



FUTURE PRU



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Jonathan Bloomer

Group Overview

Strategic overview

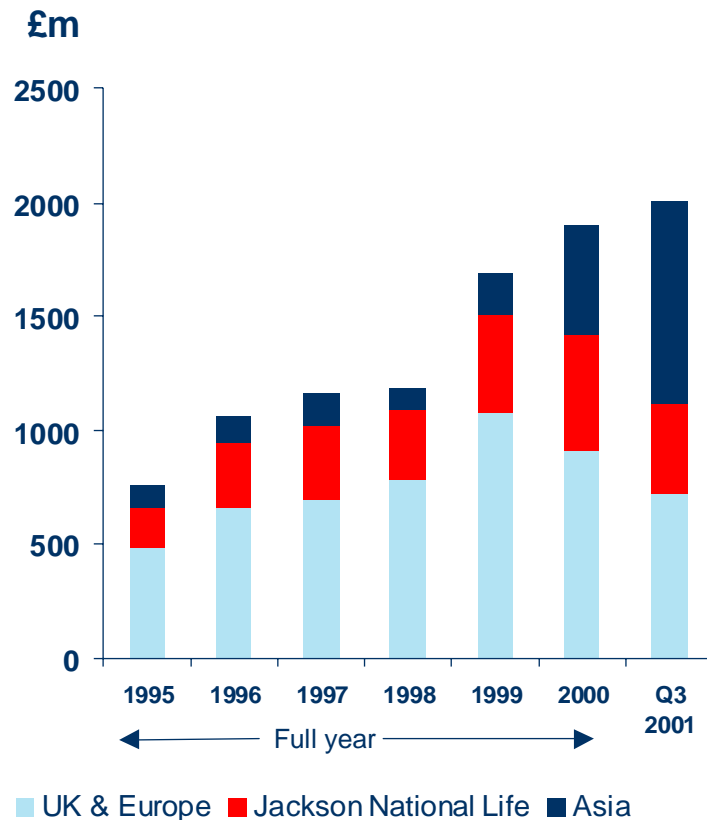


- A leading international retail financial services player
- Focus on medium and long term savings
- A market leader in our chosen territories
 - US
 - Asia
 - UK
- Diversified products, distribution and geographies
- Scale and resources for future growth, internationally
- Balancing short-term and long-term strategies to deliver value to our shareholders

Group APE sales have almost trebled since 1995



APE sales



- International diversification continues to pay off
- UK has contributed 59% of APE sales from 1995 to end 2000
- CAGR of 13% from UK over same period*

* Continuing operations and includes investment products

Post-11 September outlook



- Asset market values had fallen significantly before 11 September
- Markets now largely recovered post-attack losses
- Embedded value at year end will have moved with market values
 - 1% change in equity values will change EV by c£25m
- Key uncertainty is impact on business and consumer confidence
 - no significant impact on Q3 figures

Long-term fund remains strong



- Form 9 ratio (excess assets divided by total liabilities) of 13% at 30 September 2001 (from 17% at year end)
- Because of this strength, the market falls following September 11 did not cause us to:
 - switch from equities to bonds, based on relative valuations
 - constrain our sales
 - cut our bonuses suddenly
 - introduce blanket market value adjustment
- Low level of guarantees in products

Asset/liability profile



- PAC has a prudent asset/liability profile relative to competitors:
 - equity holdings are 5% below average, with overweight positions in (counter-cyclical) property and (less volatile) bonds
 - low annual bonuses to restrain build-up of guarantees
 - onerous “MVR-free” guarantees avoided
 - claim values in recent years have been reduced to mitigate smoothing costs in falling equity markets
- Switch of assets from equities to bonds in 2000 has protected solvency and reduced risk

UK: actions over last 5 years



- Increased IFA participation by acquiring Scottish Amicable
- Formed PruBank and Egg
- Acquired M&G
- Outsourced industrial branch collections
- Investment in direct channels
- Development of operational platforms
- Shareholderisation of annuities
- Closed direct sales force, and halved overall headcount

Third quarter new business - UK highlights



- Strong performance whilst undergoing profound change
- Re-establishing leading position in With-Profit bond market
- No 1 player in UK annuity market (share of 25%*); 39%* share of bulk annuities
- Continued success in Prudential-branded corporate pensions
 - worksite marketing sales up 50% on prior year
 - corporate and stakeholder pension designations provide access to around 3.5 million people
 - joint provider for NHS stakeholder and AVC scheme - 1.1 million people
 - over 50% of local authority market: 620,000 people

* Q2 ABI Market Share; by sales



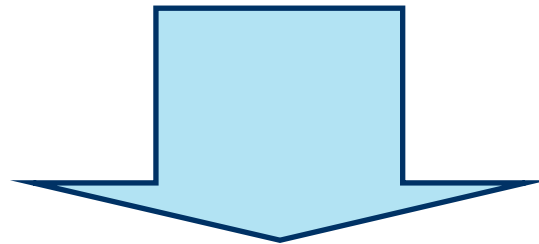
Mark Wood

Introduction

Introduction: areas of focus



- Brand: customer orientation
- Product: focus on profitability
- Distribution: targeted approach
- Scale: extract advantages of size
- Costs: step reduction to be achieved



Deliver sustainable profitable growth



Industry: our assessment



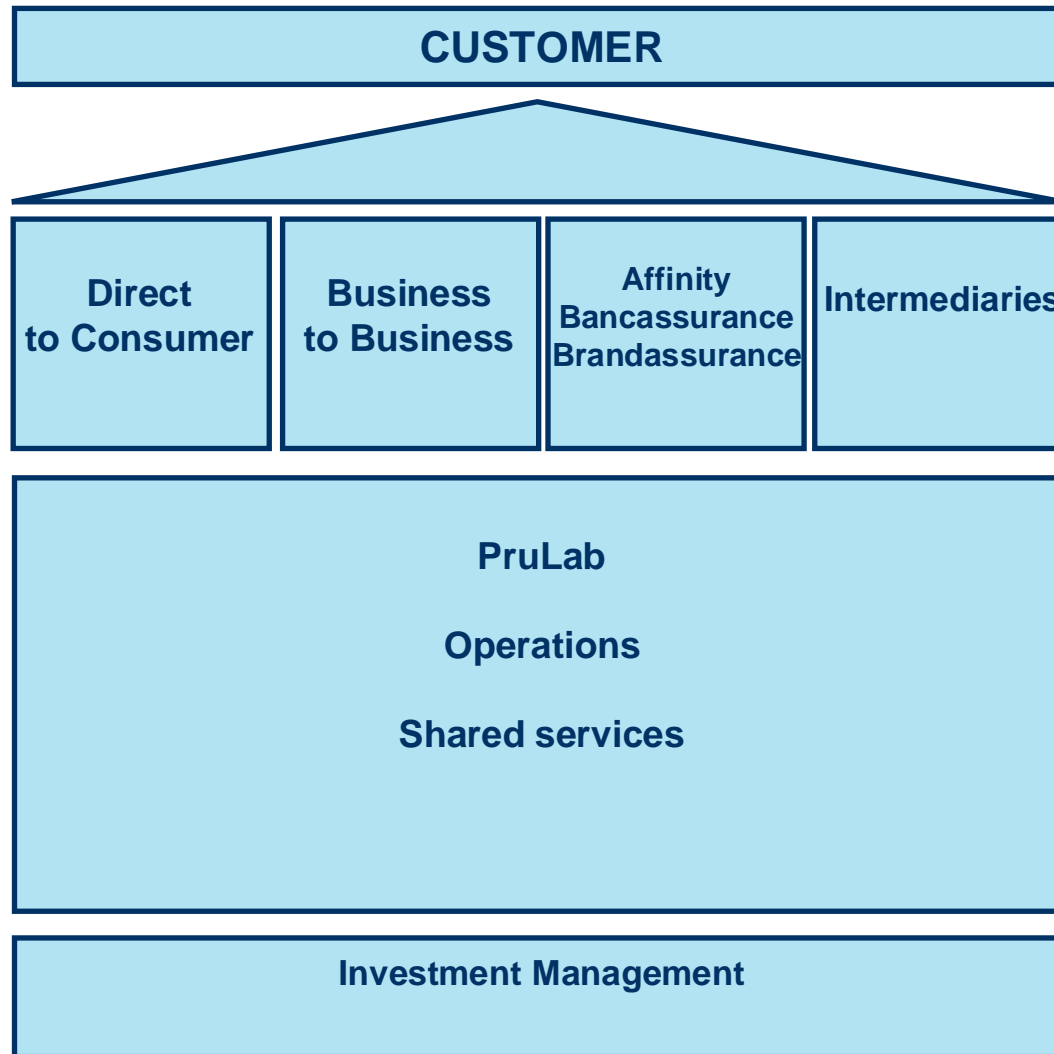
- Uncertain economic environment
- Falling margins
 - competition and spread of 1% world
- Changes in distribution
 - reduction in Direct Sales Forces, consolidation of IFAs, re-emergence of bancassurance, potential depolarisation
- Successive regulatory reviews
 - FSA (with-profits, polarisation, pensions)
 - Sandler Review
- Growing awareness of need for self-provision: growing market

Our response

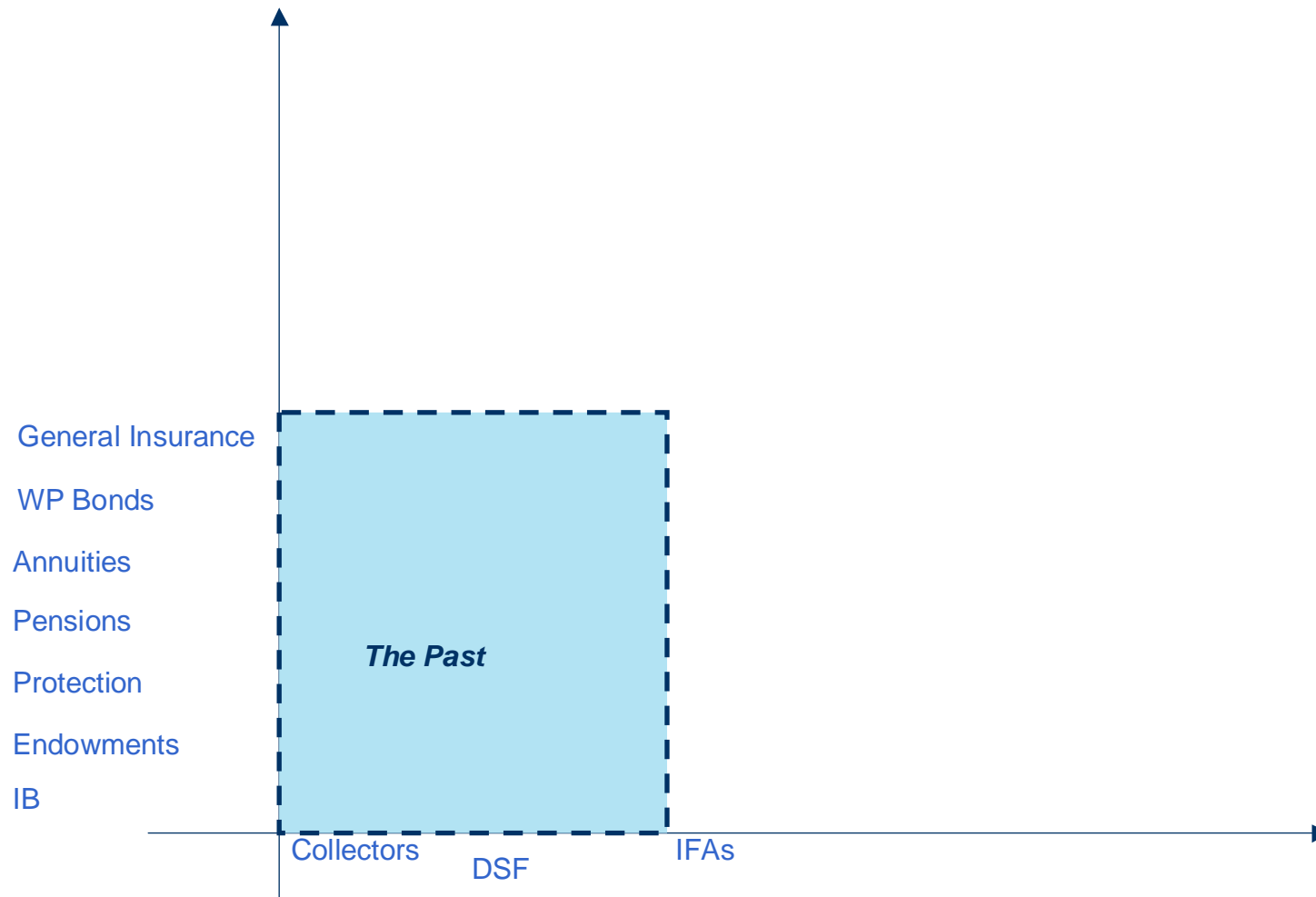


- Rapid simplification of organisational structure and management processes
 - re-orientation towards customer
 - radical improvement in standards of service
- Focus on growing revenues
 - concentration on high growth/high return products
 - withdrawal of low growth/low return products
 - outsourcing where value-added is greater
- Build strong distribution
 - direct; corporate; bank; affinities; intermediaries
- Step reduction in operating costs: size to scale
- Manage for long-term financial stability

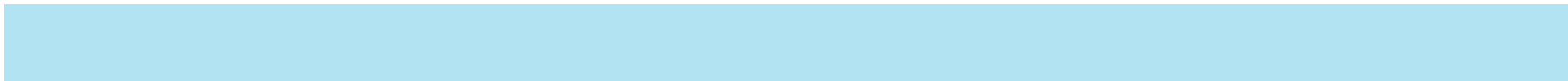
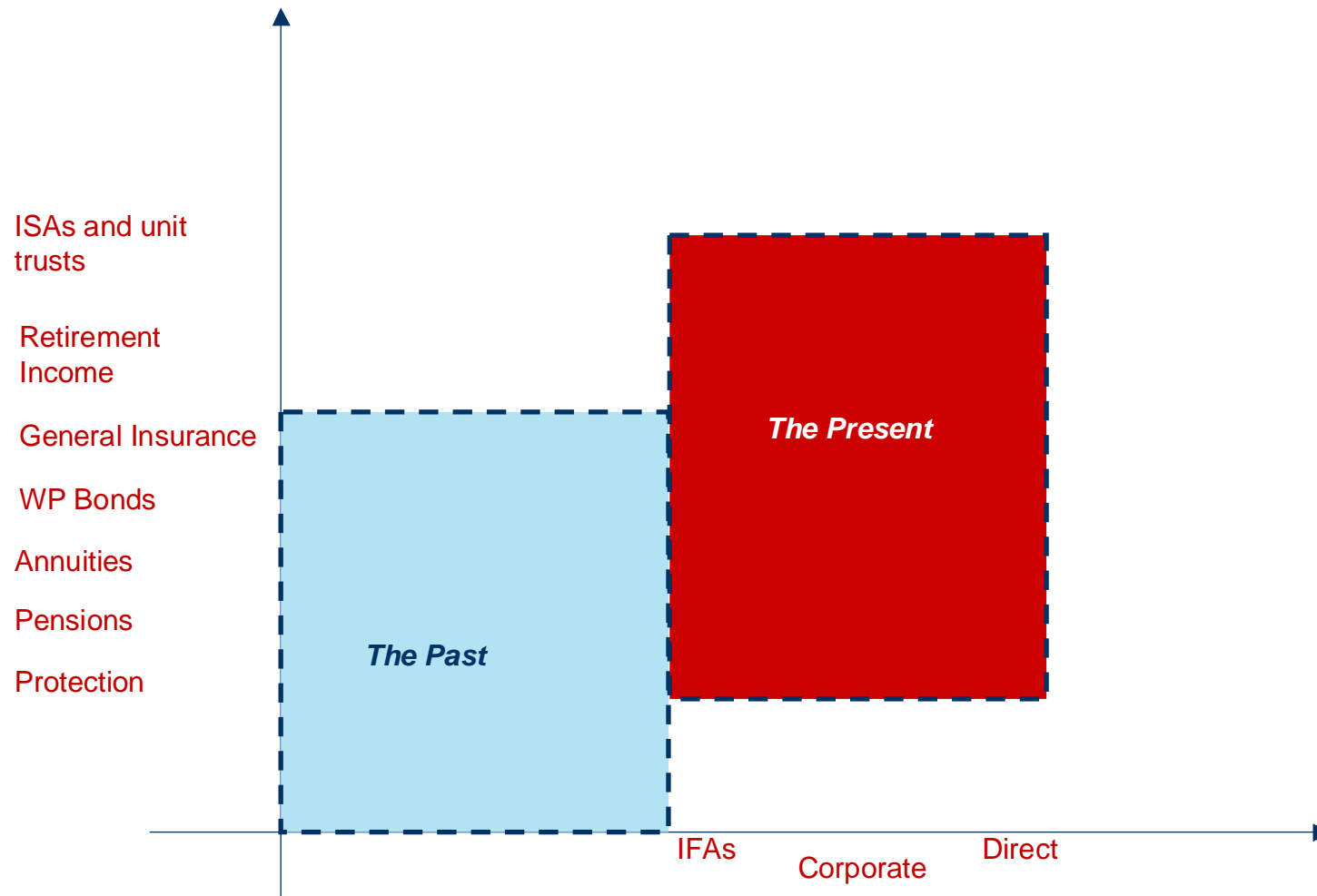
Simplified organisation structure



