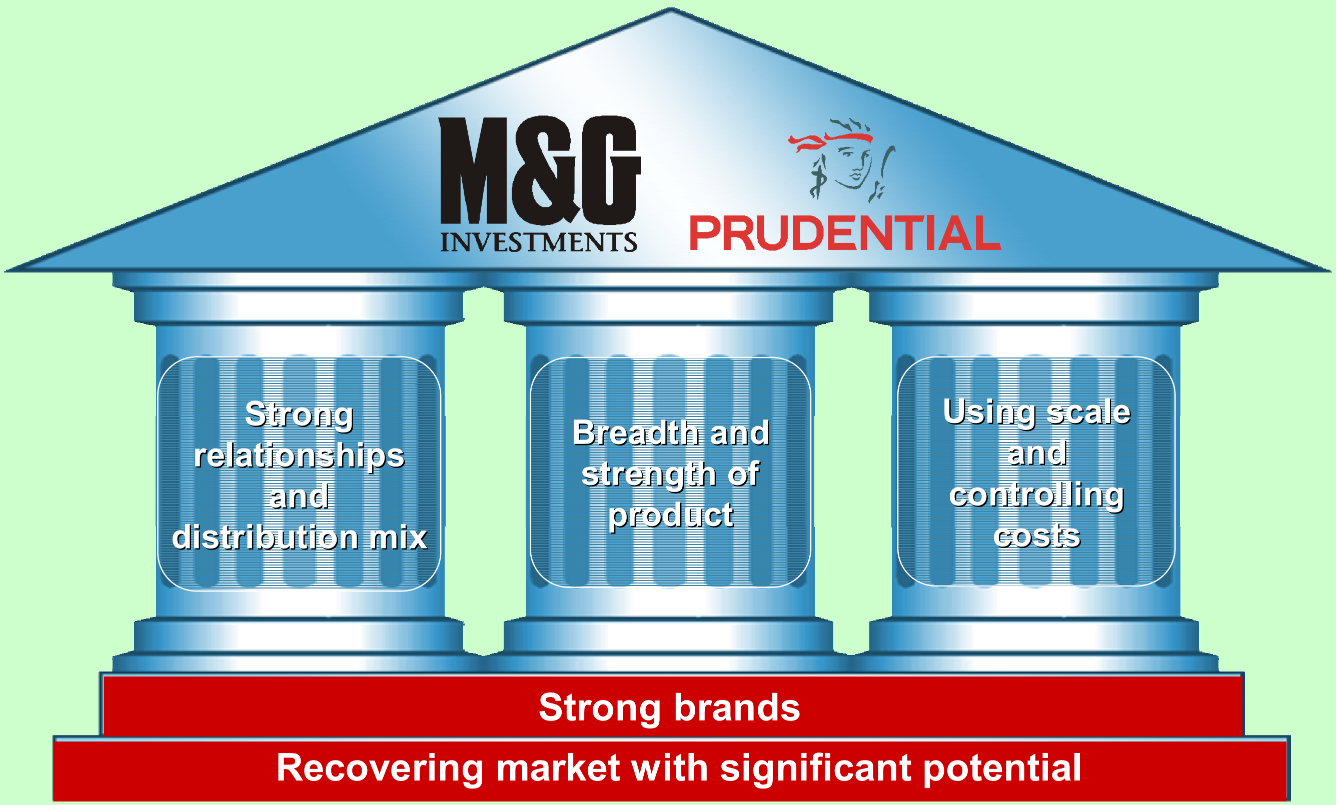
Agenda

9:05 - 9:30	Overview	Michael McLintock
9:30 - 10:00	Finance	Philip Johnson
10:00 - 10:30	UK Retail	Gary Shaughnessy
	Break	
10:45 - 11:00	Equities and International	Michael McLintock
11:00 - 11:15	Property	Martin Moore
11:15 - 11:45	Fixed Income	Simon Pilcher
11:45 - 12:00	Conclusion and Q&A	Michael McLintock

M&G UK Retail

A balanced business - increasing profits, driving top-line growth and delivering to our customers.

