



PRUDENTIAL

PRUDENTIAL'S ASSET MANAGEMENT BUSINESSES

Performance, Positions and Prospects

19 May 2006





PRUDENTIAL

WELCOME

Mark Tucker, Chief Executive





PRUDENTIAL

INTRODUCTON

Michael McLintock, Chief Executive M&G

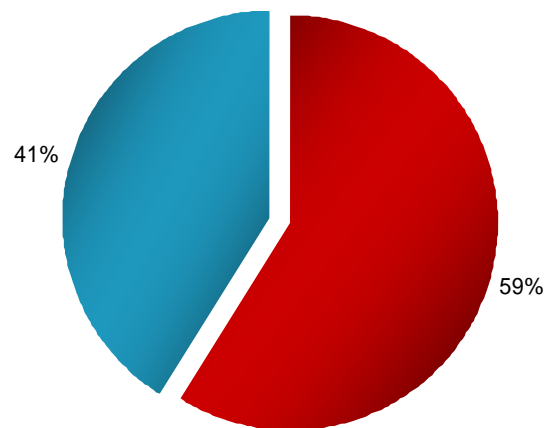


ASSET MANAGEMENT WITHIN PRUDENTIAL TODAY

A powerful and successful regional model



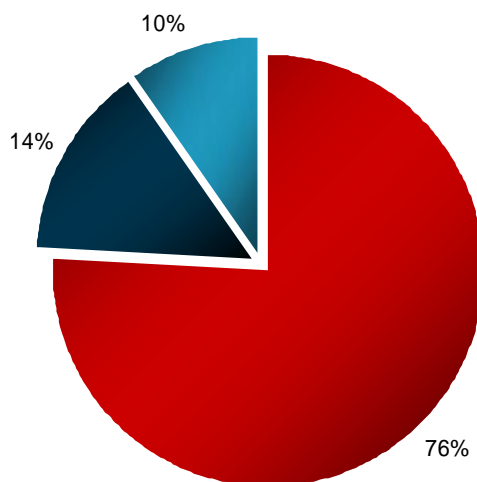
£26bn AUM



■ Internal ■ Retail



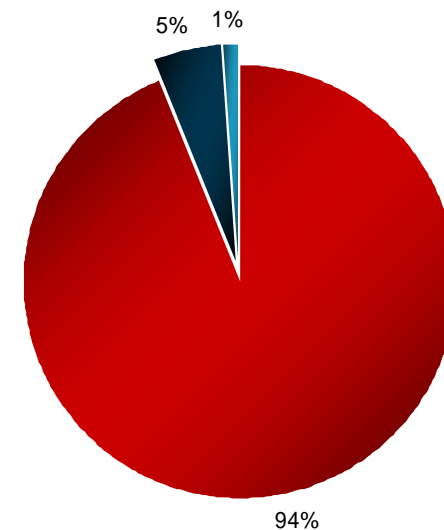
£149bn AUM



■ Internal ■ Institutional ■ Retail



£41bn AUM



■ Internal ■ Institutional ■ Other

BENEFITS OF FOCUS AND PROXIMITY TO CLIENTS, MARKETS, KEY STAFF

COOPERATION BETWEEN THE BUSINESSES IS GOOD

We continue to find new ways of working with each other

- Manage money for each other, with clear regional specialisation
- Distribute each others' products
- Share credit research
- Share life fund accounting

PRUDENTIAL'S ASSET MANAGEMENT BUSINESSES

Agenda

8:05 - 8:10

Overview

Michael McLintock

8:10 – 8:30

US

Leandra Knes-Johnson

8:30 – 9:15

Asia

Ajay Srinivasan

09:15 – 09:30

Q&A

Break

9:45 – 10:00

M&G Overview

Michael McLintock

10:00 – 10:20

Finance

Philip Johnson

10:20 – 10:40

Fixed Income

Simon Pilcher

10:40 – 11:00

Prudential Finance

John Foley

11:00 – 11: 15

Q&A

Break

11:30 – 11:50

Property

Martin Moore

11:50 – 12:30

Retail

Gary Shaughnessy and Will Nott

12:30 – 12:45

Q&A

Conclusion



PRUDENTIAL

PPM AMERICA

Leandra Knes Johnson, President, CEO and CIO



NORTH AMERICAN INVESTMENT ARM OF PRUDENTIAL PLC

- Founded in 1990, headquartered in Chicago
- Manages approximately \$72.2 billion in assets
 - Jackson National
 - Prudential UK
 - Prudential Corporation Asia
 - Institutional Collateralized Bond Obligation clients
 - Other clients
- Third largest investment management company in Chicago
 - Scale in the assets we manage
 - Ability to attract top talent
- Broad investment capability / multi-asset class expertise