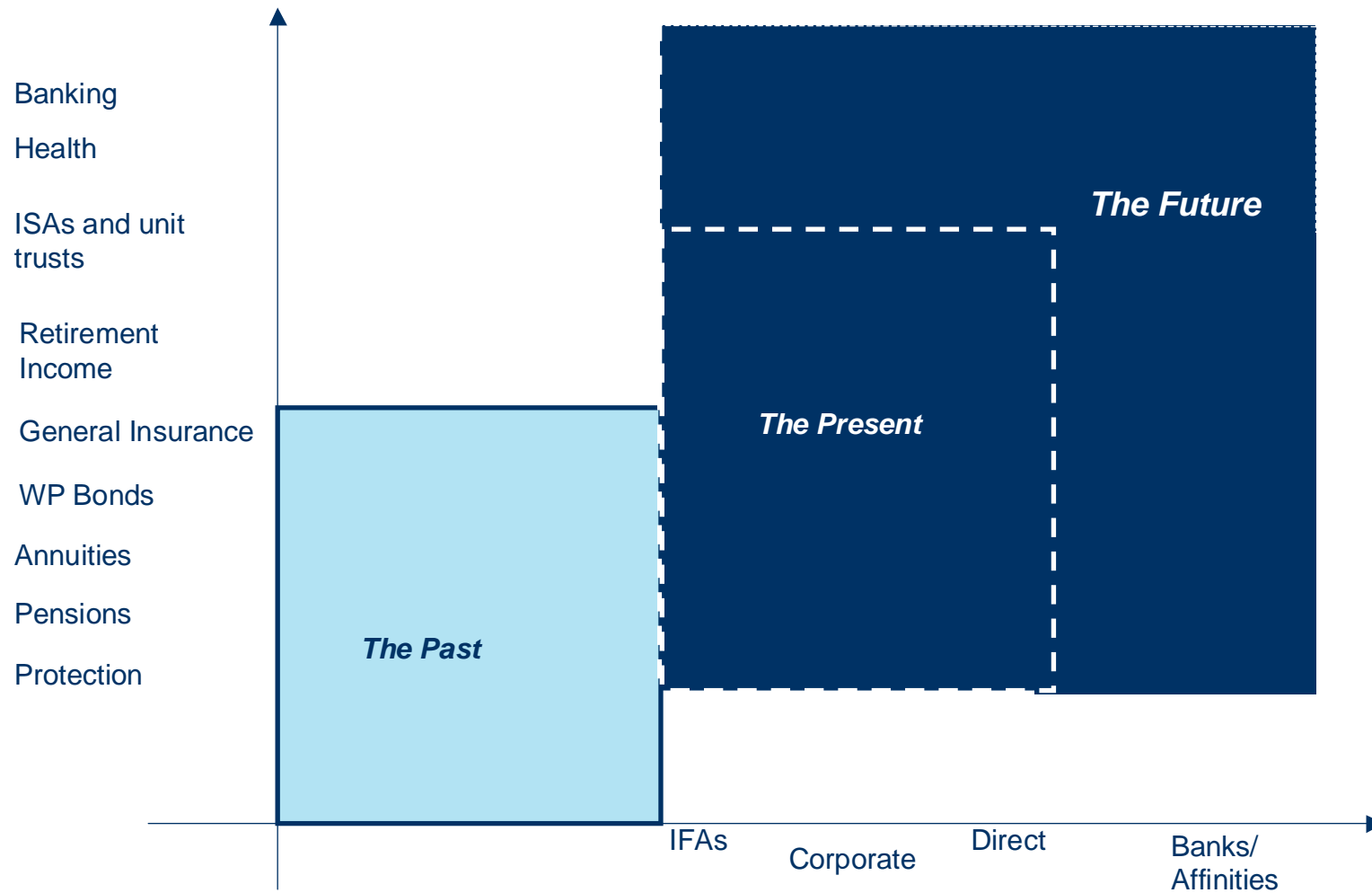
Focus on growing revenues



Focus on growing revenues



Focus on growing revenues



Key performance indicator framework



- Critical need to ensure continuing “business as usual” performance during period of change
- Balanced UK scorecard adopted to give visibility and focus to key measures:

- | | |
|--|---|
| <ul style="list-style-type: none">■ <i>Financial</i><ul style="list-style-type: none">- Shareholder cash flow- Economic Value Added (including EV and NBAP)- Market capitalisation | <ul style="list-style-type: none">■ <i>People</i><ul style="list-style-type: none">People Index - to be the employer of choice■ <i>Customer</i><ul style="list-style-type: none">To be the trusted first choice provider■ <i>Regulatory</i><ul style="list-style-type: none">To be seen as the “squeaky clean” reference for the whole industry |
|--|---|

This model will provide a framework by which every individual's contribution can be measured

Actions since July 2001



- Closure of Appointed Representative channel
- Capital projects reviewed on investment return criteria
- Withdrawal of front end commissions on GPP
- Demonstration of Prudence Bond ambition
- Simplified and customer-focused UK organisation: structure in place
- Management team strengthened

General Insurance: alliance with Winterthur



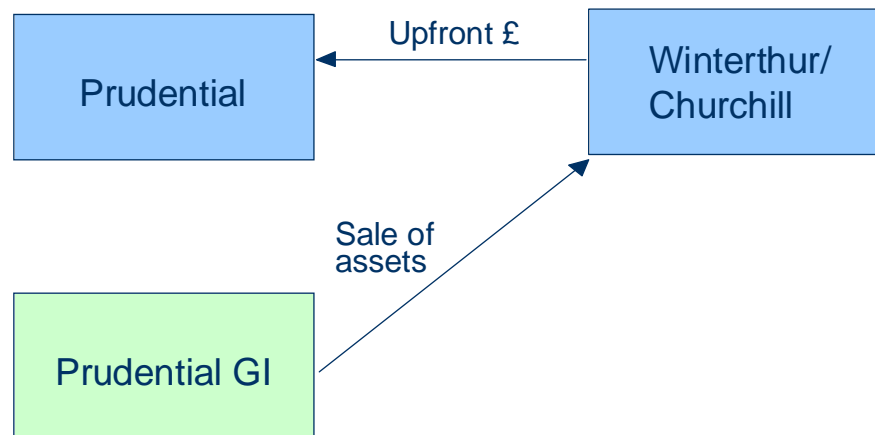
- Alliance to market Prudential-branded general insurance products in the UK
 - benefit from Churchill's significant GI expertise and scale efficiencies
 - offer competitive GI products without additional investment
 - increase sales of Prudential-branded GI business to new and existing customers
 - retain exclusive rights to cross-sell non-GI products to new and existing customers
 - realise the intrinsic value of our GI business
 - remove exposure to volatile GI underwriting results

General Insurance: alliance with Winterthur



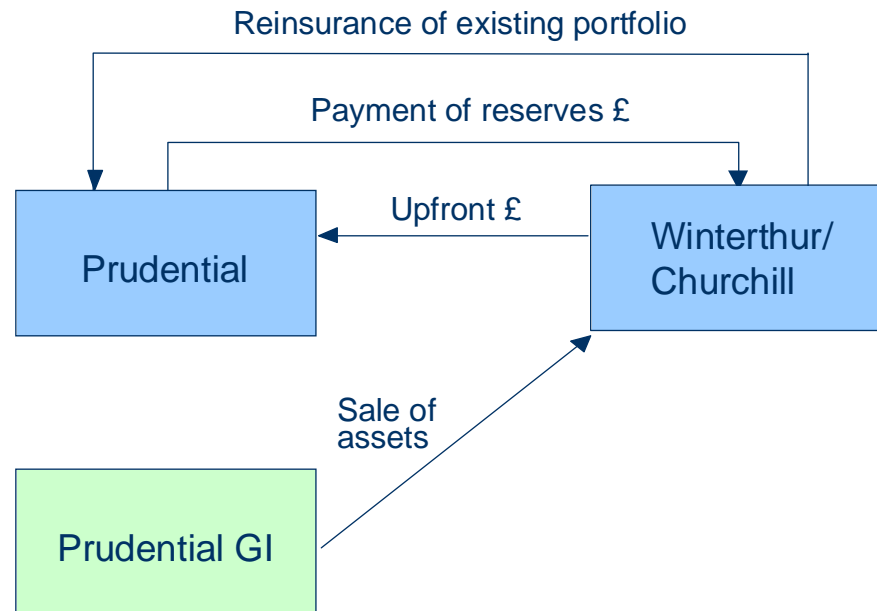
- 15 year agreement to market GI products in the UK under the Prudential brand
- Transfer of renewal rights on our in-force GI portfolio
- Transfer of responsibility for underwriting and administration of all existing and future Prudential GI business
- Existing operational infrastructure and employees of Prudential GI will be transferred to Churchill: no operational redundancies
- We retain the right to cross-sell MLTS products to
 - existing customers
 - new GI customers
- Relationship managed via a Joint Management Committee

General insurance: transaction structure



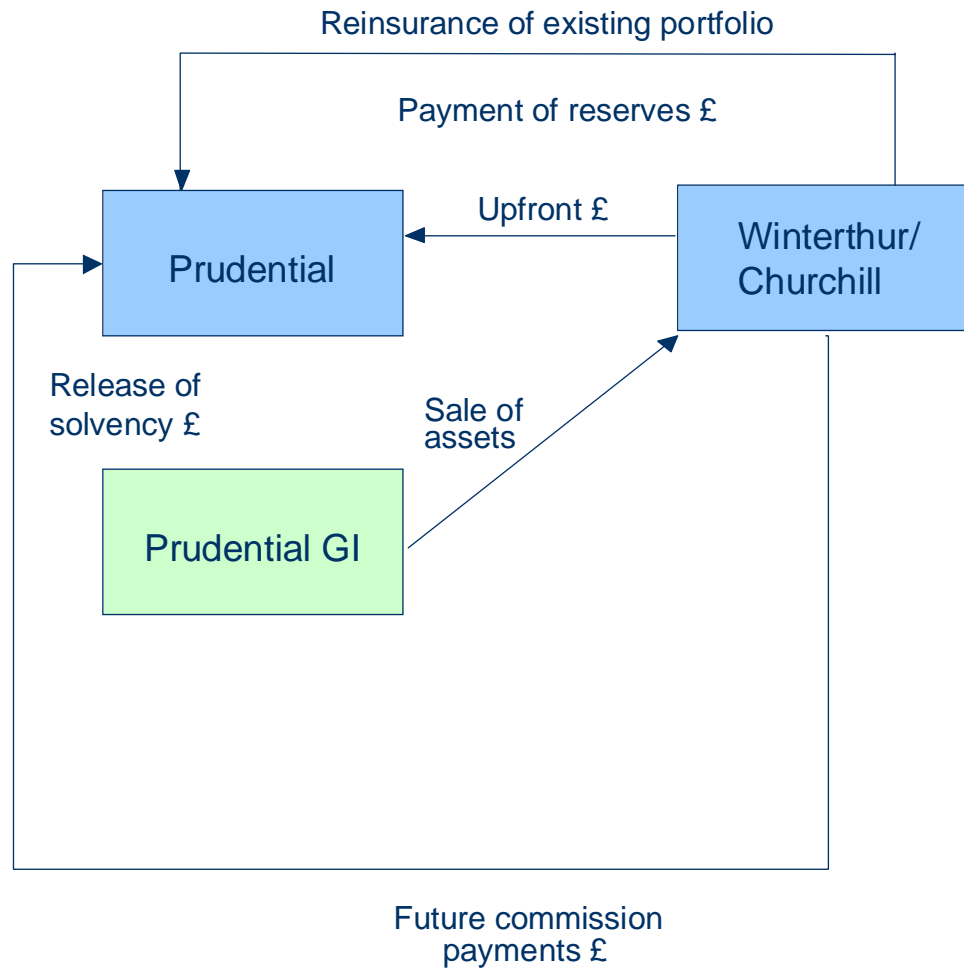
Value	£m
Upfront consideration for renewal and new business rights	350
Sale of assets	3

General insurance: transaction structure



Value	£m
Upfront consideration for renewal and new business rights	350
Sale of assets	3
Reinsurance	-
Net profit in UPR	21

General insurance: transaction structure



Value	£m
Upfront consideration for renewal and new business rights	350
Sale of assets	3
Reinsurance	-
Net profit in UPR	21
NPV future commissions	c236
Capital release	c200
Total value	810

General Insurance: transaction value



- £810m realised value which comprises:
 - £353m upfront payment for renewal and new business rights
 - c£200m release of solvency capital*
 - c£21m release of net profit in UPR*
 - £236m conservatively estimated NPV of future commissions and profits over term of the agreement
- Winterthur to reinsure in-force portfolio
- c£370m profit on disposal to be recorded upon completion
- Completion expected in January 2002

* Final amounts determined by closing balance sheet

Brand strategy



- Increased marketing orientation
- Growth through effective marketing
- Invest in this key asset
 - additional £20m spend in 2002
 - discontinue use of Scottish Amicable brand
 - simplified marketing approach following DSF closure

Brand strategy: IFA perspective



- Scottish Amicable seen as small, low profile and lacking identity*
- Middle market: was a mortgage endowment franchise
- Prudential is seen as a stronger consumer brand
- Vital while direct sales force was operational

Decision to pursue single brand strategy

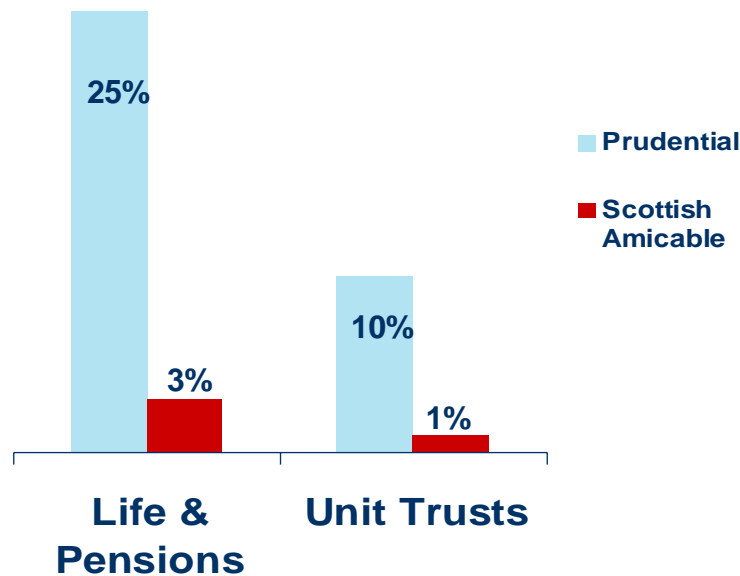
*Source: ORC International Feb 2001

Brand strategy: consumer perspective

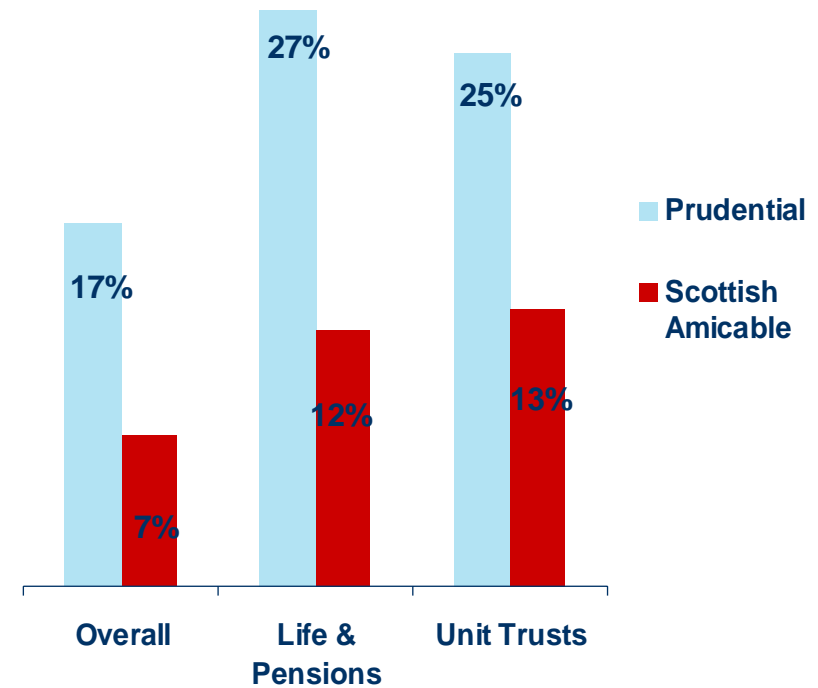


- Consumers are 'More Aware' and 'Happy to Deal With' Prudential than Scottish Amicable

Spontaneous Awareness



Happy to Deal with (prompted)



IPSOS-RSL 2001 Analysed Tracking
Base: 6500

A single brand: capital efficiency



- All business will be branded 'Prudential'
 - Scottish Amicable in-force business will be re-branded
 - Scottish Amicable pre-acquisition in-force ring-fenced
- Business written since acquisition will be transferred to other Prudential companies by 2c transfer (subject to Court and FSA approval)
- Transfer will allow
 - release of shareholder solvency capital of c£100m
 - ongoing shareholder capital requirements reduced by £25m pa

Areas of focus



- Brand: aggressive marketing of this key asset
- Product: focus on profitability
- Distribution: targeted approach
- Scale: extract advantages of size
- Costs: step reduction



Roger Ramsden

Brand

Brand is a key asset

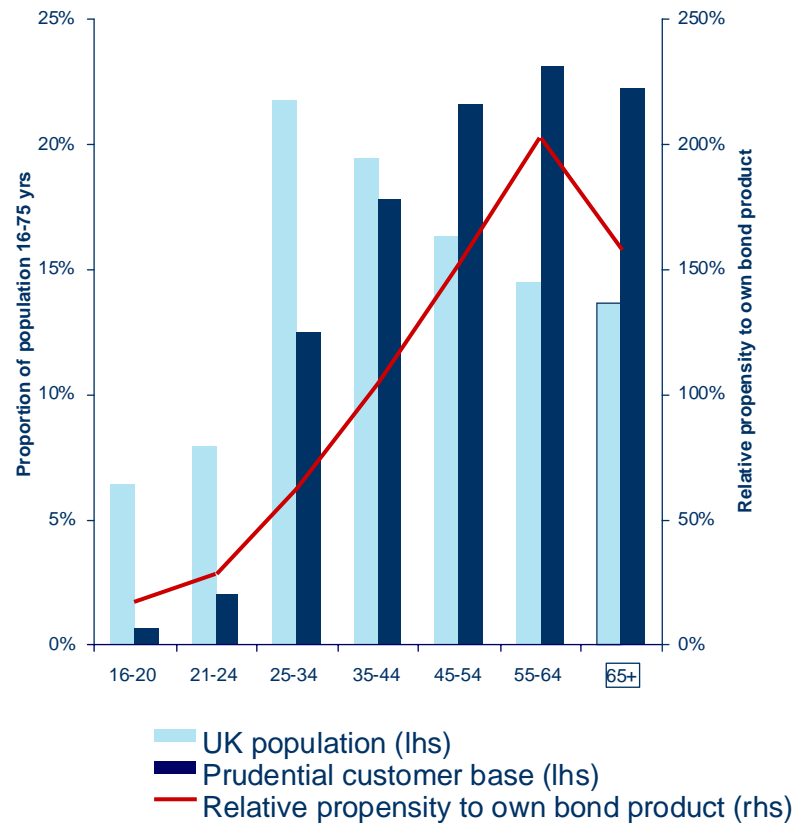


- Brand analysis
- Approach to revitalisation
- Key actions

Large and attractive potential audience within Prudential...