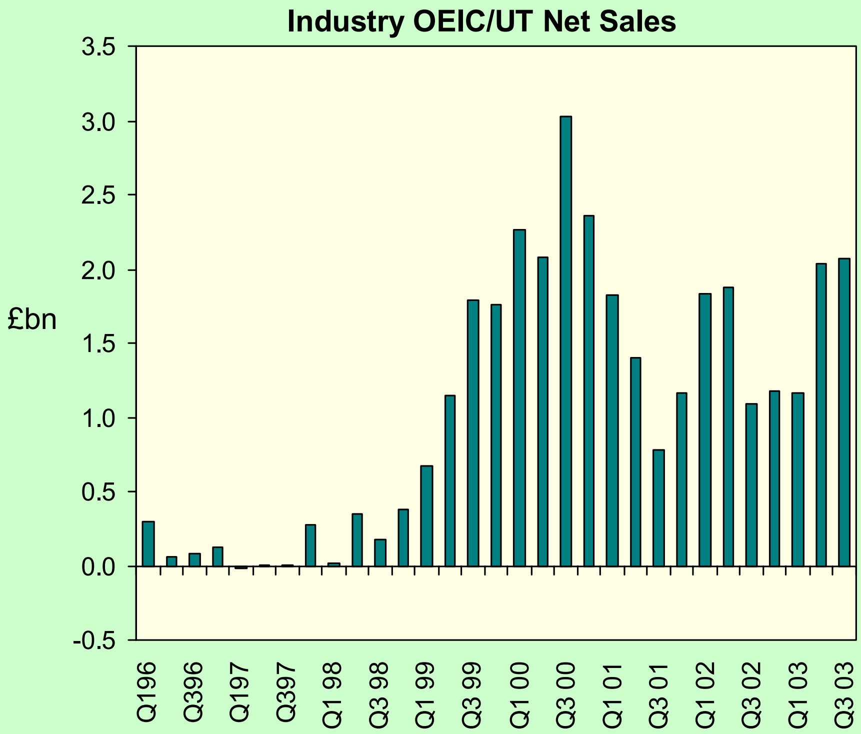
Our strategy



Our strategy

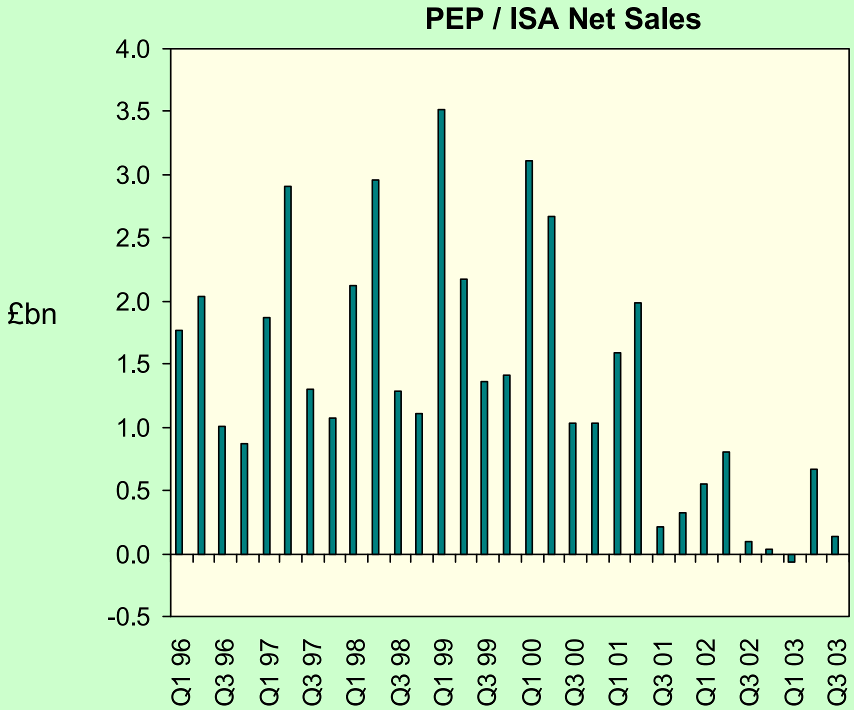
Attractive market

Resilient net sales despite bear market



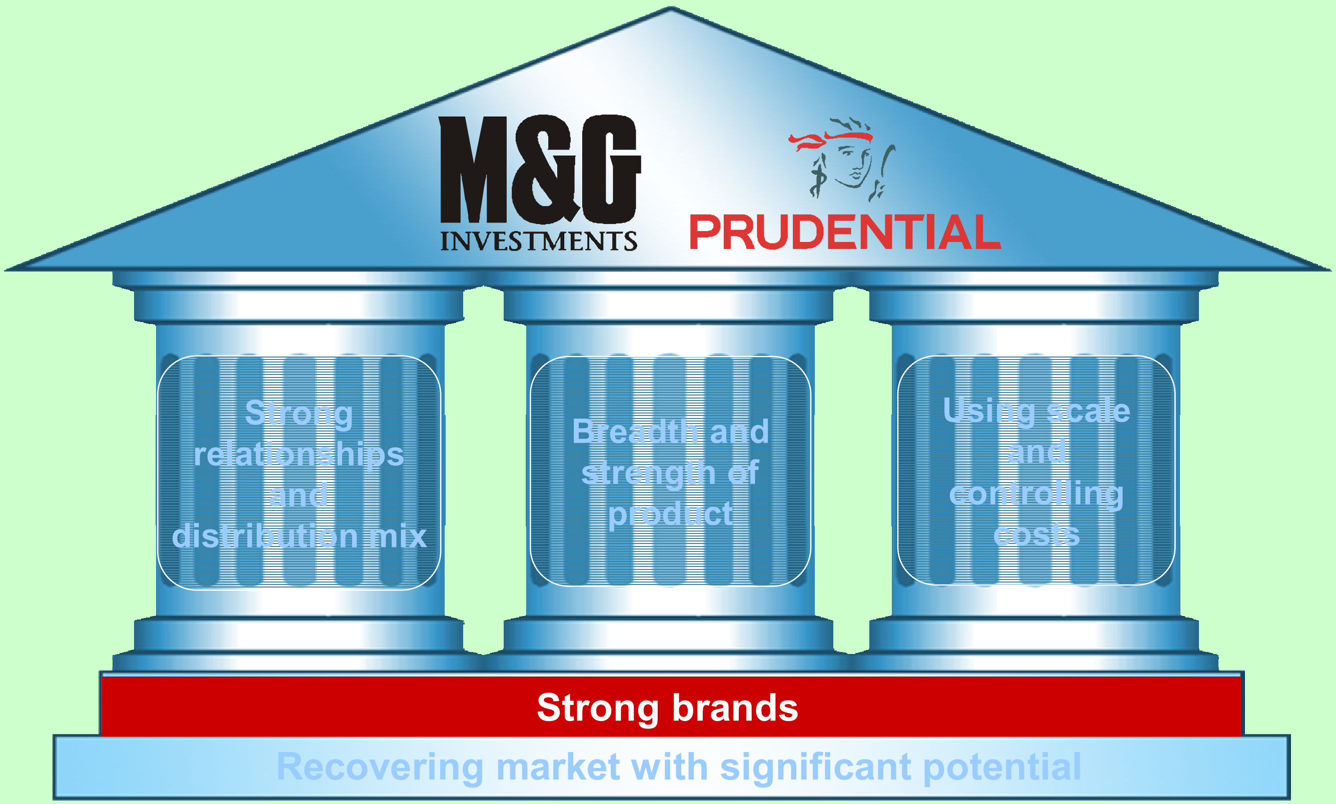
- Positive demographics
- Trend from opaque to transparent products
- Pensions timebomb

...but extremely competitive



- 130 providers and 1900 funds
- Fragile consumer confidence
- ISA market undermined

Our strategy



Complementary brand positioning

PRUDENTIAL

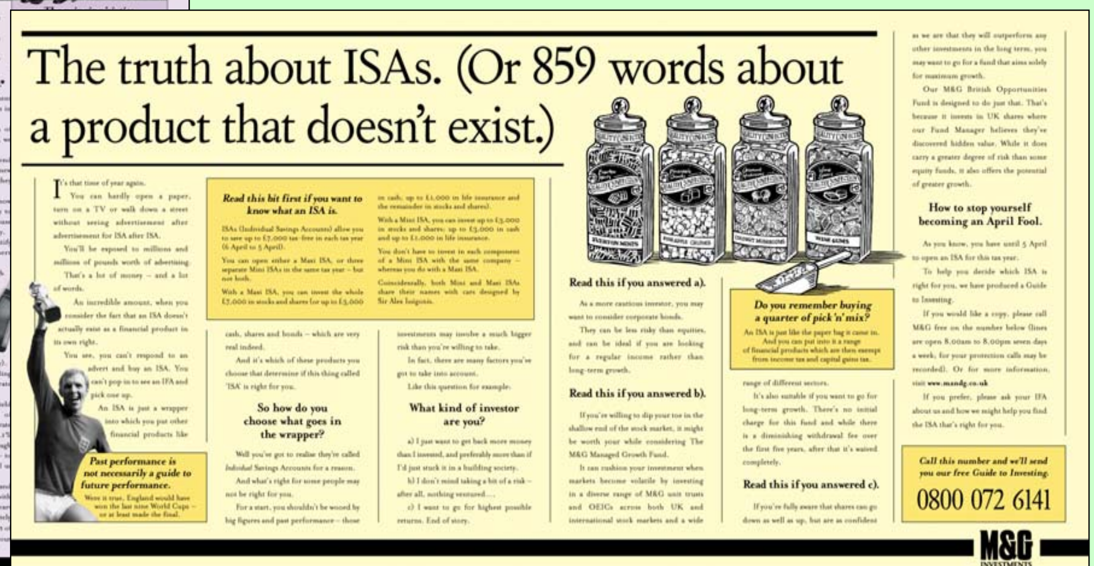
- Mass-market
- Universal awareness
- Security and protection
- Saving

M&G INVESTMENTS

- Mass-affluent
- Enormous goodwill in market segment
- Value, expertise and durability
- Investing

