Build on US strength

Long-term strategy

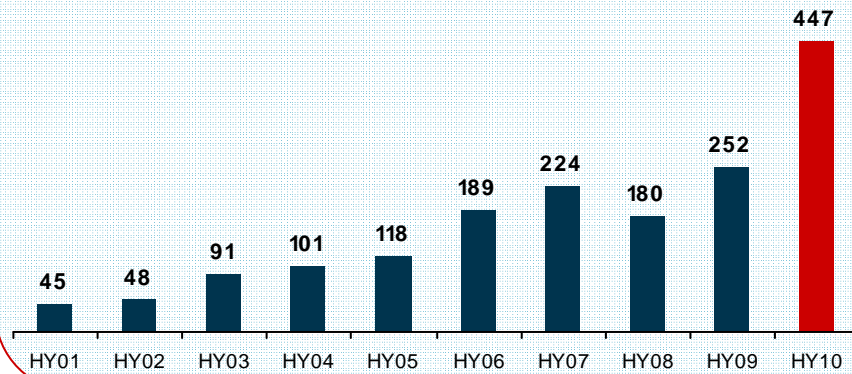
- Value over volume
- Consistent pricing
- Effective hedging
- World-class service
- Efficient operating platform



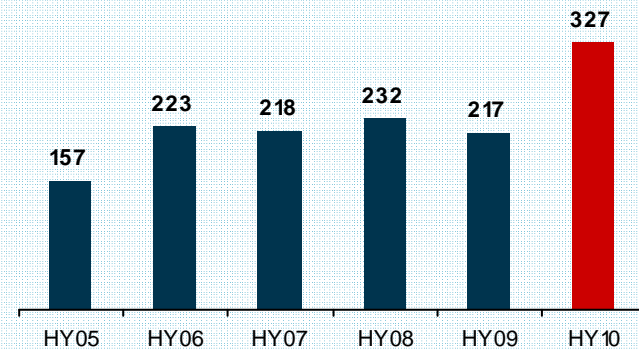
Benefitting from dislocation

- Increasing distribution strength
- Record in-flows at higher margin and returns
- Growing IFRS earnings
- Opportunistic growth to continue

Variable annuity APE - £m



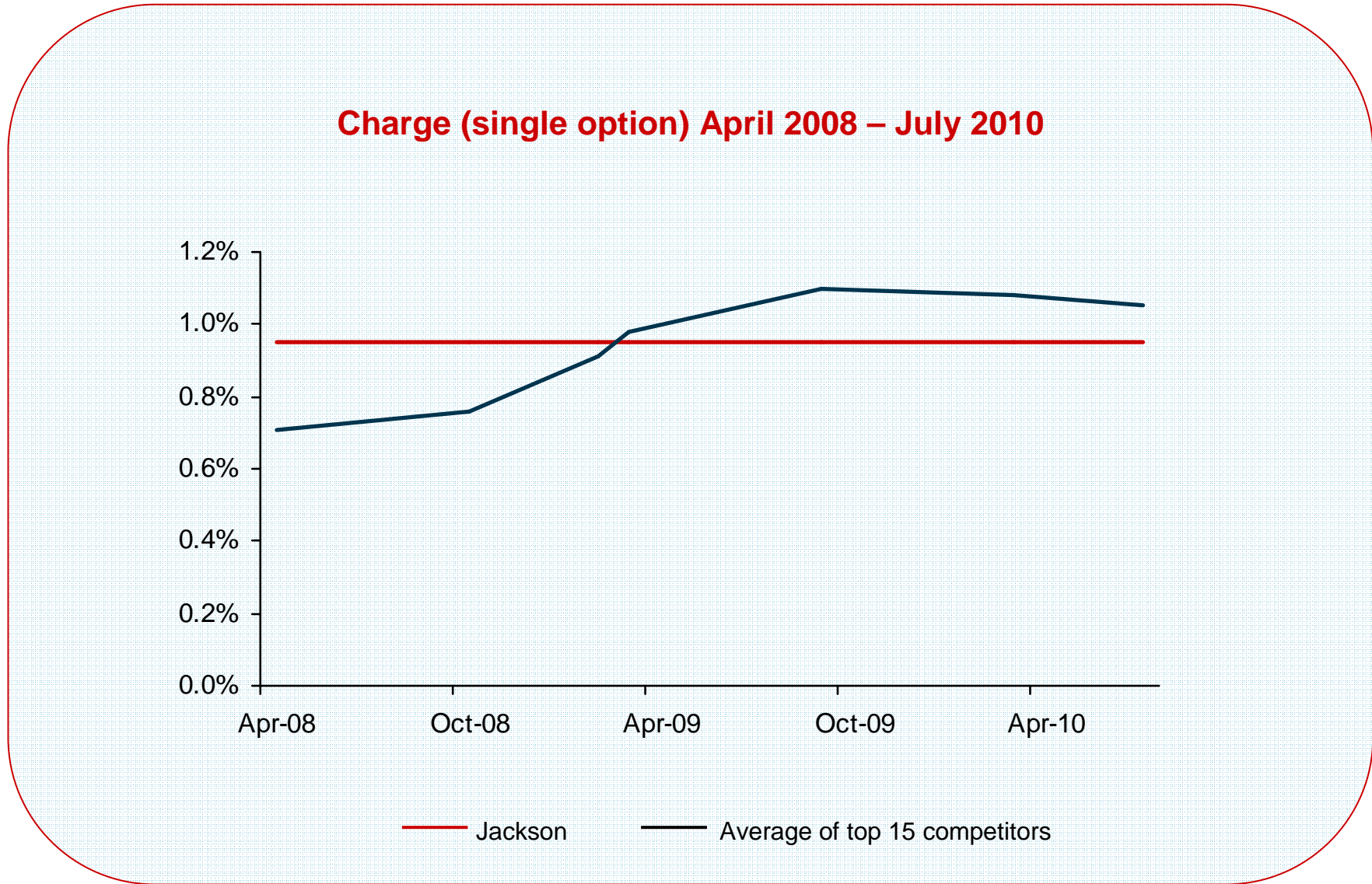
US Life IFRS operating profit - £m¹



1. Excludes £123m hedging gain in HY10

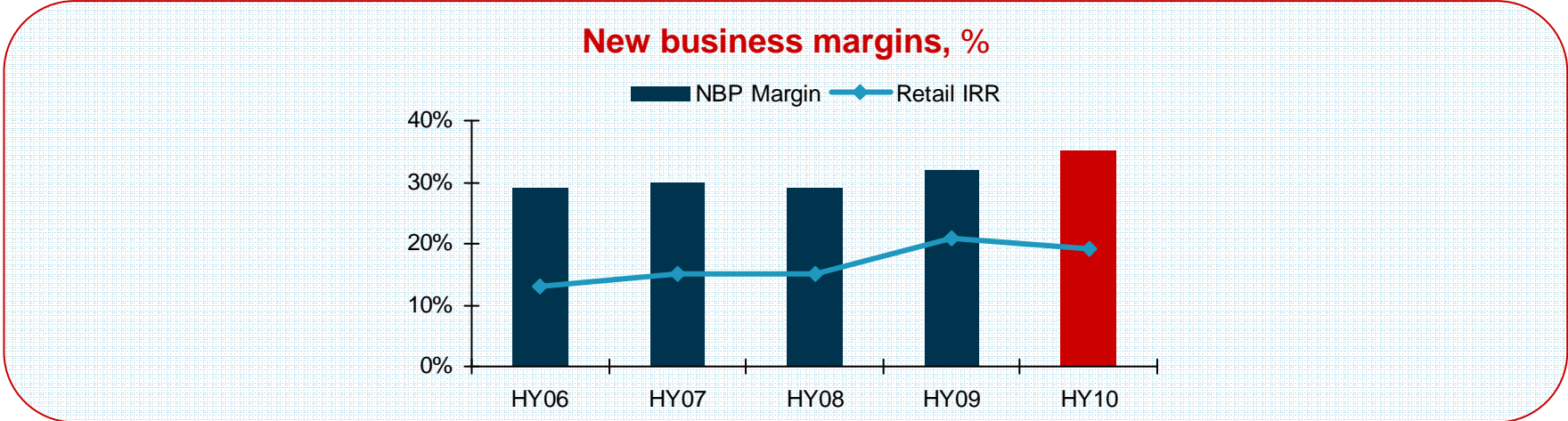
US Life

VA charging discipline maintained



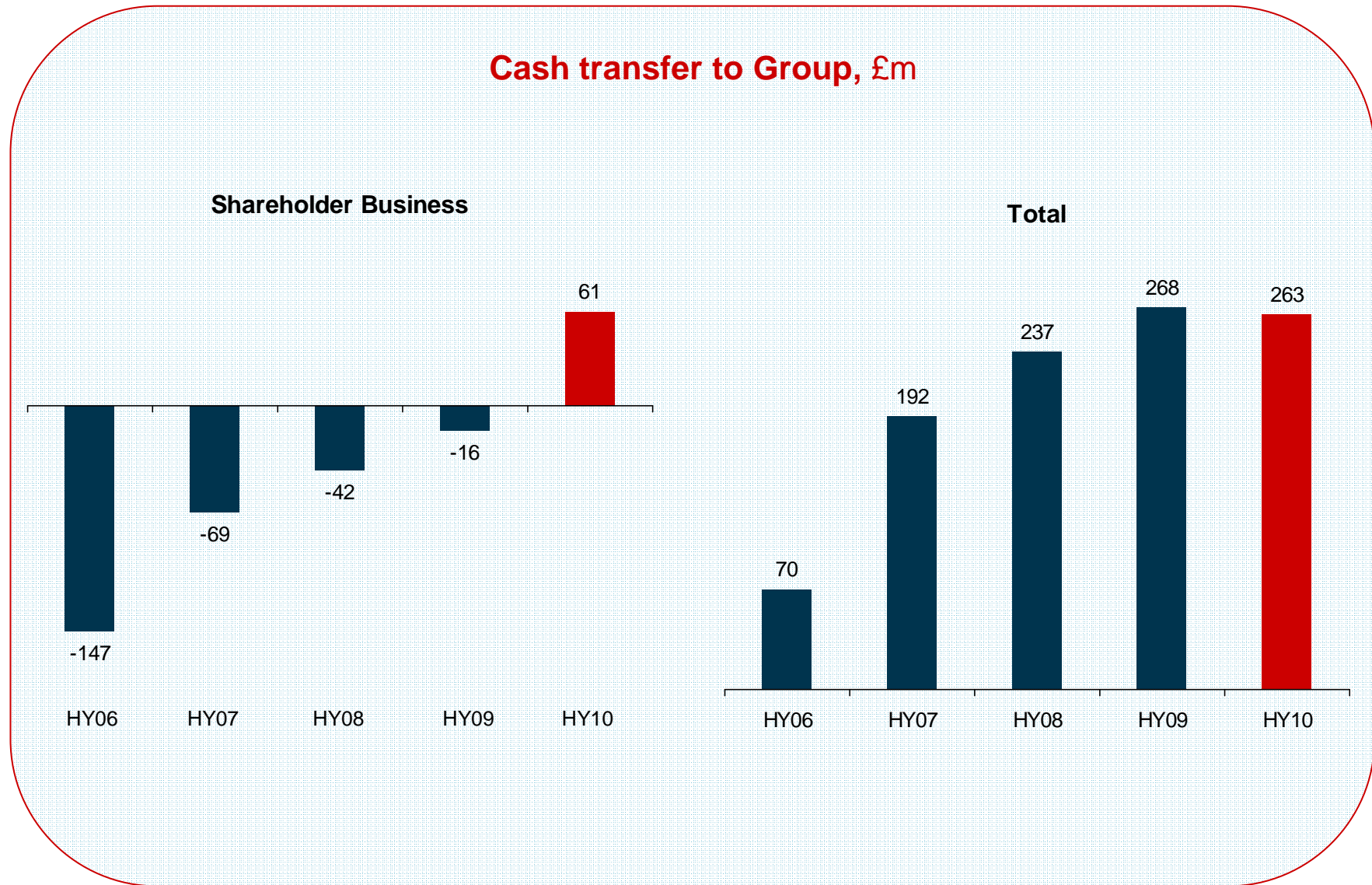
Selective participation in UK

Selective participation	Delivering value to customers	Culture of cost control	Strong cash generation
<ul style="list-style-type: none"> • Incentives now aligned to strategy • Relentless focus on capital deployment • Annuities built on existing pension pipeline • With-Profit savings 	<ul style="list-style-type: none"> • Strong performing With-Profits fund • Two 5 star customer service awards in 2009 • Financial strength & stability 	<ul style="list-style-type: none"> • £195m p.a. delivered • Further savings to be delivered 	<ul style="list-style-type: none"> • With-Profits highly cash generative • Shareholder business cash flow positive and increasingly significant



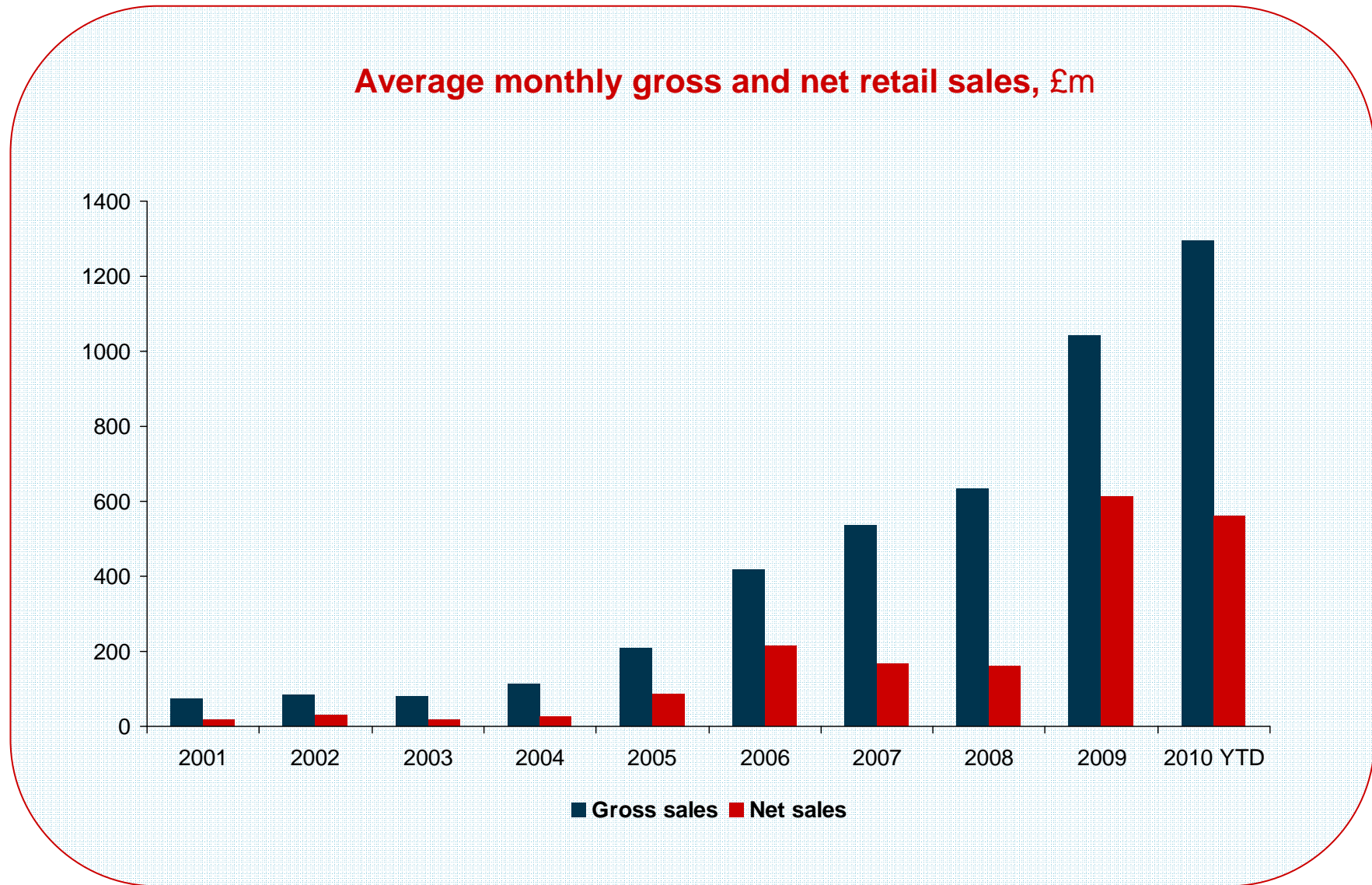
UK Life

Focus on cash delivered to Group



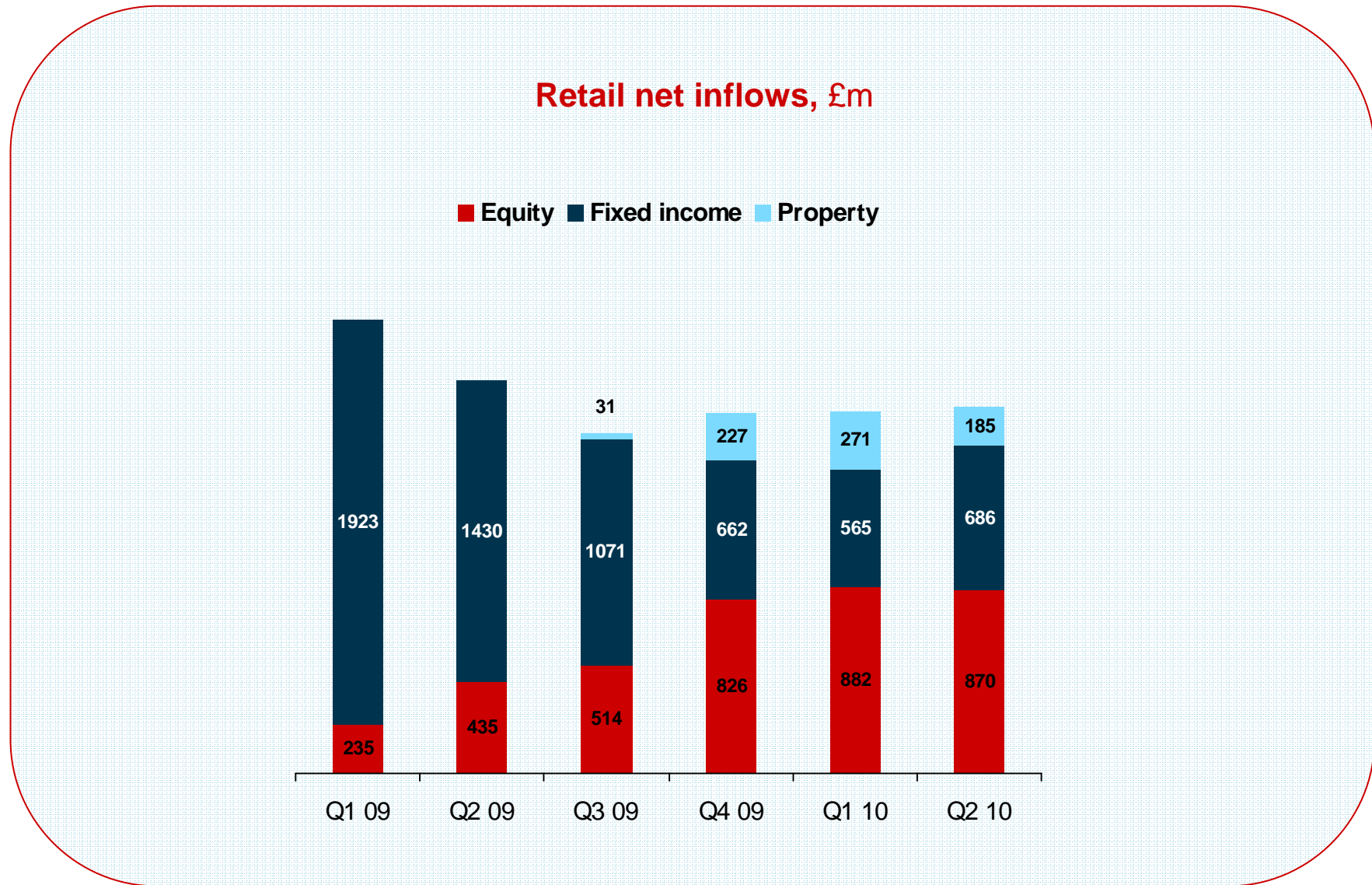
Optimise Asset Management - M&G

Sustained strong retail sales growth



Optimise Asset Management - M&G

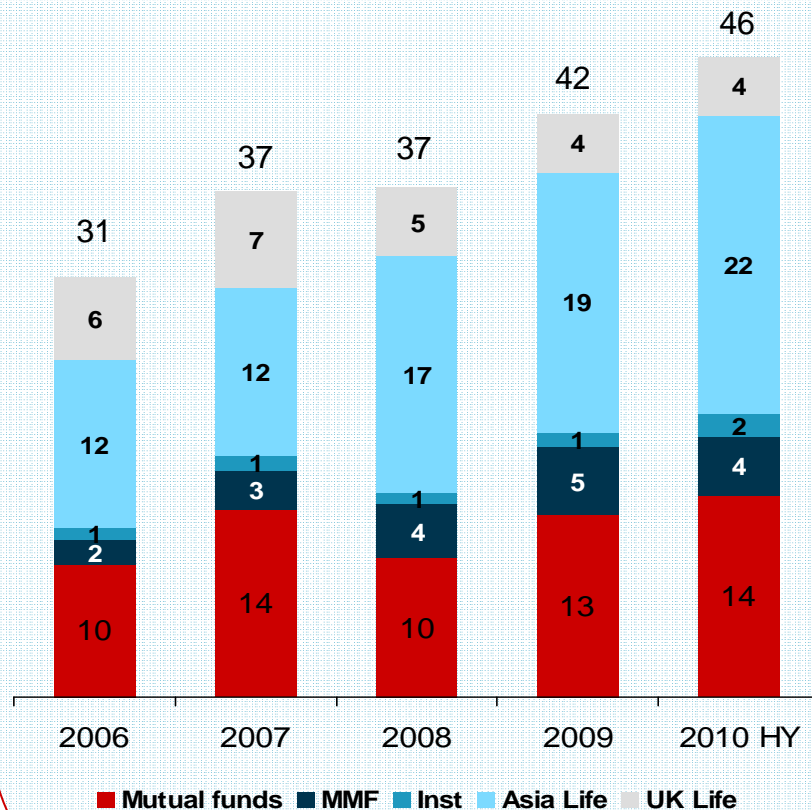
Retail flows across all asset classes



Optimise Asset Management – Asia

Asia has significant potential

Funds Under Management, £bn



Material growth opportunity

- Rising affluence
- Higher margin, higher ROE
- Developed and developing markets

Significant areas of untapped potential

- Institutional
- High Net Worth

Building on strong foundation

- £46bn in FUM
- New management
- Improving fund performance
- Area of strategic focus for the Group

Summary

- High-performing, high-return businesses
- Exposure to growth markets
- Proactive approach to risk and capital management
- Focus on realising profit from the back-book
- Generate a growing dividend