Prudential Customer Base



- Total customer base of 7 million:
 - present in 1 in 5 UK households
- >2m marketable and attractive 'direct' (ex-DSF) customers
- Biased towards older age groups
- Increasing scope for acquiring customers in high-value segments, given 'flight to quality'

Source: MORI Financial survey March 2001

...as well as outside Prudential



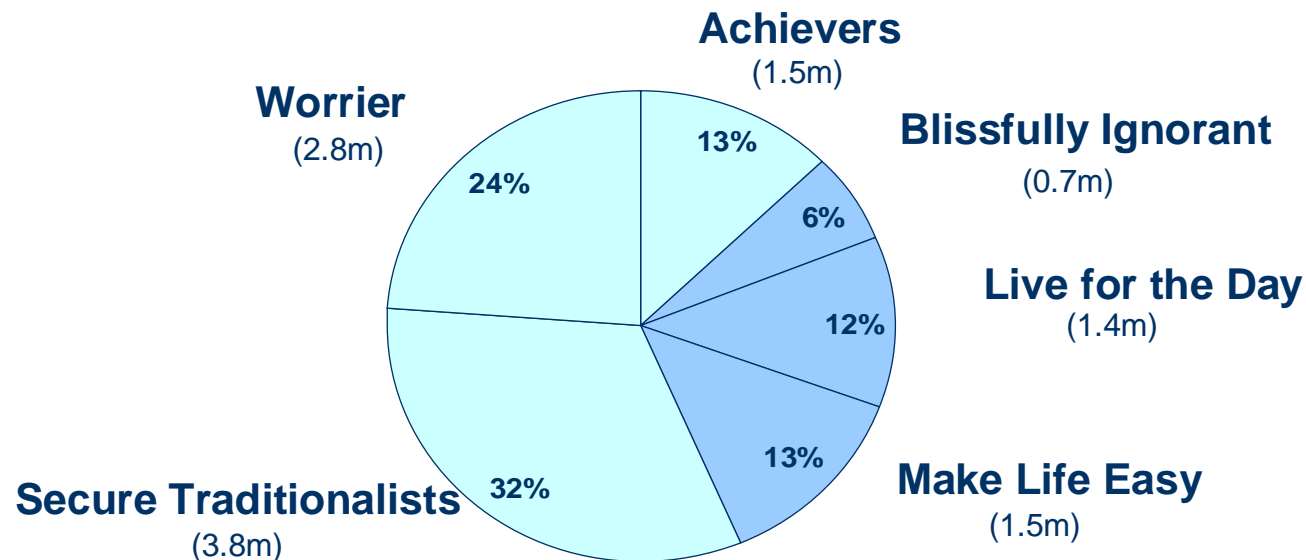
- Those earning over £30k account for 55% of UK's savings market
- Those over 45 account for over 70%
- Prudential brand is spontaneously No 1 in life and pensions
- Almost perfect prompted brand awareness at 97% in 45+ age group
- Majority of consumers are seeking reassurance from well known brands they can trust

Source: Financial Consumers Panel "Consumers in the financial market"; ONS, Social Trends 2001; Prudential/MORI
FBP Survey

Six key segments in the 40-70 year old market



Three segments: Achievers, Worriers, and Secure Traditionalists account for almost 70% of this population



Qualitatively a 7th segment was found: “Couldn’t care less” - not identified in the quantitative survey, probably due to the sample definition and restrictions (i.e. higher incomes)

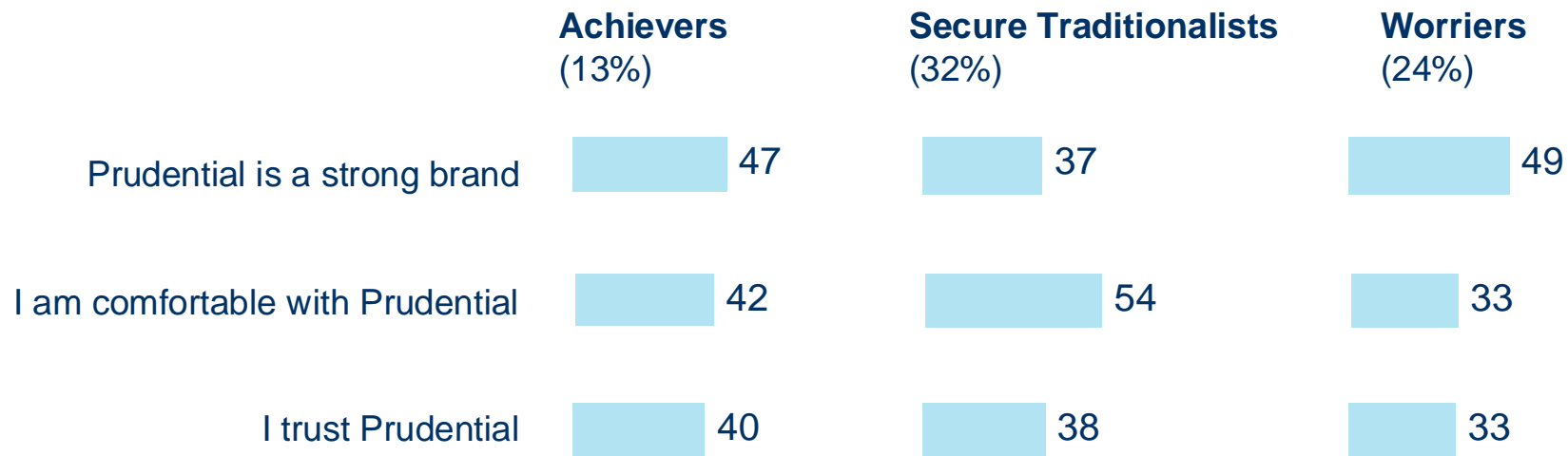
Note: Segmentation based on survey of consumers aged 40-70 years, and therefore does not represent the UK population as a whole. Social class D&E were excluded as these are less attractive market segments

Silver market (45-75yrs) = 19m people. Source : Incite - Consumer research among higher earning 40-70 year olds April/May 2001, 607 sample

A strong, positive image of Prudential

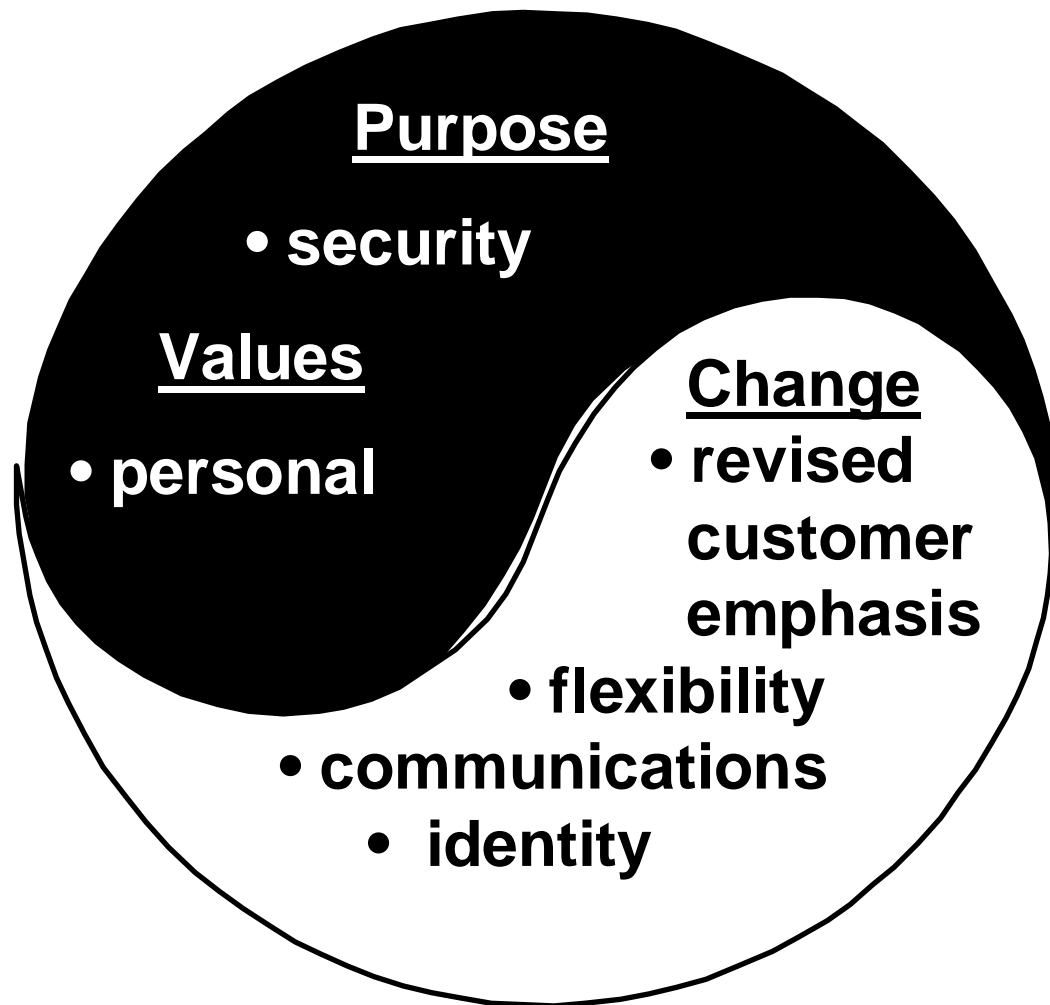


Prudential branding – elements for those who would choose Prudential



Source : Incite - Consumer research among higher earning 40-70 year olds April/May 2001, 607 sample

Maintain essence, but change engine of delivery



Refocus on profitable customers and channels



**Direct to
consumer**

**Business to
business**

**Affinity,
Bancassurance,
Brandassurance**

Intermediaries



TARGETING

Customers aged
>45
Assets £10k-100k
Existing customer
base

Large corporates
(>2,000
employees)
National affinity
groups

Partners with
nationwide brand/
branch presence

Focus on
mutually-
profitable
products and
relationships

Action in 2002: increased brand investment



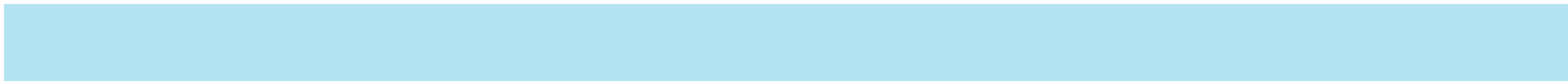
ISA^{PRU}

SAVE^{PRU}

RELAX^{PRU}

ACCESSIBLE EXPERTISE
INFORMATION YOU NEED
OUR RANGE OF PRODUCTS

PRUDENTIAL



Action in 2002: increased brand investment



Significant increase in marketing spend of c£20m in 2002



Andy Briggs

Products

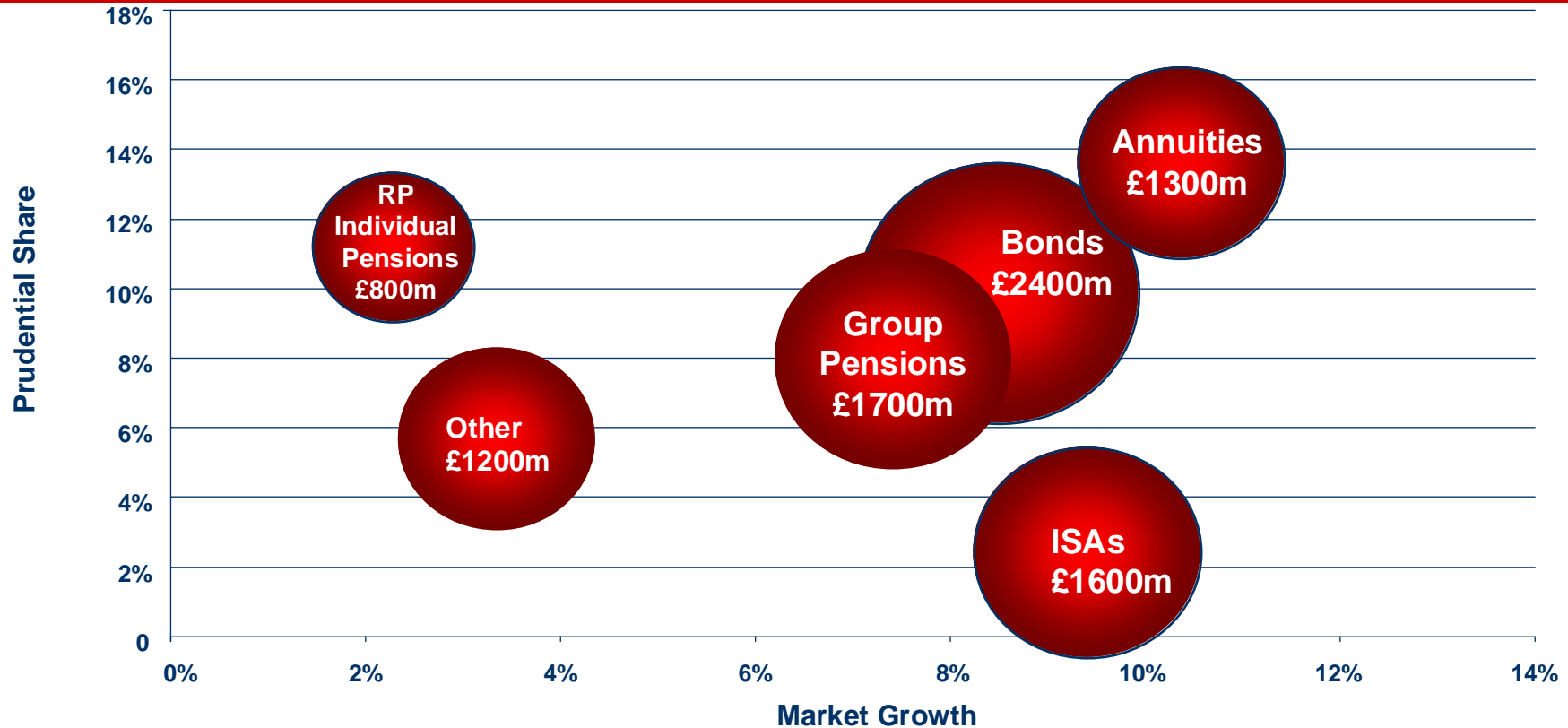
Products - agenda



- Current market size, shares and growth
- Target markets - where we're placing our bets
- Margins
- Product plans
 - annuities
 - bonds
 - group pensions
 - ISAs

We are creating PruLab, a single product development centre of excellence

Market sizes, shares and growth



The biggest and most rapidly-growing markets are Bonds, Group Pensions, Annuities and ISAs. For 3 of these we already have a strong market position.

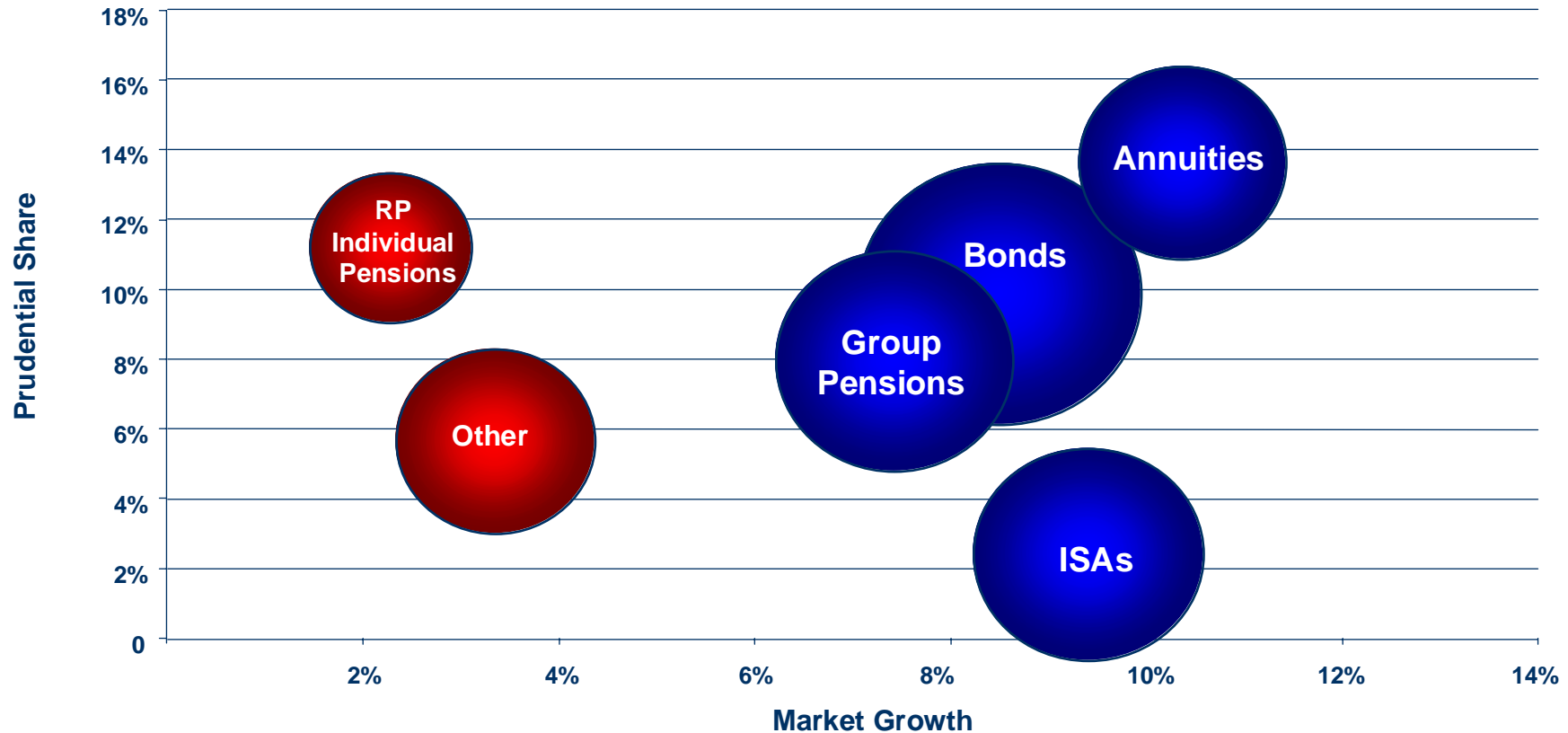
Size of circle represents new business market size in APE in 2000

Market growth is estimate for next 10 years.

Source: ABI, Prudential.