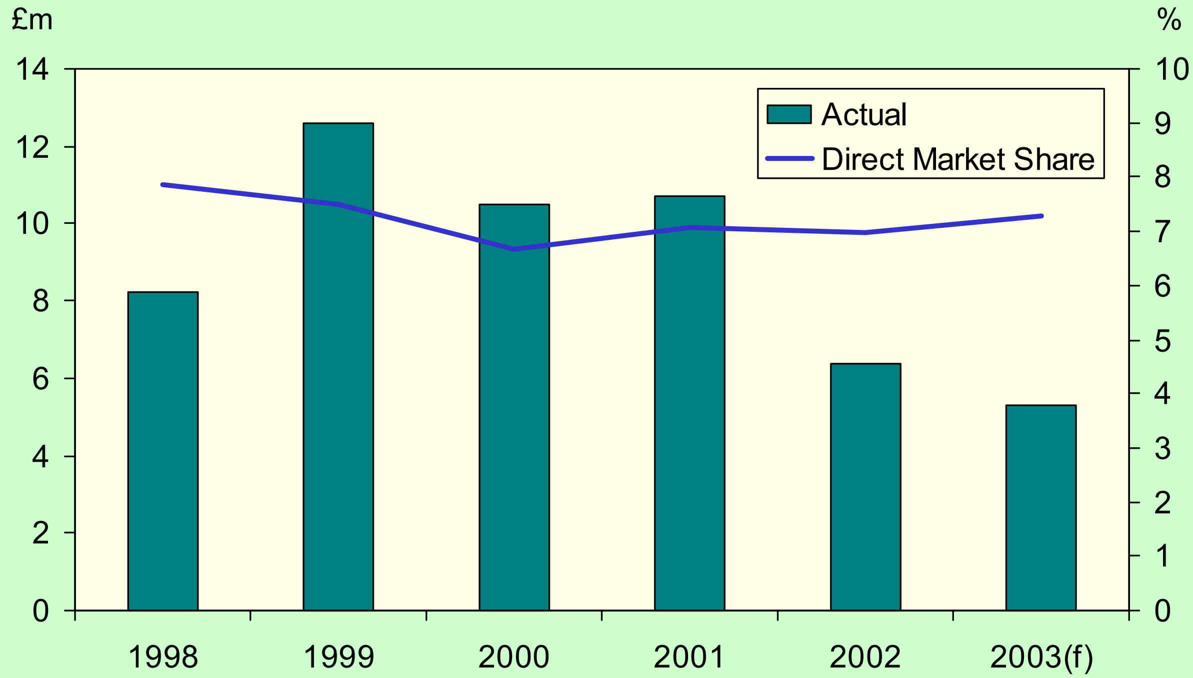
Improving the customer experience

Taking the leadership role



Direct marketing expenditure

Retaining market share despite reducing spend



Is it working?