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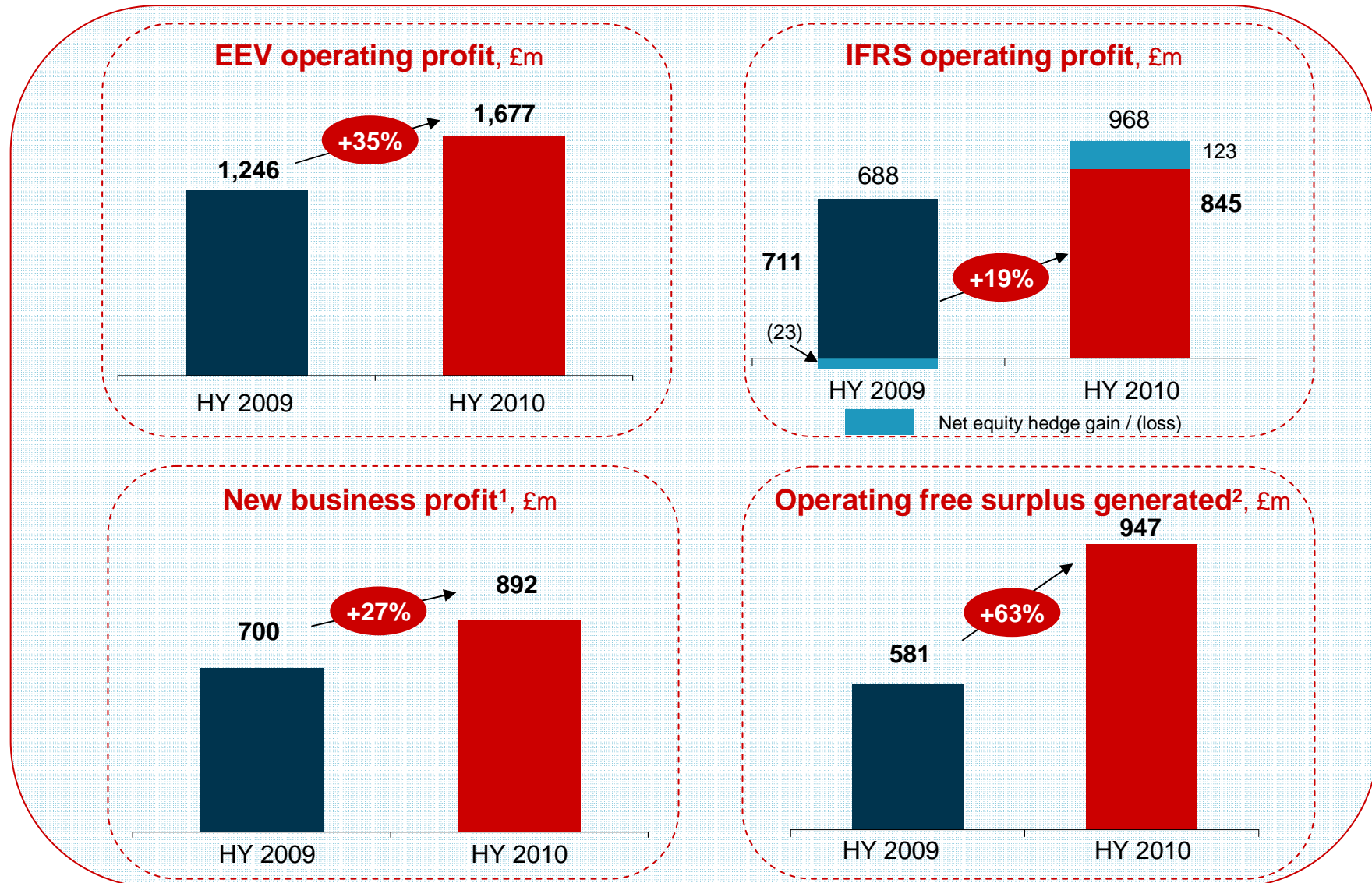
Nic Nicandrou

Outlook and Q&A

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Group KPI Overview

Balanced approach to performance management

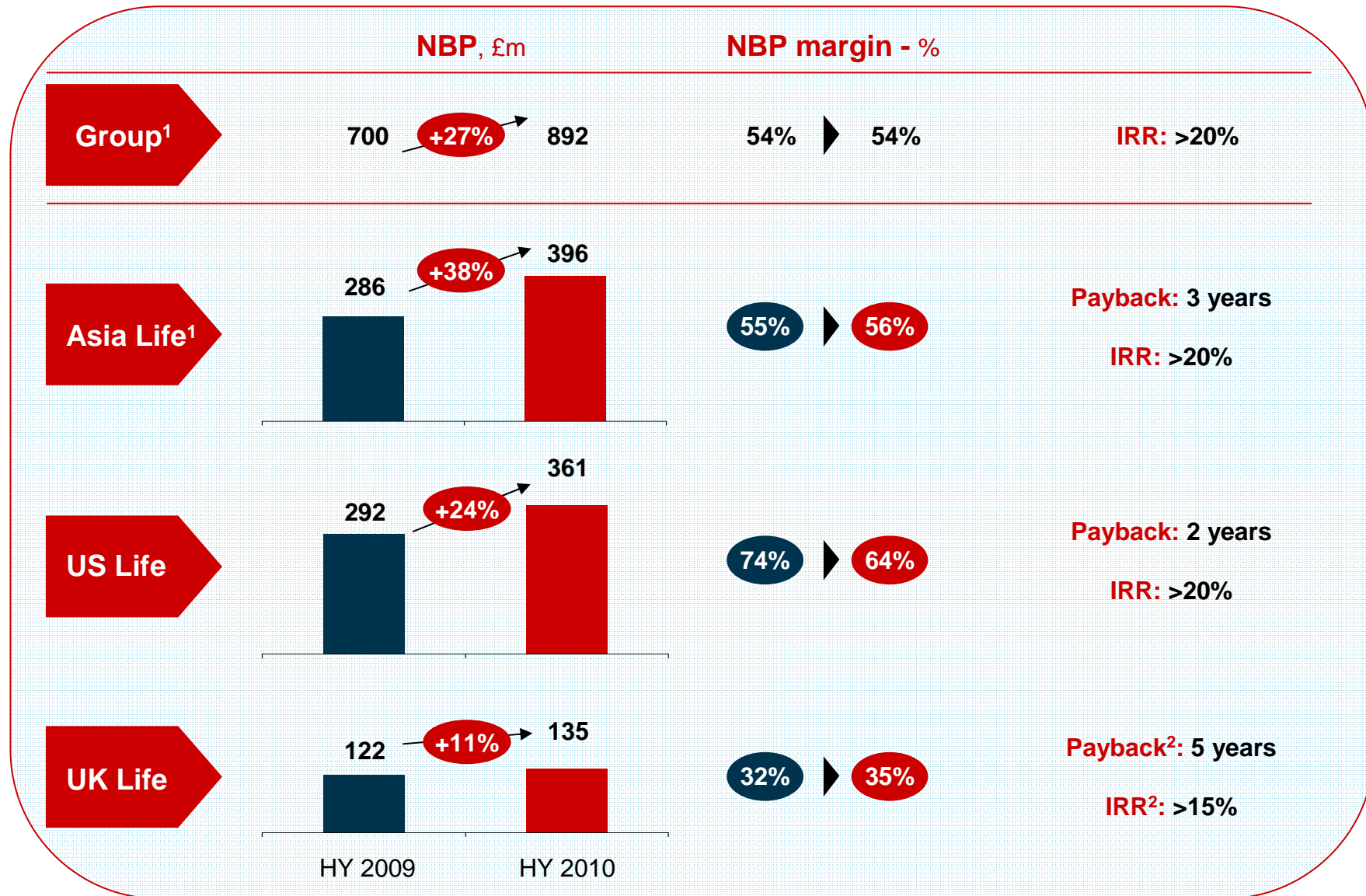


1 Excludes Japan life

2 Underlying free surplus generated in the period from in-force business, less investment in new business

Delivering growth in value and volume

Balancing capital consumption and value optimisation



1 Excludes Japan life

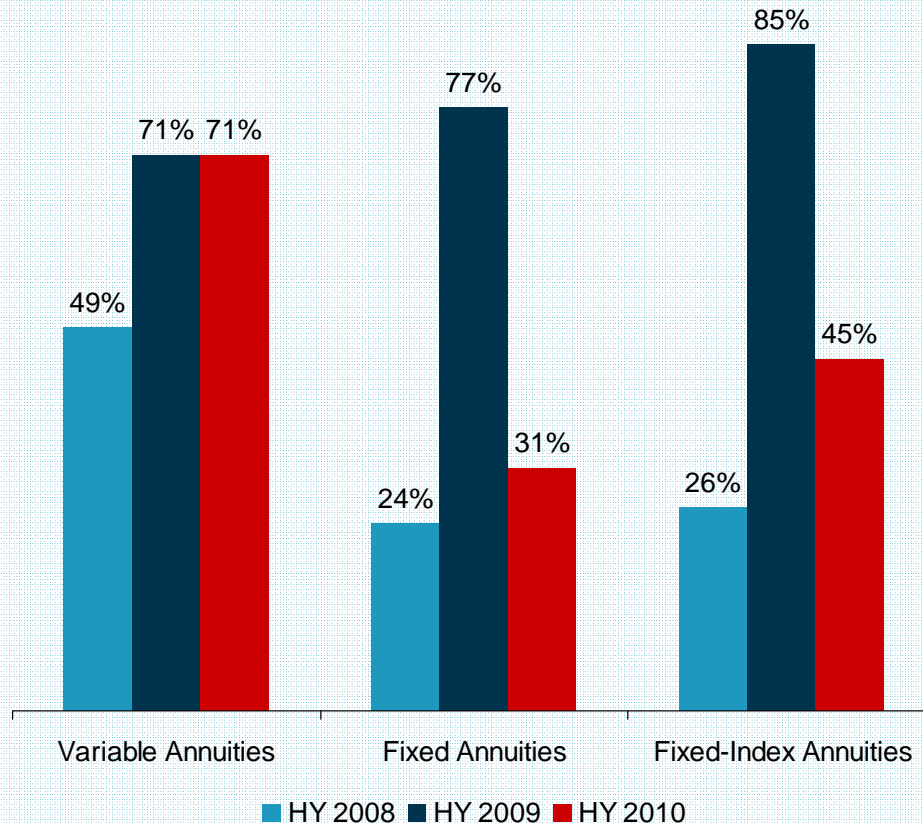
2 Shareholder-backed business

Payback: Expected period over which future undiscounted free surplus generation recoups initial new business investment

US – New Business Margin

VA margins remain high, fixed margins normalising

New business margin – % APE



- **Variable Annuities**

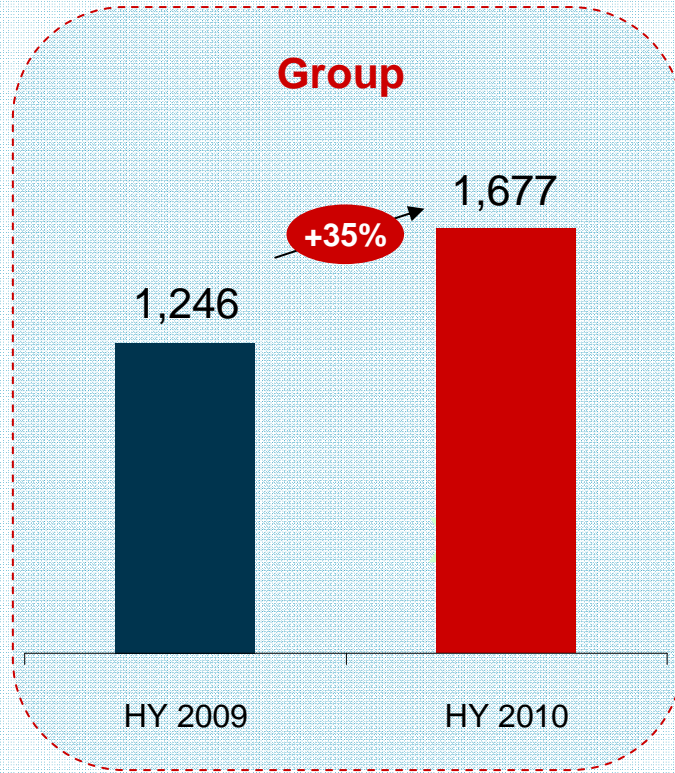
- Continuing 'Flight to quality' creating demand pull
- Higher penetration of GMWB options
- Pro-active re-pricing of benefits
- Policyholder behaviour more favourable

- **Fixed Annuities, Fixed-Indexed Annuities**

- Margins impacted by narrower spread environment
- Products de-emphasised as margins contracted

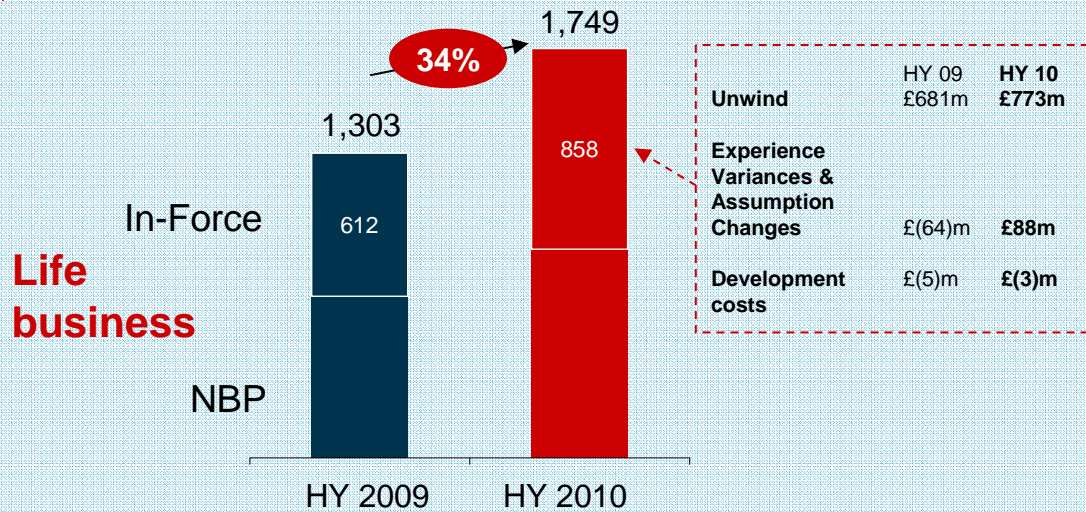
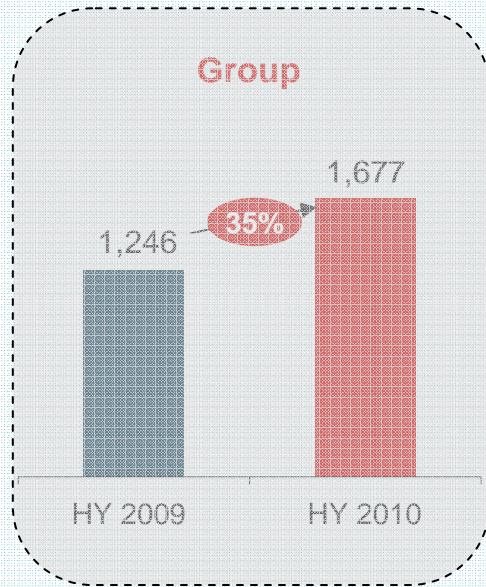
EEV Operating Profit – Group

EEV operating profit, £m



EEV Operating Profit – Group

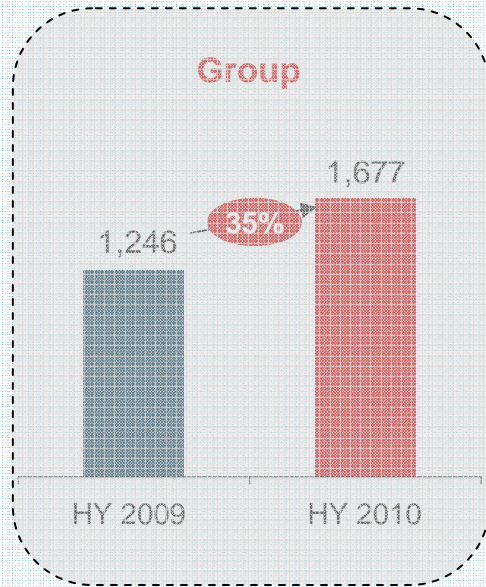
EEV operating profit, £m



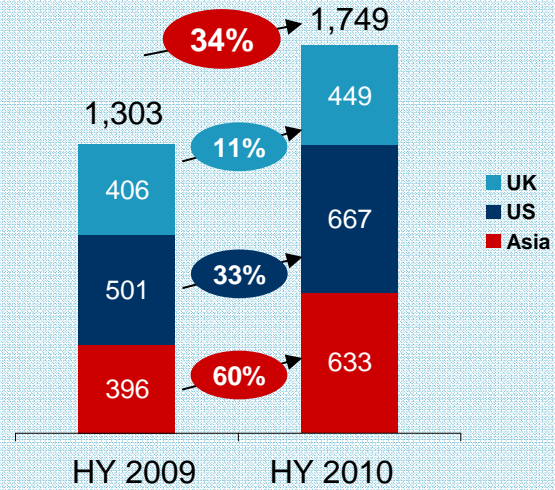
	HY 09	HY 10
Unwind	£681m	£773m
Experience Variances & Assumption Changes	£(64)m	£88m
Development costs	£(5)m	£(3)m

EEV Operating Profit – Group

EEV operating profit, £m

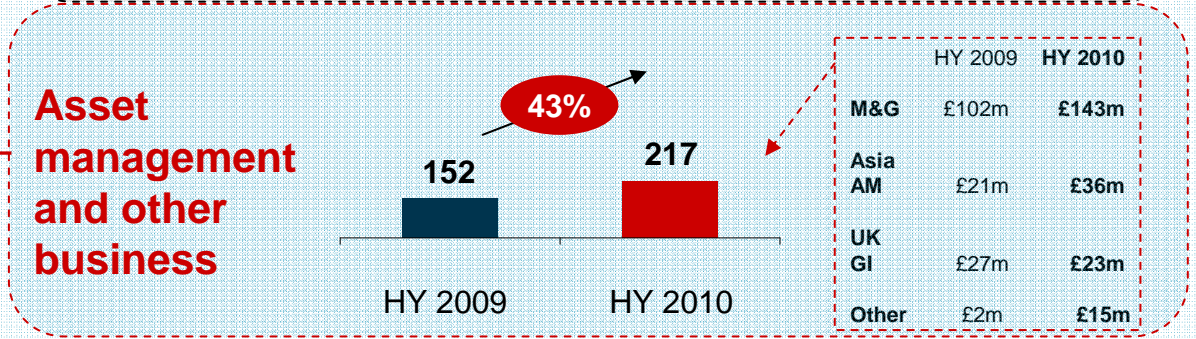
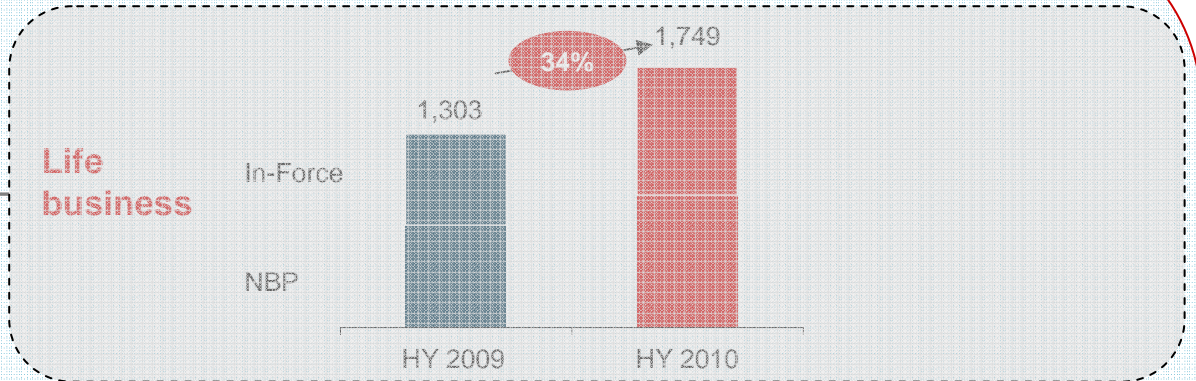
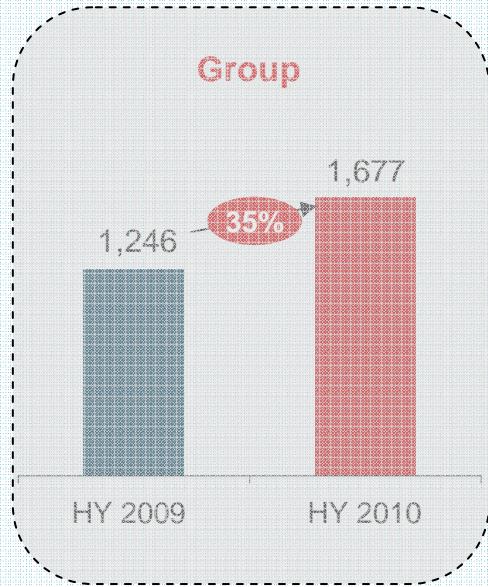


Life business



EEV Operating Profit – Group

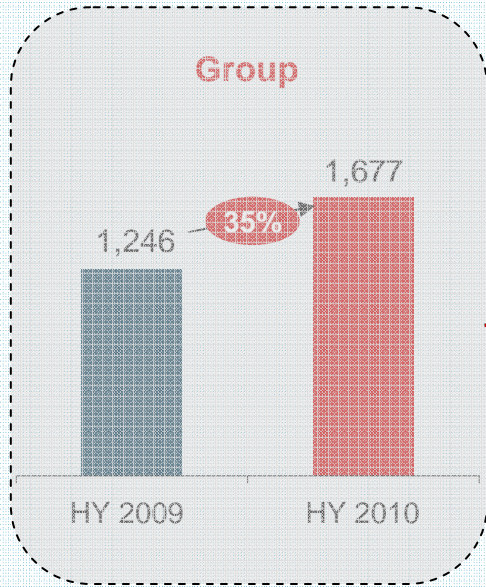
EEV operating profit, £m



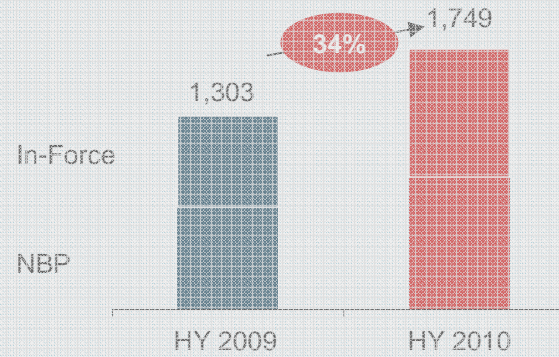
	HY 2009	HY 2010
M&G	£102m	£143m
Asia AM	£21m	£36m
UK GI	£27m	£23m
Other	£2m	£15m