*Annuities includes Single Premium Individual Pensions

Participation strategy - where we're placing our bets



We're focusing on investments (bonds and ISAs), annuities and large group pensions

Size of circle represents new business market size in APE in 2000

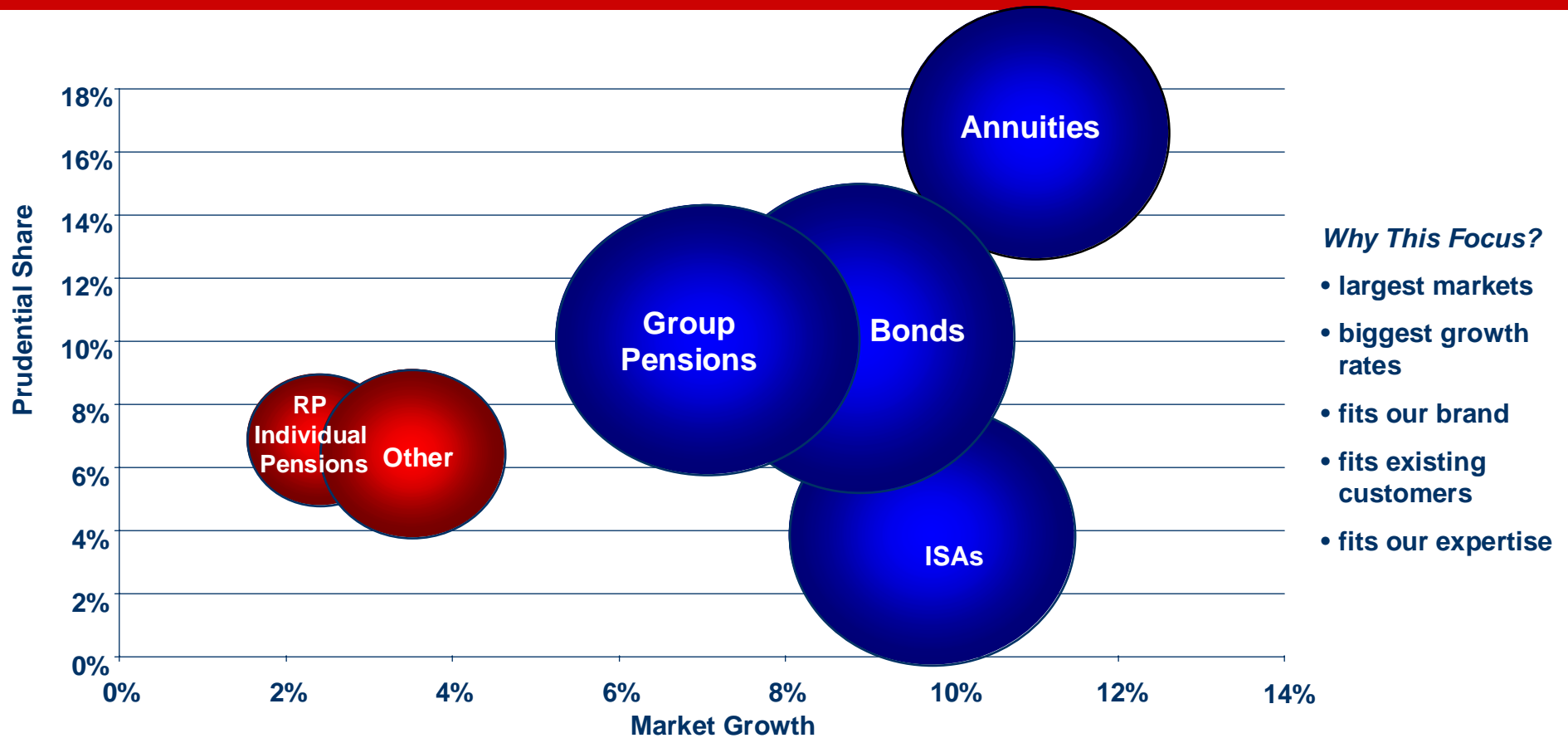
Market growth is estimate for next 10 years.

Source: ABI, Prudential.

Blue circles represent Prudential's target markets

Annuities includes Single Premium Individual Pensions

Future impact of this strategy - 2005



Why This Focus?

- largest markets
- biggest growth rates
- fits our brand
- fits existing customers
- fits our expertise

Revenues grow strongly through increased share of growing markets

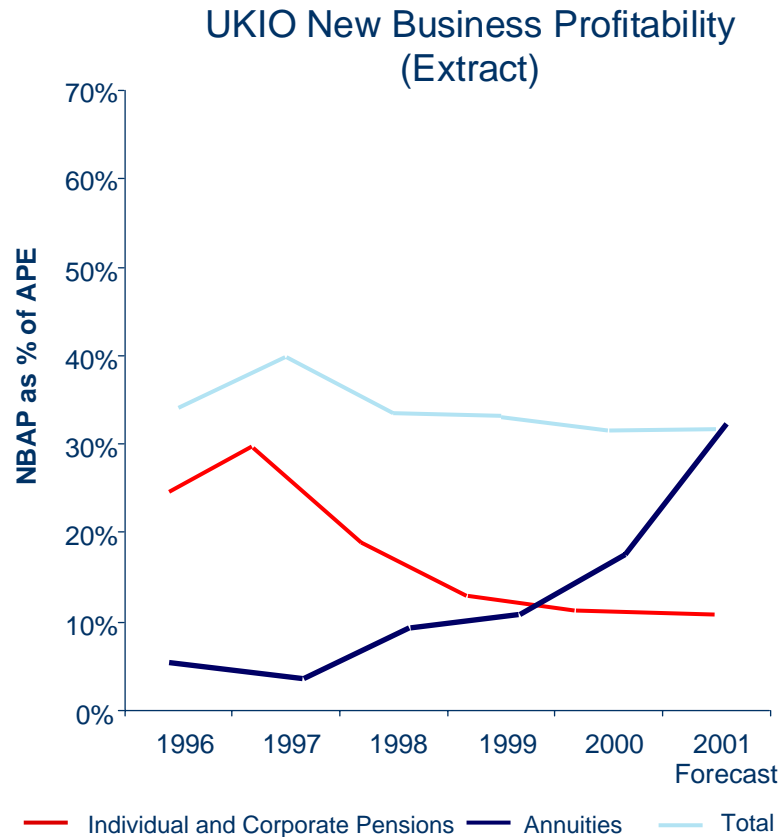
Size of circle represents new business market size in APE in 2005

Market growth is estimate for next 10 years, Source: ABI, Prudential.

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Annuities includes Single Premium Individual Pensions

Margins maintained



Based on 2001 Q2 forecast

- Overall profit margins broadly stable
- Pension margin stabilising
 - effect of 1% repricing and shift from with profit to unit linked
 - group pensions significantly better than individual pensions
- Annuities margins increasingly shareholder-backed

Individual annuities



- Prudential Retirement Income Limited - getting the benefits to shareholders
- Internal vestings - retain 80% of individual book
- Launched impaired life annuity - already a market leader
- Launched Flexible Retirement Income Account - a major product innovation
- Build further to 45-55 year olds

Bulk annuities - market size and opportunity



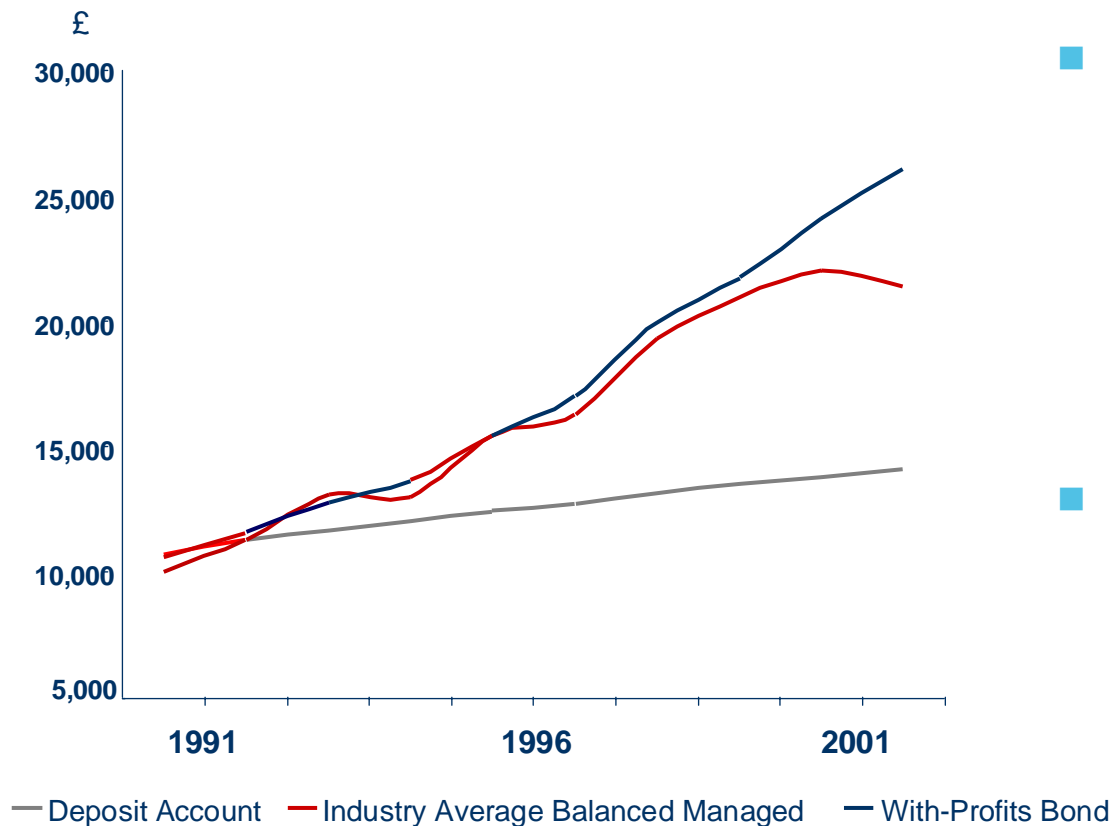
- £700bn funds under management in defined benefit schemes
- Up to half of liabilities are fixed
- Fixed liabilities with equity assets = huge risk
- Volatility in P&L account - FRS17
- Major shift to bulk buyouts

A very large market, which is sustainable for the long-term

With-profits bond - value to consumer



Value of £10k invested over last 10 years



Source: Prudential

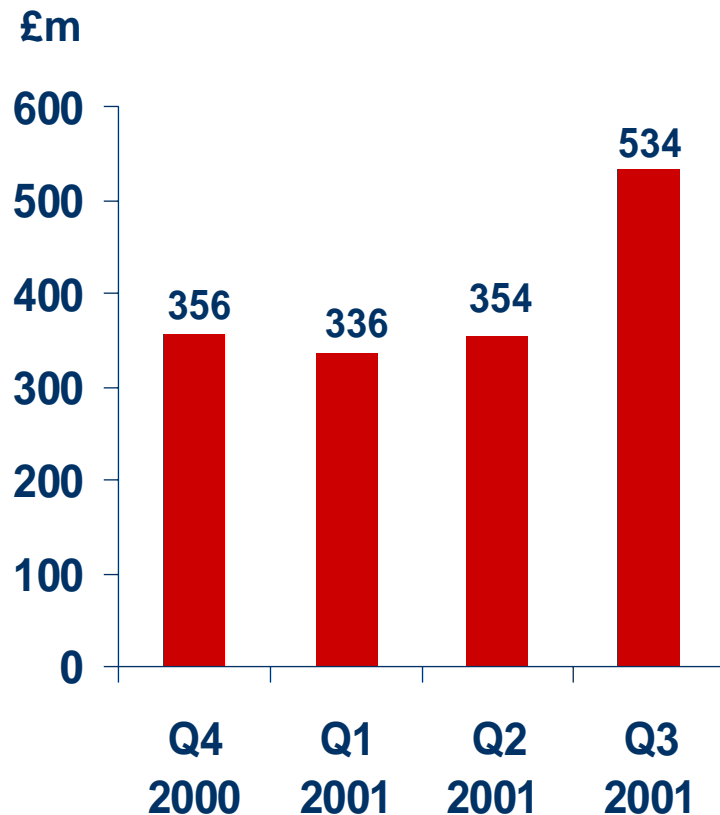
Customer Benefits

- Customers who invest in with-profit bonds rather than building society accounts are much better off
- In volatile markets, with-profits has significant benefits over unit-linked

With-profits bond - our performance and plans



Re-establishing our market-leading position. We have the financial strength and capital to stay the course.



Source: Prudential

- 10th anniversary of our most successful product ever
 - high reversionary bonus version
 - top-up focus
 - campaign
- New product for early 2002 - no initial charge and clear projected return
- Sandler
 - work closely with review and regulators
 - Sandler direction appears in line with existing Prudential practice

Group Pensions - successes



We have benefited from a flight to quality, and will continue to do so

- New business up 50% on 2000
- Joint provider of NHS stakeholder and AVC - access to 1.1m people
- Teachers AVC now has over £1bn of assets with access to 600k people
- Local government AVCs market share of 50%, won 23 new schemes from Equitable this year
- TUC and BCC give us access to over 10m potential customers: employers representing 3.5m have already designated with us

Group Pensions - future plans



We have benefited from a flight to quality, and will continue to do so

- Repricing/migration - maximise value of in force book
- Take advantage of “flight to quality” for new schemes
- Defined benefit opportunity
- Worksite marketing

ISAs



- Existing Prudential customers are regular ISA buyers
- Target over 45s in this base
- Attack maturing policies for retention of funds
- M&G continue to focus on new customer acquisition
- A growing sector in which we will take market share

A series of marketing campaigns planned

Products - summary



- Bonds, annuities, group pensions and ISAs are the largest and most rapidly-growing markets
- We will build on our strengths in these growing markets to
 - increase our share
 - significantly increase our revenues
- We have clear product plans to deliver growth in revenues
- Margins will remain among the highest in the industry



Chris Evans

Distribution

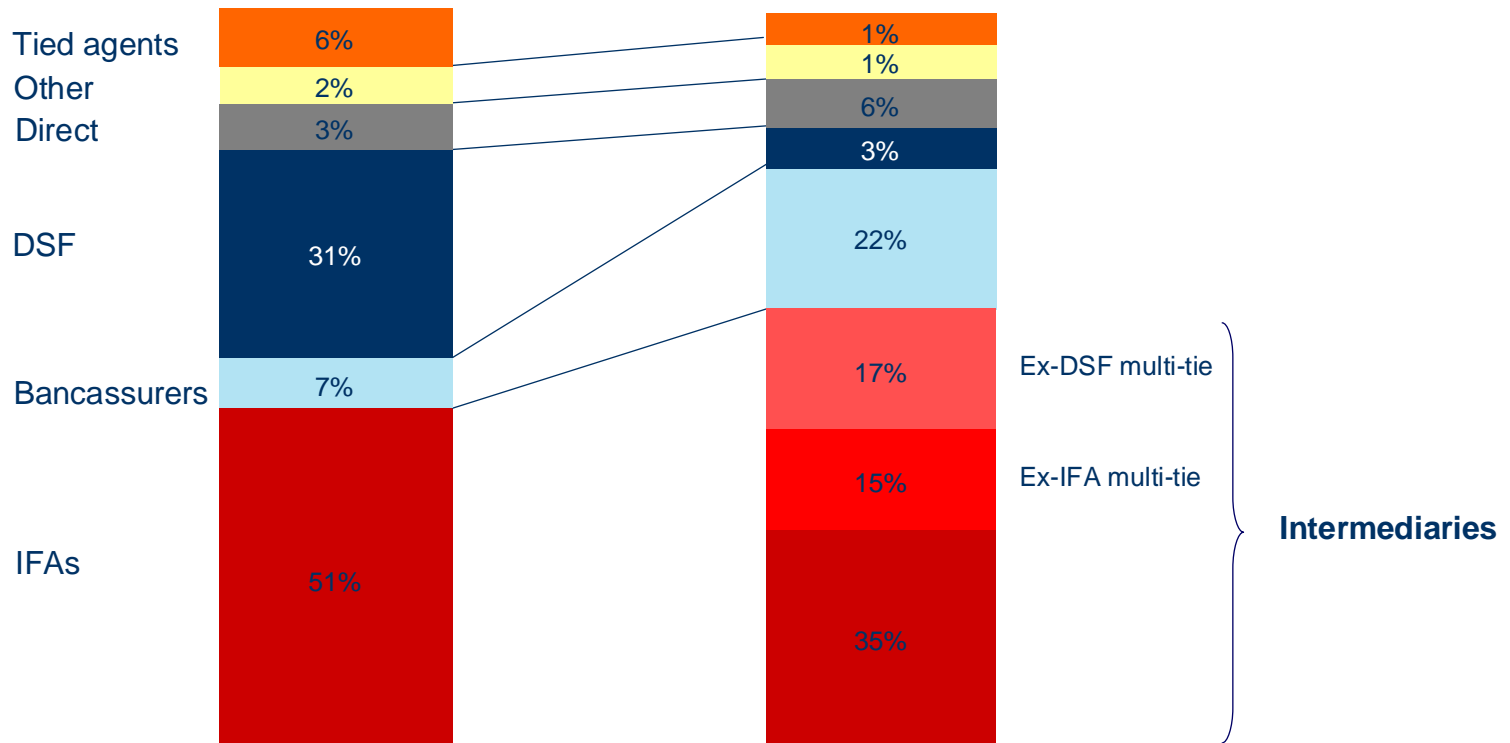
The distribution landscape



One of several potential scenarios ...

Distribution in 2000

Distribution in 2005



Significant growth in intermediaries and in bancassurance

Prudential's response:



internet - telephone - workplace - bank - retail brand - adviser



Direct to Consumer

Business to Business

Affinity

Intermediaries



Direct to consumer



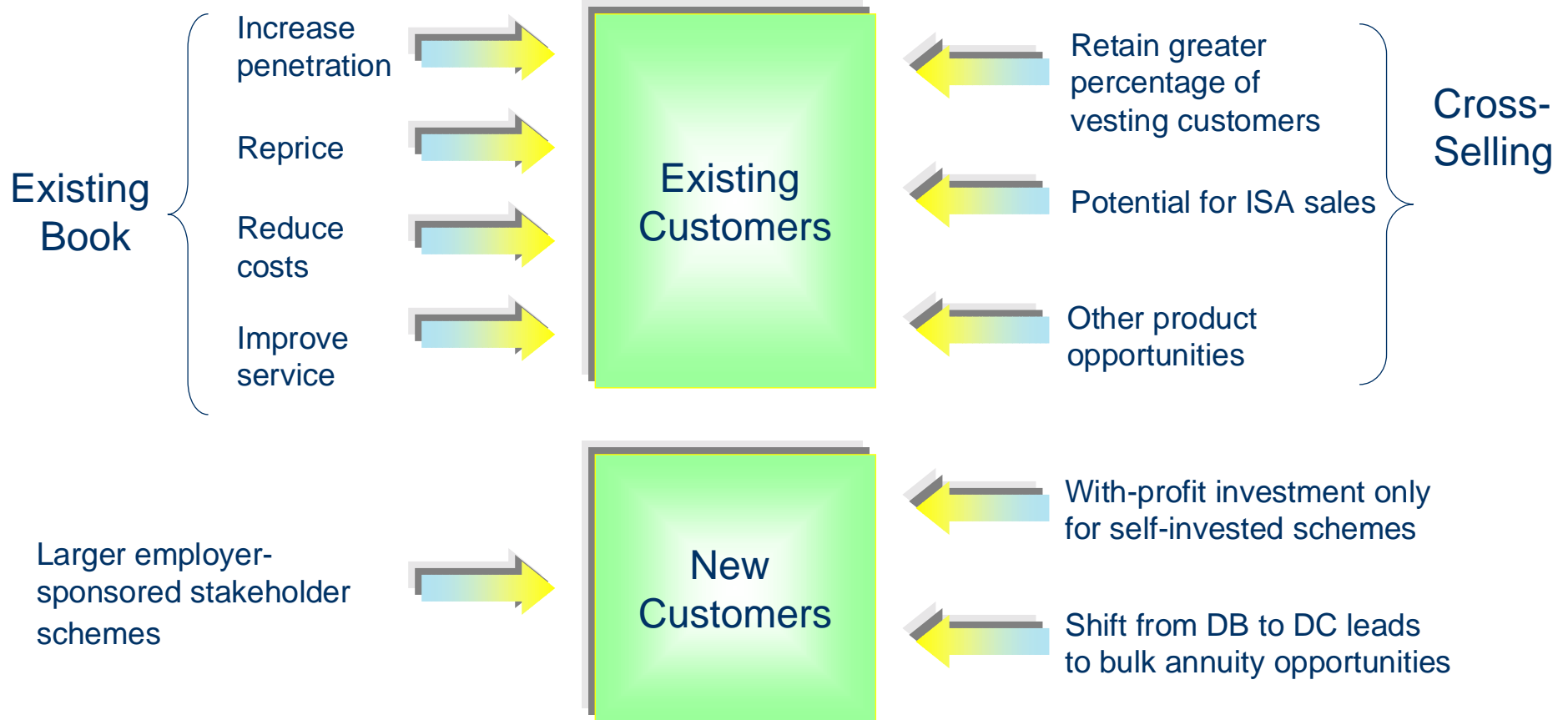
Prudential's direct marketing expertise:

- For high net worth individuals
- High propensity to deal direct
 - significant internal vestings opportunity
- Products
 - investments
 - pensions
 - banking products
 - protection
- Highly trained internet and telephone-based introducers and advisers
- Security, longevity, responsiveness and relationship management

Business to business



B2B sales team activity



The power of partnership: affinity; bancassurance; brandassurance



- Banks and Building Societies:

- Vertically integrated



Gap-filling opportunities: with-profits and annuity products

- Independents



A major current and future provider

- Small/Medium Building Societies



Opportunities for key relationships

- Brands



Supermarkets, non-financial retailers

- Non-regulated market



Work with aggregators



Philip Rose

Wentworth Rose

Intermediaries



Combining the heritage of Scottish Amicable's IFA expertise with the power of Prudential's brand



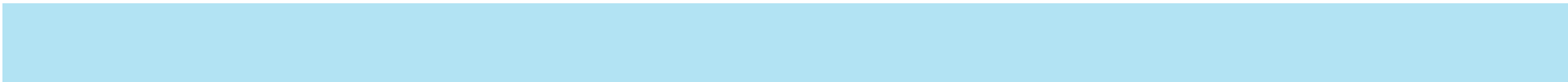
Aligning the infrastructure to support a focused attack in the IFA channel



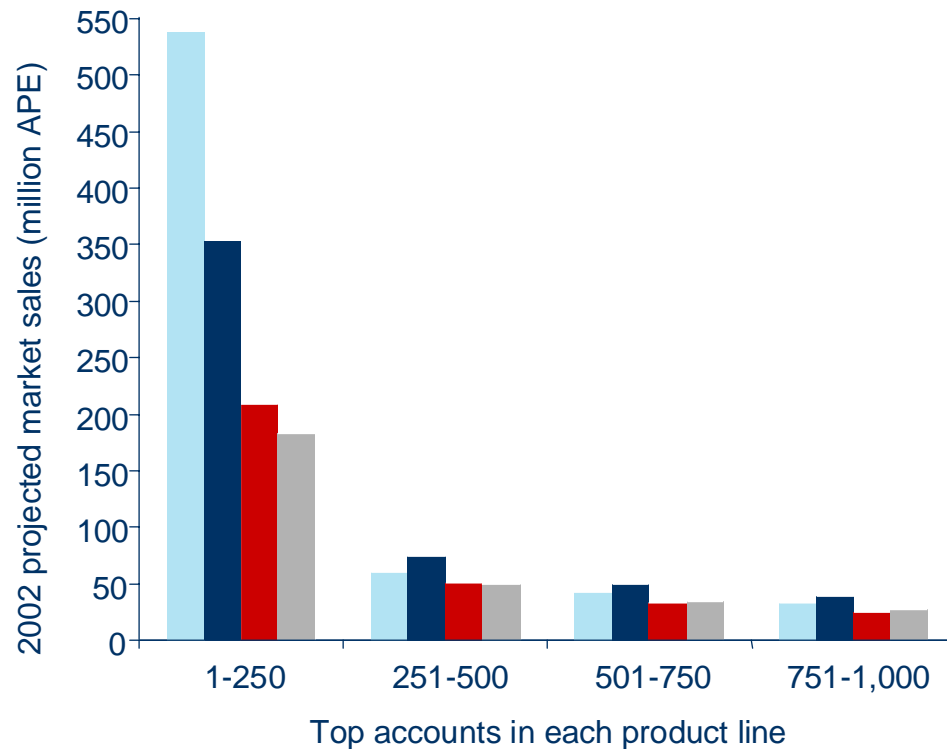
Investing in high grade account management



Introducing new products and services for the new environment



Intermediaries



■ With Profit Bonds ■ Investments
■ Single Premium Pensions ■ Post-retirement

Focused Account Management

- Harnessing the concentration of distribution
- Bringing relevant solutions to our segments

Source - Touchstone

Concentration of IFAs plays to Prudential's market strengths

Actions under way



- Launched focus strategy on key accounts
- Investing in sales support and customer relationship management
- Closure of Appointed Representatives channel
- Withdrawn front end commissions on GPP
- Taken out superfluous resources
- Closed business centres
- Upgrading account management

Distribution summary



Proven success
in direct marketing

Technical expertise
in corporate business

Leveraging our
capability for new
distribution partners

Strength through
focus and value
for advisors

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Flexibility to respond to the changing landscape





Richard Field

Costs

Agenda



- The cost challenge in perspective
- Immediate benefits from rationalisation of support services
- Medium-term initiatives; customer services, property and IT infrastructure
- Impact summary

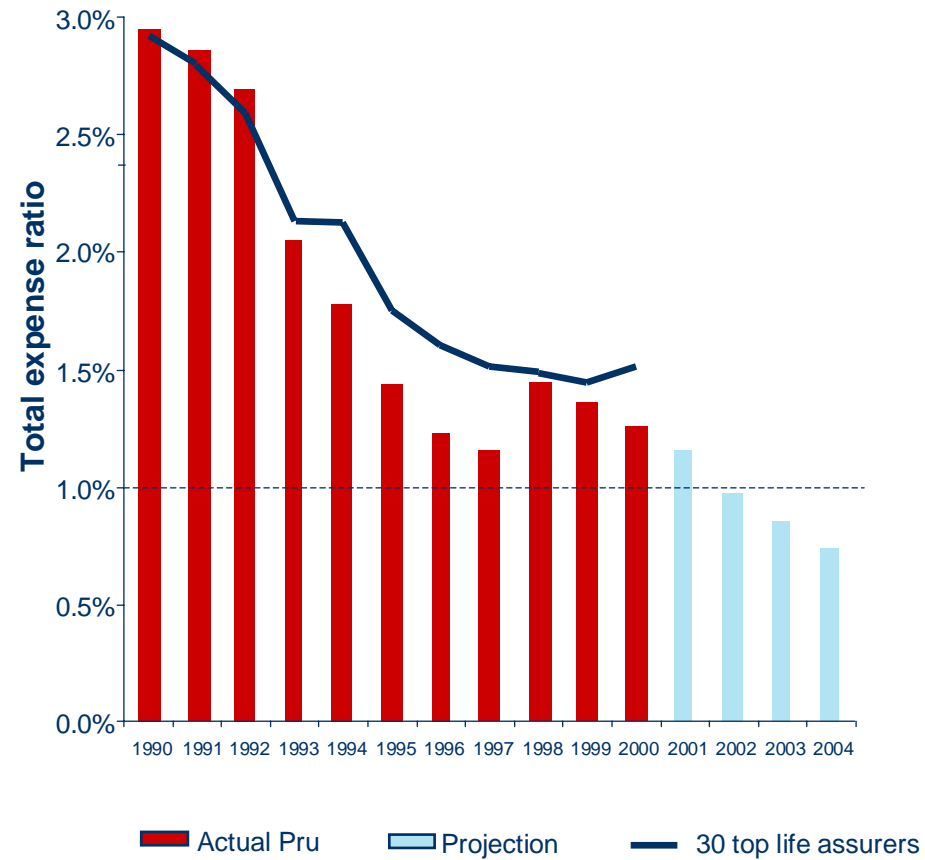
Commitment to a step change in costs



- Annual costs will fall by £175m
- Savings will not detract from revenue growth or service to customers
- 1,000 compulsory redundancies between now and 2004
- Positive impacts on 2004 Achieved Profit of c£55m and MSB profit of c£40m
- Savings are in addition to the impact of the DSF closure
- Transition costs will total c£170m

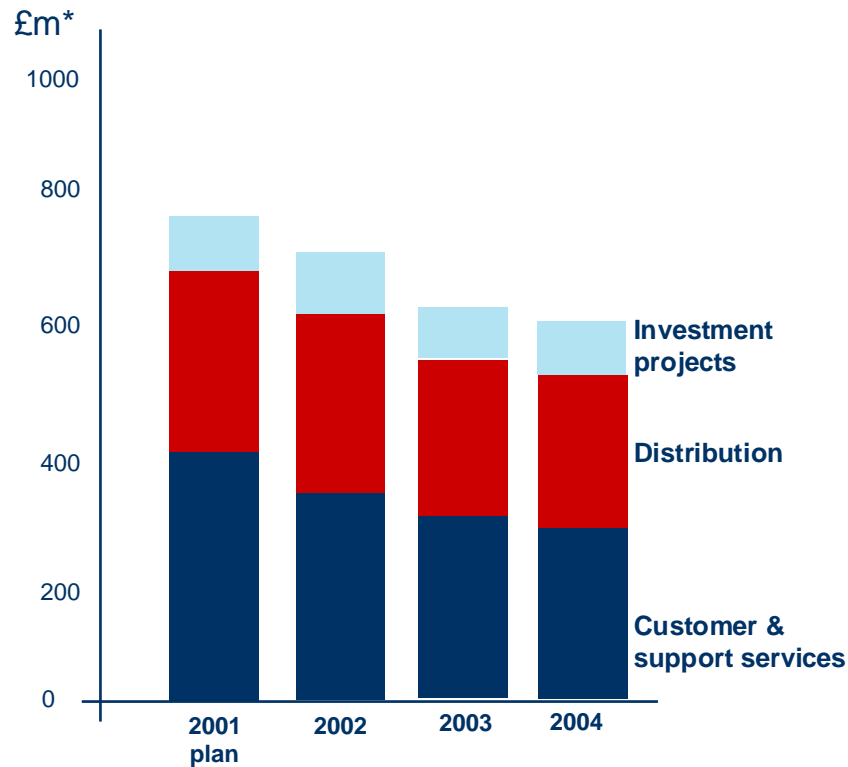
We will report on progress against our key targets

Size to scale



Source:FSA returns and business plans. Total expense ratio defined as total gross OB & IB (form 41) expenses / total admissible assets. Projections assume 7% annual growth in FUM

Our new organisation is more efficient



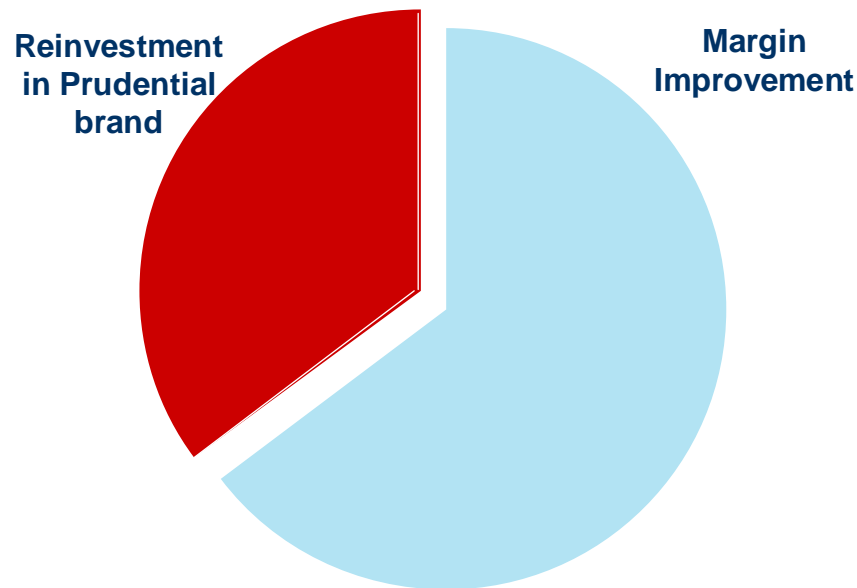
- More efficient organisation
 - operational integration of Scottish Amicable
 - eliminate duplication in support activities
 - reorganise customer services
- Resources concentrated on high value-added activities
 - £25m reduction in IFA-driven acquisition costs
- Centrally-managed change programme

* Excludes GI and DSF restructuring

Changes to support services yield rapid savings, with no impact on revenue



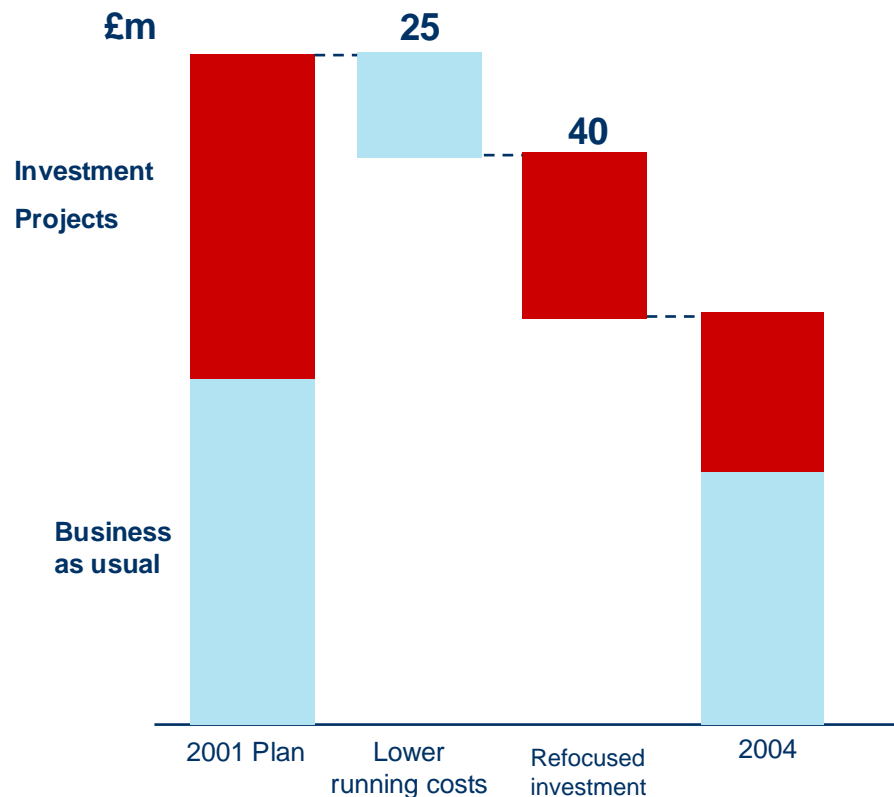
Cost savings £55m



c35% of support services savings will be reinvested in the Prudential brand

- Rationalisation of support services through 3:1 model
 - HR
 - Finance
 - Marketing
 - Risk and Compliance
- Eliminate duplication but retain capability
- Procurement benefits from scale and consistency

Realignment of IT brings large savings



Lower running costs:

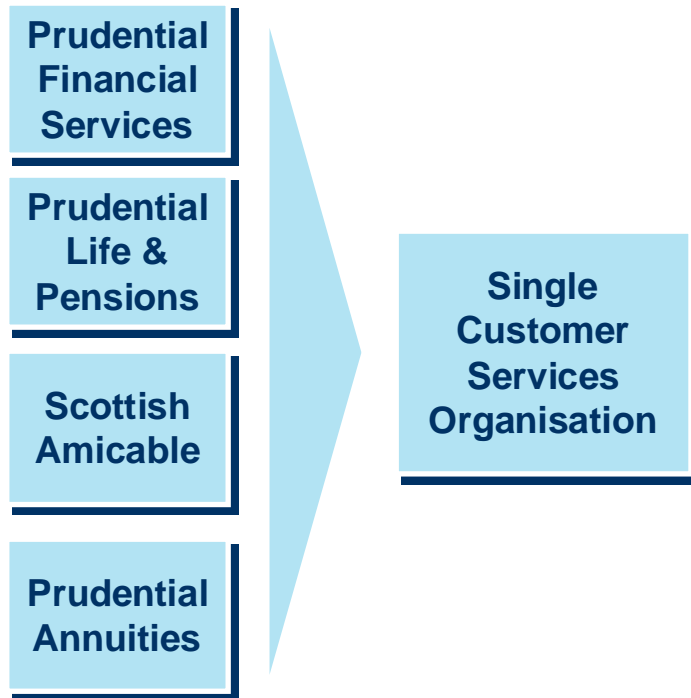
- merging 3 into 1
- replacement of contractors

Refocused IT investment:

- strategic prioritisation of development projects
- eliminating duplication
- improved project control
- outsourcing of non-core activities

Total savings £65m

Customer services will be integrated



- Scale benefits where it matters
- Benefits flow from:
 - best practice sharing
 - flexibility of resources
 - property rationalisation
 - securing optimum value from investment spend
- Efficiency *and* service levels raised simultaneously
- Cost savings £30m from 2004

Current activities cover 16 locations



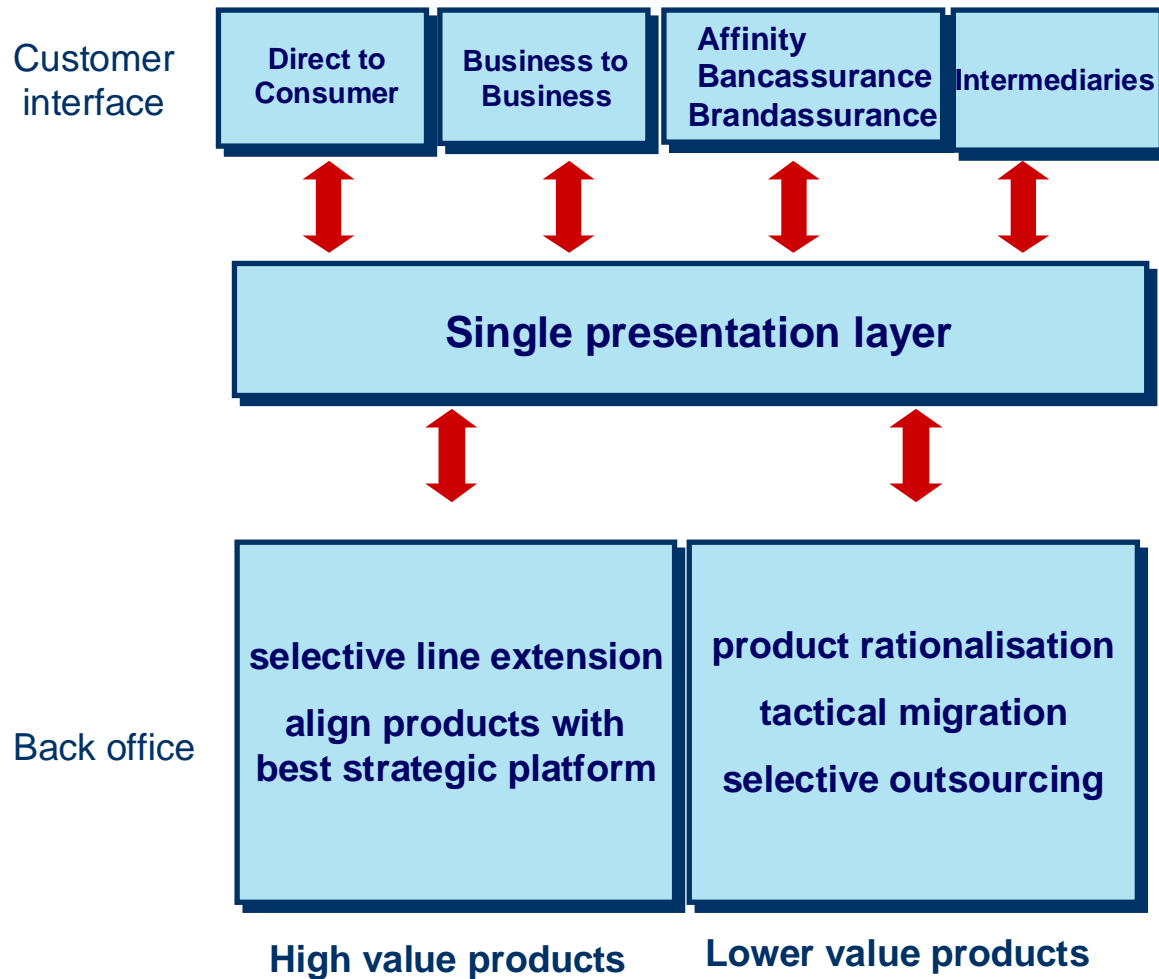
- 3 major locations (85% of total headcount)
- Majority in higher cost areas (London & Reading)
- Similar activities spread across different locations