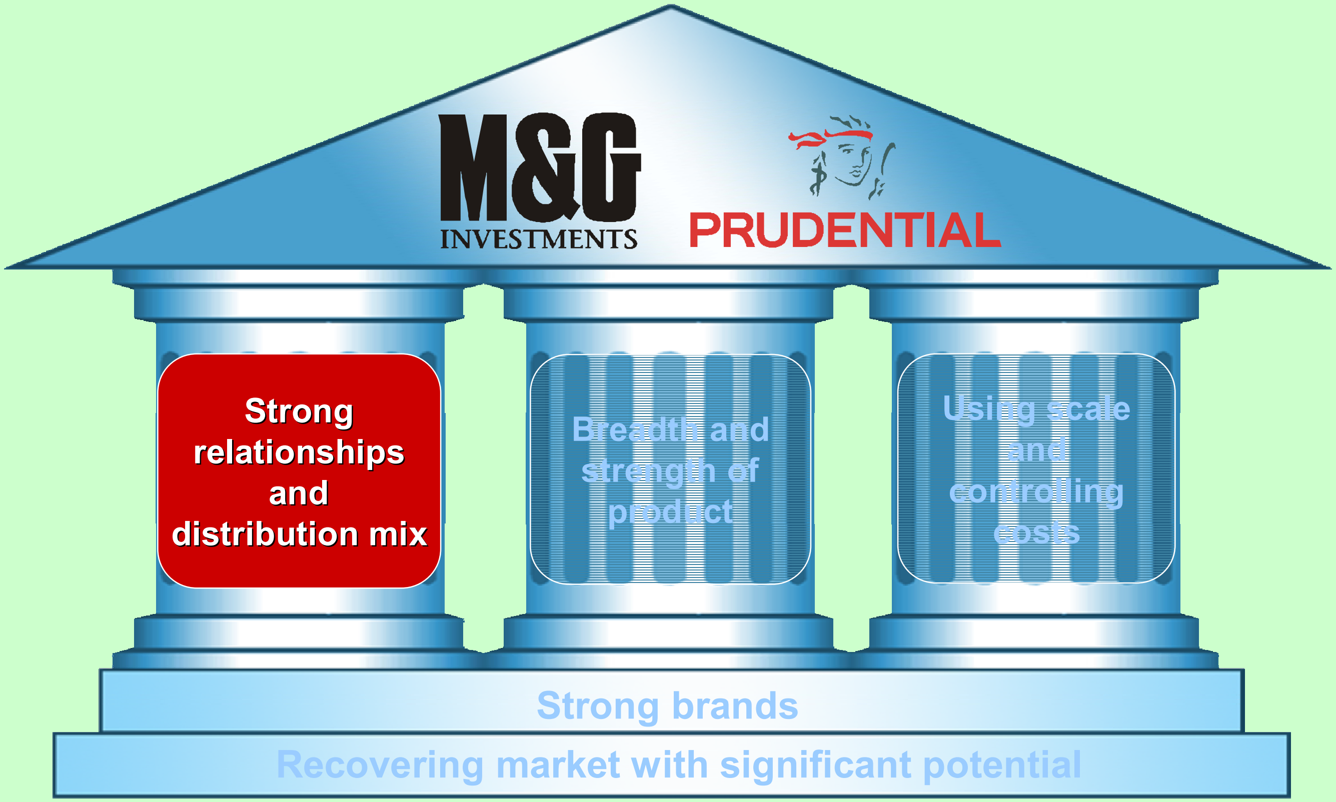
Award winning

...but more importantly

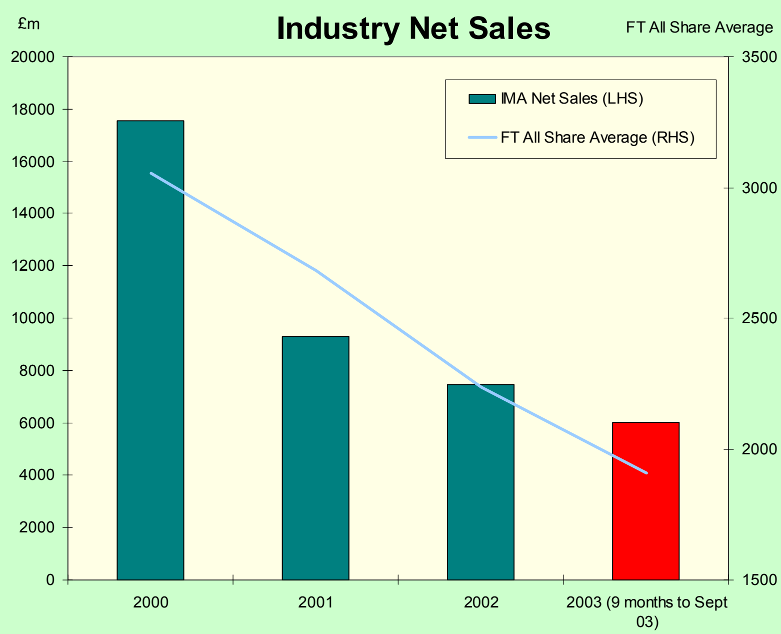
Liked by intermediaries

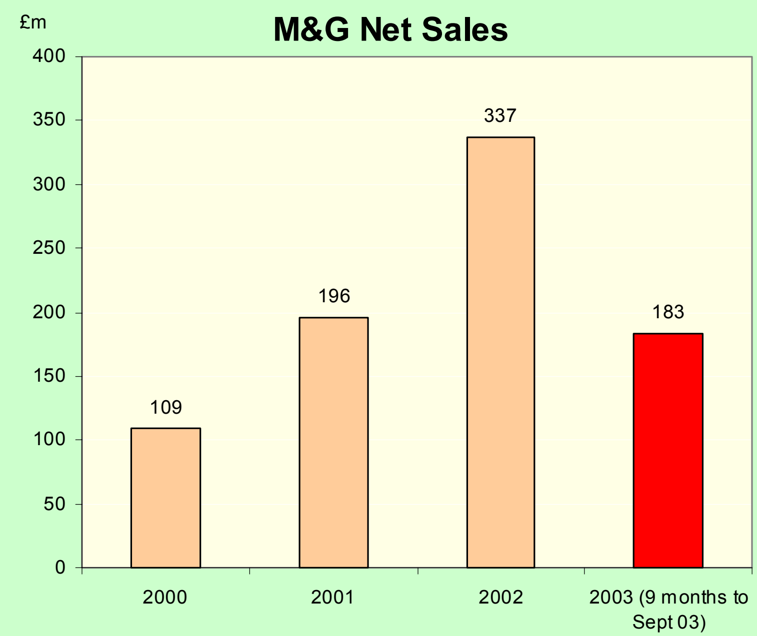
Valued by customers

Our strategy



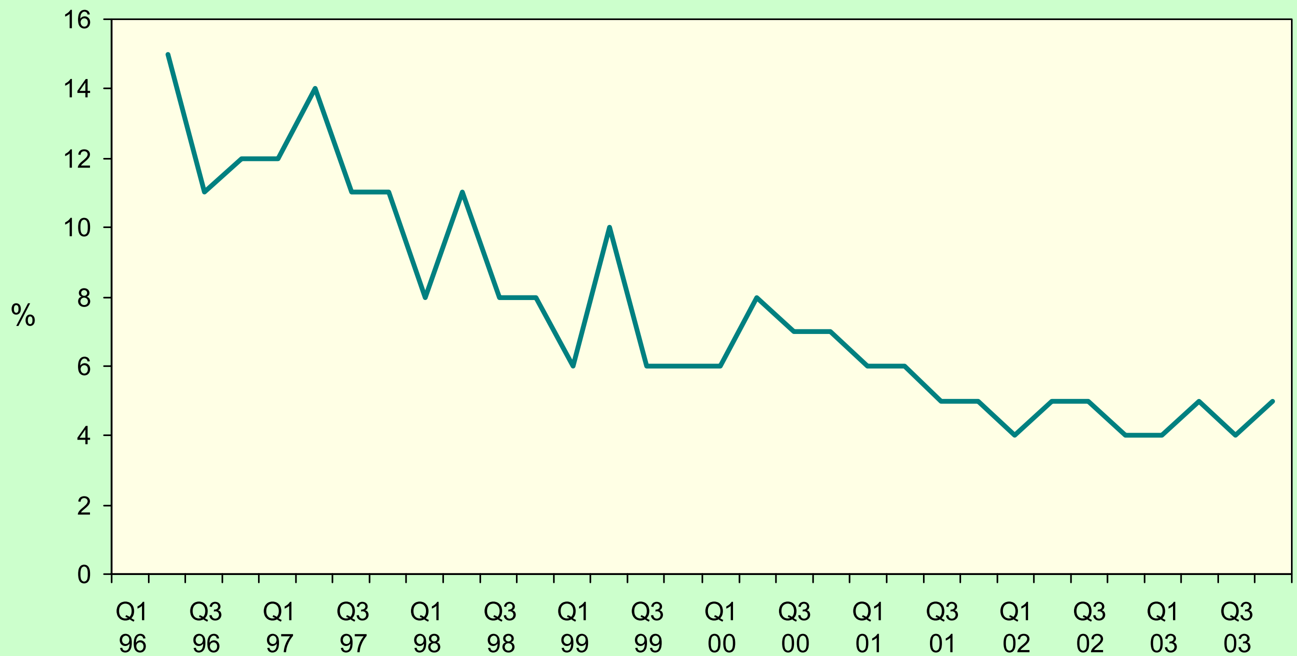
Net sales, not just sales





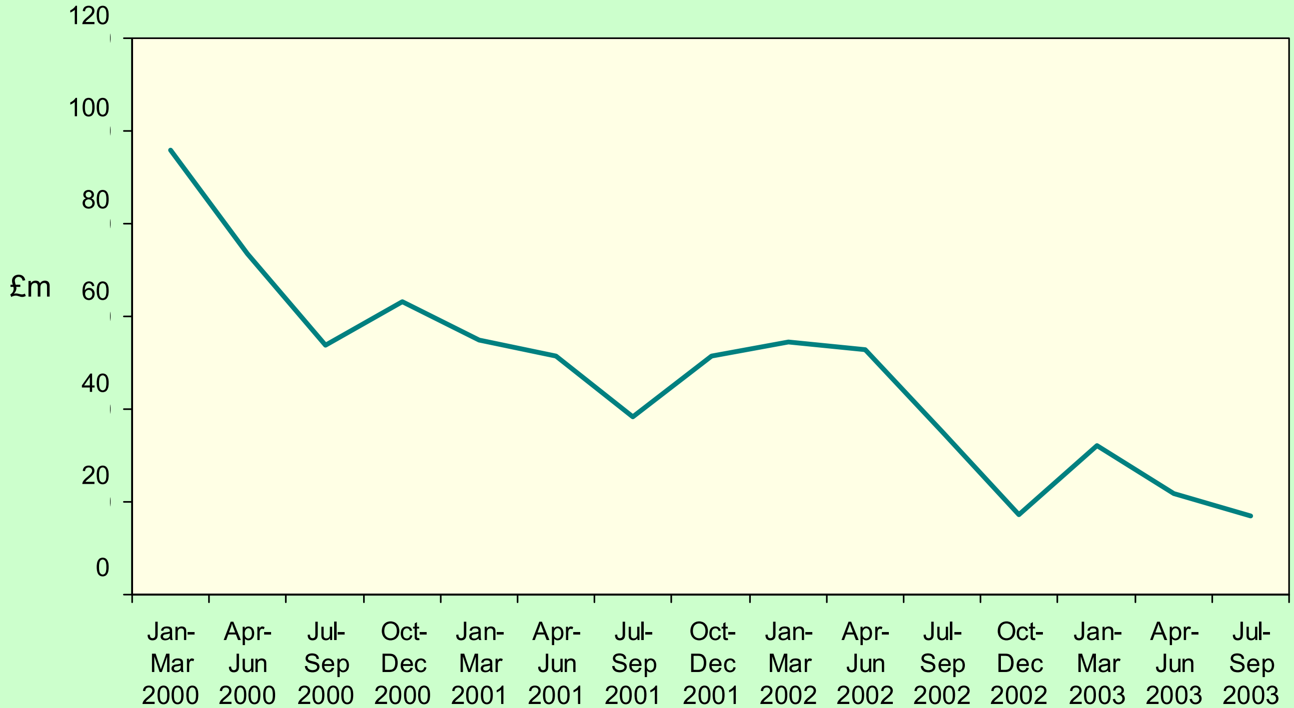
Reducing redemptions

M&G Retail direct redemption market share
Quarterly average over 7 years



Prudential Unit Trust redemptions

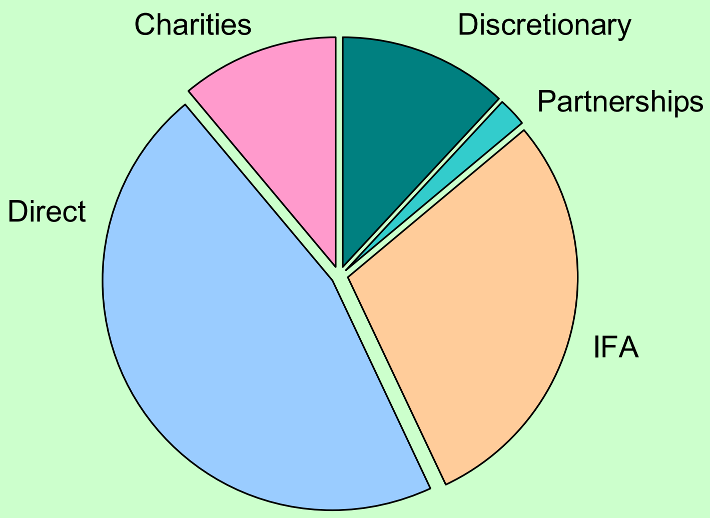
Reducing the outflows by using the same techniques