EEV Operating Profit – Group

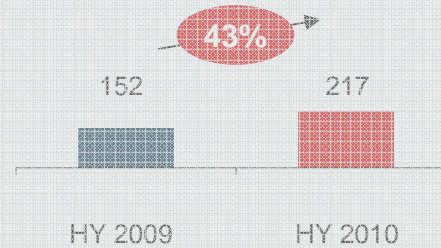
EEV operating profit, £m



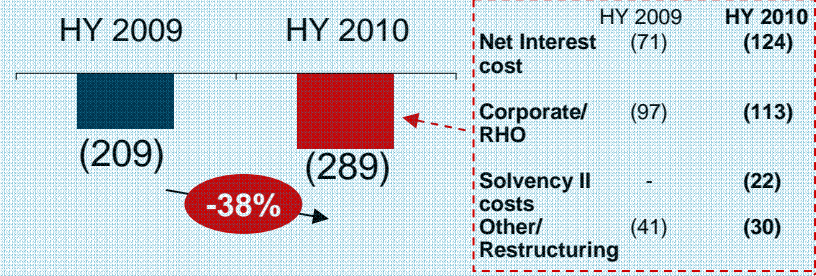
Life business



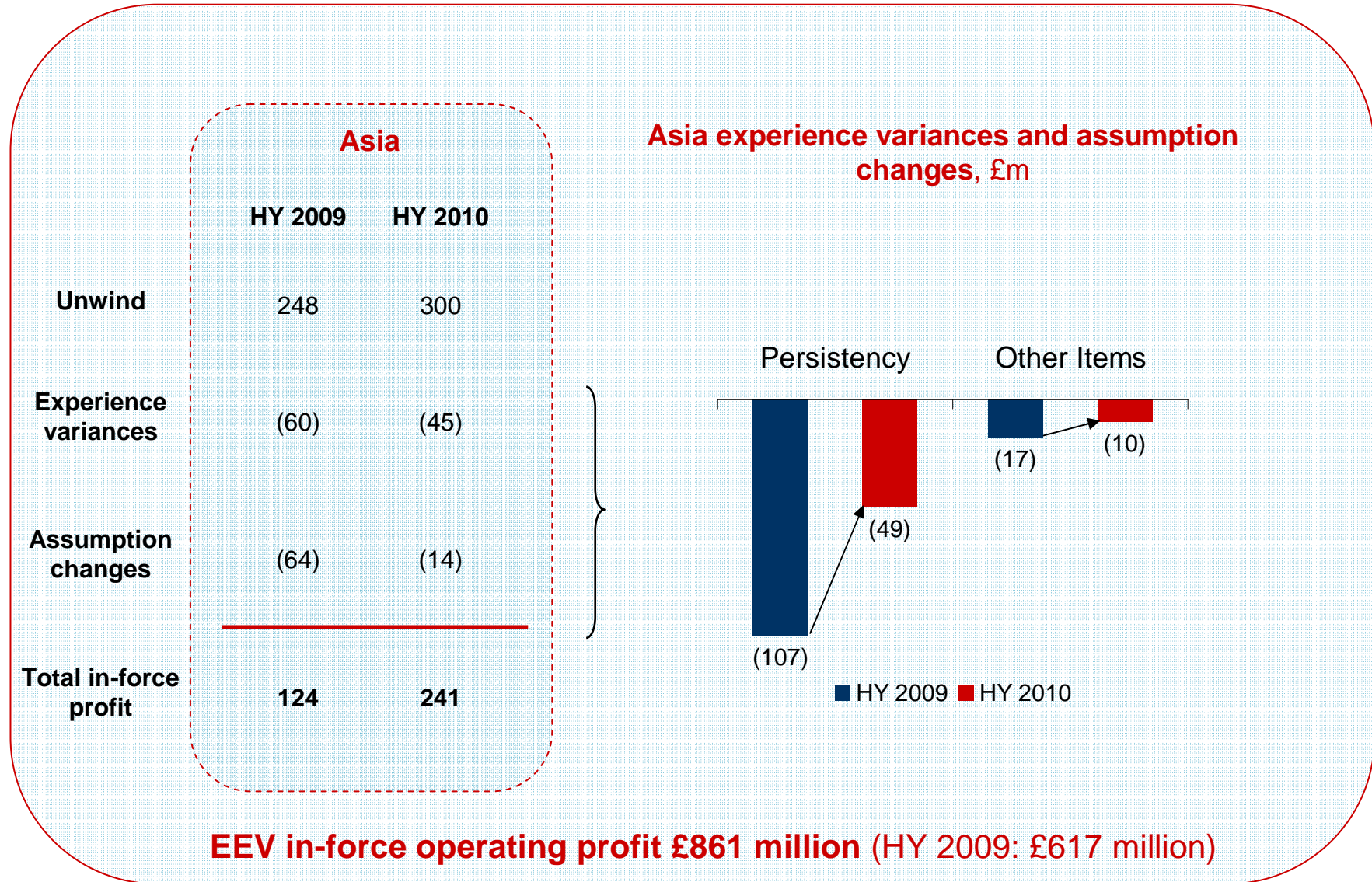
Asset management and other business



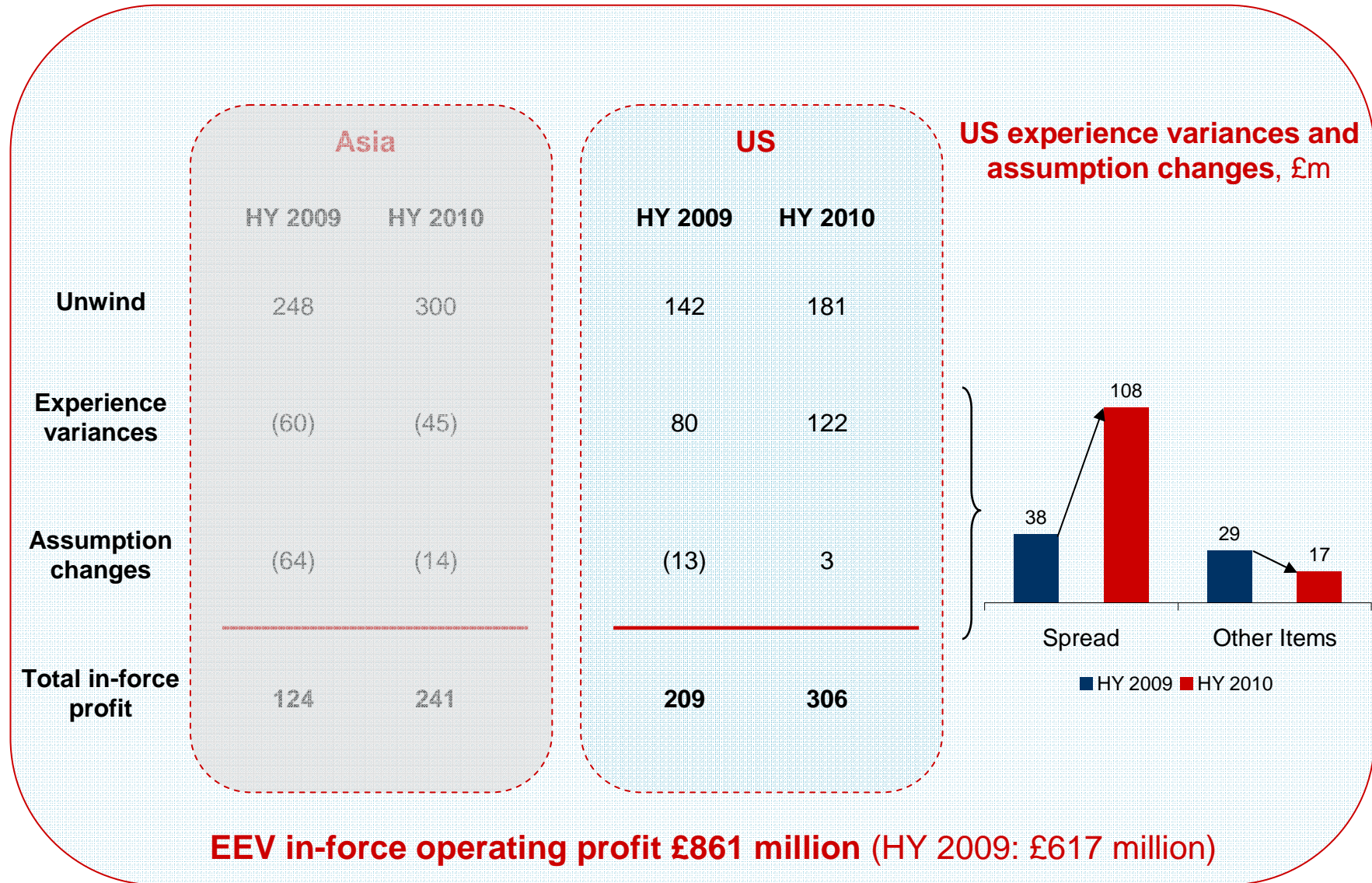
Other income and expenses



EEV Operating Profit – Life In-Force Business



EEV Operating Profit – Life In-Force Business



EEV Operating Profit – Life In-Force Business

UK in-force profit, £m

	Asia		US		UK	
	HY 2009	HY 2010	HY 2009	HY 2010	HY 2009	HY 2010
Unwind	248	300	142	181	291	292
Experience variances	(60)	(45)	80	122	(7)	22
Assumption changes	(64)	(14)	(13)	3	-	-
Total in-force profit	124	241	209	306	284	314

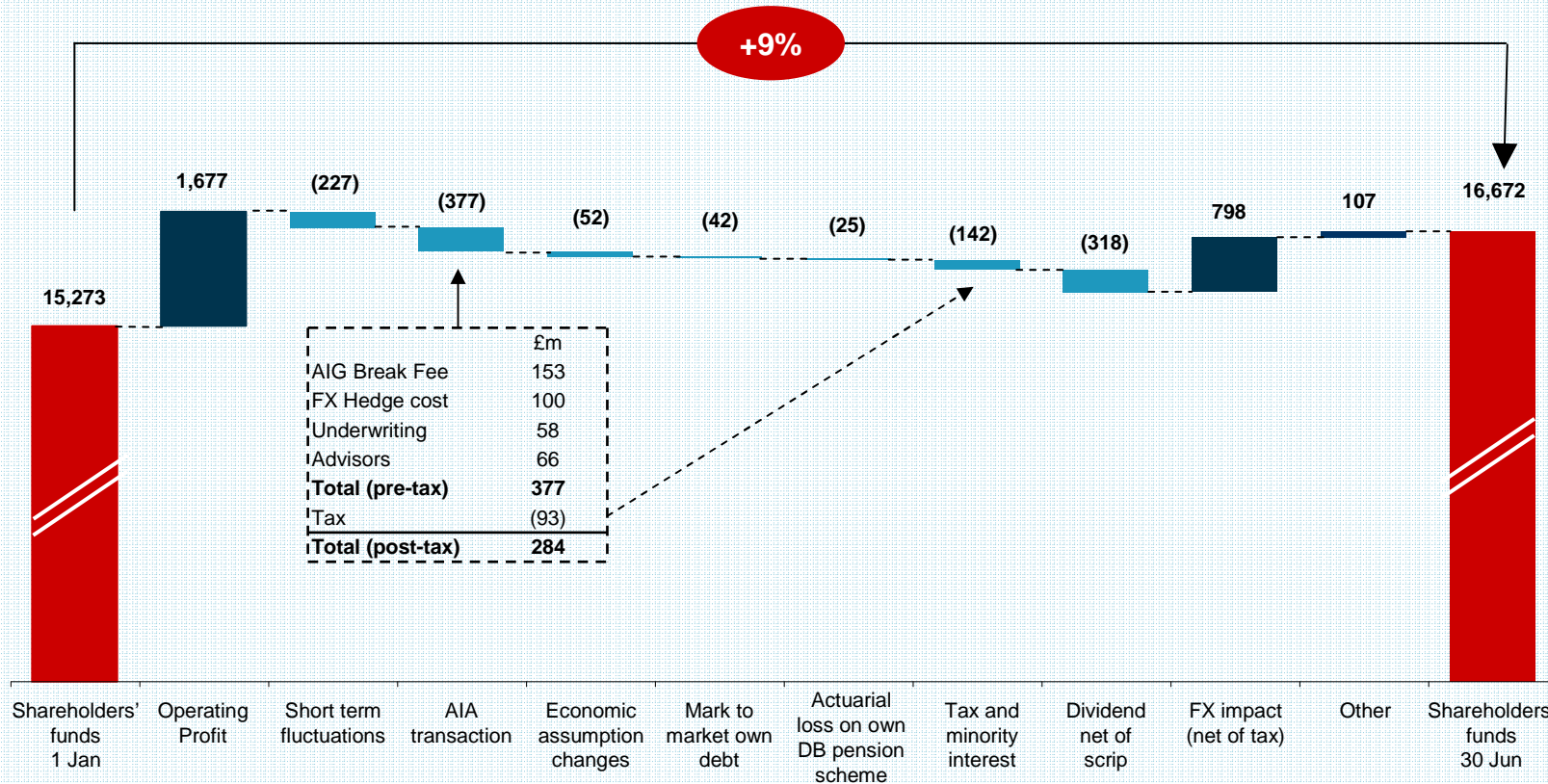
EEV in-force operating profit £861 million (HY 2009: £617 million)

EEV Shareholders' Funds

Analysis of movement in EEV shareholders' funds, £m

Per Share = £6.03

Per Share = £6.57

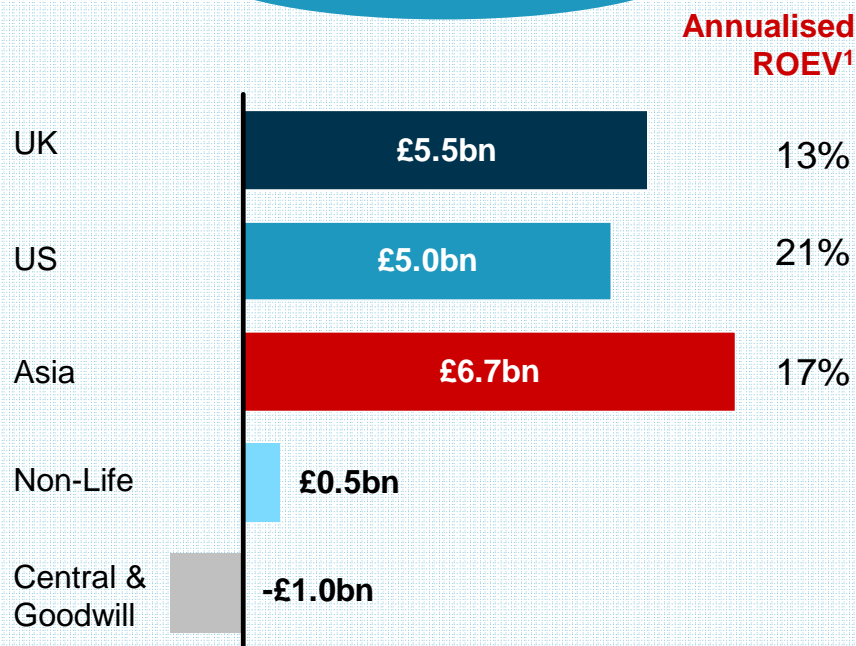


EEV Shareholders' Funds

Asia 40% of EEV and delivering high return

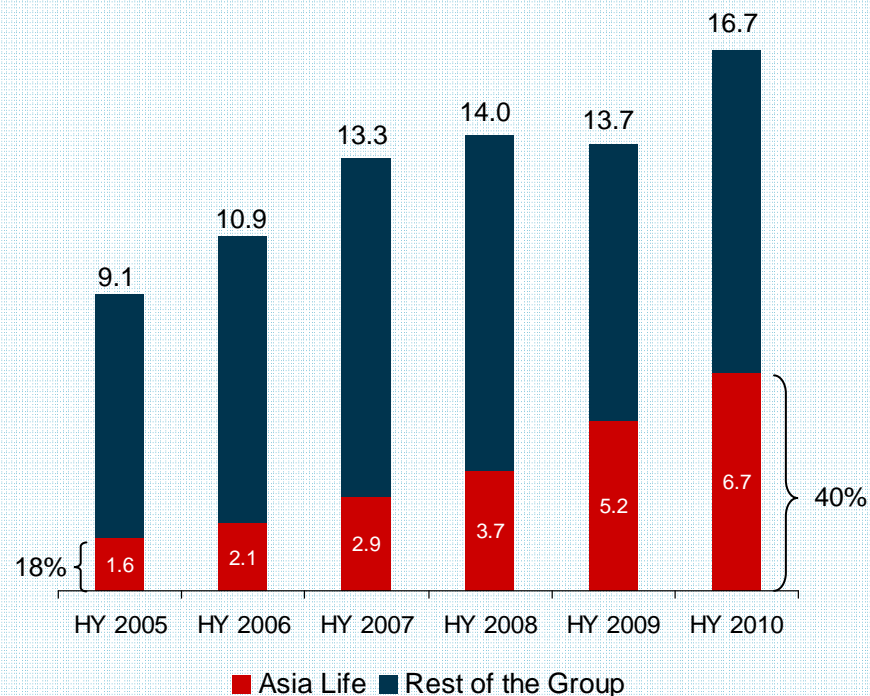
Geographical split – 30 June 2010

Total Group EEV = £16.7bn



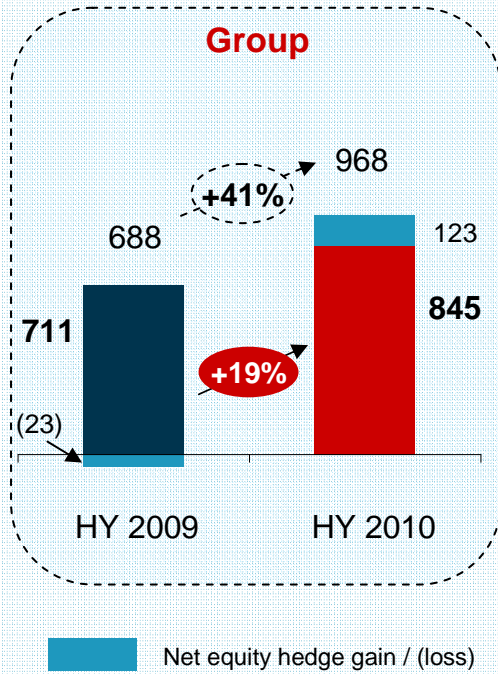
EEV shareholders' funds, £bn

Group EEV growth : + 13% CAGR
 Asia life EEV growth : + 33% CAGR



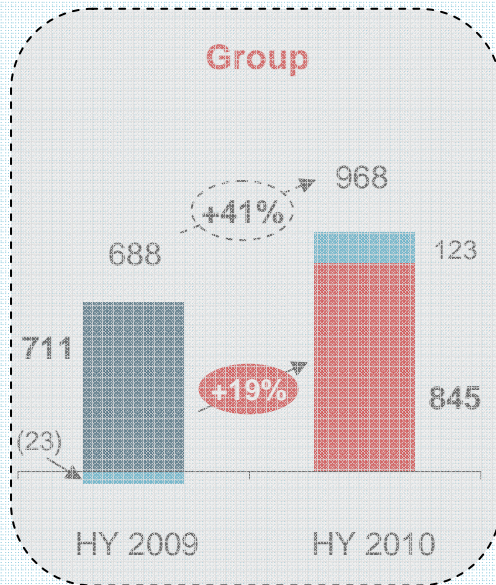
IFRS Operating Profit – Group

IFRS operating profit, £m



IFRS Operating Profit – Group

IFRS operating profit, £m



Net equity hedge gain / (loss)

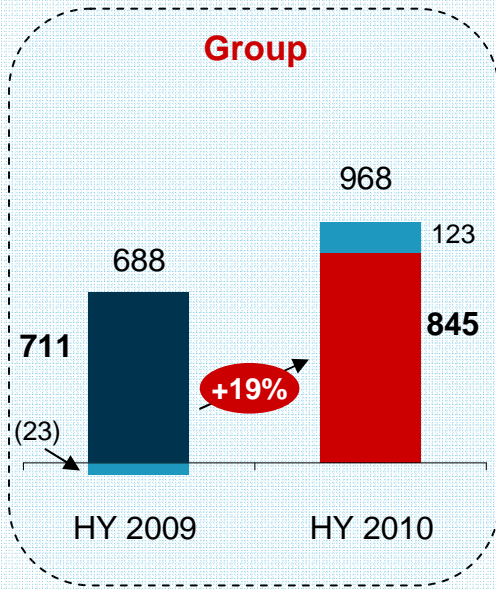
Jackson VA embedded derivative gains and losses, £m

£m	FY 2008	H1 2009	H2 2009	H1 2010	Cumulative impact
Derivative gains/(losses)	517	(94)	(425)	440	438
Change in value of guarantees	(341)	28	75	(108)	(346)
Related DAC	(105)	43	214	(209)	(57)
Net impact	71	(23)	(136)	123	35

- Derivatives program hedges product economics rather than accounting results
- Gain/loss arises on difference between:
 - Fair value movement in derivative assets
 - Movement in accounting value of guarantees
- IFRS accounting gain of £123m in HY10 (£23)m in HY09)
- Gains/losses variable in nature and unwind over time

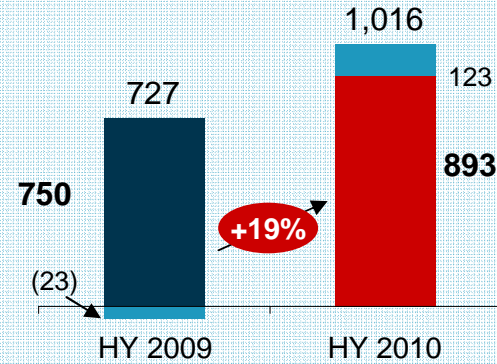
IFRS Operating Profit – Group

IFRS operating profit, £m

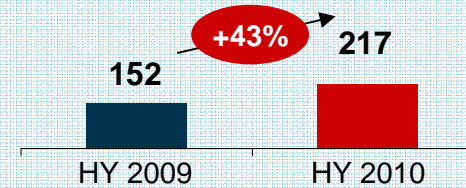


Net equity hedge gain / (loss)

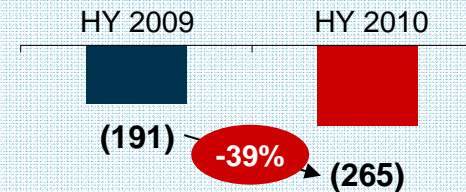
Life Business



Asset management and other businesses

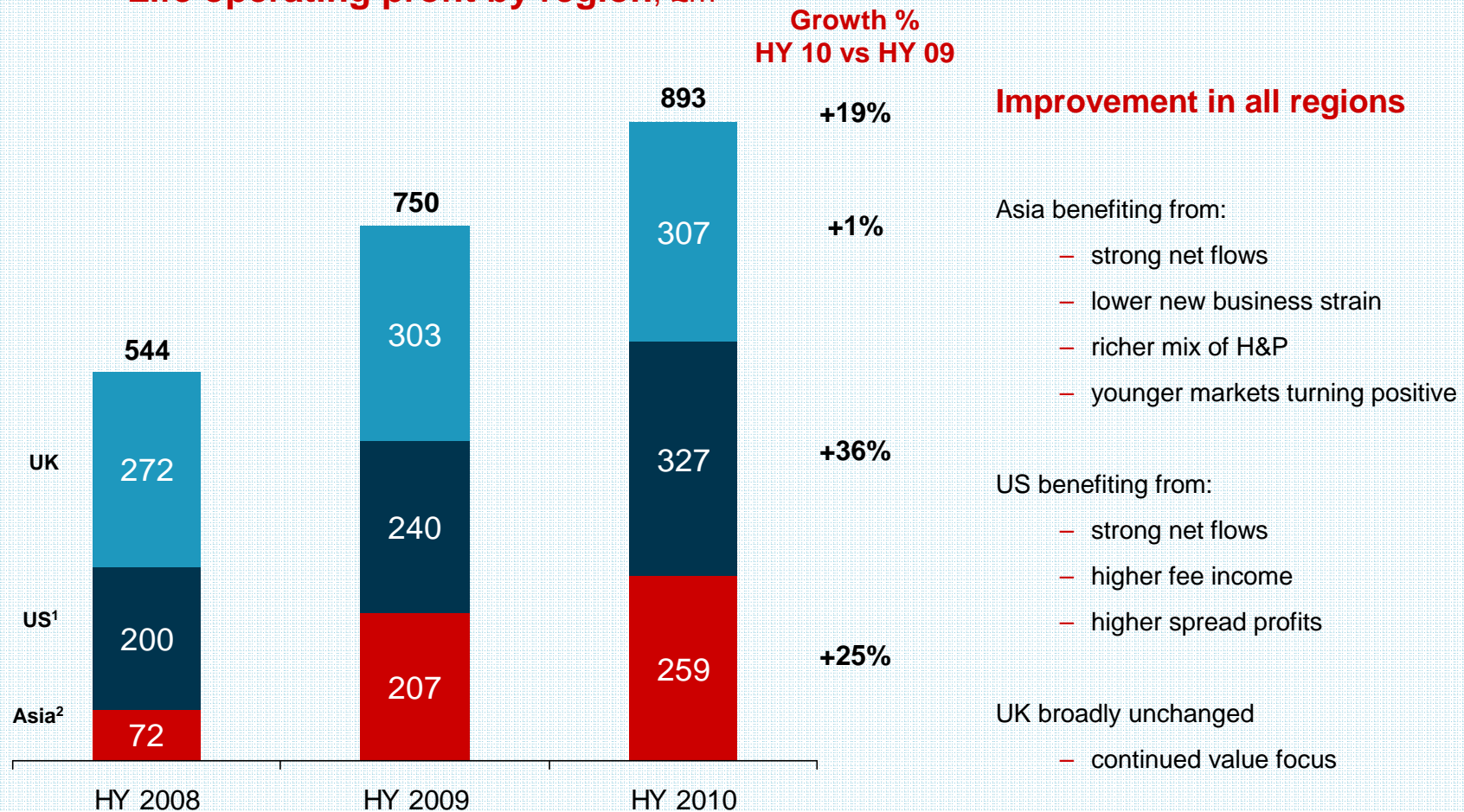


Other income and expenses / restructuring



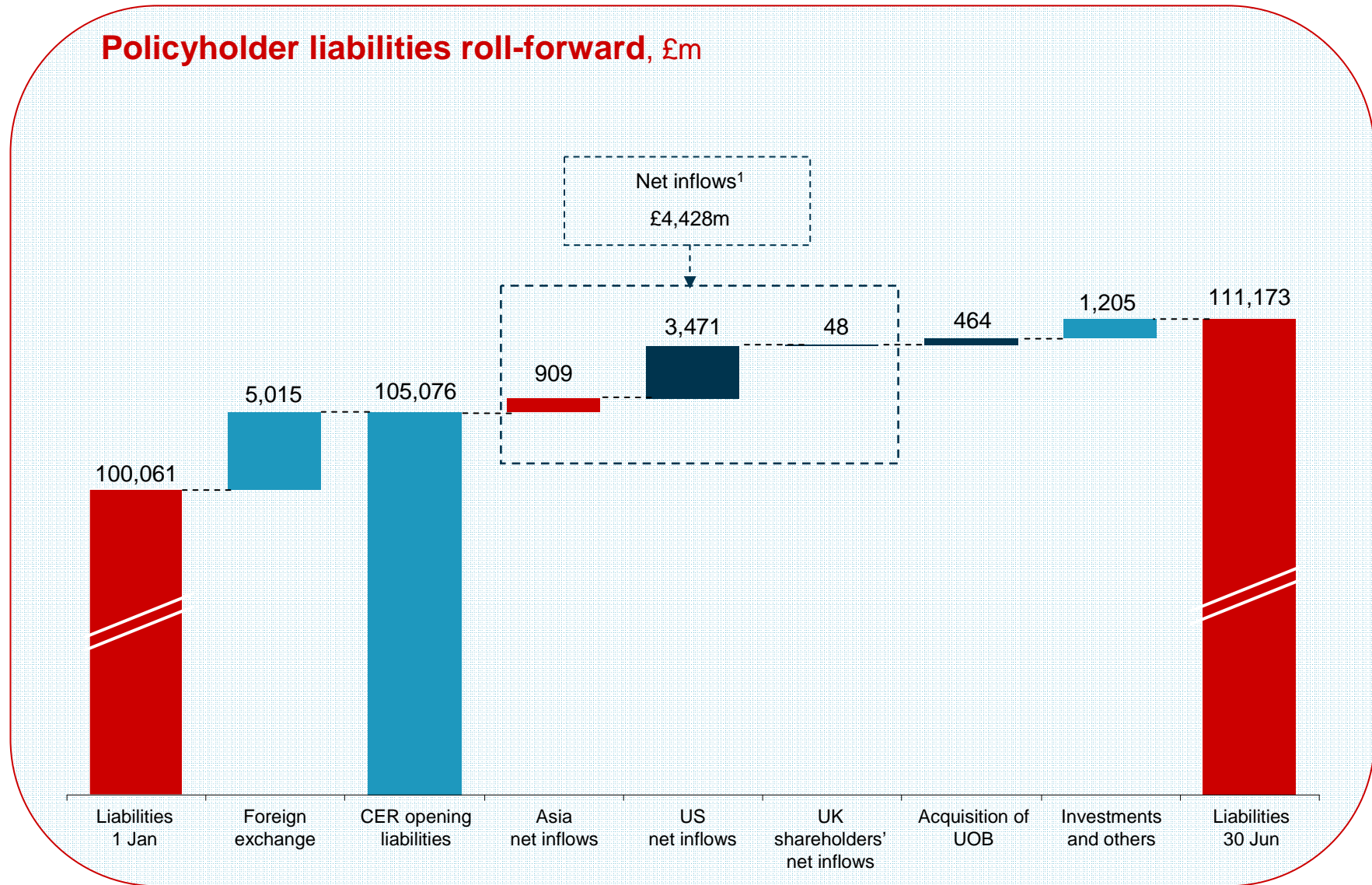
IFRS Operating Profit – Life businesses

Life operating profit by region, £m



42 1 Excludes net equity hedge gain/loss of £123m (HY 2009: £(23)m, HY 2008: £32m)
 2 Net of development costs of HY 2008: £(3)m, HY 2009: £(5)m, HY 2010: £(3)m

