

Acquisition of the Egg Minority

1 December 2005

Agenda

- **Summary**
- **The Offer**
- **Prudential in the UK**
- **Revenue Opportunities**
- **Cost Savings**
- **Financial Effects**
- **Conclusion**

Summary

Acquisition of Egg minority: Value creation for Prudential

■ Acceleration of Prudential's UK strategy

- Broader positioning in attractive UK retail financial services market
- Highly complementary UK activities – capitalise on combined strengths
- Comprehensive product range with increased exposure to profitable and fast growing personal savings and loan market
- Increasing reach and balance of distribution channels

■ Growth and revenue opportunities

- Clear initial opportunities to increase sales to the Group's marketable customer base
- Broader product and customer proposition to enhance longer term revenue opportunities

■ Cost savings

- Expected annualised pre tax cost savings of £40 million by 2007

■ Accretive to operating EPS (on EEV and IFRS bases) from 2006 and enhances Group FCD capital surplus

Strong Strategic Case

Financially Attractive Transaction

The Offer

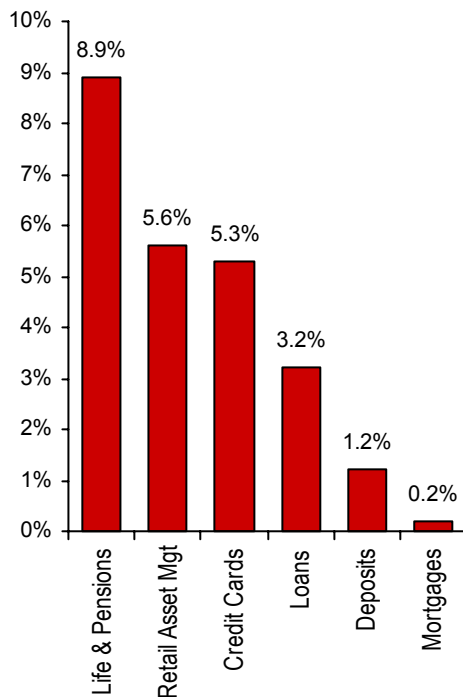
- **Acquisition of 21.7% minority shareholding that Prudential does not already own**
- **Independent Committee of the Egg Board unanimously intends to recommend the Offer**
- **Offer will be subject only to the condition that new Prudential shares are admitted to listing on Official List of UKLA and trading on London Stock Exchange**
- **The Board of Egg intends to apply to delist Egg after first closing date of the Offer (expected to be mid Jan 06)**
- **Price**
 - Exchange ratio of 0.2237 new Prudential shares for each 1 Egg share
 - No cash consideration; new Prudential shares issued represent 1.7% of existing Prudential shares in issue
 - Based on closing price of Prudential share on 30 November 2005, values:
 - each Egg share at 118 pence
 - 21.7% minority shareholding at approximately £211 million
 - entire issued share capital of Egg at approximately £973 million
 - Represents a premium over closing price on 30 November 2005 of 15% for Egg shareholders

Prudential in the UK

Strong franchises to build a broader position in retail financial services

RETAIL FINANCIAL SERVICES - PRUDENTIAL MARKET SHARE

- Strong footprint
- Major opportunity



STRONG FRANCHISES

M&G
INVESTMENTS


PRUDENTIAL

egg™

- Strong retail brand
- Top tier investment performance
- Growth in retail FUM and profitability
- A trusted brand with financial strength
- Powerful position in retirement market
- Powerful consumer brand
- Large scale customer base
- Proven direct distribution expertise

HIGHLY COMPLEMENTARY BUSINESSES

- Complementary activities – capitalise on combined strengths
- Product range covering entire customer lifecycle
- Revenue opportunities from distribution reach and sales to captive customer bases
- Balance of direct and intermediary distribution

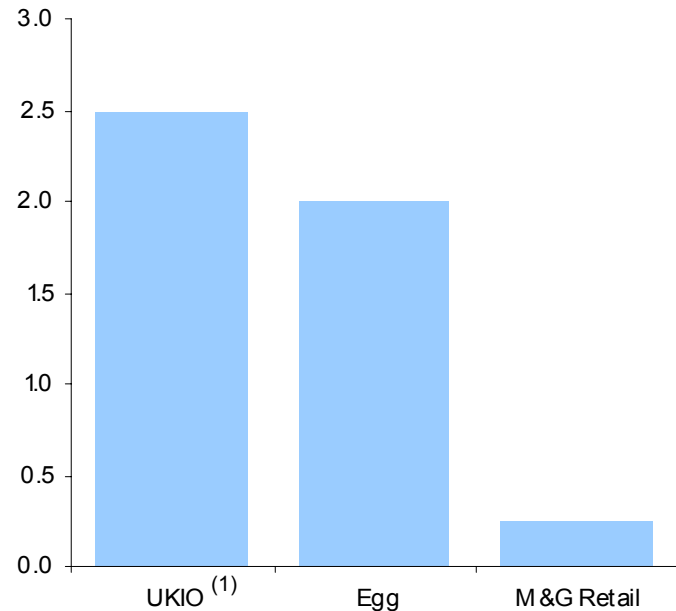
Note: Life share represents share of new business APE 2004; Personal loans (2004), Mortgages (2003), and Retail deposits (2003) share based on share of outstanding balances; Credit cards share represents share of balances outstanding (2005); Retail Asset Management share represents current share of assets under management, and includes both M&G and Egg unit trusts