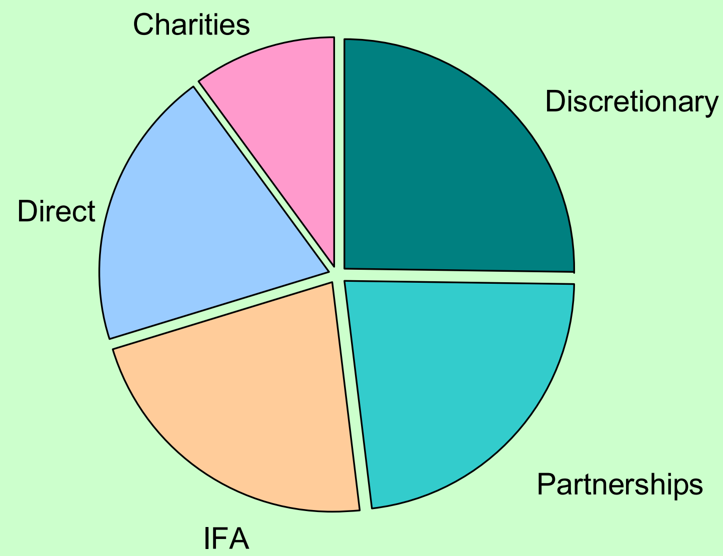
Changing distribution mix

Developing new routes to market

M&G funds under management at end September 2003



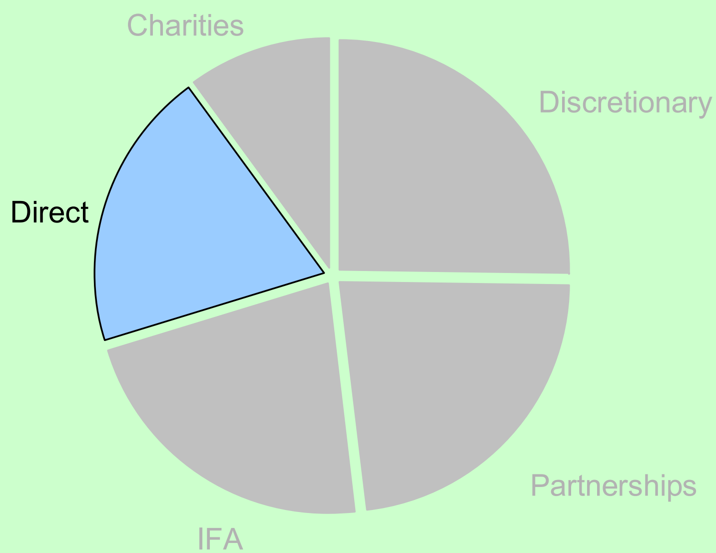
M&G gross sales 9 months to September 2003



Changing distribution mix

Direct

Gross sales
9 months to September 2003



- Wealthiest customer base of our peers
- Substantial brand loyalty
- Growing share of wallet

Changing distribution mix

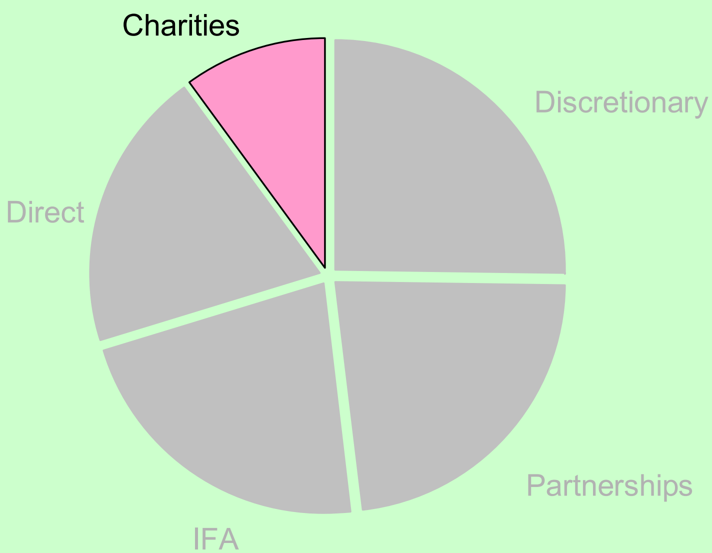
IFA

- Broad spread of relationships
- Recognised for quality of service support
- New business increasingly moving to platforms