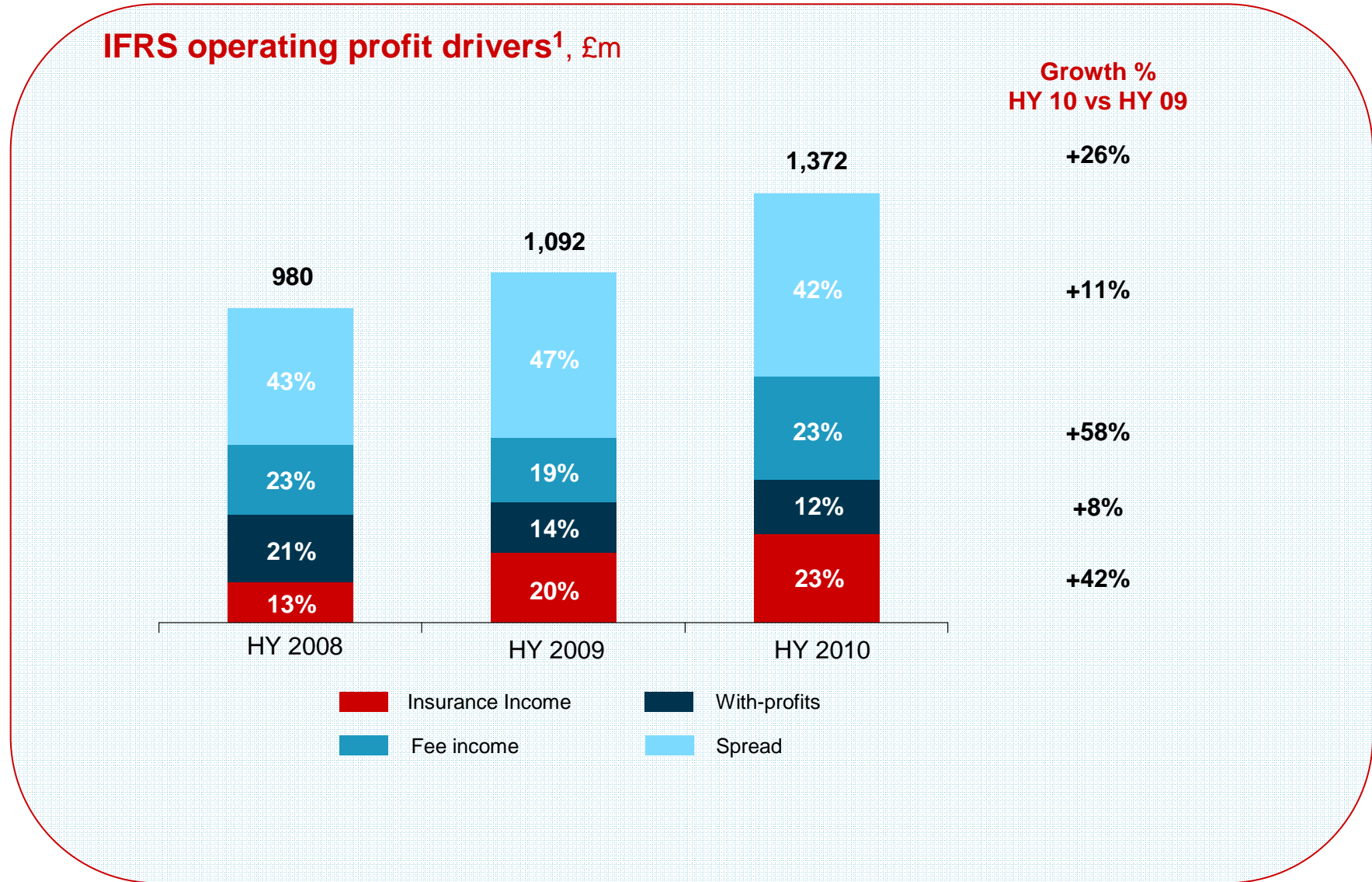
Policyholder liabilities – Shareholder-Backed Business



43 1. Net flows defined as premiums less surrenders and maturities/deaths

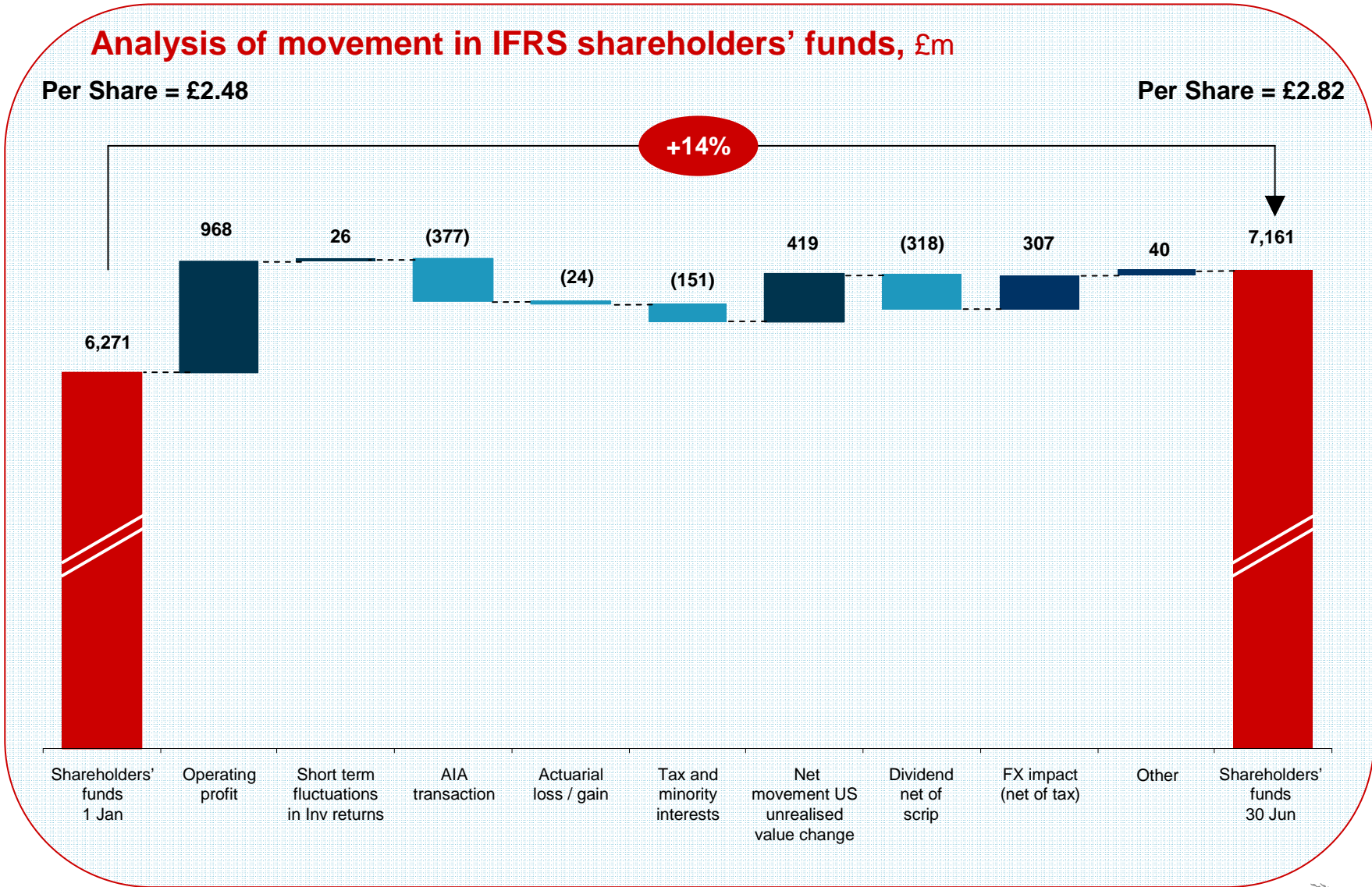
IFRS Profit Drivers

Sources of IFRS Operating Profit

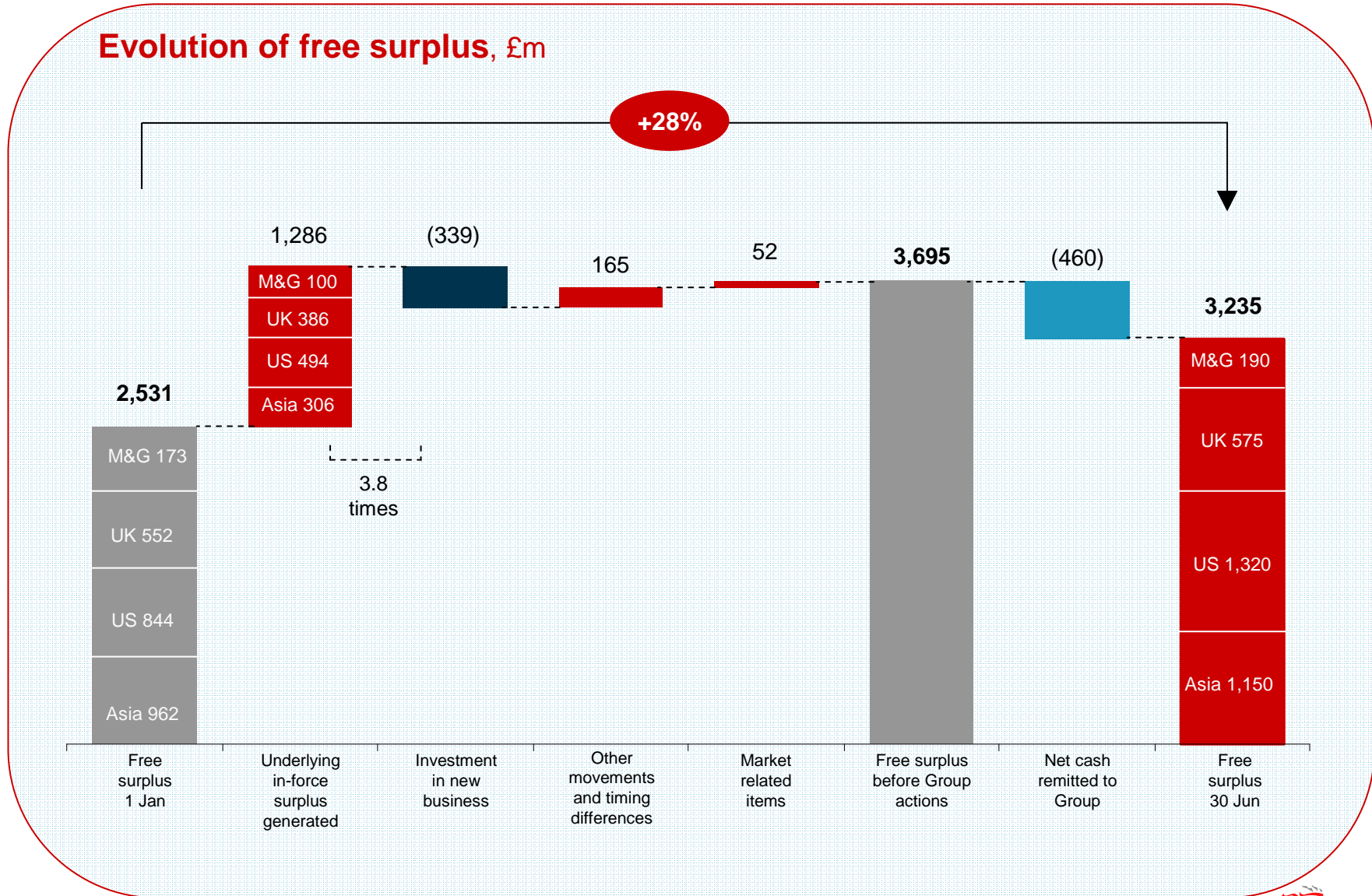


¹ Excludes net expense margin, DAC amortization for all years, Malaysia RBC one-off gain in 2009, net equity hedge gain/loss in 2010 and other items

IFRS Shareholders' Funds



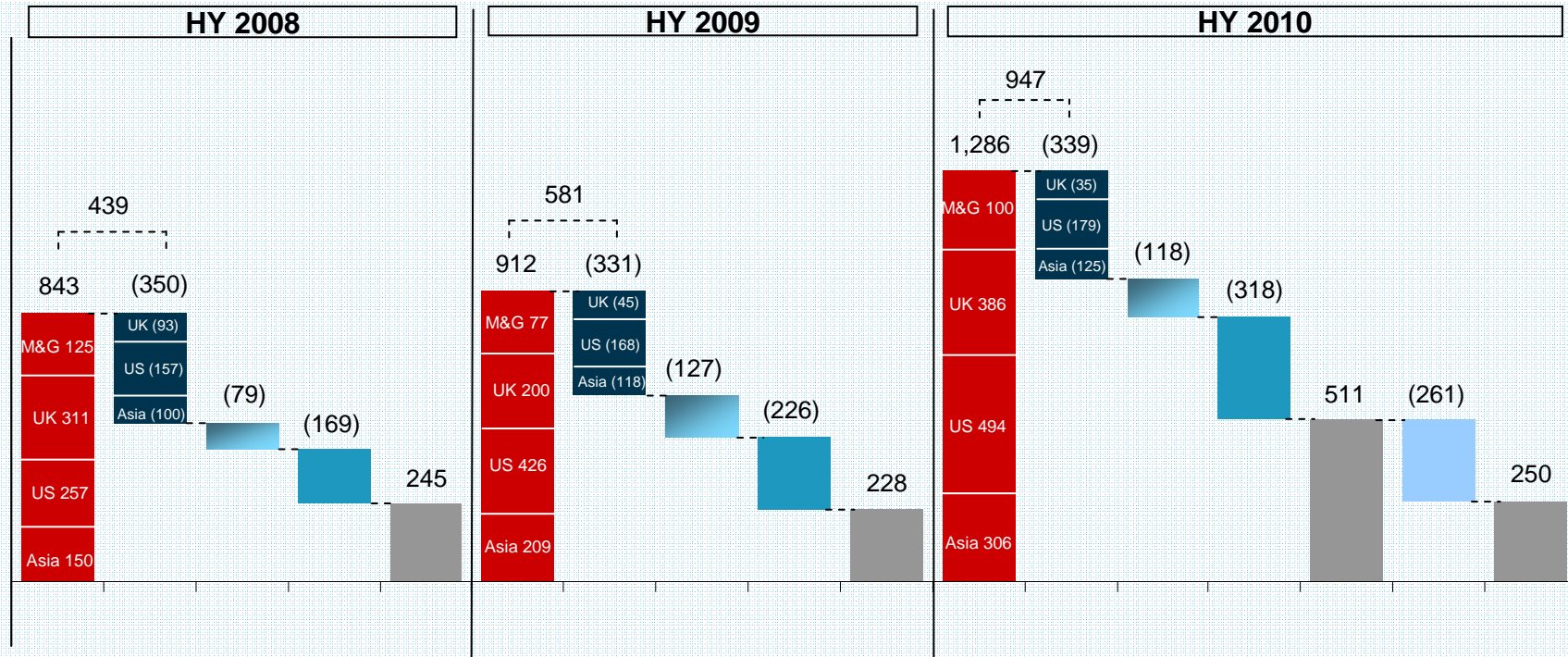
Free Surplus – Life & Asset Management



46 Note: Asia and US include asset management and UK includes GI commission

Underlying free surplus generation covers dividend

Underlying free surplus generation, £m

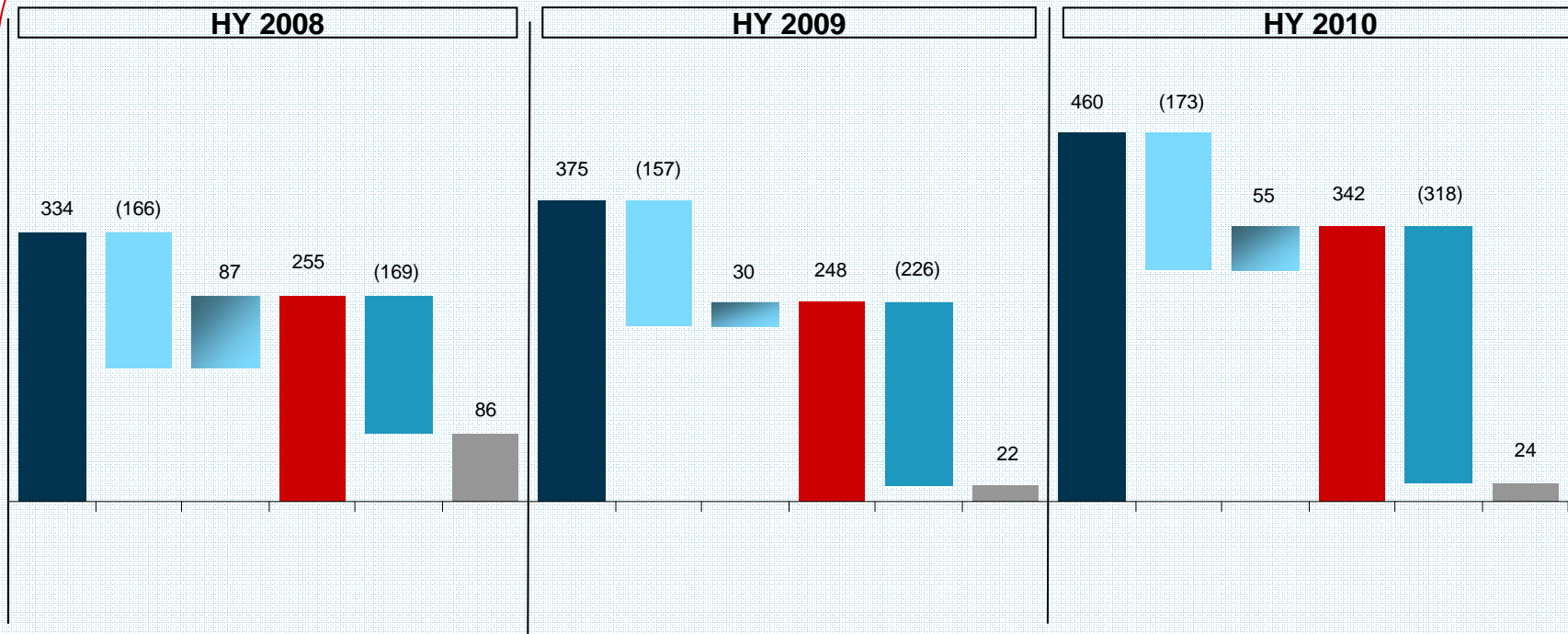


- Free surplus from in-force
- Investment in new business
- Net corporate cash costs
- Dividend net of scrip
- Underlying free surplus generation
- AIA cash costs incurred to 30 June

Holding Company Operating Cash Flows

Increased cash generation to support the dividend

Holding company operating cash flow, £m



- Net cash remitted to Group
- Interest and corporate cash costs
- Tax received
- Holding company operating cashflow pre-dividend
- Dividend paid
- Holding company cashflow after dividend

Resilient Balance Sheet



Maintained capital strength

- IGD surplus £3.4bn equivalent to a cover of 270%
- With-profits estate £5.9bn

Strong liquidity position

- Over £1.0bn of capital cash resources
- £2.2bn of untapped liquidity facilities

Continued balance sheet de-risking

- US / UK exposure to UK / EU bank hybrid debt reduced
- Quality of US corporate credit book improved: 5% below investment grade
- Minimal shareholder exposure to Southern-European sovereign debt

Credit position improved

- Unrealised gains on US debt securities of £1.2bn (HY09: £1.8bn unrealised loss)
- US impairments slowed to 2007 levels
- No defaults in the UK: £1.7bn default provision remains

Conclusions

- Broad based profitability improvements
- Strong focus on value and quality of earnings
- Accelerating underlying free surplus generation
- Maintained robust capital position

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Outlook

- All businesses performing well
- Sound strategy, operating discipline
- Material presence in most attractive markets in Asia
- Generate strong growth and returns for shareholders

Q&A



Appendix



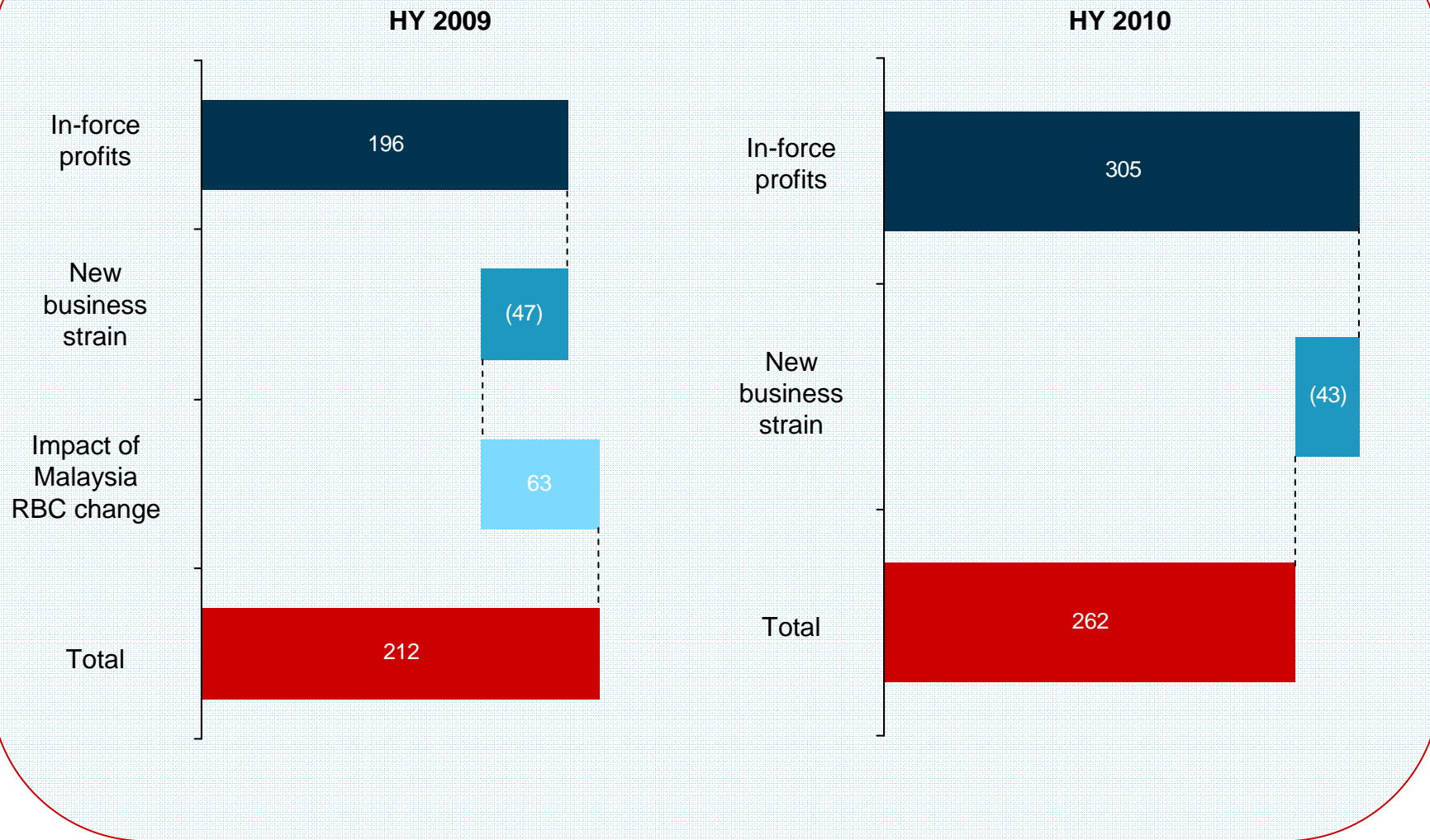
Asia – New Business Margins

Margin by country - % APE

	HY09	HY10
China	45%	44%
Hong Kong	76%	72%
India	19%	20%
Indonesia	61%	71%
Korea	36%	45%
Taiwan	15%	19%
Others*	82%	74%
Total Asia Life*	55%	56%