Prudential in the UK

4.8 million “marketable” customers with very little overlap

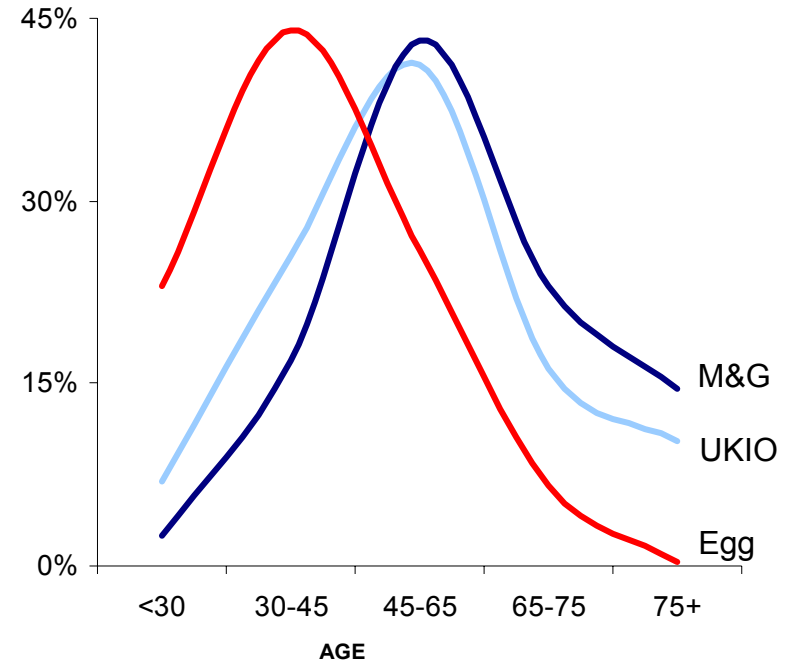
NUMBER OF MARKETABLE CUSTOMERS

Customers (m)