Changing distribution mix

Charities

Gross sales
9 months to September 2003

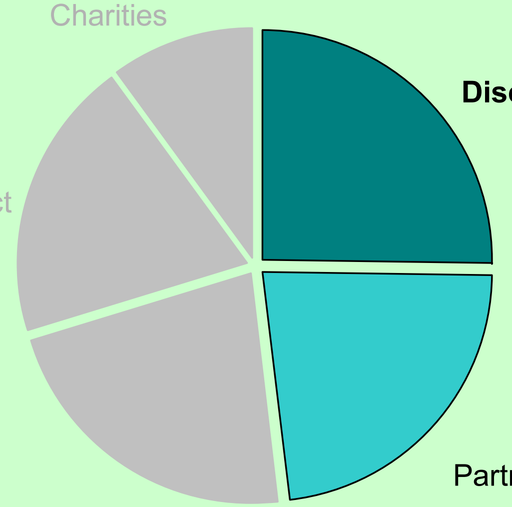


- Market leader
- Exceptional fund performance

Changing distribution mix

Discretionary & Partnerships

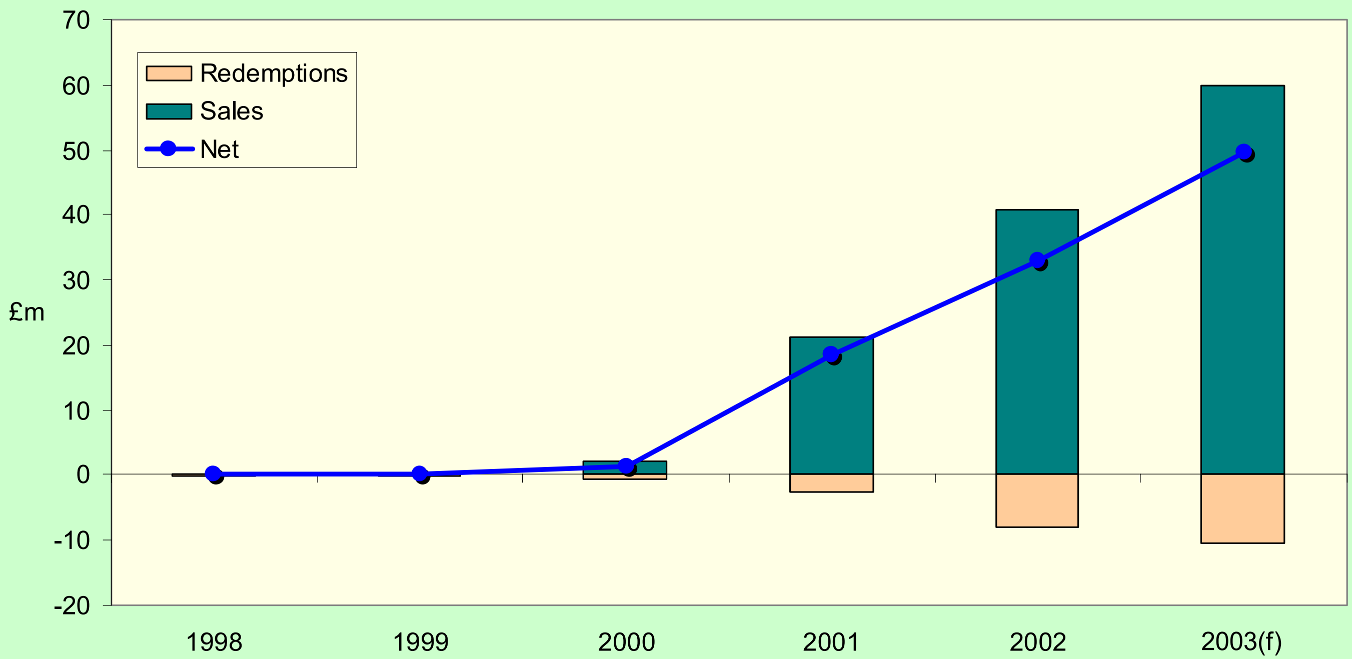
Gross sales
9 months to September 2003



- Very strong discretionary relationship team
- Addition of Prudential Unit Trust range has added a further £135m of sales
- Natural extension into partnerships