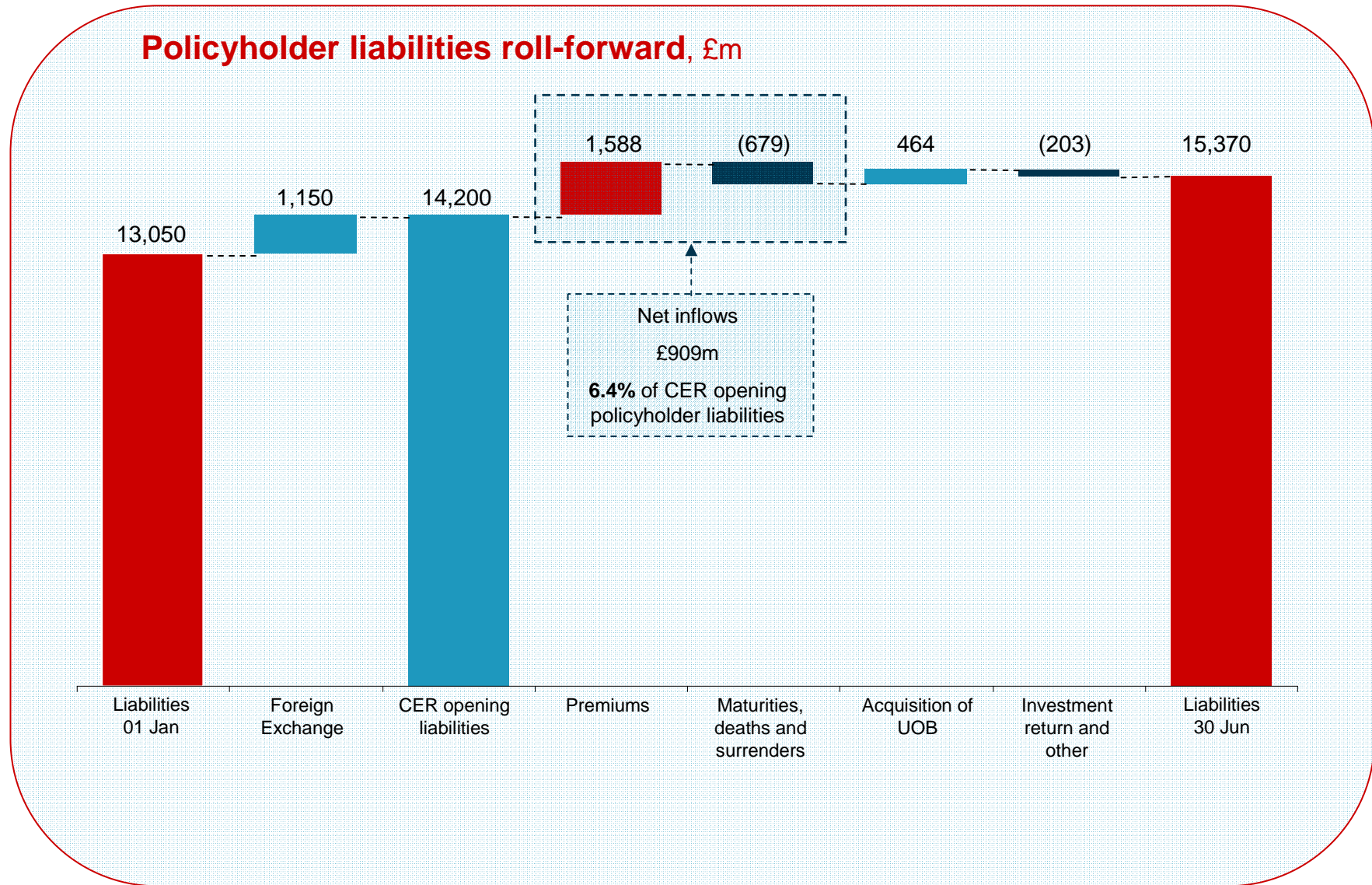
IFRS Operating Profit – Asia Life

Breakdown of Asia life IFRS operating profit, £m



Policyholder Liabilities

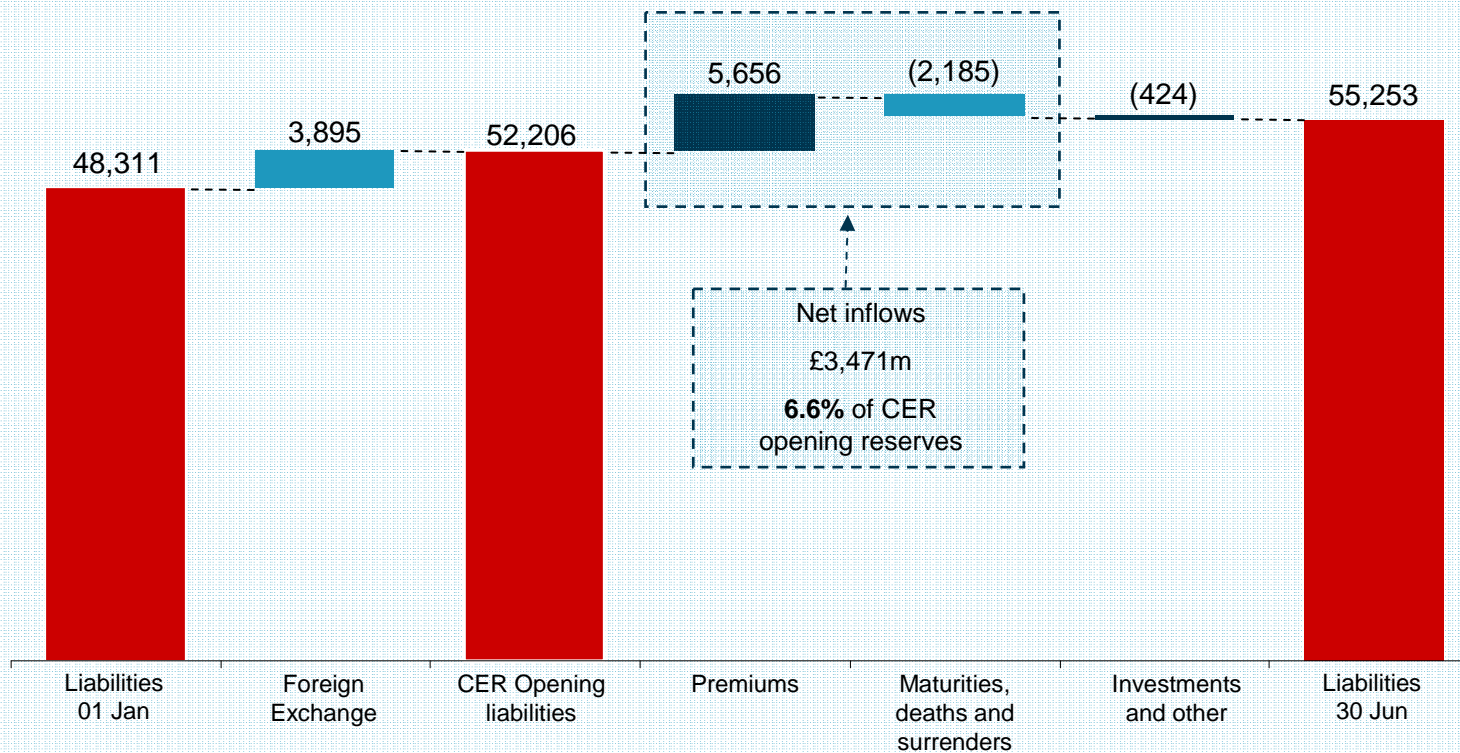
Shareholder-Backed Business – Asia



Policyholder Liabilities

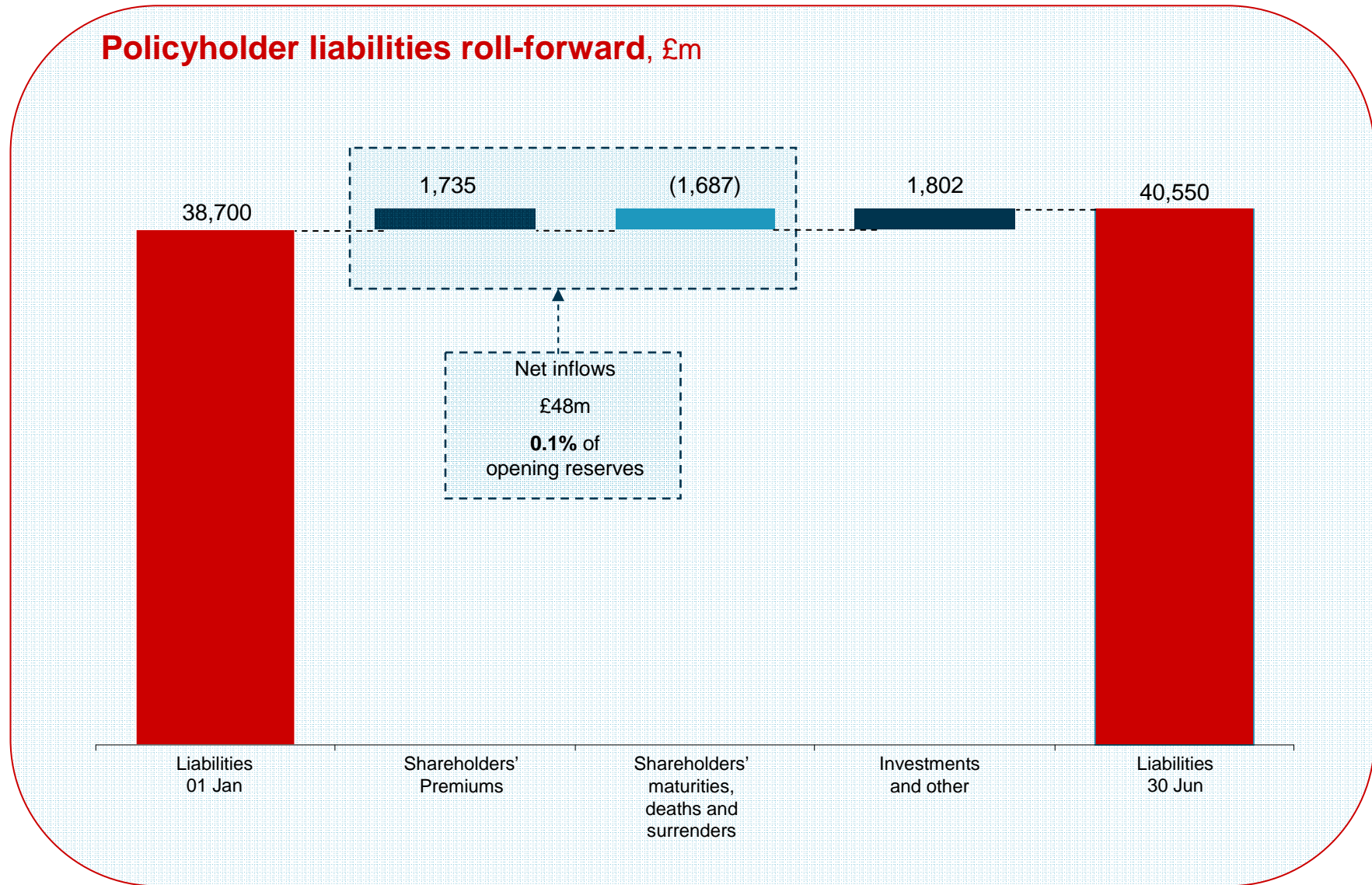
Shareholder-Backed Business – US

Policyholder liabilities roll-forward, £m

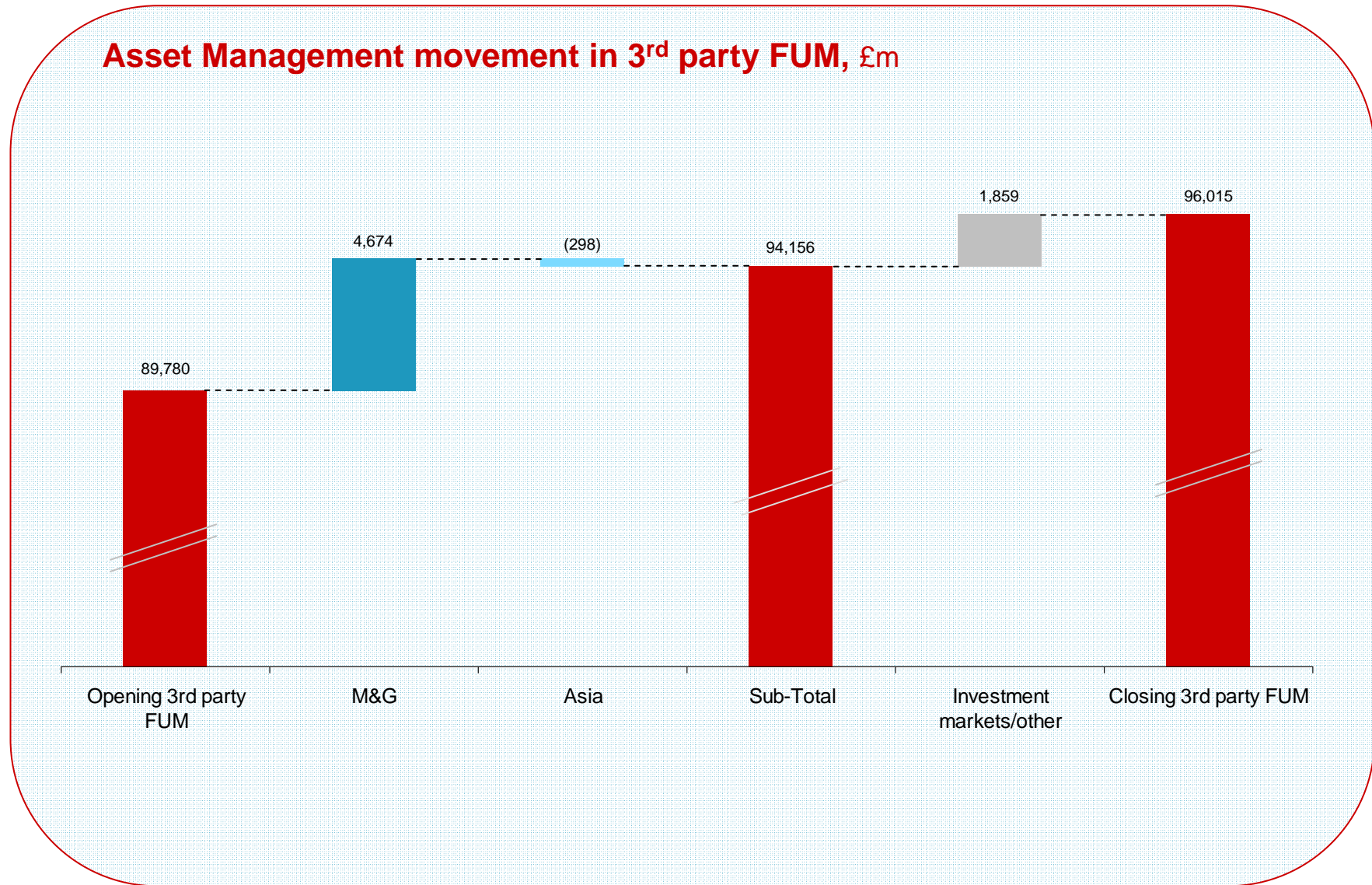


Policyholder Liabilities

Shareholder-Backed Business – UK

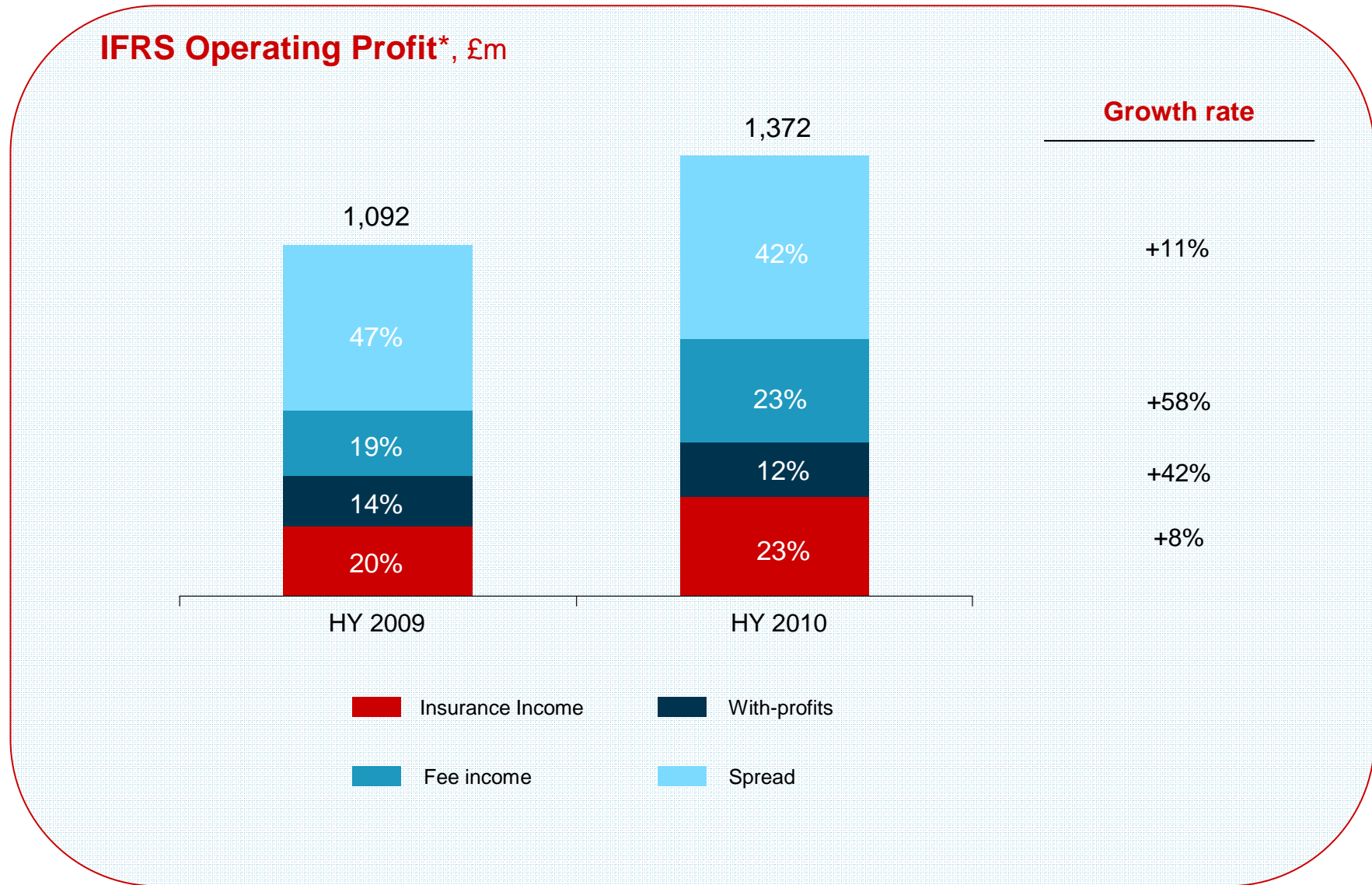


Group Net Inflows 3rd Party Asset Management



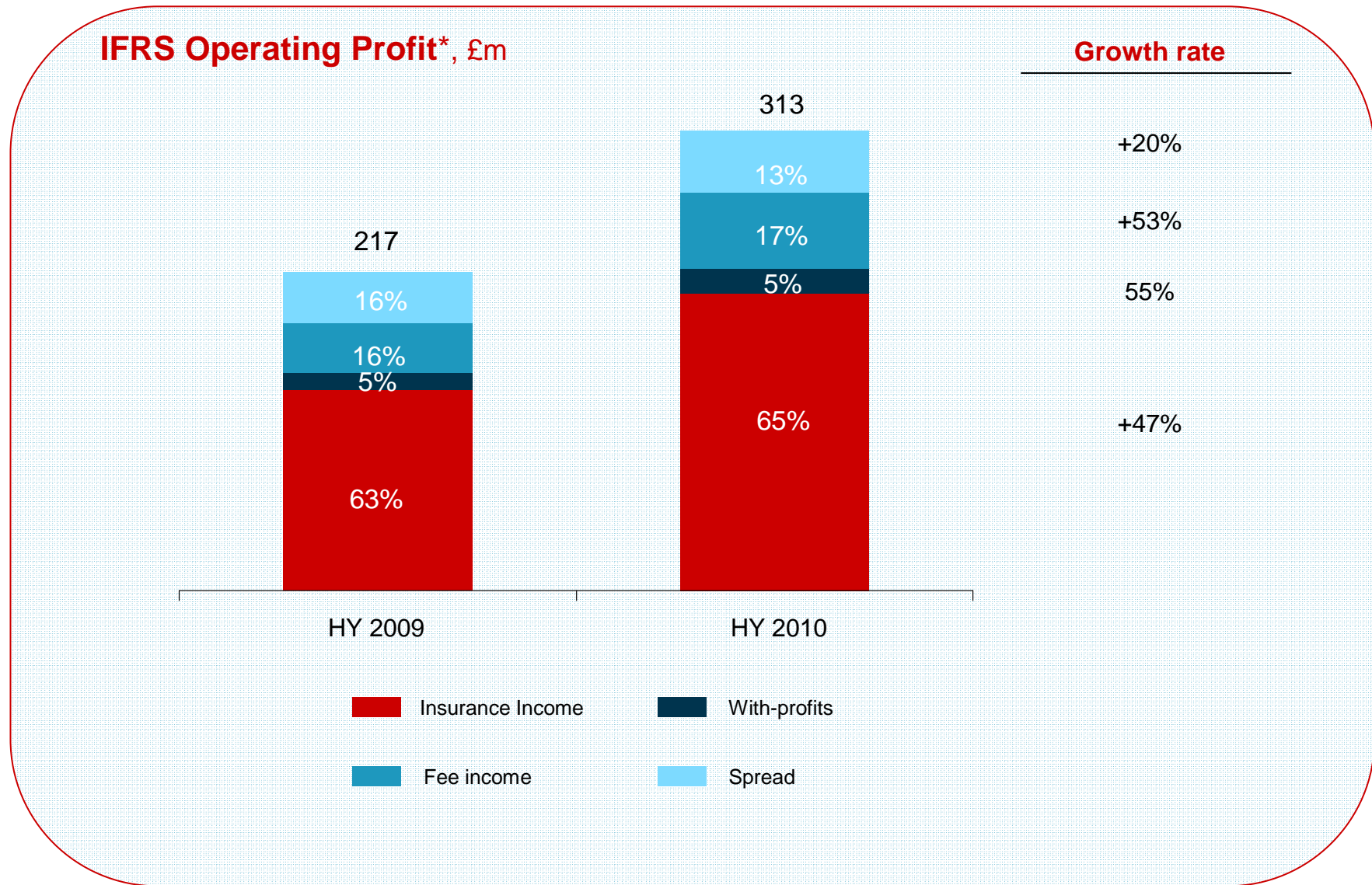
Sources of IFRS Operating Profit

Total Long-Term Business



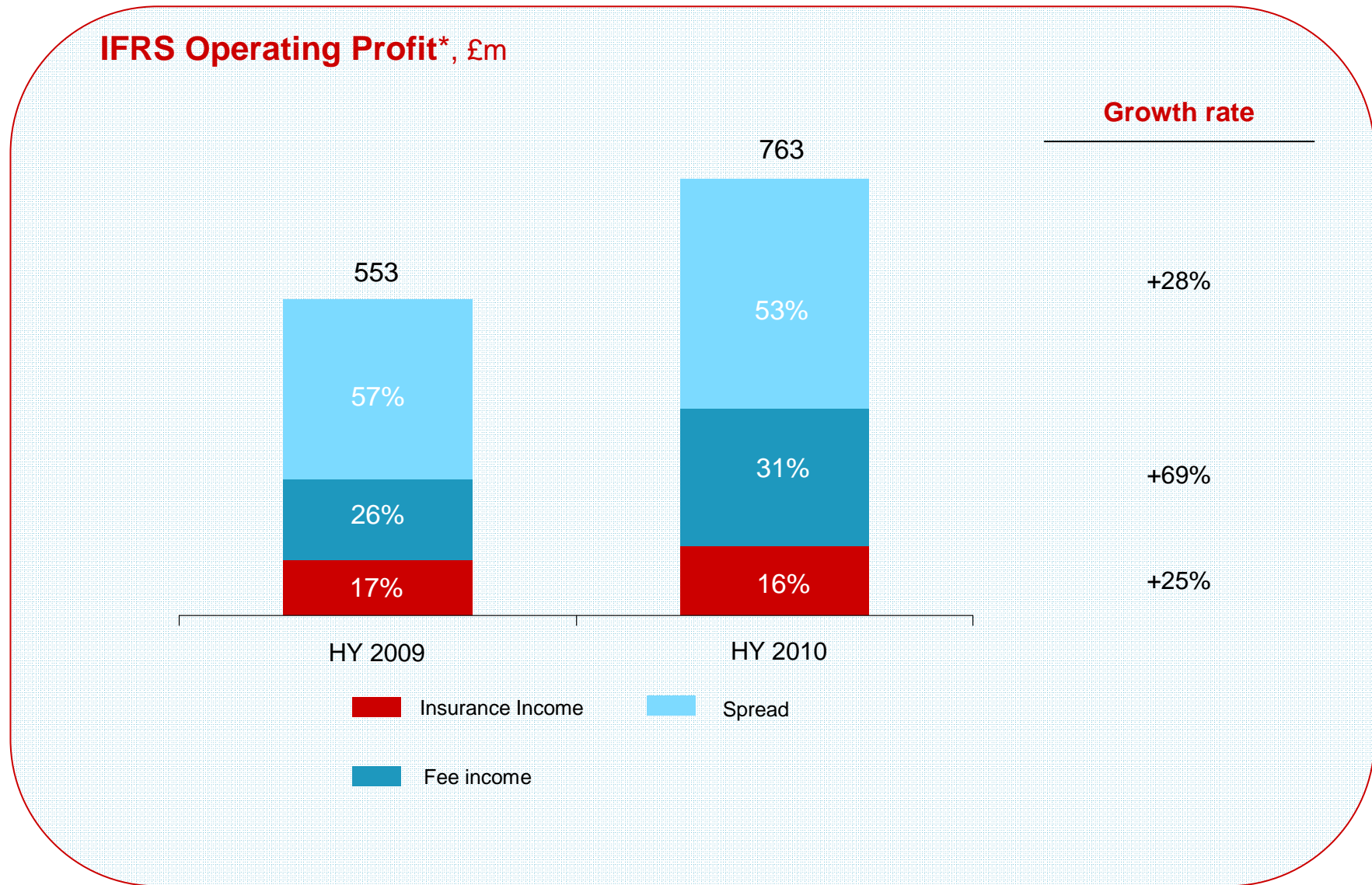
* Excluding net expense margin, DAC amortization, and other items

Sources of IFRS Operating Profit – Asia

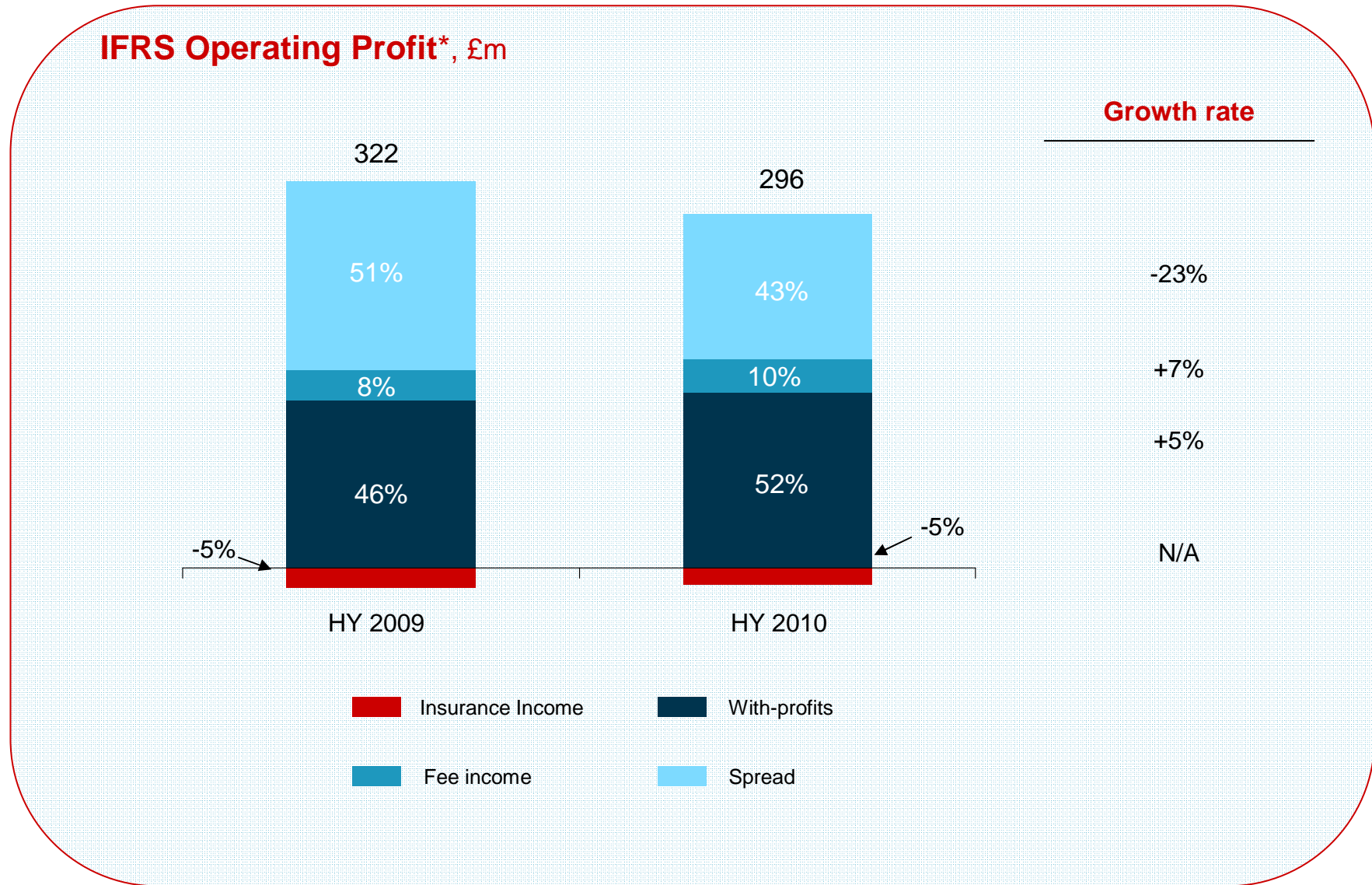


* Excluding net expense margin, DAC amortization, and other items

Sources of IFRS Operating Profit – US



Sources of IFRS Operating Profit – UK

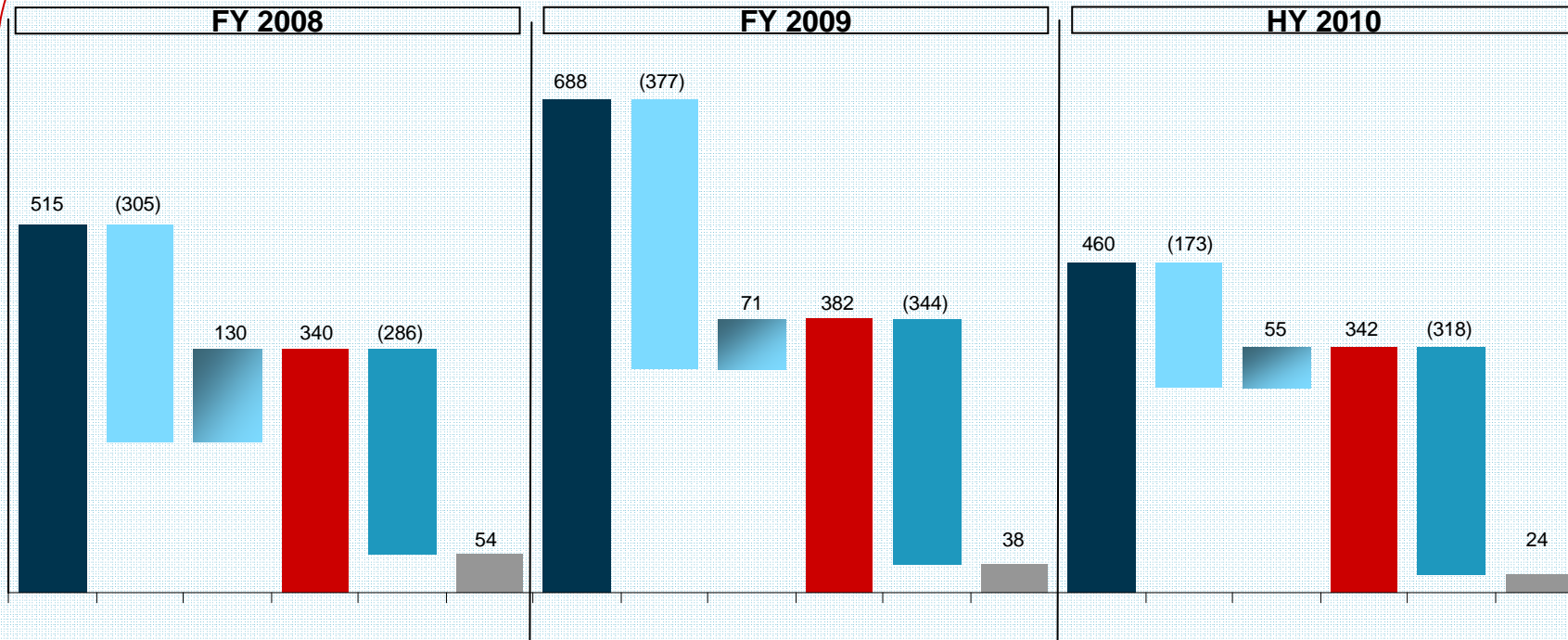


* Excluding net expense margin, DAC amortization, and other items

Holding Company Operating Cash Flows

Increased cash generation to support the dividend

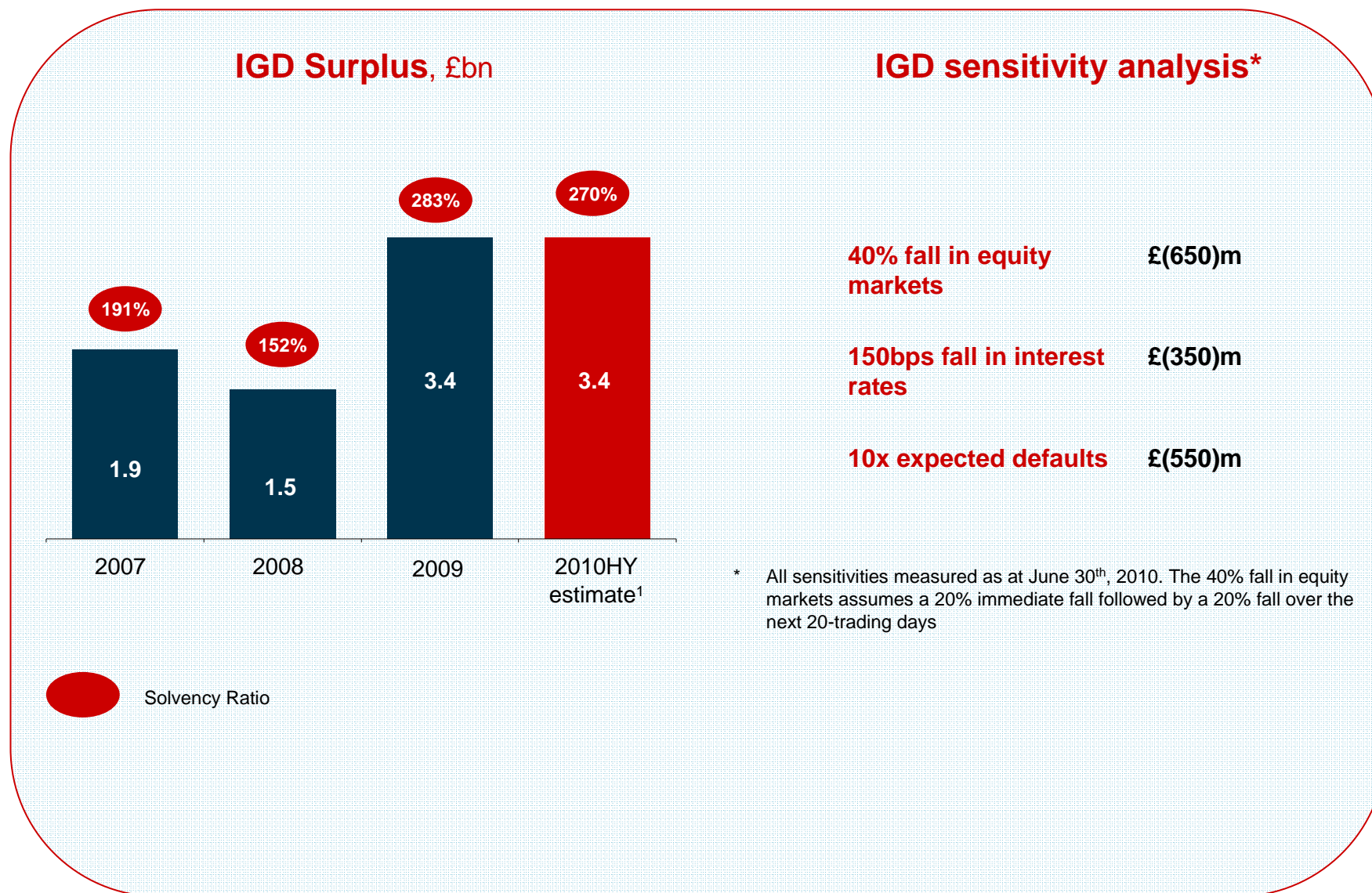
Holding Company operating cash flow, £m



- Net cash remitted to Group
- Corporate cash costs
- Tax received
- Holding company cashflow pre dividend
- Dividend paid
- Net holding company cashflow

IGD Capital

IGD surplus estimated at £3.4bn at 30 June



IGD Capital

IGD surplus estimated at £3.4bn at 30 June

IGD Capital – Movement in H1 2010 (£bn)

IGD surplus 1 Jan	3.4
Capital generated	0.8
Dividends (net of scrip)	(0.3)