Three key locations



- Location review principles:
 - retain and develop core skills
 - create centres of excellence
 - eliminate unnecessary duplication but facilitate load sharing
 - recognise cost differentials
- Conclusions:
 - key locations in Reading and Craigforth (Scotland)
 - London Head Office plus transitional IT location
 - continued presence in Belfast

Product and systems rationalisation will be managed selectively



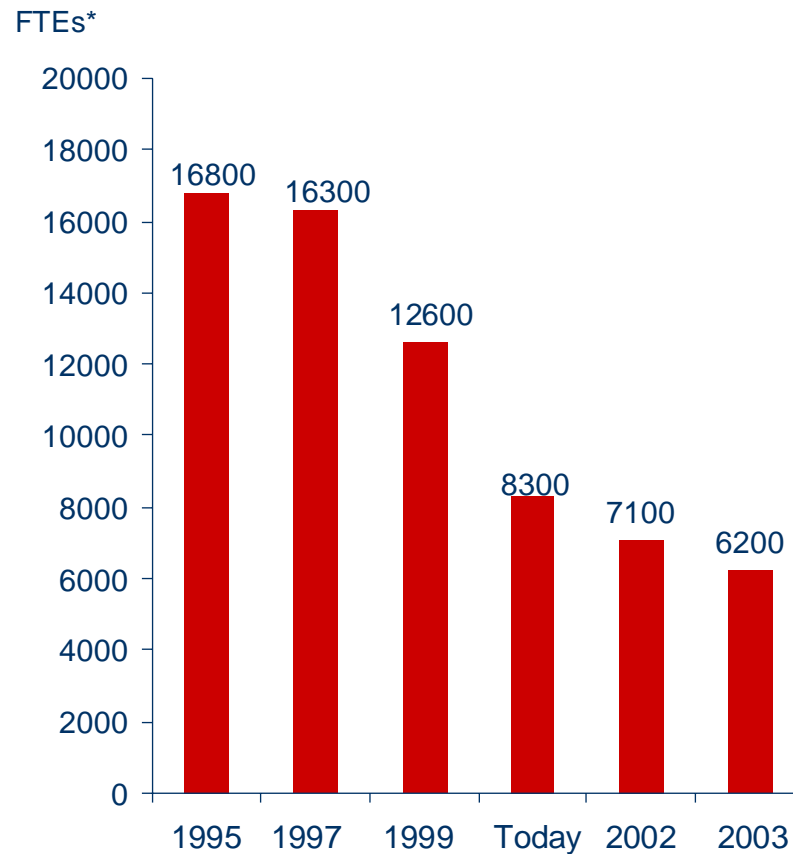
- Value-based product platform decisions
- Presentation layer:
 - integrates legacy systems without extensive migration
 - facilitates consistent approach to servicing
- Accommodates EMU

Savings total £175m



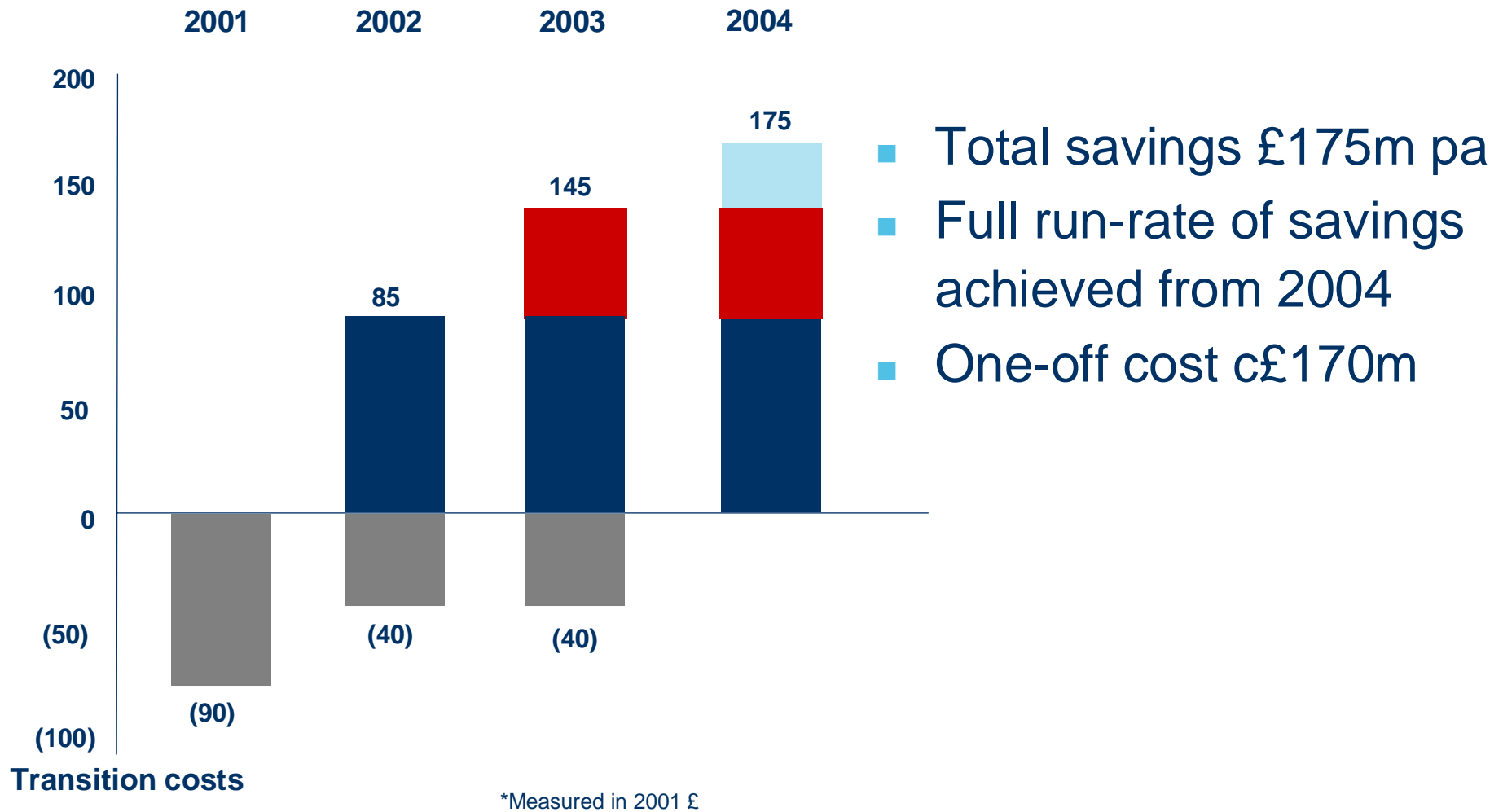
Distribution	£25m
Support services	£55m
IT	£25m
Investment projects	£40m
Customer services	<u>£30m</u>
Total	£175m

Headcount reduced by almost two-thirds between 1995 and 2003



*Excludes GI headcount

We expect to be measured against these targets



Positive earnings impact from 2002



	2001	2002	2003	2004
Savings - Achieved Profits Basis		20	45	55
- Modified Statutory Basis		15	35	40
Transition costs:				
- Achieved Profits Basis	(40)	(15)	(15)	--
- Modified Statutory Basis	(35)	(10)	(10)	--



Mark Wood

Conclusion

Major areas of focus

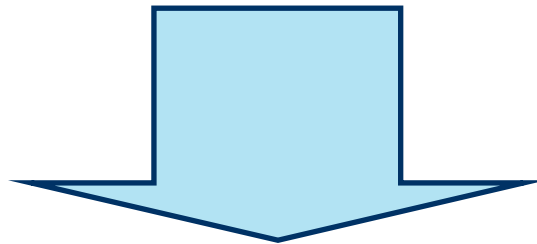


- Brand
 - spend increased by £20m per annum commencing 3Q 2001
 - move to single UK brand: £100m one-off and £25m pa capital release
- Product
 - outsourcing and manufacturing capability where creates value-added
 - General Insurance partnership
 - PruLab
- Distribution
 - closed AR channel
 - develop IFA business
 - building new distribution particularly through banks and affinities
- Scale
 - significantly simplifying the organisational structure and avoiding duplication of effort
- Costs
 - £175m cost reduction (2004)

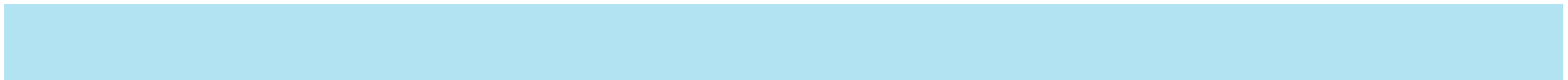
Conclusion



- Brand: customer orientation
- Product: focus on profitability
- Distribution: targeted approach
- Scale: extract advantages of size
- Costs: step reduction to be achieved



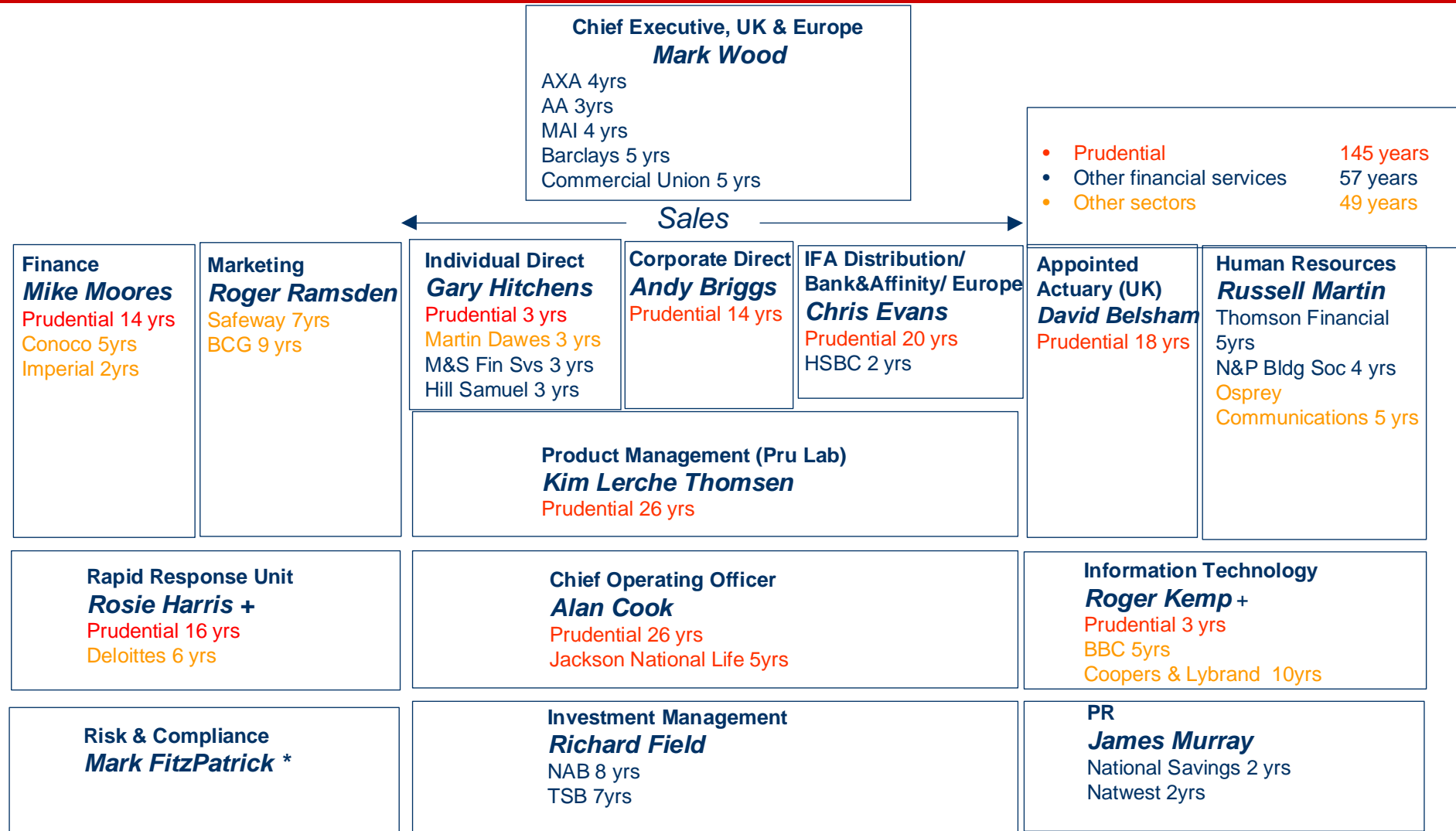
Deliver sustainable profitable growth





Appendix

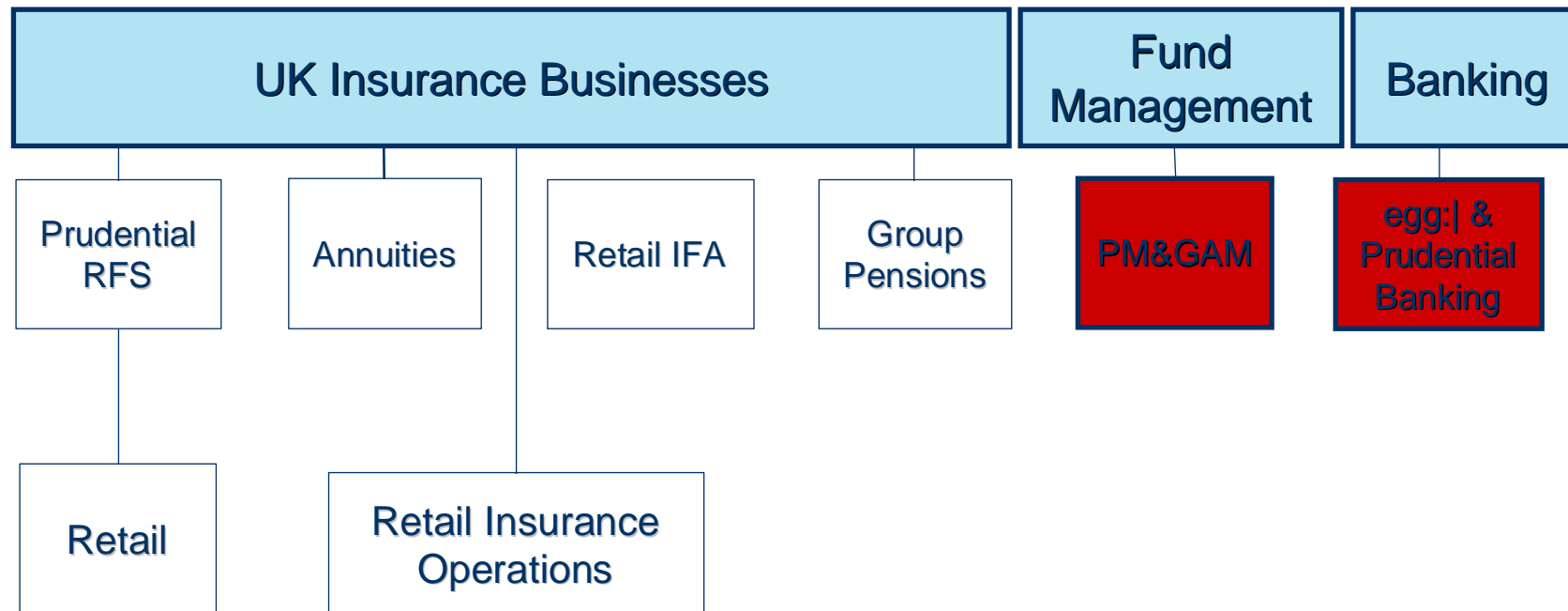
Experienced and innovative UK management team



Previous organisation structure



- Business units accountable for end-to-end profitability



Extract: Prudential UK presentation,
November 1999

Key performance indicator framework: definitions

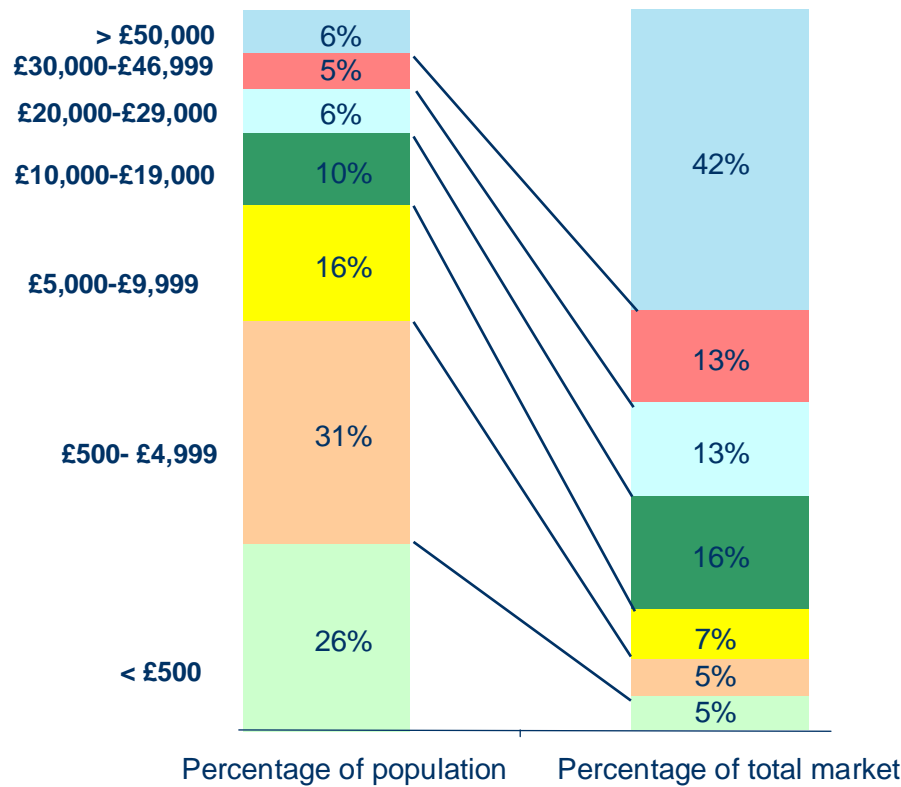


- Financial
 - *Shareholder cash flow*: gross cash generation for shareholders, broadly MSB adjusted for non-cash items and shareholder transfer
 - *Economic Value Added*: operating profit to align with external reporting, plus subsidiary 100% view measures
 - *Market capitalisation*: UK appraisal value
- *People*: index combining staff satisfaction, staff turnover, skill inventories
- *Customer*: index combining long-term retention, lifetime profitability, acquisition cost, cross-sales rate, brand affinity and salience ratings; complaints
- *Regulatory*: combination of internal measures, for example contents of regulatory and risk audit reports; and external verification, for example periodic monitoring and inspection reports