Exploiting open-architecture

Sales through Skandia 1998 to 2003

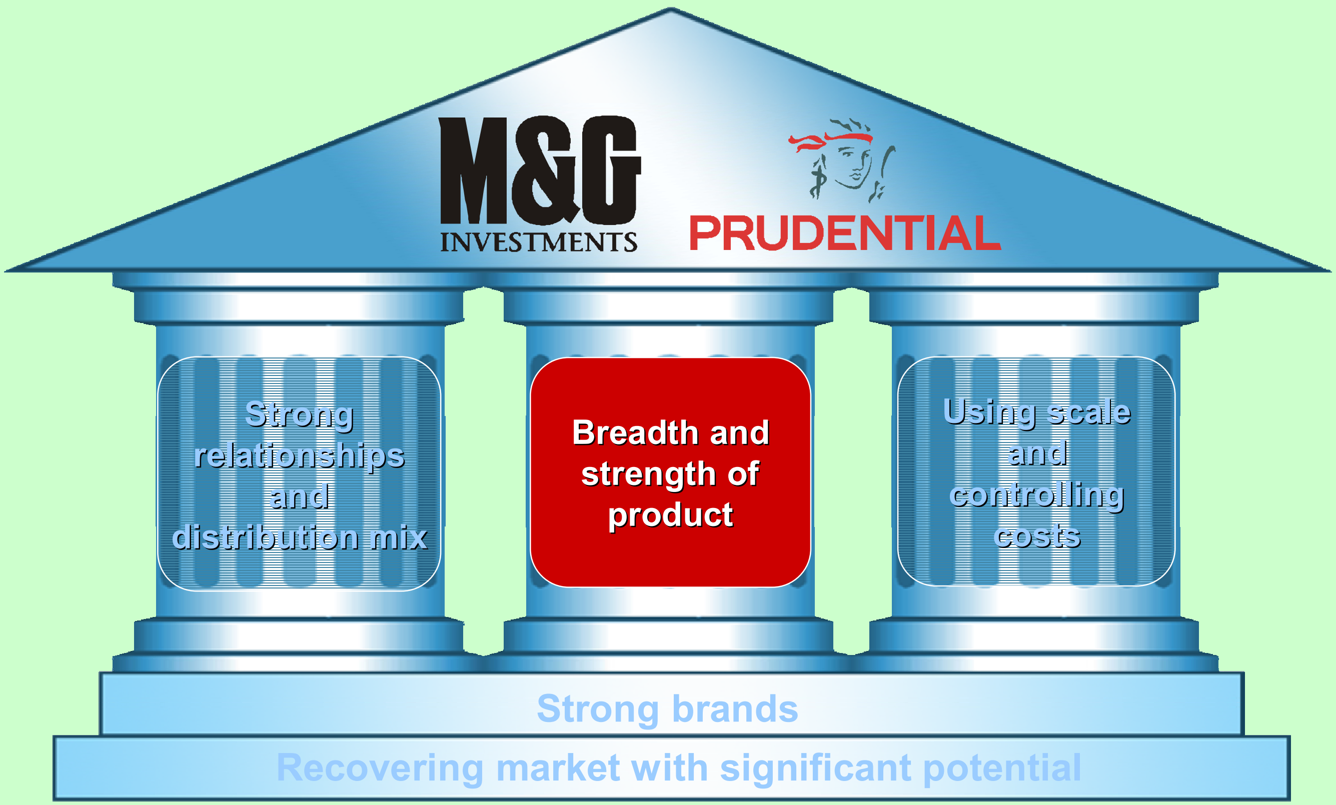


Market feedback

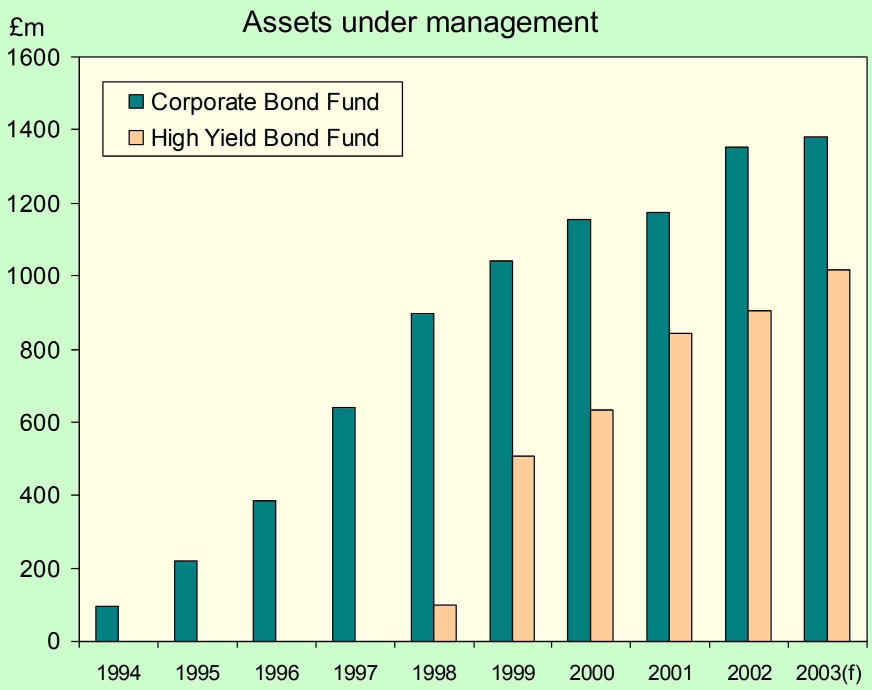
Video

Interviews with IFAs

Our strategy



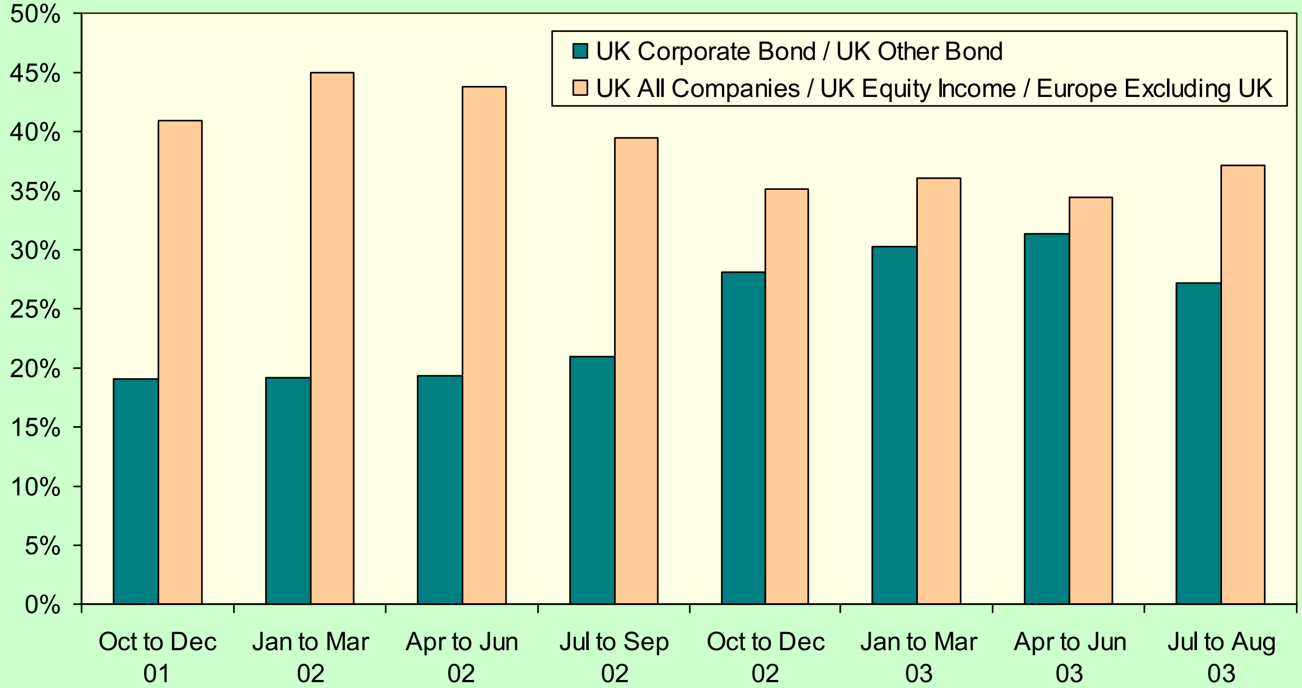
Leaders in Fixed Income



- A history of innovation
- M&G Corporate Bond Fund
  - £1.3bn
- M&G High Yield Corporate Bond Fund
  - £1.0bn

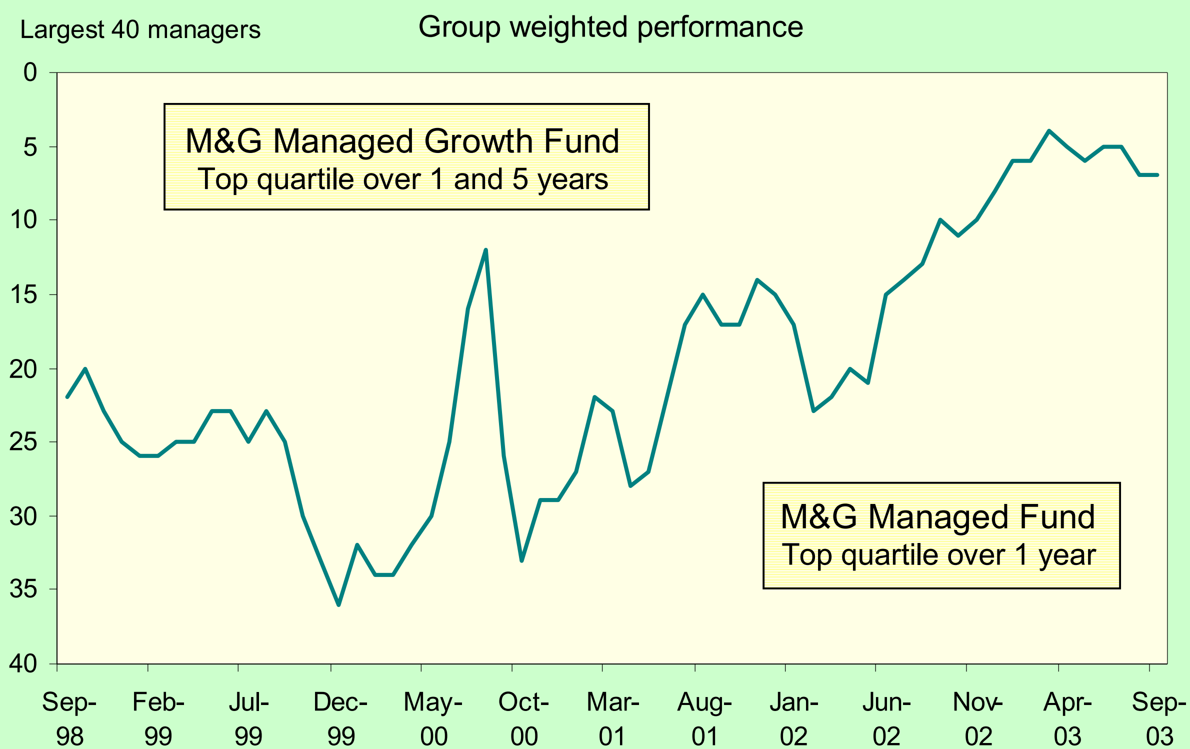
Scale of the equity opportunity

Market sales by sector (%)



Improving equity performance

Moving into the top quartile



Source: Source: **Defaqto** (formerly The Research Department / Investment Intelligence) Rolling three year basis

Improving equity performance

Answering the challenge

- Beginning to be recognised
- Sustainable
- Focused on core areas

Developing the equity performance

UK Equities
M&G Recovery Fund
Top quartile over 1, 2, 3, 4 and 5 years
Top decile over 3 years

UK Equity Income
M&G Income Fund
Top quartile over 1 year
M&G Charifund
Top quartile over 2, 3, 4 and 5 years

European Equities
M&G European Fund
Second quartile since new manager appointed (December 02)

North American Equities
Prudential North American Fund
Top quartile over 1, 2 and 3 years
Top decile over 2 and 3 years

Global Equities
M&G Global Leaders Fund
Top quartile over 1 year

Cautious Managed Sector
Prudential Distribution Fund
Top quartile over 4 and 5 years