UOB Impact	(0.2)
AIA transaction costs	(0.3)
Corporate activity (incl. interest)	(0.2)
FX Impact	0.2
IGD surplus 30 Jun	3.4

Invested Assets – Group Overview

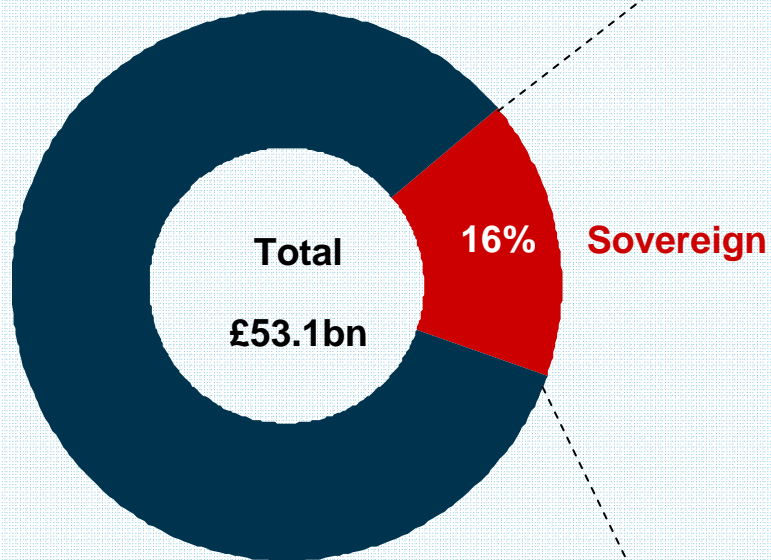
Shareholder assets 30% of total group assets

Breakdown of invested assets – HY 2010, £bn

	Total Group	PAR Funds	Unit-Linked	Shareholders					Total
				Asia Life	US Life	UK Life	Other		
Debt securities	113.3	51.9	8.3	3.7	27.4	20.6	1.4	53.1	
Equity	71.8	27.1	43.9	0.3	0.3	0.0	0.2	0.8	
Property Investments	11.3	9.2	0.7	0.0	0.0	1.4	0.0	1.4	
Commercial mortgage loans	5.2	0.2	0.0	0.0	3.9	1.1	0.0	5.0	
Other loans	4.4	1.9	0.0	0.5	0.6	0.0	1.4	2.5	
Deposits	9.8	6.7	0.8	0.6	0.4	1.2	0.1	2.3	
Other Investments	6.8	4.1	0.1	0.3	1.7	0.2	0.4	2.6	
Total	222.6	101.1	53.8	5.4	34.3	24.5	3.5	67.7	

Group Shareholder Sovereign Exposures

Breakdown of the shareholder debt securities portfolio, %



SH Sovereign exposures by regions & ratings

– £m

	US	Europe	Asia	Other	Total
AAA	2,796	3,554	173	5	6,528
AA-BBB	-	56	1,533	20	1,609
Below BBB	-	-	613	-	613
Total	2,796	3,610	2,319	25	8,750

Europe by key countries

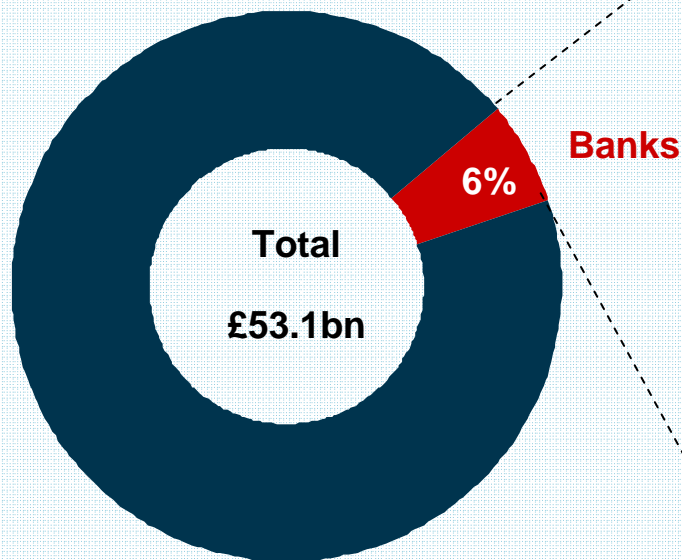
– £m

	UK	Germany	Italy	Other	Total
Europe	2,646	908	54	2	3,610

Exposure to the Banking Sector

Limited exposure to Tier 1 and Tier 2 hybrid

Breakdown of the shareholder debt securities portfolio, %



Exposure to Tier 1 and Tier 2 Hybrid debt of banks
– £m

	UK	US	Other	Total
Tier 1	114	29	246	389
Tier 2	831	601	1,400	2,832

Less than 1%

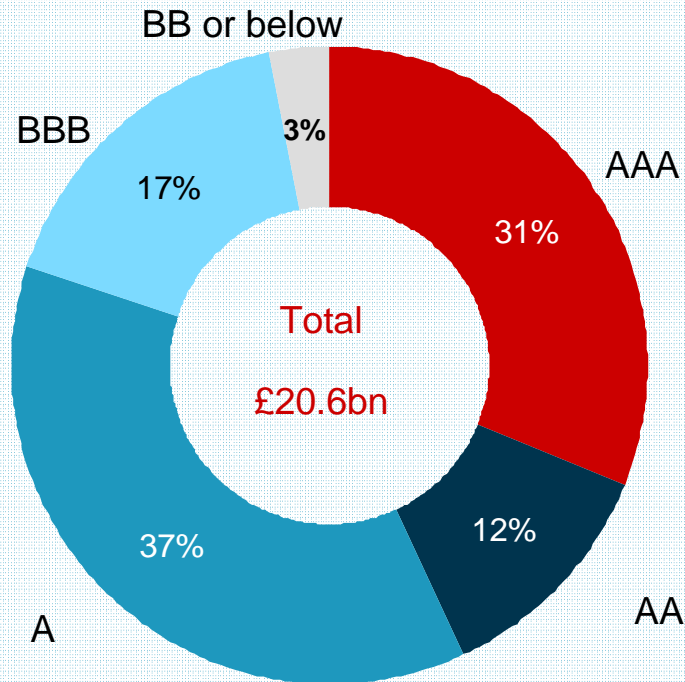
Key Tier 1 and Tier 2 exposures to UK Banks
– £m

	Lloyds Group	Barclays	RBS	HSBC	Other	Total
Tier 1	-	55	-	40	19	114
Tier 2	142	180	61	264	184	831