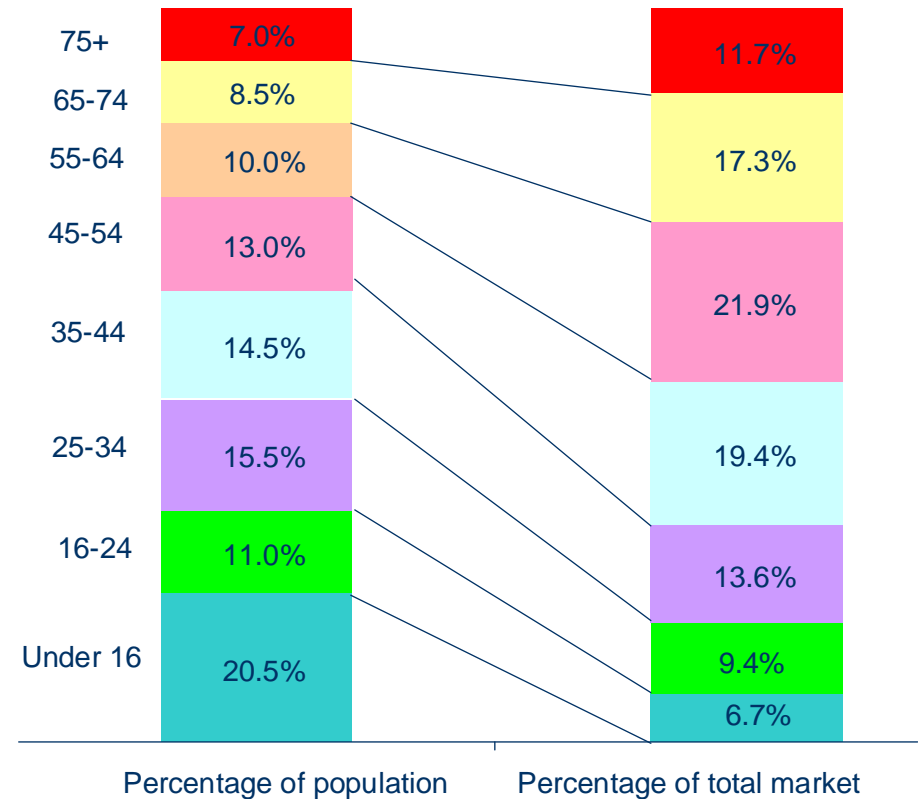
The growing population of over 45s and those with incomes over £30k buy more



UK Distribution of Savings, 1999, % (by income)



UK Distribution of Savings, 1999, % (by age)

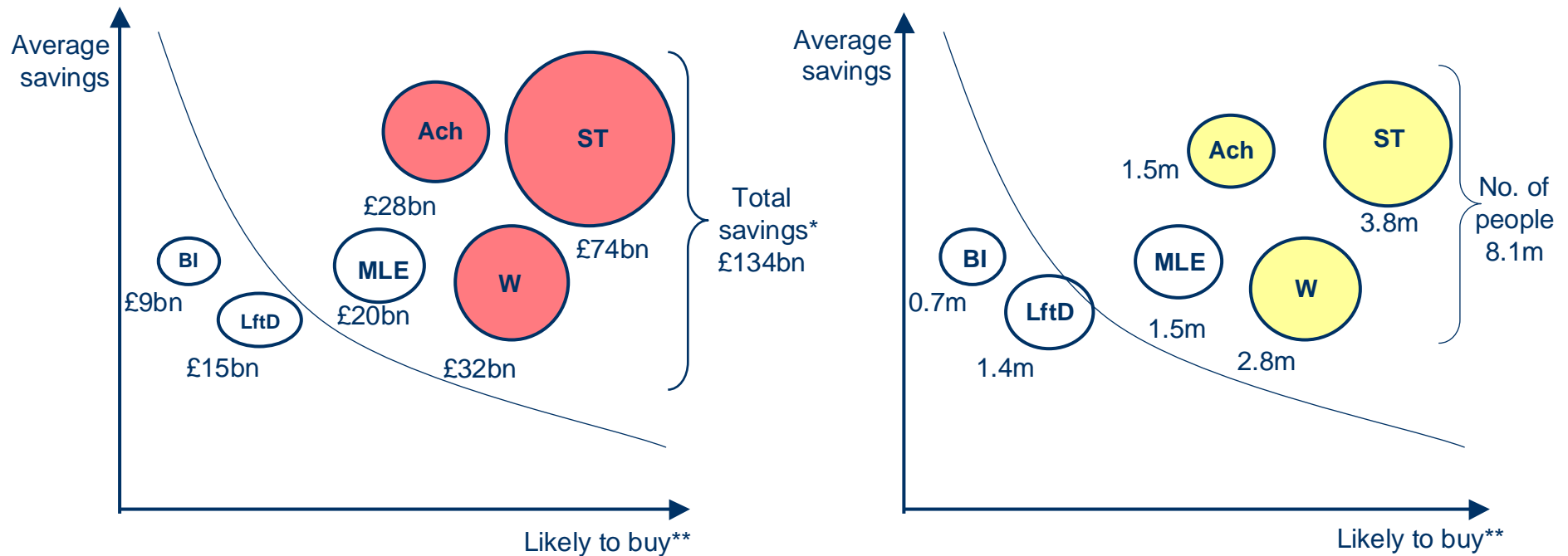


Source: Financial Consumers Panel "Consumers in the financial market"; ONS, Social Trends 2001; Prudential/MORI FBP Survey

They account for c75% of personal assets



Most attractive segments, using total savings (excluding property and pension assets)



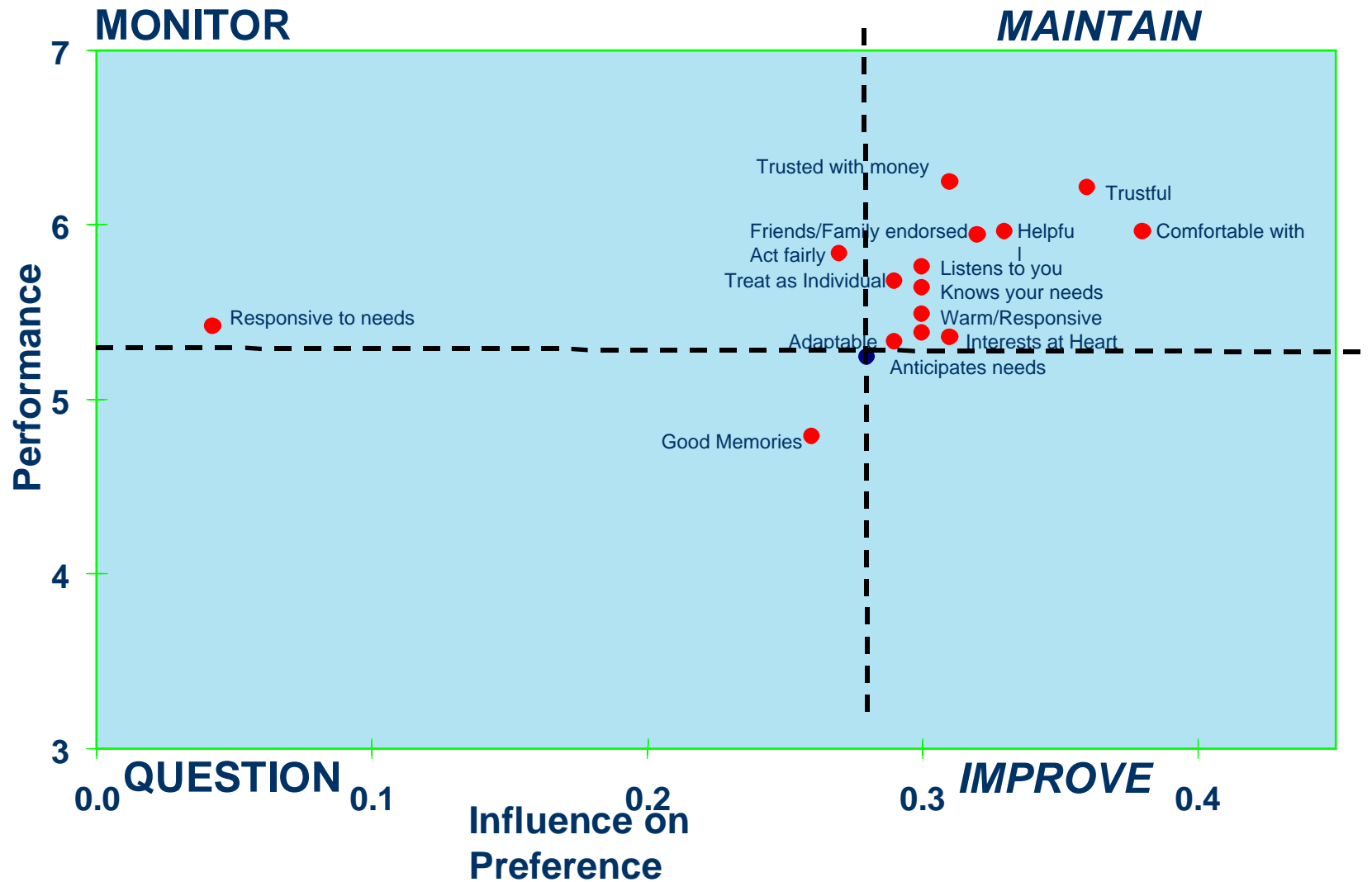
Note: Silver market (45-75yrs) = 19m. Of which 12m are in socio-economic groups ABC1C2, 9.6m are in target segments.

* Total savings, excluding pension and property (Numbers are based on Incite survey data and are indicative only)

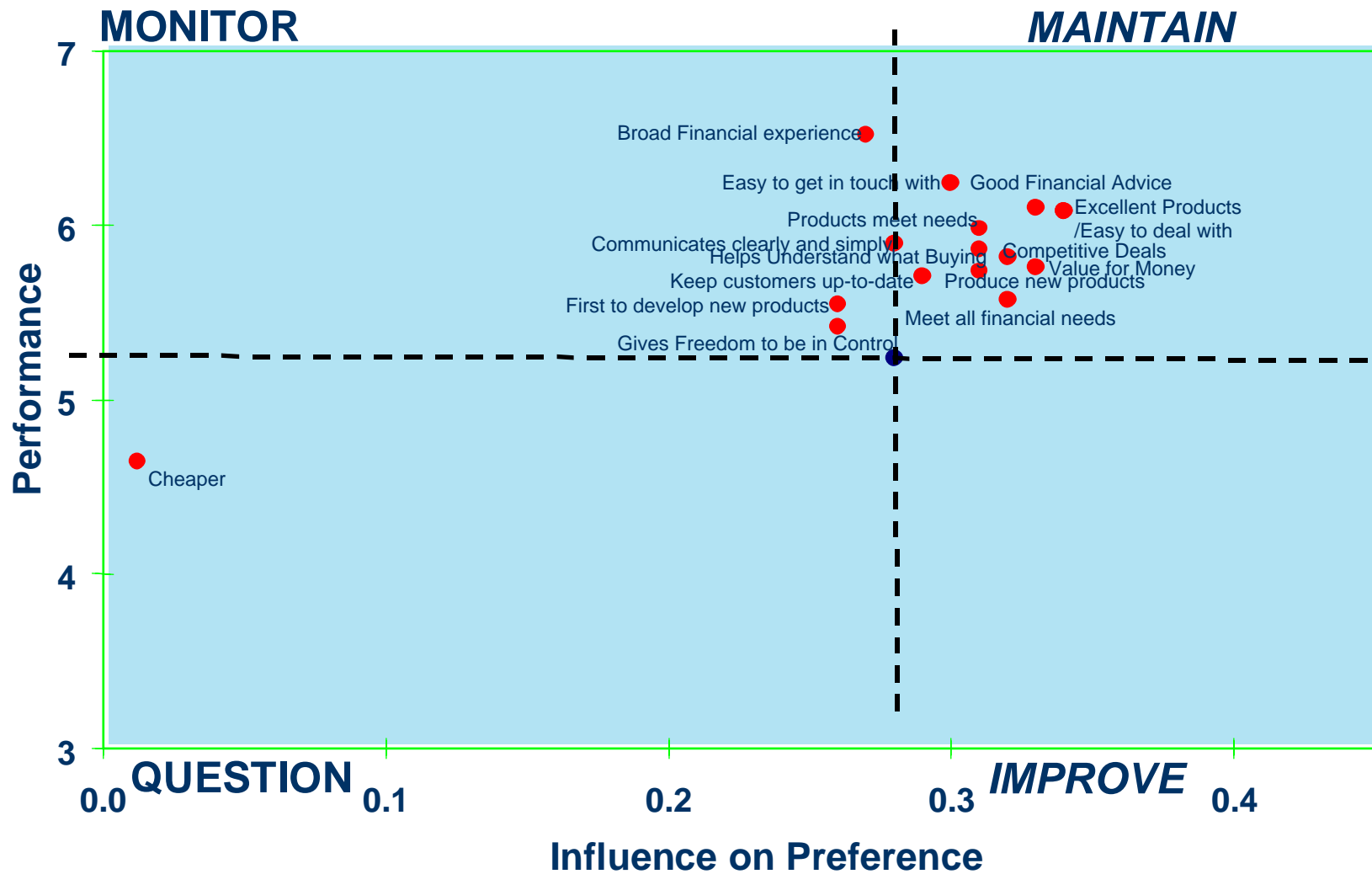
** Likely to buy - based on concern and involvement in financial planning

Source : Incite - Consumer research among higher earning 40-70 year olds April/May 2001, 607 sample

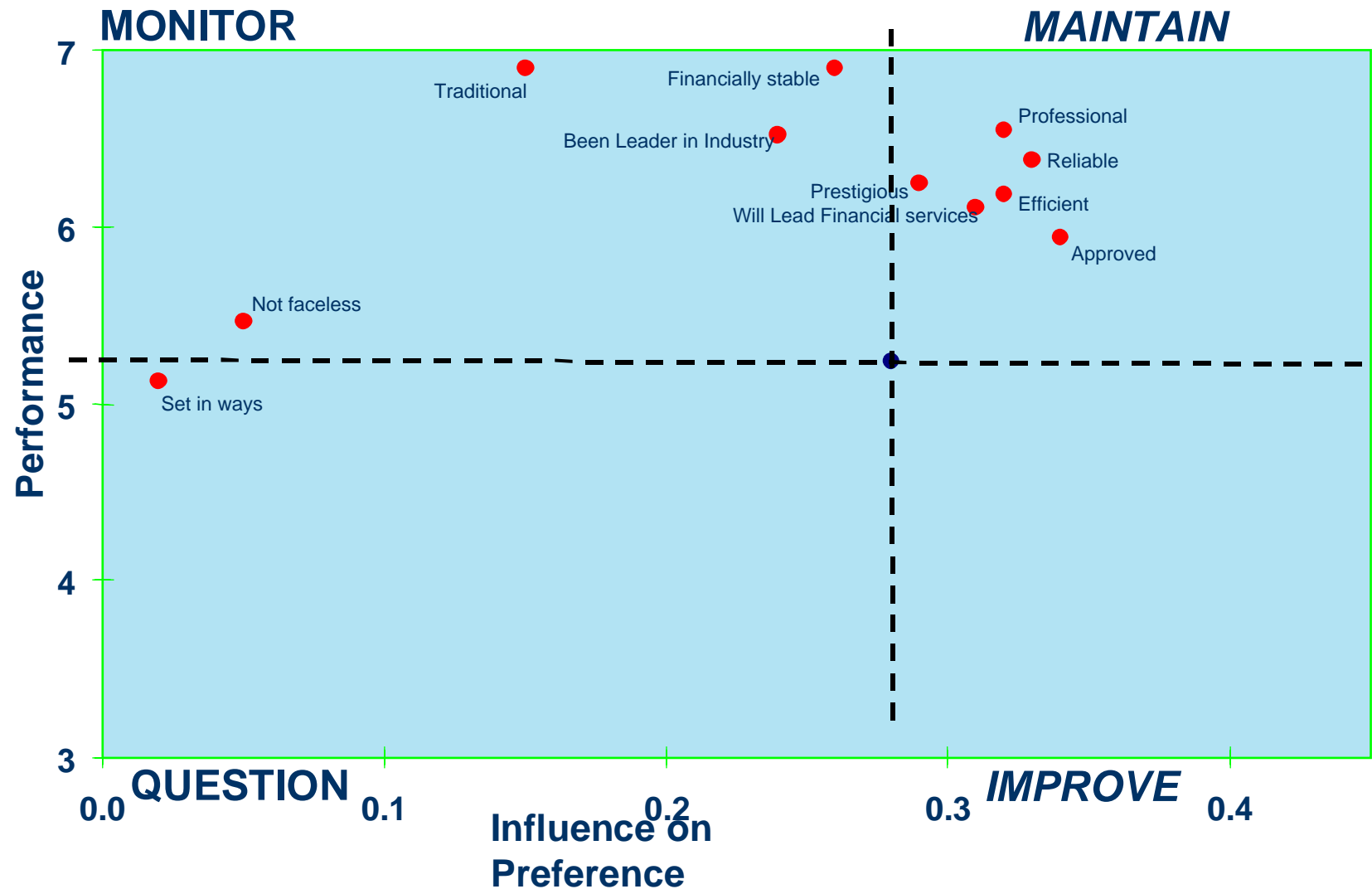
Prudential seen to have what people want - image