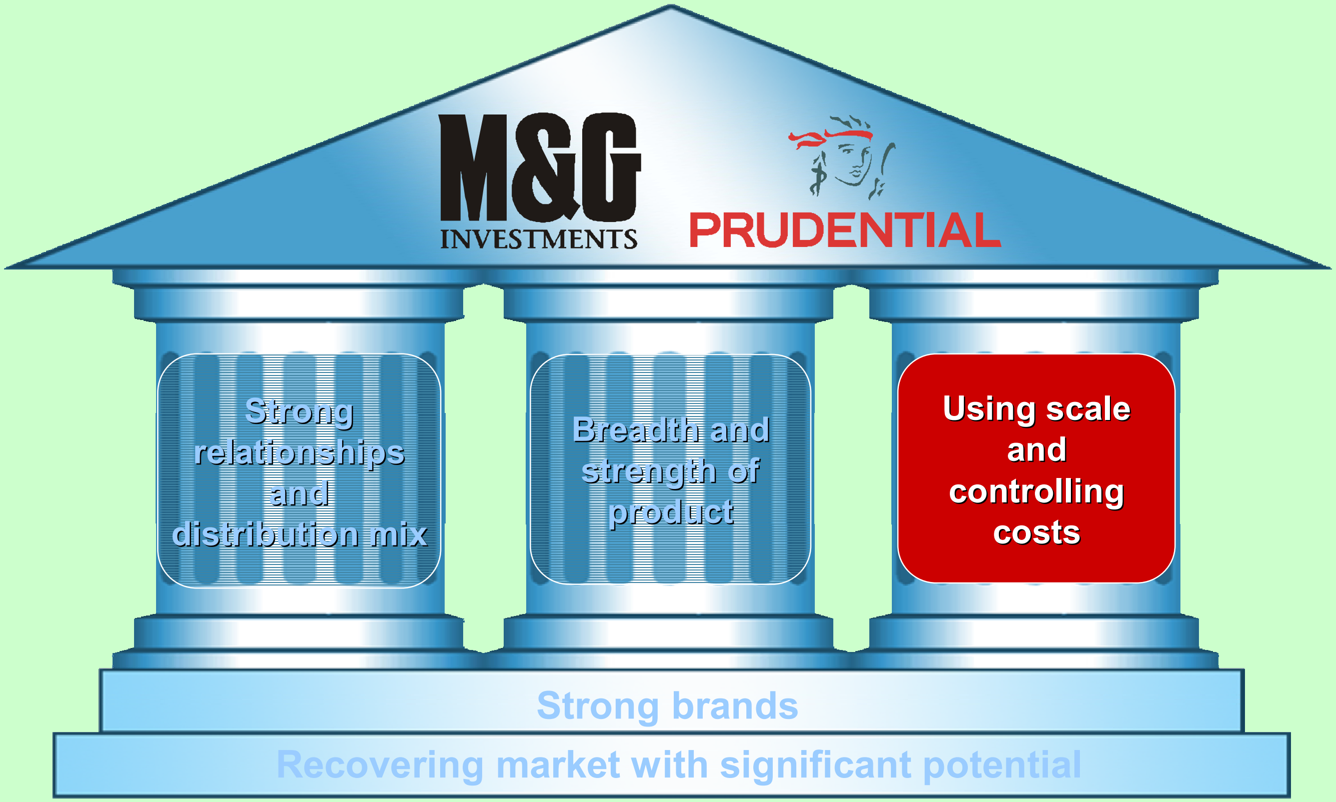
Source: Standard & Poor's. Performance as at the end of October 2003, on a bid to bid basis, net income reinvested.

Improving equity performance

Answering the challenge

- Beginning to be recognised ✓
- Sustainable ✓
- Focused on core areas ✓
- Appropriate to our distribution ✓

Our strategy

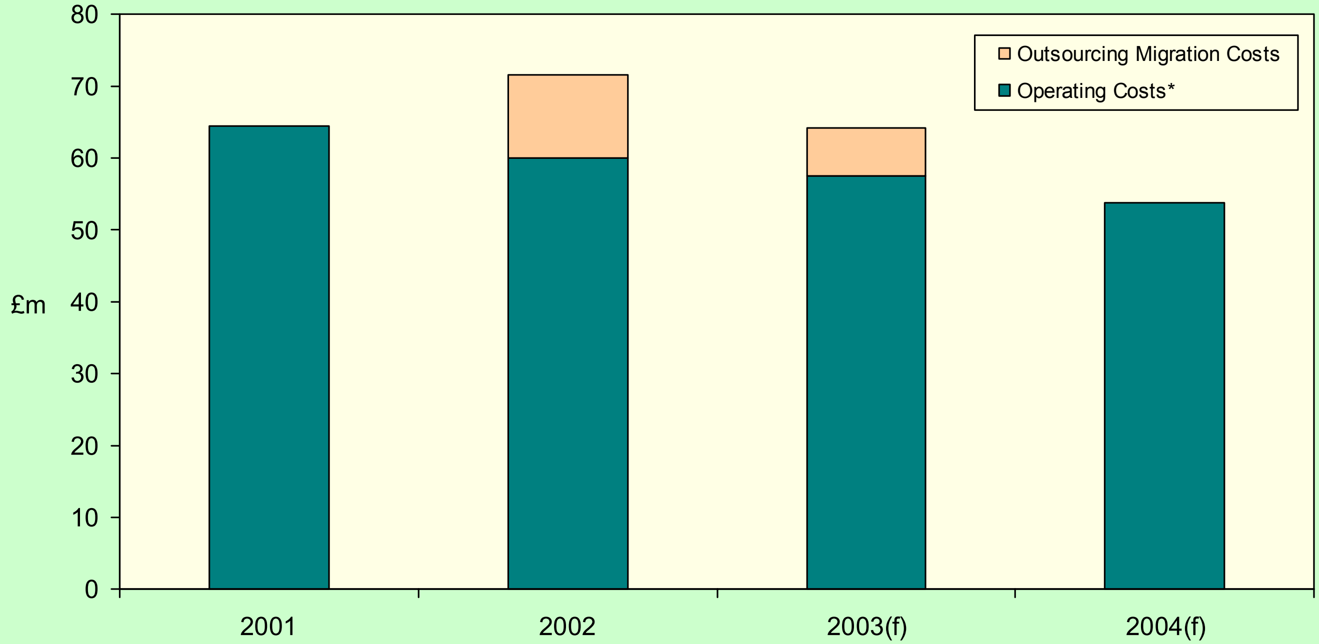


No 2 Retail Player

Fund Manager	Retail Fund value £bn
Fidelity Investments	20.225
M&G + Prudential + Scot Am + PPL	**17.386**
Scottish Widows + Hill Samuel	**13.913**
M&G + Prudential + Scot Am	**13.686**
Scottish Widows Unit Trusts Managers	**11.425**
Threadneedle Investments	11.338
Invesco Perpetual	10.794
Legal & General Unit Trust Managers Ltd	10.172
M&G Group	**8.906**
Schroder Investments Ltd	8.584
Halifax Investment Fund Managers Ltd	7.445
Gartmore Investment Management Plc	6.270
SLTM	6.020
Overall Total (130 Fund Managers)	**223.516**

Reducing operating costs

Lower cost base is sustainable



* Excluding commissions, maturity and fund management fees

M&G INVESTMENTS

Outsourcing transfer agency services

33% reduction in cost base

- £12.6m per annum cost saving
- £18m migration cost / 1 year implementation programme
- Improved customer service platform

Well positioned for growth

- Disciplined cost management now showing results and benefiting from scale
- Powerful multi-channel distribution engine
- Enormous progress on redemptions
- Leaders in Fixed Income with substantial equity sales growth opportunity
- Capitalising on the value of existing relationships and customers
- Two strong brands with complementary positioning and appeal