UK Asset Quality – Credit Reserve

Enough to withstand significant default and downgrade risk

UK shareholder debt securities portfolio by rating*

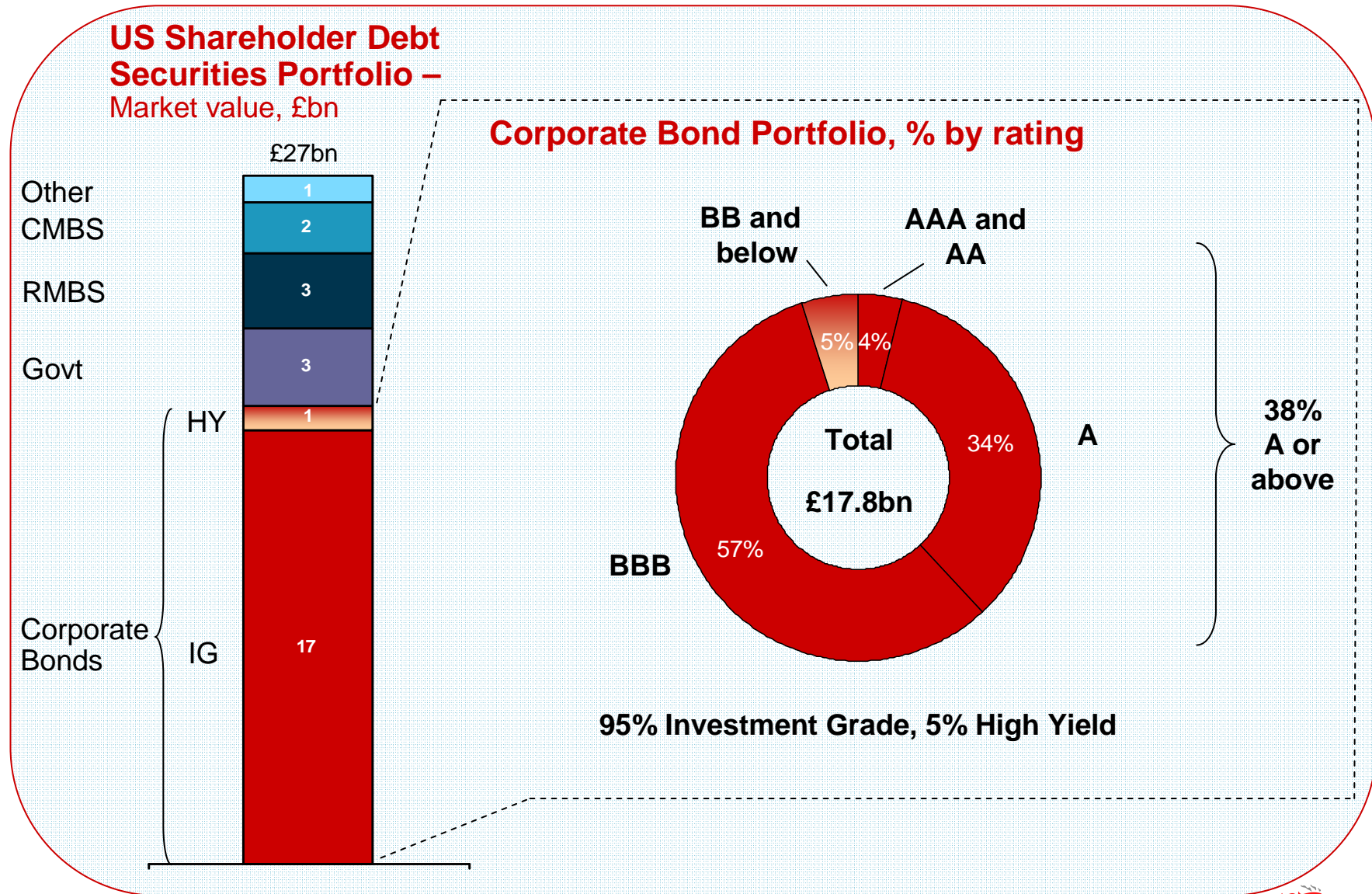


80% A or above

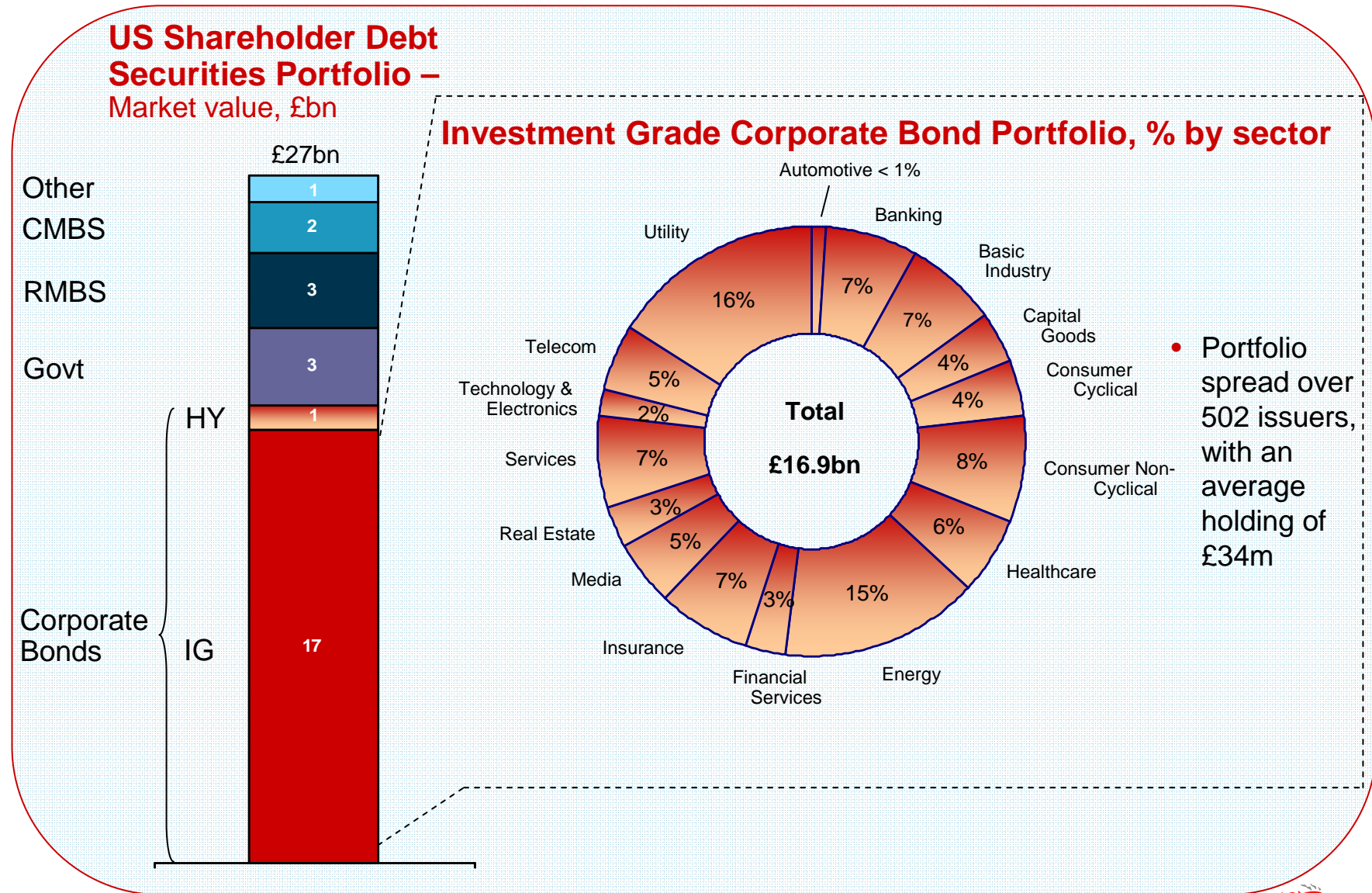
Strength of the £1.7bn credit reserve

- No defaults of shareholder backed debt securities
- Continued sale of financial subordinated debt holdings in H1 2010
- Rolled over unused default provision and higher average credit quality **
 - Pillar 1 (IGD) 67 bps (HY09: 85 bps)
 - IFRS 42 bps (HY09: 57 bps)
- Pillar 1 and EEV assumptions equivalent to 39% of current spread (HY09: 31%) **

US Asset Quality – Corporate Debt Portfolio (1/3)

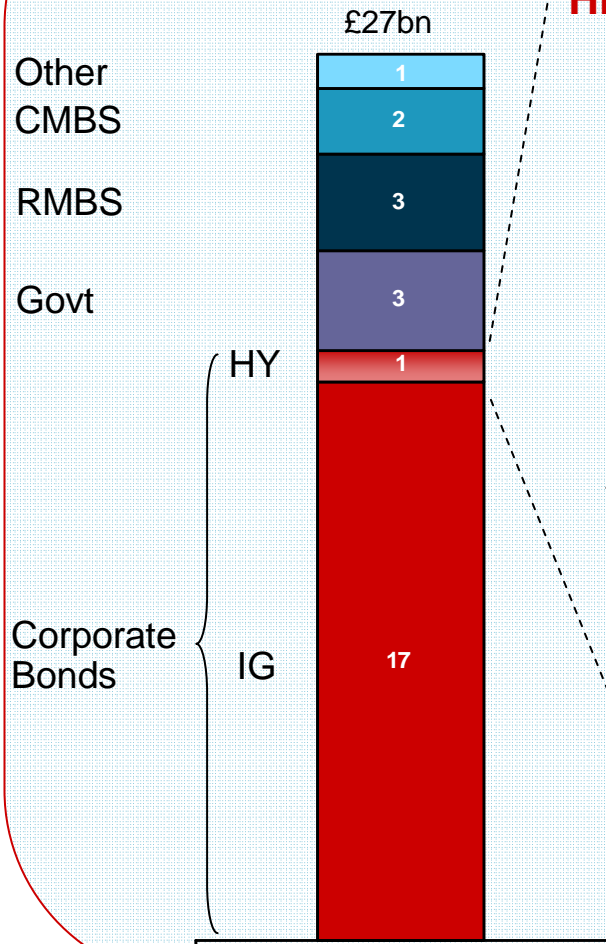


US Asset Quality – Corporate Debt Portfolio (2/3)

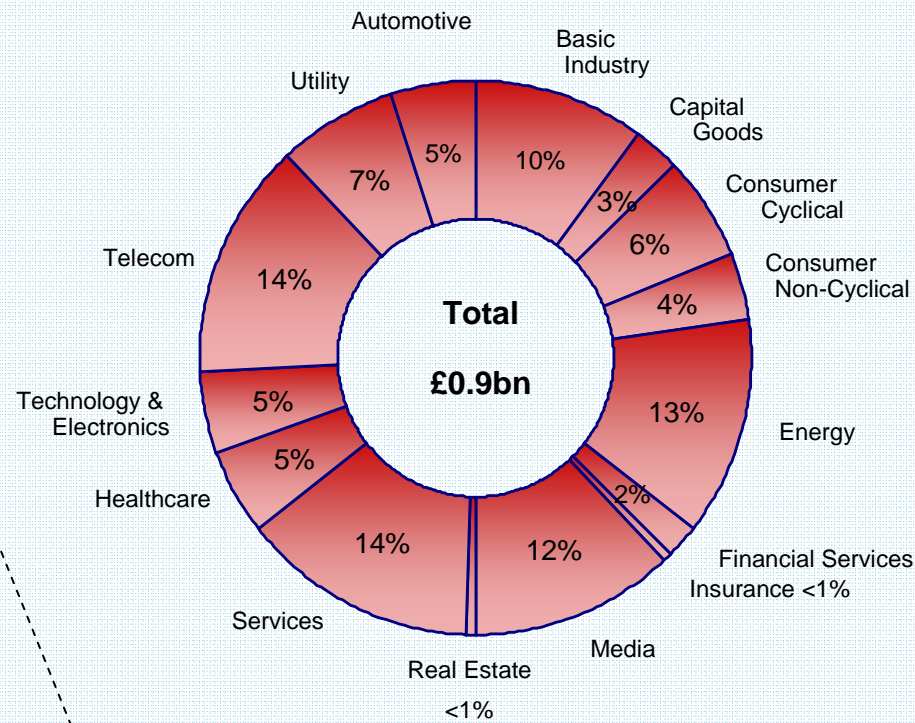


US Asset Quality – Corporate Debt Portfolio (3/3)

US Shareholder Debt Securities Portfolio – Market value, £bn



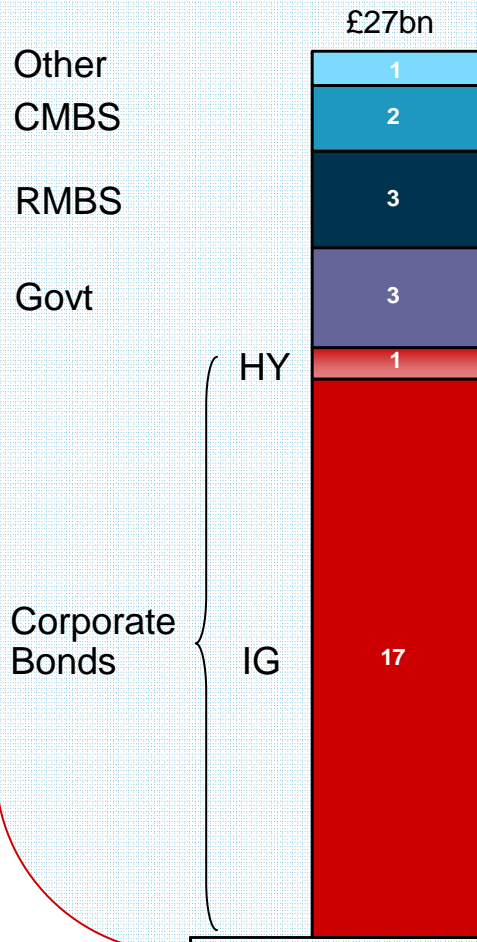
High Yield Corporate Bond Portfolio, % by sector



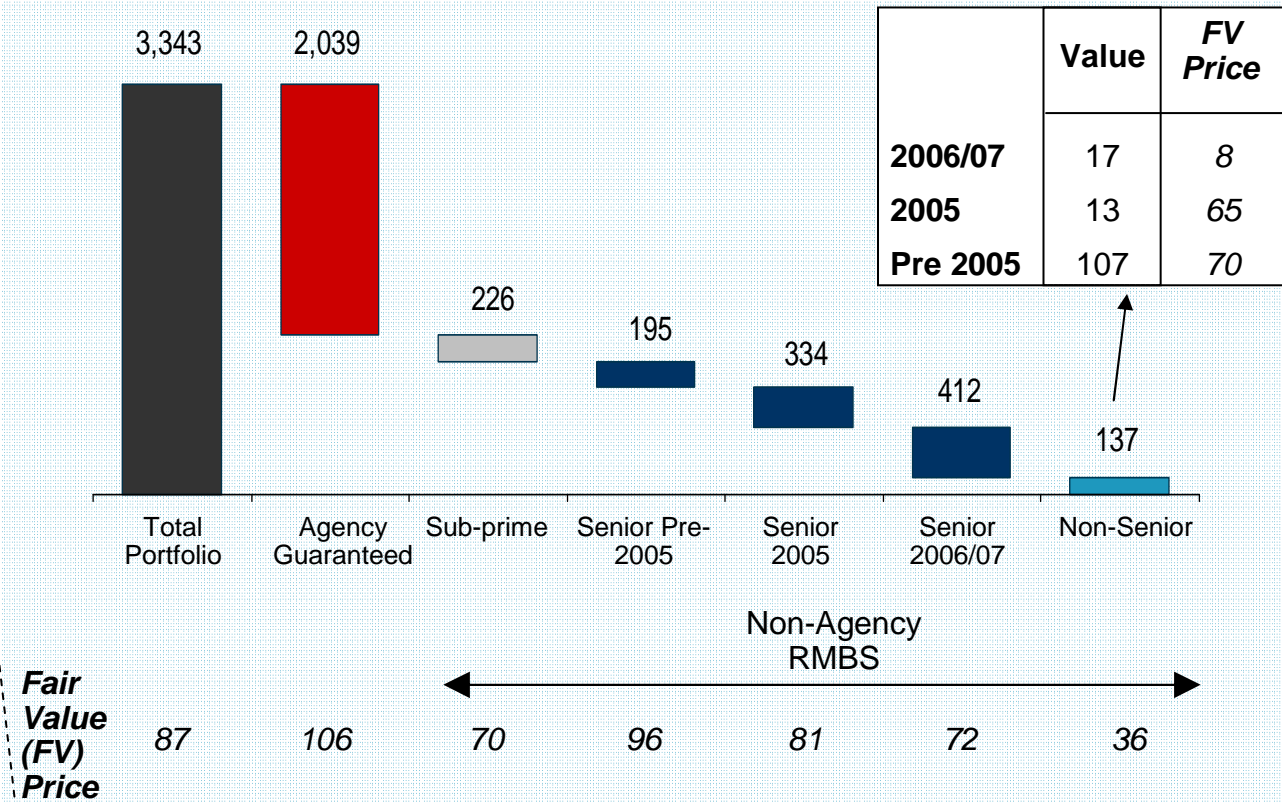
- Portfolio spread across 118 issuers, with an average holding of £8m

US Asset Quality – RMBS Portfolio

US Shareholder Debt Securities Portfolio – Market value, £bn



Breakdown of the RMBS portfolio – £m

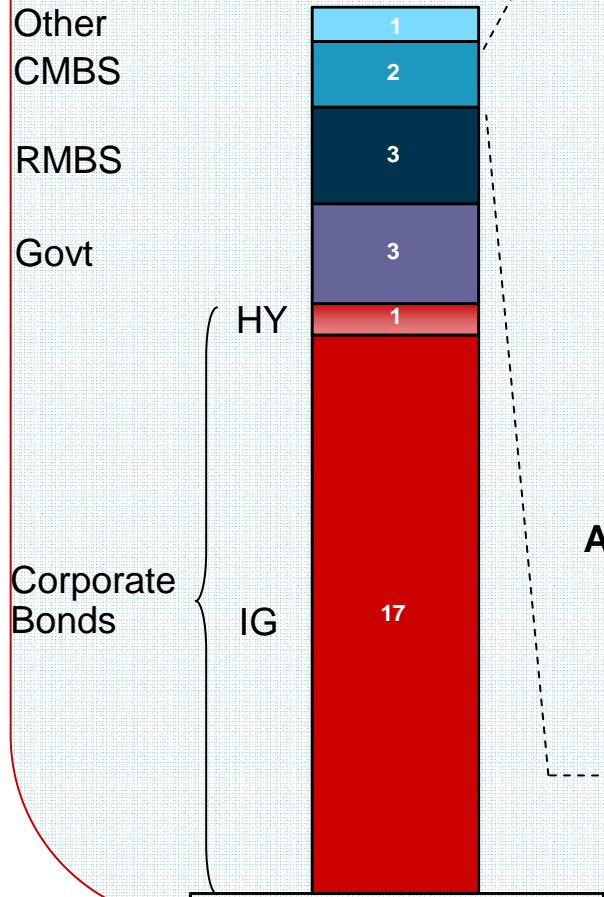


	Value	FV Price
2006/07	17	8
2005	13	65
Pre 2005	107	70

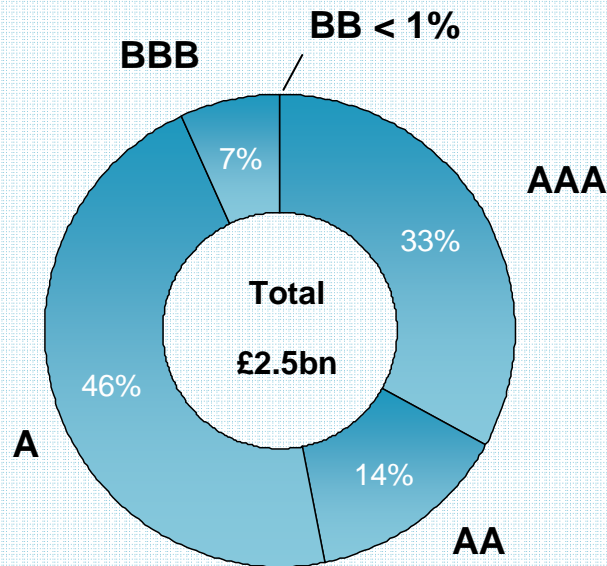
US Asset Quality – CMBS Portfolio

US Shareholder Debt Securities Portfolio – Market value, £bn

£27bn



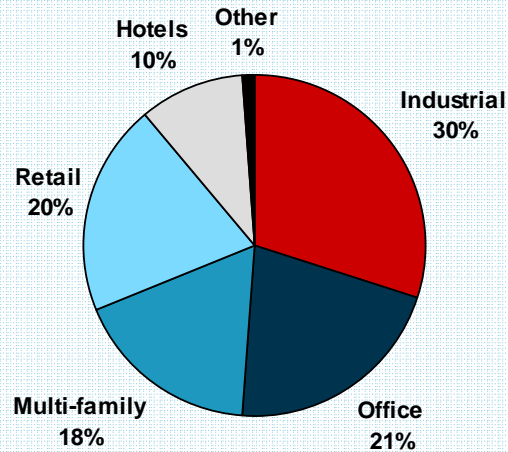
CMBS portfolio, % by rating



- Average credit enhancement of the portfolio is 30%
- 92% of the portfolio has credit enhancement of at least 20%
- 64% of the portfolio is super senior tranches
- 89% of the 2005-08 vintages is in super senior tranches with another 8% in senior tranches

US Asset Quality – Commercial Loans

Commercial loans by sector - %

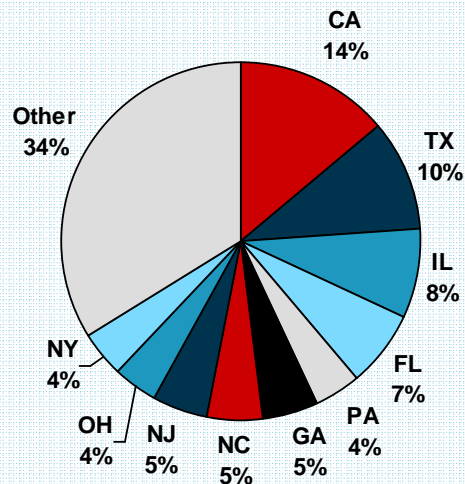


US Commercial Loans of £3.9 billion

Portfolio performance:

- No delinquent loans (90+ days)
- Restructured loans £77 million
- Loan in process of foreclosure £11.3m
- Impairments £1.2 million

Commercial loans by State - %

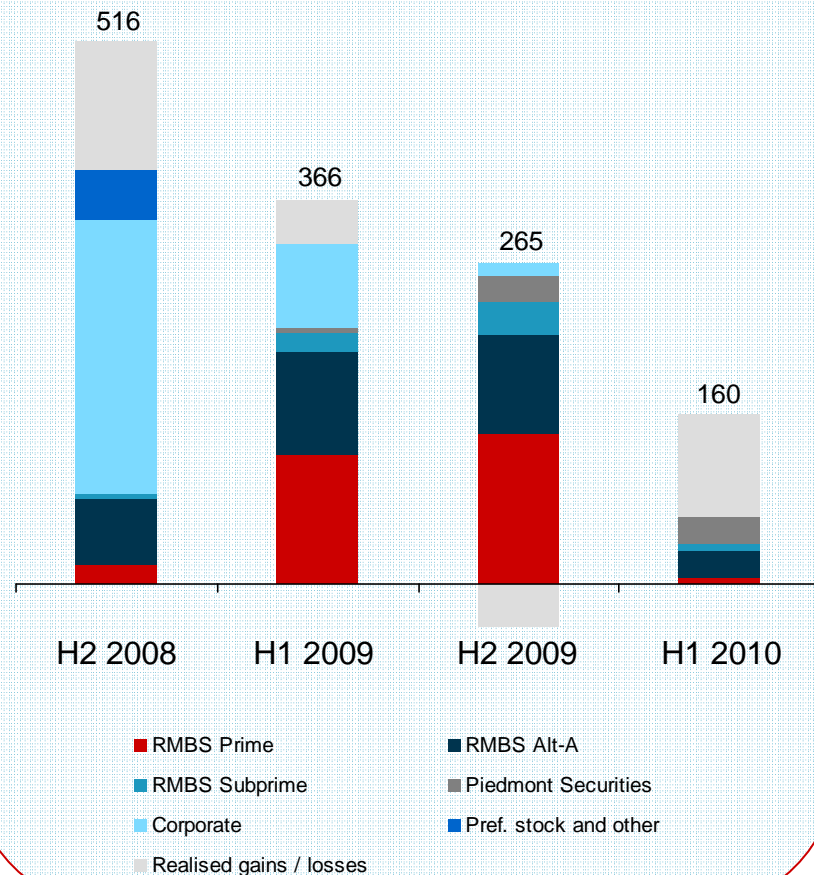


Portfolio metrics:

- Average loan size £7.1 million
- Largest loan size £122 million
- LTV based on re-underwriting 72%

US Impairments; EEV Credit Reserve Established

IFRS pre-tax impairments and other credit losses, £m



US EEV credit reserve

- US shareholder debt portfolio: £27 billion
- Continue to charge Risk Margin Reserve to EEV and IFRS operating profit based on applying Moody's default experience by rating category
 - HY 2010 25 bps (HY09: 28 bps)
- The FY 2009 additional EEV reserve established of 150 bps continues to be held
- Accounting does not allow similar reserve for IFRS
- No impact on statutory basis therefore IGD unaffected

Slides including Japan

HY 2010 Financial Headlines

New business

- Group life new business sales up 26% to £1.7 billion APE
- Group APE margin 54% (HY 2009: 52%)
- Group new business profit up 29% to £891 million
- Life IFRS net flows £4.4 billion (HY 2009: £2.2 billion)
- Asset Management net inflows £4.4 billion (HY 2009: £10.1 billion)