Prudential seen to have what people want - product



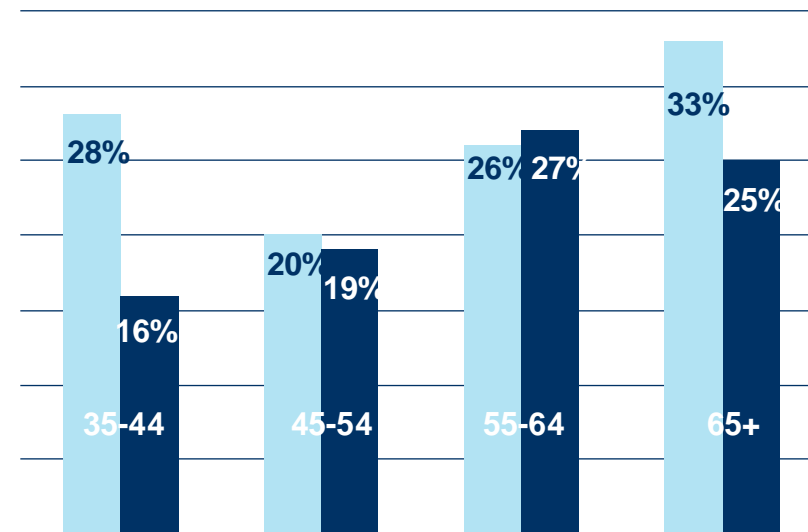
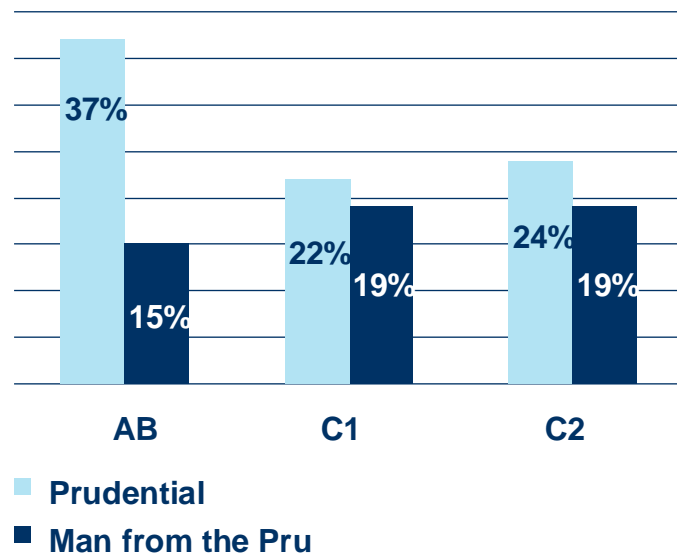
Prudential seen to have what people want - corporate standing



The “man from the Pru” is officially retired



- Well-known phrase, 82% total awareness increasing to 92% in the 45+ market
- However, “Prudential” name more appealing to target customers than “Man from the Pru”



- The concept of Man from the Pru seen as comical, old-fashioned and regressive
- Reminds of what Prudential was, not what Prudential is

New approach to be developed



Our product range has diversified, focusing on value-adding products for the grey market



Individual Pensions

- Non-Linked
- FSAVC

Group Pensions

- Defined Benefit
- MPPs
- AVCs

Single Premium Life

- Prudence Bond

Annuities

- Fixed
- RPI

Other

- Endowments
- Protection
- Other Regular Life

Annuities

- Fixed
- RPI
- Bulks
- with-profits
- Flexible Lifetime Annuity / FRIA
- Income Drawdown
- Enhanced Annuity

Single Premium Life

- Prudence Bond
 - initial charge
 - no initial charge
 - high RB
 - traditional
- Unit Linked Bond
- Distribution Bond
- Capital Investment Bond
- Plan Prudence (France)
- Offshore Bonds
- Guaranteed Equity Bond

Group Pensions

- MPPs
 - inc Lifestyle Switching
- AVCs
- EPPs / TIP
- SSAS

Individual Pensions

- Non-Linked
- Unit-Linked
- Stakeholder
- FSAVC

Other

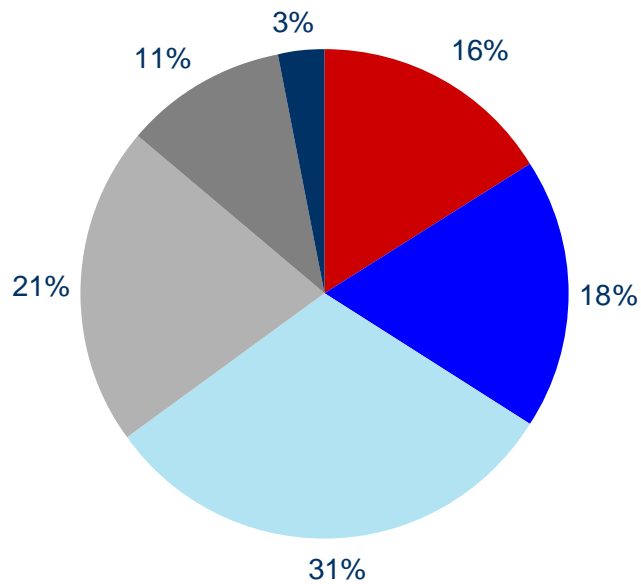
- Protection
- Other Regular Life

Product mix



New business APE

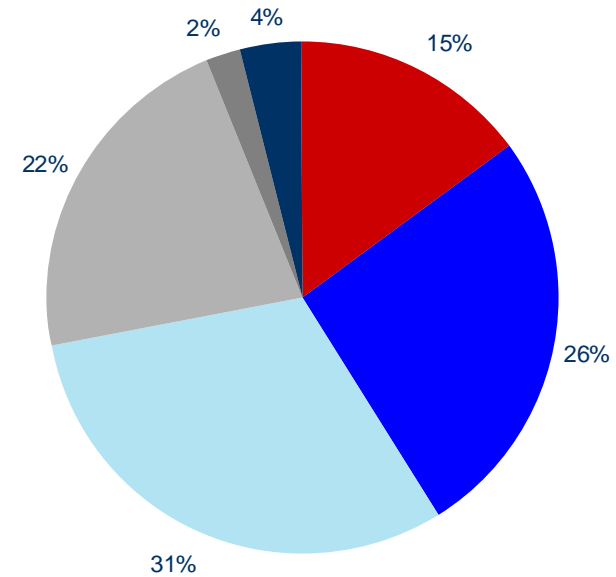
Full year 1996



- Individual pensions
- Corporate pensions
- Life
- Annuities
- Investment products
- DSS contributions

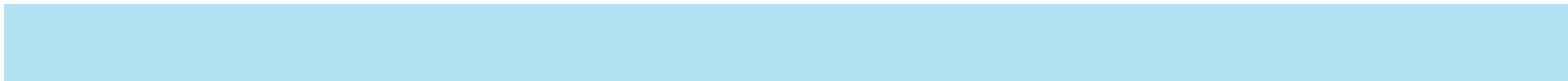
New business APE*

3Q 2001



- Individual pensions
- Corporate pensions
- Life
- Annuities
- Investment products
- DSS contributions

*Excludes M&G



General Insurance



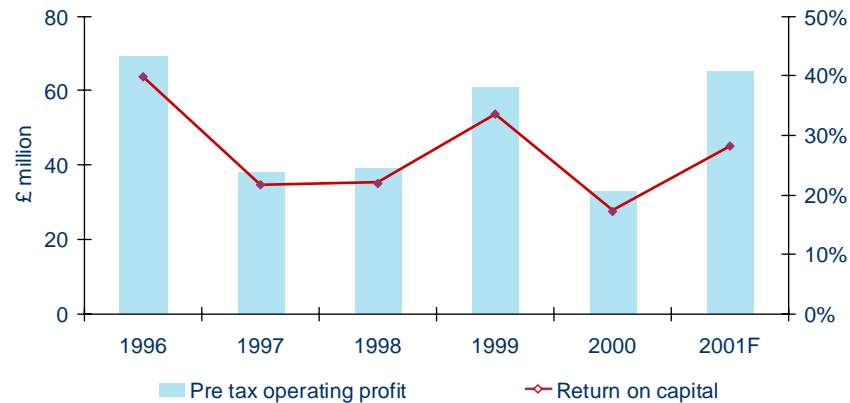
Overview

- Over 2.1 million policies, premium income of £196m in 1H 2001
- Combined operating ratio of 87% at 30 June 2001
- 5th largest household insurer, 19th largest motor insurer
- 1.7 million household customers, No 5 in UK market with 5% share
- Very strong general insurance brand, second only to Direct Line for household
- Around 200,000 new Prudential customers in 2001

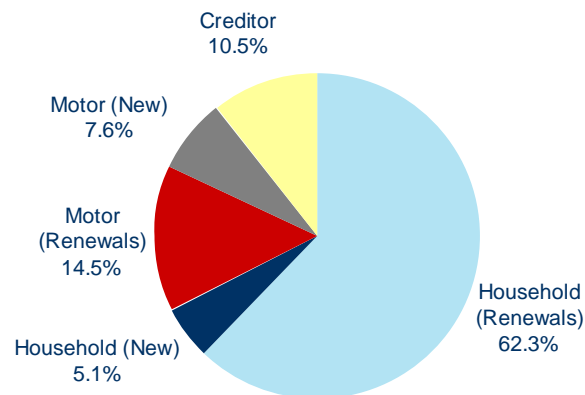
General Insurance: overview



Operating Profit & Return on Capital



2001 Gross Written Premium Forecast

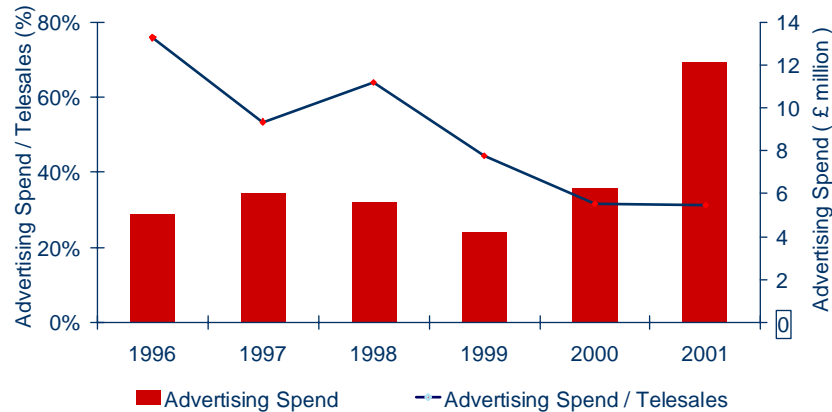


- Very strong general insurance brand, especially in household
- No 2 in UK household brand awareness (ranked by MORI)
- 1.7 million household customers, No 5 in market with 5% share
- The household portfolio has consistently generated underwriting profits although these have fluctuated with the volatility of the general insurance cycle
- Market leading retention rates and claims experience on “DSF-acquired” portfolio
- Above average returns on capital
- Strong telesales operation in Nottingham
- Low expense ratio
- Attracts circa 200,000 new Prudential customers per annum

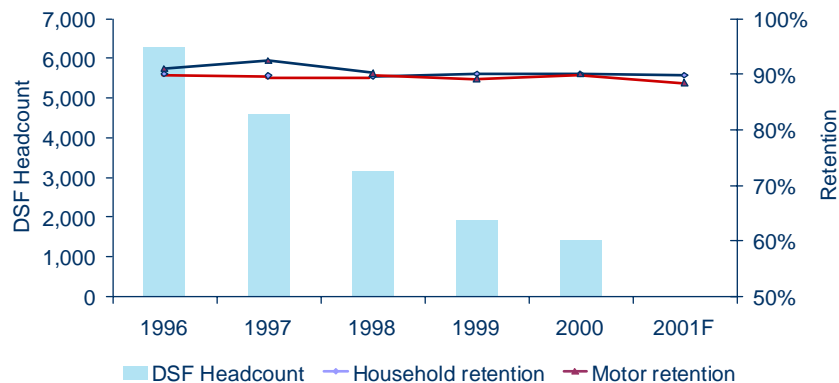
General Insurance: new business and portfolio retention



Direct Marketing Spend & Efficiency



Retention



- Advertising efficiency has improved significantly
- Prudential brand can carry further increases in spend while remaining viable
- Consistently high retention rates - we believe retention rates to be best amongst peers
- Customer profile not price sensitive
- Passive direct debit renewal process
- DSF not involved in renewal process – decline in sales force has had no noticeable impact on retention
- Management recognise the importance of retention and have taken proactive steps to maintain current exceptional levels

David Belsham

David joined Prudential as an actuarial trainee in 1983 and qualified as a Fellow of the Institute of Actuaries in 1988. He then worked for Prudential in a range of actuarial jobs covering valuation, product development, systems development, general insurance, and mergers and acquisitions, and was the actuary responsible for Home Service Division 1992-1995. From 1995-1998 David was Prudential's UK actuary and he has been Appointed Actuary of Prudential Assurance Company and Prudential Annuities Limited since July 1998.

David has a Maths degree from Merton College Oxford (1978) and an MSc in statistics from University College London (1981) and taught for a year.

Andy Briggs

Andy joined the Prudential from University in 1987 and has spent a number of years working in various departments through the company such as Actuarial, Customer Services, Marketing and Sales. He qualified as an Actuary in 1990.

Andy is currently Business to Business Director, his previous role being Director of Annuity and Bonds.

Alan Cook

Alan joined Prudential in 1970 from school. He started his career working in General Insurance (claims, product design, process design and IT). From 1976 to 1978, Alan was seconded to the Association of British Insurers to work in the Press Office. Between 1993 and 1996, Alan was seconded to Jackson National Life in Michigan as Senior Vice President, Operations.

In 1996 Alan returned to the UK as one of two Acquisition Directors and worked with the team that acquired Scottish Amicable. In April 1997 he was appointed Director of General Insurance and was subsequently made Managing Director in February 1998. November 1999, Alan became Managing Director of Retail Insurance Operations. He was appointed Chief Executive of Insurance Services in September 2000 and has recently been made Chief Operating Officer of UK & Europe.

Chris Evans

Chris Evans joined Prudential in 1981, having spent 3 years with Lloyds broker Hartley Cooper in personal financial planning and group pensions. At Prudential, after managing a number of operations within IFA distribution, Chris became a Managing Director of Prudential Holborn (Prudential's intermediary business) in 1993.

In 1995, Chris was appointed Managing Director of Prudential TS Life (in Thailand), and in September 1999, he was appointed Managing Director, Prudential Europe.

Richard Field

Richard joined Prudential in February 2001, in his current role. Before joining Prudential Richard worked for National Australia Bank from 1993–2000, most recently as CEO, National Australia Life (NAL) and European Head of Wealth Management, and prior to that as General Manager with responsibility for credit cards on behalf of Clydesdale, Northern, National Irish and Yorkshire Banks. Richard joined NAB to help establish NAL as a greenfield bancassurance venture.

From 1986 – 1993 Richard worked for the TSB Group, initially as an actuary for TSB Life, then as actuary for TSB General Insurance, before becoming Director of Customer Services for general insurance and moving on to the role of Special Adviser to the Chairman, Sir Nicholas Goodison. Prior to this, Richard began his career at Eagle Star in 1984, training as an actuary.

Richard has an MA (Oxford, Mathematics, 1984), MBA (London Business School, 1991), and FIA (1988).

Rosie Harris

Rosie joined Prudential plc in 1985 as the Group's Deputy Chief Internal Auditor. As a qualified Chartered Accountant, Rosie started her training and career at Deloitte Haskins & Sells in 1979. Rosie has held a number of roles within the organisation and was most recently the Change Management Director for Prudential's Intermediary Business.

Gary Hitchens

Gary joined Prudential in March 1999 as Director of Customer Service Life and Pensions. He progressed to Director of Life and Pensions, and more recently has been appointed Director of Distribution for Prudential's consumer arm. Most of his career has been spent in Financial Services: at Marks & Spencers, Hill Samuel and Crown Financial Management.

Gary and his team are responsible for retaining, up-selling and cross-selling to our 6 million customers. A key part of his role is working with other parts of the Group to develop new business opportunities to drive value

Roger Kemp

Roger was appointed as Chief Information Officer and as head of Prudential's IT Service provider PruTech on 1 June 2001. He joined Prudential in October 1998, as Director of Technology for Prudential Financial Services. Before joining Prudential, Roger was Controller of Information Technology at the BBC and before that he was a management consultant with Coopers & Lybrand.

Kim Lerche-Thomsen

Kim joined Prudential in 1975. His current role is as CEO Pru Lab, appointed 1 August 2001, and Chief Executive Scottish Amicable, appointed 1 January 2001. Pru Lab is a new function set up to manage the value of existing products and to develop innovative profitable new products and services.

A director of Prudential Assurance since 2000, Kim's role also includes the management of Prudential Annuities Limited ('PAL') and Prudential Retirement Income limited ('PRIL'), Prudential's two retirement income companies. Previous roles included Customer Service, Sales & Marketing and Actuarial positions.

Kim is a member of the Association of Scottish life Offices ('ASLO'), the ABI LIC management committee, ILOG Steering Group and Industry Standards Group ('ISG').

Russell Martin

Russell Martin joined Prudential in March 2001 as HR Director, UK & European Insurance Services. From 1996–2001, Russell was Global HR Director at Thomson Financial, and from 1993-1996, was Head of Compensation and Benefits, HR Requirements and Recruitment Manager at N&P Building Society. From 1988–1993 Russell was HR Controller at Osprey Communications PLC after starting his career as a graduate trainee at NatWest plc in 1985.

Mike Moores

Mike qualified as a chartered accountant in 1981 and moved into industry in 1982, initially in the head office of Courage Brewery and then in 1983 to Conoco Inc. in a variety of accounting roles. He joined Prudential in 1987 where he worked in Finance and project roles taking him into most areas of the business, including Sales, Marketing, General Insurance and HR.

In 1995 Mike was appointed Financial Controller Prudential UK and from June 1998 Financial Director Life & Pensions. He was appointed Prudential UK Finance Director in July 2000.

James Murray

James joined Prudential plc in March 2001 and heads up the UK Media Relations team. Prior to joining Prudential, James worked as in-house PR for a number of financial organisations including The NatWest Group, National Savings and Grant Thornton. He has also worked in the communications units at the Sports Council and The British Red Cross.

Roger Ramsden

Roger Ramsden joined Prudential on 1 November 2001. Most recently he was at Safeway where he spent 6 years, joining them as Brand Marketing Director, moving on to become Marketing Director, and then Retail Format Director. Before Safeway he was at Boston Consulting Group for seven years, where his primary focus was on consumer and retail. He started his career at Unilever as a brand manager.

Roger has a degree in history from Oxford University.

Philip Rose

After school and Sandhurst Philip spent a number of years as an officer in the Royal Artillery that included tours in Germany and Northern Ireland. In 1984 Philip retrained as an Independent Financial Adviser specialising in investment and retirement counselling. He then joined a national insurance and unit trust group as a product development manager, designing investment plans and instructing on financial planning.

In 1988 he co-founded Wentworth Rose to create a specialist, retirement counselling IFA. Today the Company has some £500 million under its care and 32 independent advisers. Wentworth Rose is retained by a number of national companies to advise retirees and has been selected by The Daily & Sunday Telegraph newspapers to run a Retirement Service for their readers. Philip is regularly quoted by national newspapers and magazines as a specialist on retirement (he is also often misquoted).

Mark Wood

Mark Wood joined the Board of Prudential plc as Chief Executive of Prudential Assurance UK & Europe on 21 June 2001. Mark has held a number of senior positions in the insurance industry and prior to joining Prudential he was Chief Executive of AXA UK and a Senior Executive Vice President of the AXA Group.

Mark is a Chartered Accountant, qualifying with Price Waterhouse in London. He worked in New York for MAI plc's money broker division and subsequently for its financial services divisions as UK Chief Executive. His career also includes several years with the Barclays Group in London and New York, and with Commercial Union, where he was in charge of the Treasury function. Before joining the AXA Group in February 1997, he was Managing Director responsible for the AA's Insurance, Financial Services and Retail Businesses.