AGE PROFILE⁽²⁾

% Customers



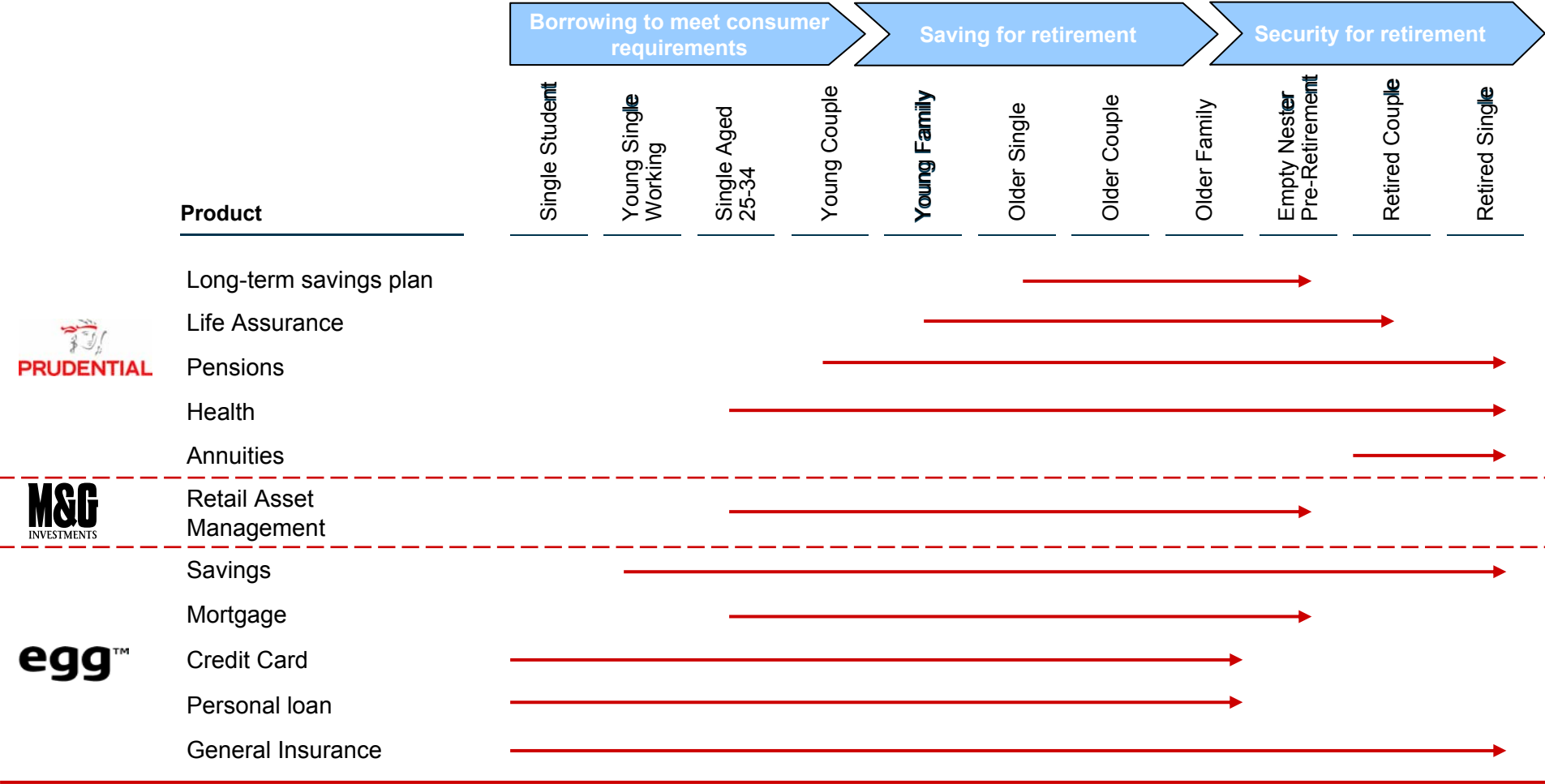
- Egg provides younger, complementary customer base

Note: (1) includes individuals with Prudential branded general insurance policies to whom Prudential has the right to market products;
(2) based on internal Prudential estimates

Prudential in the UK

Meeting needs across the customer lifecycle

Trusted financial services brands combined with the product capability and expertise to cover the entire customer lifecycle



Revenue Benefits

Initial opportunities

- Significant initial opportunities to increase sales to UK marketable customer base of c.4.8 million through closer, focused cooperation
- Leverage strengths with respect to product expertise, customer relationships and brand recognition to provide
 - ➔ Prudential branded mortgages into
 - Prudential Group's UK customer base
 - IFA community capitalising on strength of Prudential brand
 - ➔ PruHealth products to Egg customer base
 - ➔ Egg branded credit cards and personal loans to Prudential's customer base
 - ➔ Prudential branded deposits and savings accounts to capture maturing Prudential pension and life assurance policies
 - Maturing policy proceeds estimated at £0.5 billion per annum
 - ➔ M&G branded investment products to Prudential and Egg customer bases

Cost Savings

Significant operational efficiencies achievable

Annualised pre tax cost savings of £40 million by 2007

- Co-ordination of Treasury activities to reduce the Group's overall funding costs
- Co-ordination of selected activities, across customer service, IT, administration, and marketing to deliver greater effectiveness and benefit from improved scale efficiencies
- Rationalisation of project and development spend through co-ordination and collaboration
- Elimination of Egg's separate listing costs and the infrastructure to support this listing

Financial Effects

Earnings and capital enhancement

■ Accretion to operating earnings

- Acquisition expected to generate significant cost savings and revenue benefits
- Expected annualised pre tax cost savings of £40 million by 2007
- Accretive to IFRS and EEV operating EPS from 2006
- Estimated one-off costs of £50 million in 2006

■ Strengthens Prudential capital position

- Expected to increase Prudential's capital surplus position (on an EU Financial Conglomerates Directive solvency basis) at the date of completion

Conclusion

Significant value creation for Prudential

- Positive step in strategy of broadening UK product and customer proposition
- Egg will extend the Prudential Group's product capability and provide a powerful and differentiated direct-to-consumer brand to access complementary customer segments and higher margin product areas
- Opportunity for revenue benefits
- Realisation of substantial cost savings
- Positive financial impact on Prudential operating earnings and capital surplus
- Strategic rationale supported by compelling financial case

Benefits to Egg shareholders

- Attractive premium to stand-alone value of Egg
- Opportunity to participate in future value creation and dividends payable by the enlarged Prudential Group, including the benefit of cost and revenue synergies not otherwise available to Egg as a stand-alone business



Q & A

1 December 2005