Operating profit

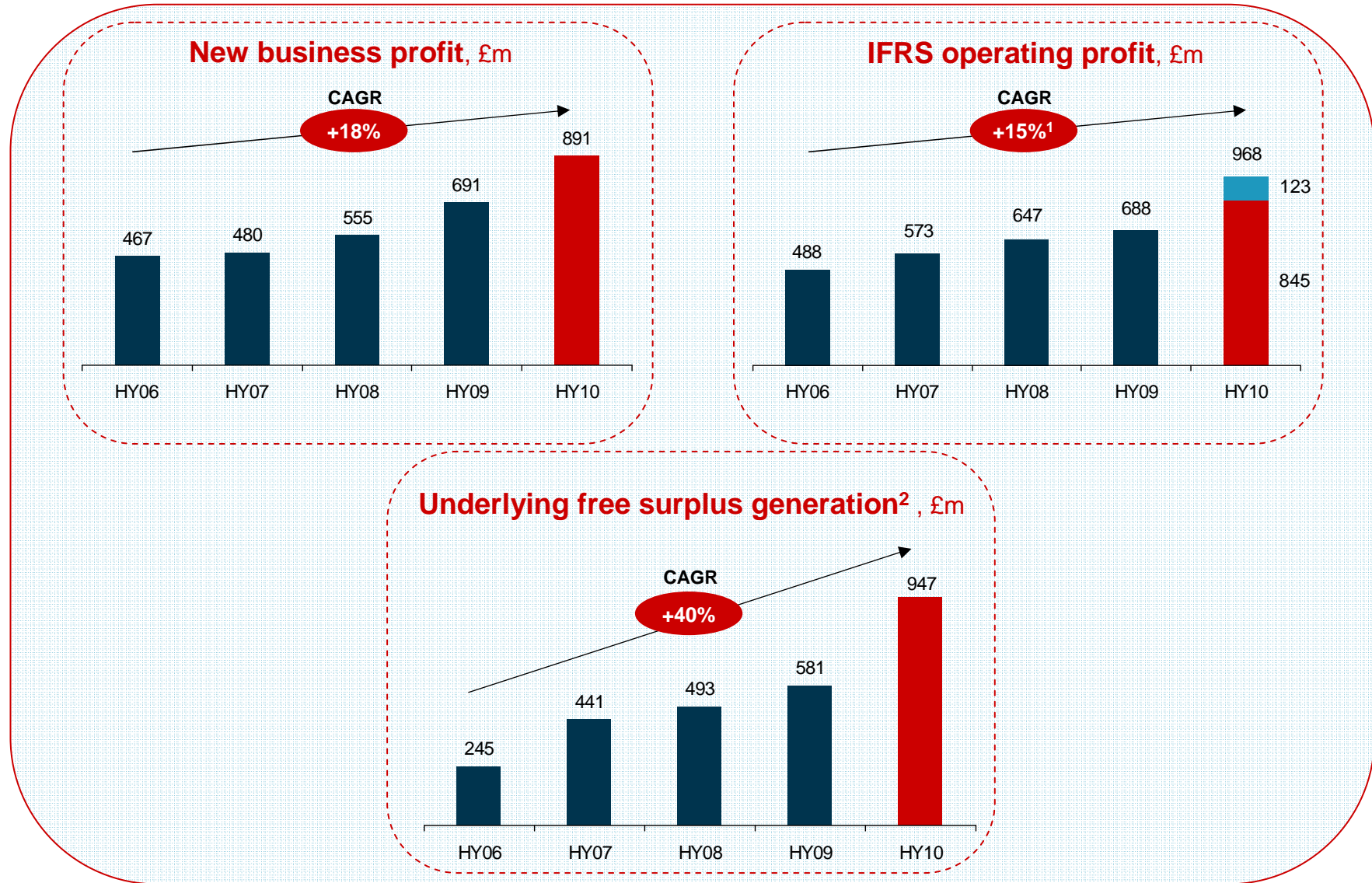
- Underlying IFRS operating profit¹ up 19% to £845 million
- EEV operating profit up 35% to £1.7 billion

Balance sheet, capital and cash

- EEV shareholders' funds £16.7 billion, £6.57 per share (FY 2009 £15.3 billion)
- Life and asset management Free Surplus £3.2 billion (FY 2009: £2.5 billion)
- IGD surplus £3.4 billion (FY 2009: £3.4 billion)
- Operating RoE 20% (HY 2009 20%), operating RoEV 16% (HY 2009 12%)
- Interim dividend increased by 5% to 6.61 pence per share

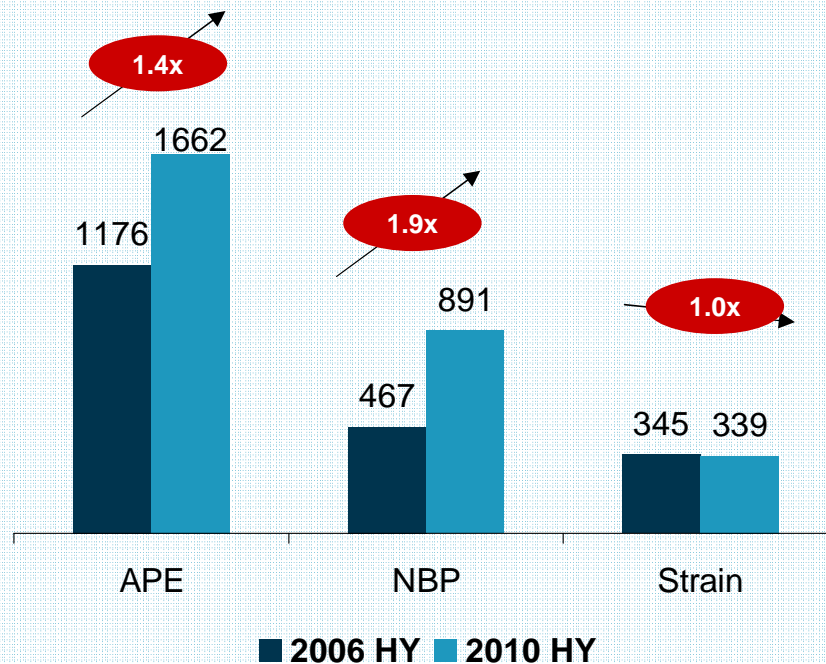
Group KPIs

Strategy has delivered sustained strong performance



Efficient allocation of capital

APE sales, new business profit and strain¹, £m



Actions taken

Asia

- Closed Japan to new business (H1 10)
- Re-focused product set in Korea (H2 09)

US

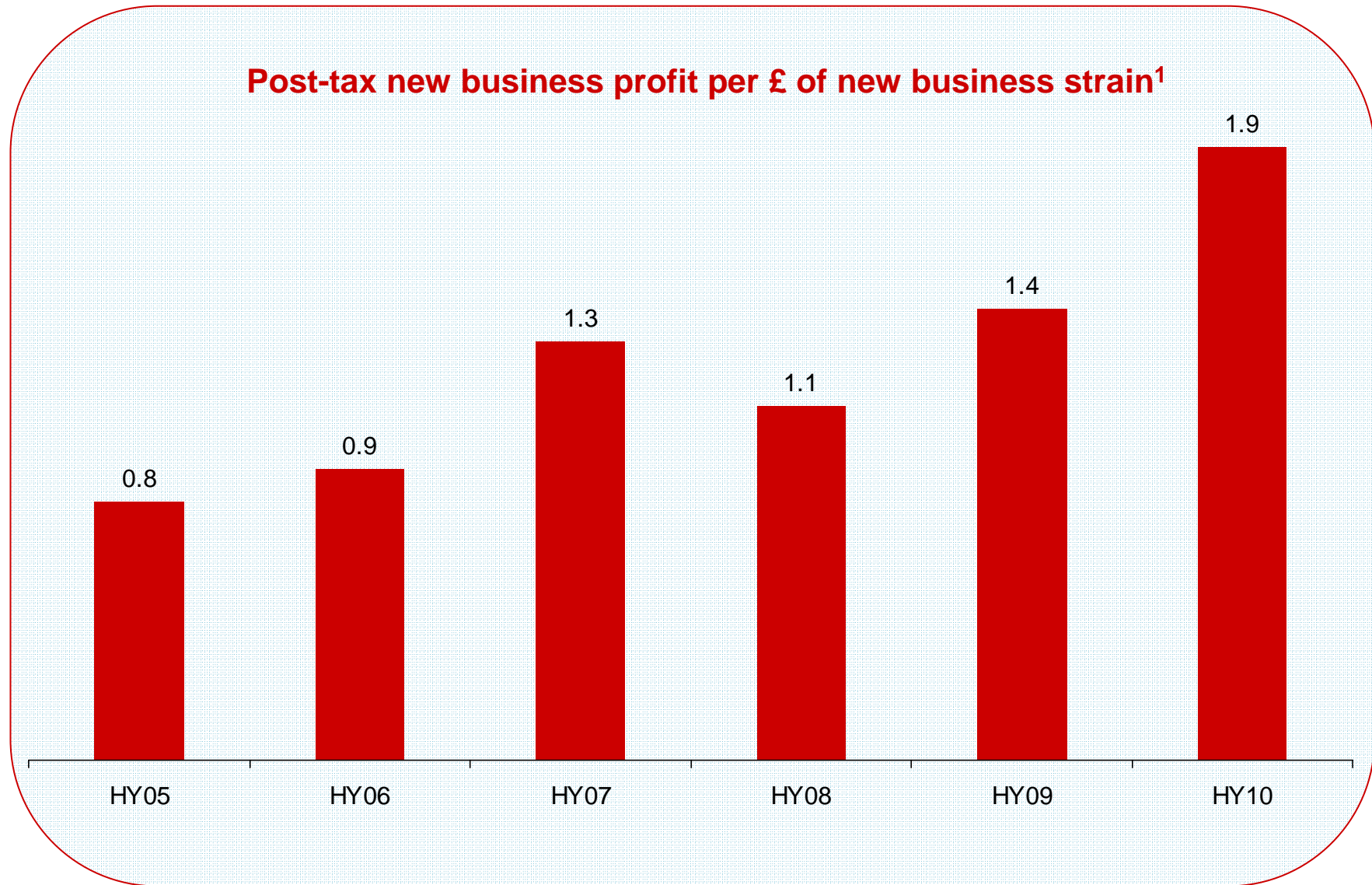
- Ceased writing wholesale business (H1 09)
- Limited appetite for FAs (H1 09)

UK

- Scaled back in BPAs (H1 09)
- Closed LTM business (H2 09)
- Managed annuities for value over volume (H1 09)

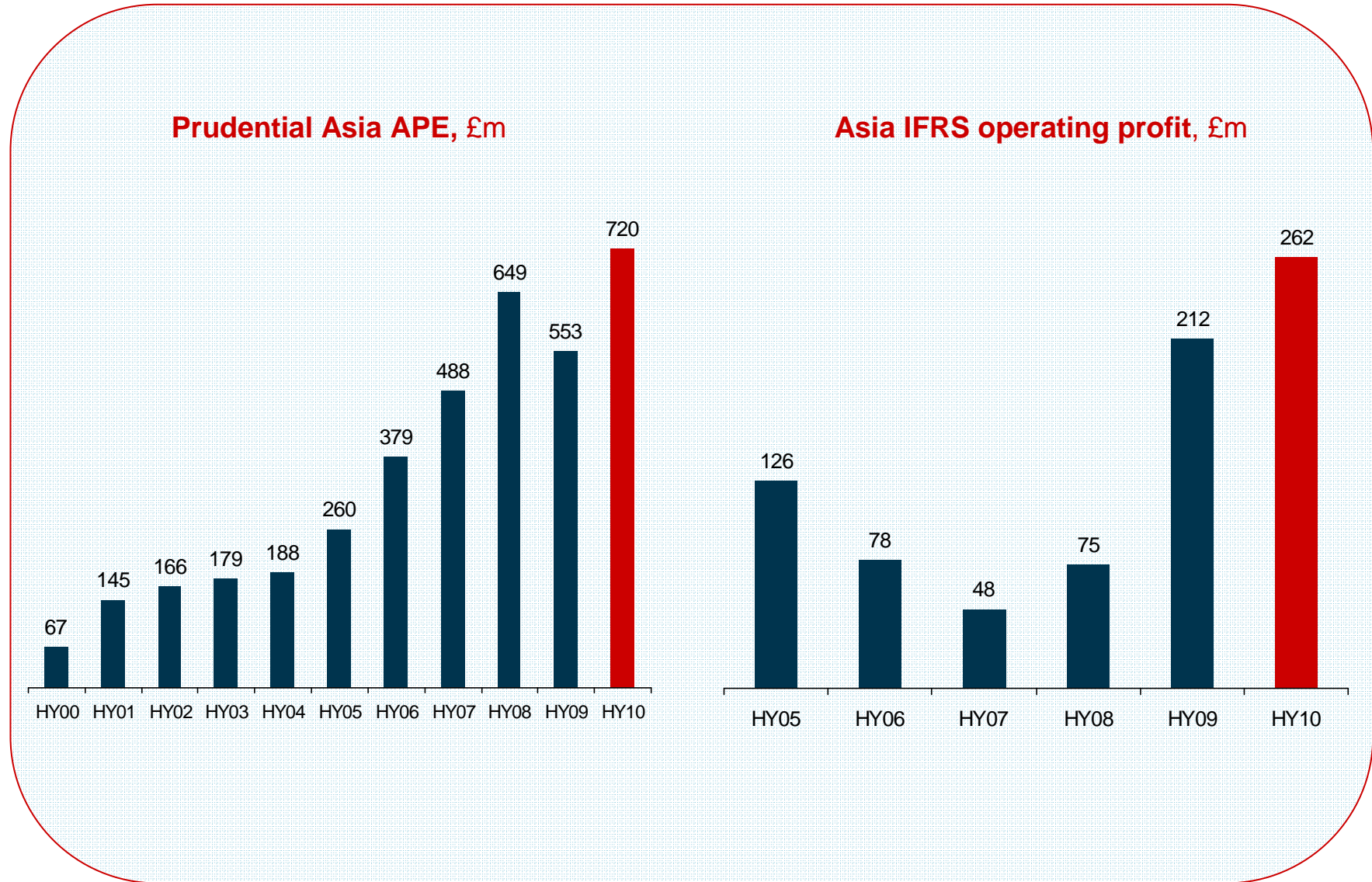
Leading to increasing returns on new business investment

Controlling investment and focusing on the highest returns

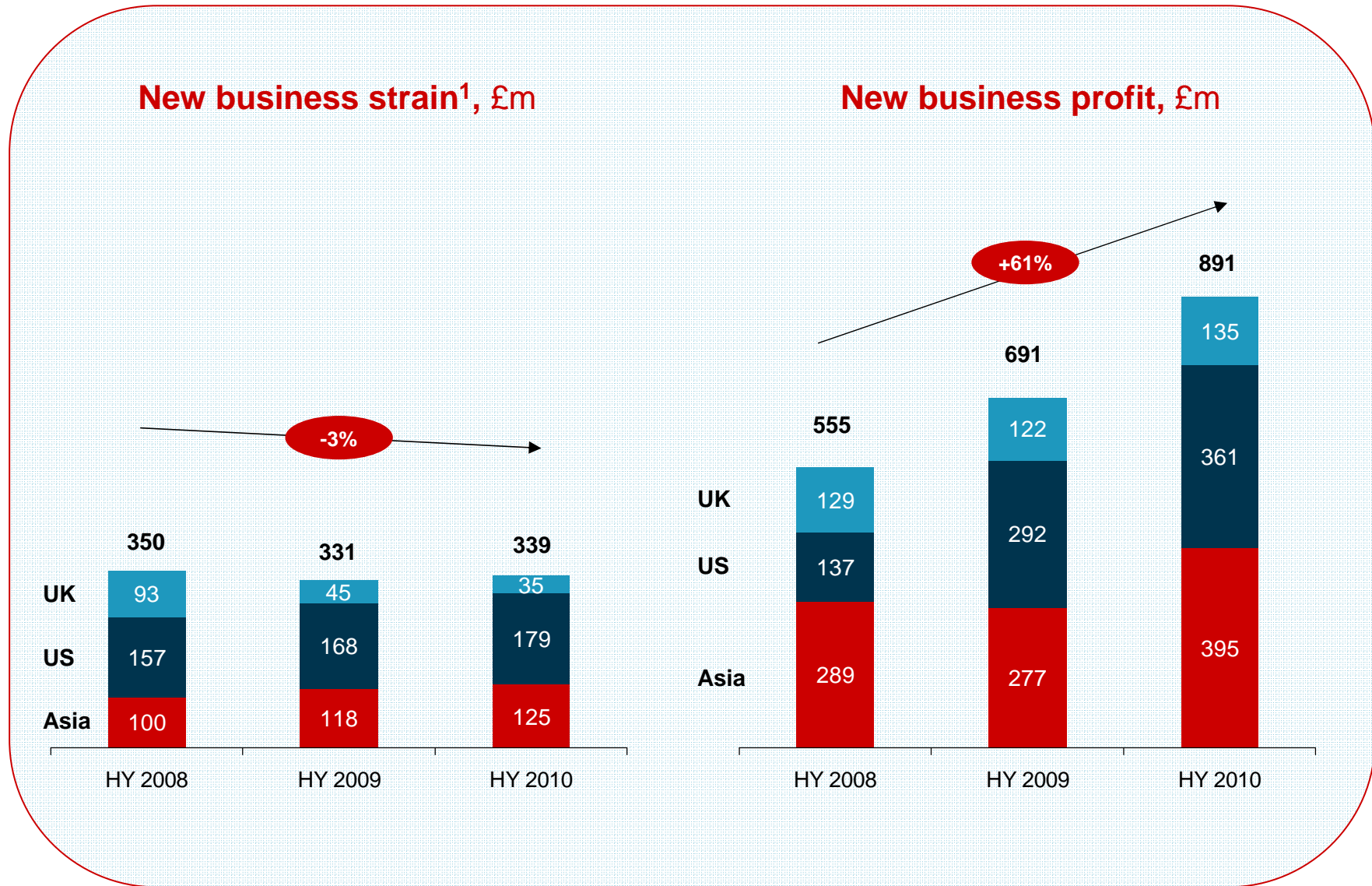


Asia Life

Sales and IFRS profits growing strongly

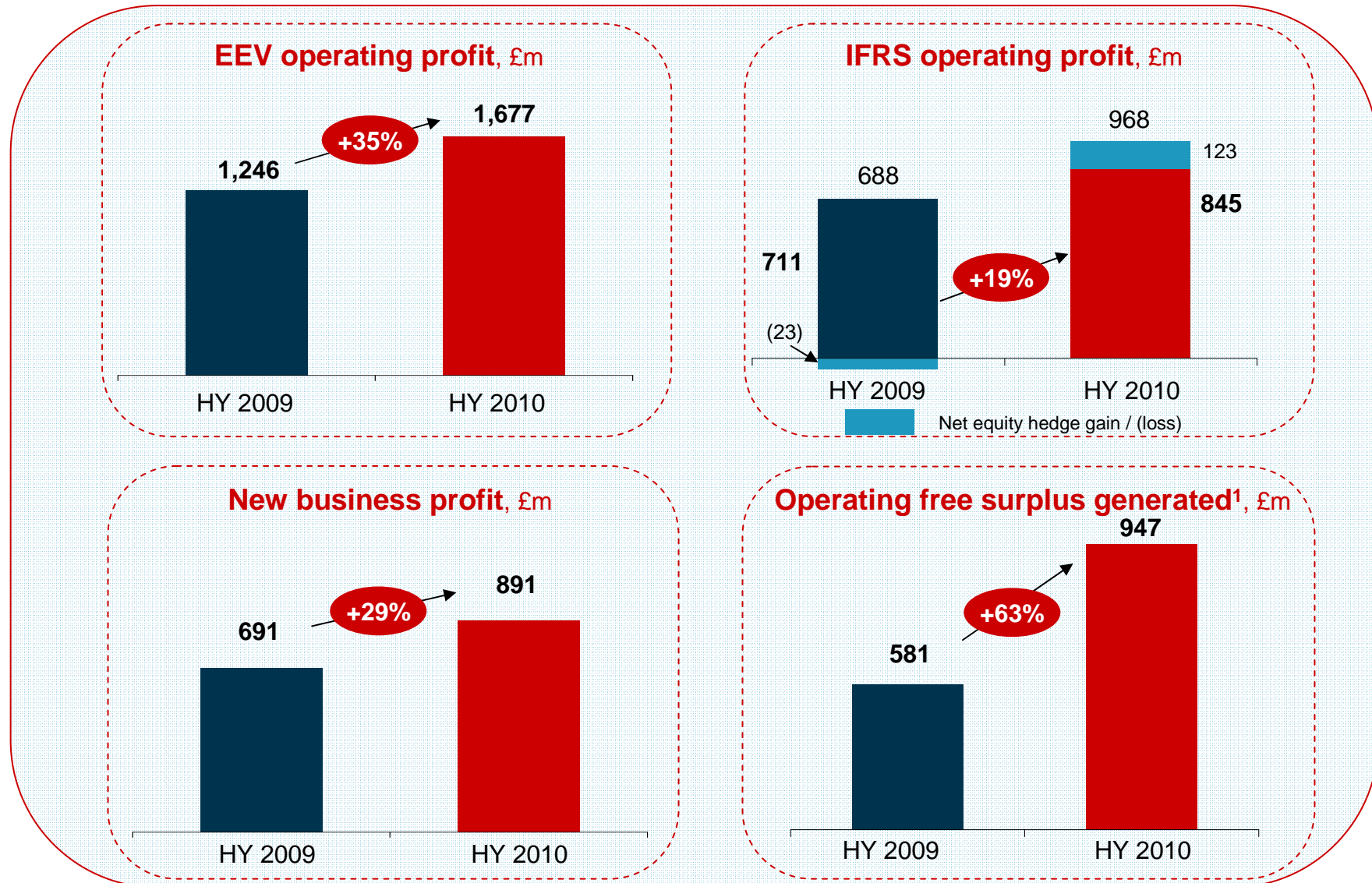


Improving efficiency of new business investment



Group KPI Overview

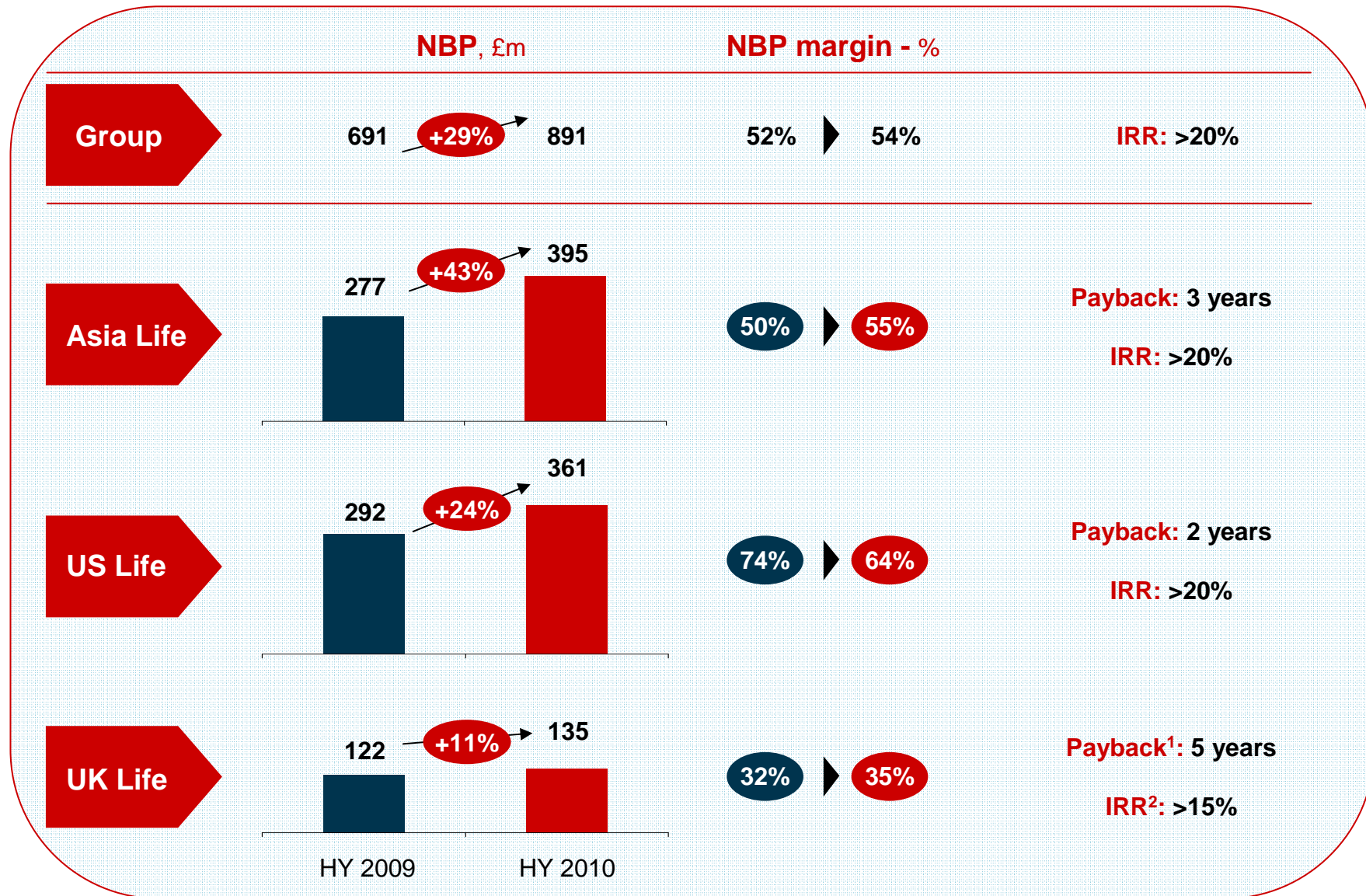
Balanced approach to performance management



1 Underlying free surplus generated in the period from in-force business, less investment in new business

Delivering growth in value and volume

Balancing capital consumption and value optimisation



1 Shareholder-backed business
 Payback: Expected period over which future undiscounted free surplus generation recoups initial new business investment