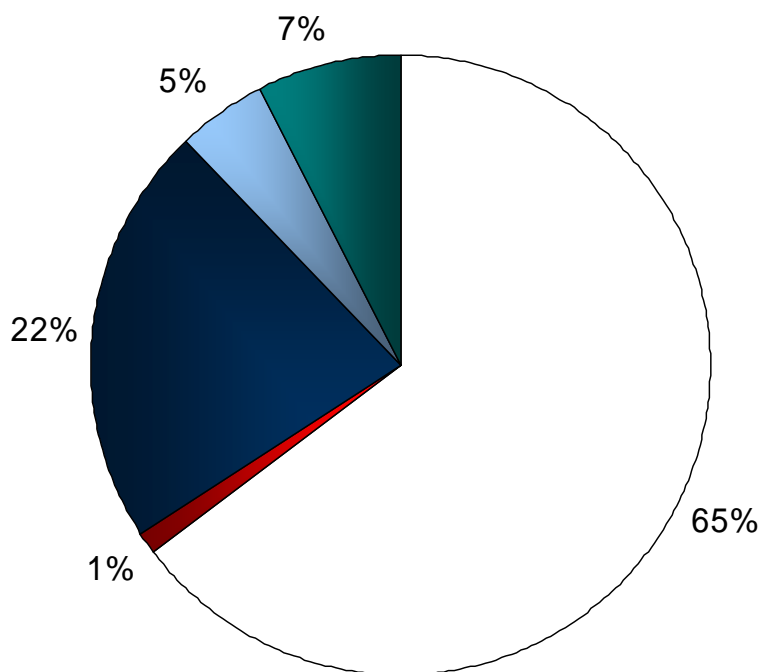


FOCUSED STRATEGY

Manage US credit and equity assets for the Group

ASSETS UNDER MANAGEMENT AS OF MARCH 31, 2006

\$72.2 billion



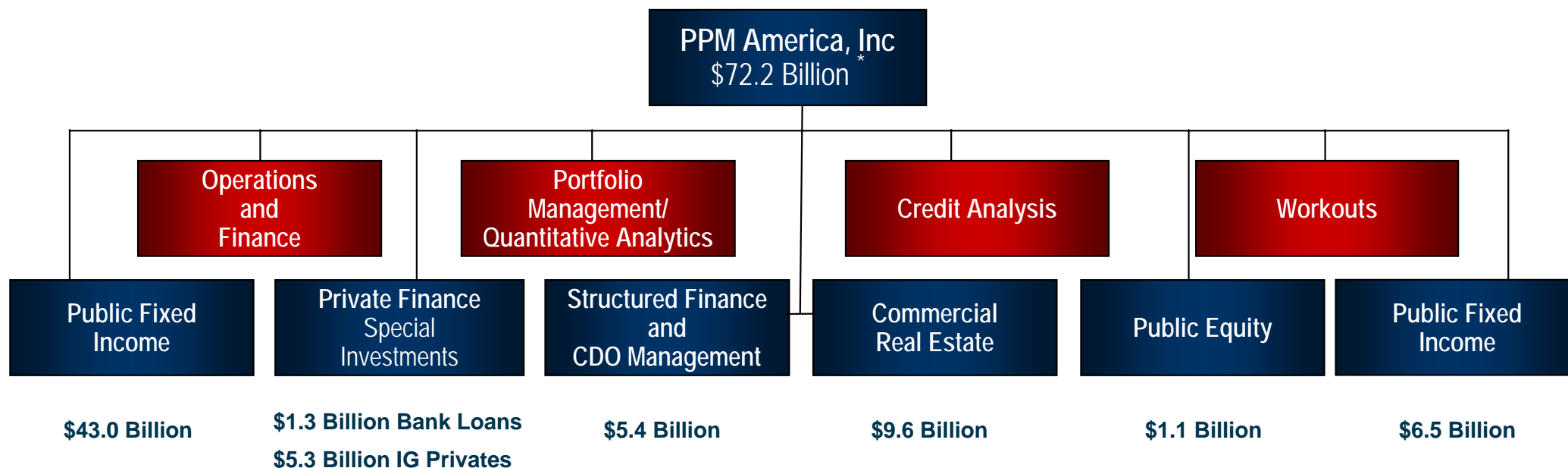
■ Jackson National Life
■ Prudential
■ Prudential Asia

■ Other
■ Collateralized Bond Obligations

- Overwhelming majority of PPMA's clients are internal (99% internal)
- 90% of our compensation is driven by client investment performance
- Focus on institutional investing, primarily for our affiliates
 - investment performance supportive of businesses
 - efficient, lower cost provider
 - significant benefits from cross group collaboration

FUNCTIONAL ORGANISATION STRUCTURE

PPMA manages a broad array of Fixed Income and Equity Assets



* As of March 31, 2006; includes assets managed through PPM America's affiliate, PPM Finance, Inc. Red boxes indicate a firm wide and blue an asset class function.

INVESTMENT RESULTS

PPMA is producing results supportive to the Group's businesses

- JNL is outperforming across a range of criteria: 2005 performance
- \$20 million credit impairments versus \$135 million used in pricing
- Entry spreads supportive of its business without undue risk assumption (+18 bps)

	1 Year	3 Year
• Total Corporate Total Return	+43 bps	+46 bps

INVESTMENT RESULTS

PPMA is producing results supportive to the Group's businesses

- UK fixed income and equity have performed well versus benchmarks

	1 year	3 year
Fixed	+77 bps	+23 bps
Large Cap Equity	-70 bps	+84 bps

- Asia
 - upper quartile peer comparisons in investment grade and high yield
 - index comparisons reflect extraordinary growth

ALIGNMENT WITH CLIENT OBJECTIVES

- PPMA has developed performance metrics for each of its clients
 - designed to be consistent with client objectives
- 90% of our compensation is driven by client investment performance
- Publish metrics and progress toward them monthly
- Clearly communicate individual objectives and align them to group performance objectives
- Hold quarterly All Employee meetings to review and explain YTD performance
- Align pay and performance in as transparent a fashion as possible

EFFICIENT INVESTMENT MANAGEMENT PLATFORM

INVESTMENT EXPENSE AND PORTFOLIO COMPARISONS OF LARGE ANNUITY COMPANIES

As of December 31, 2005 (\$ in millions)

Company	Ord. Ind. Annuity Reserves	2005 Inv Exp Ratio (bps)	2004 Inv Exp Ratio (bps)	'05 / '04 Inv. Exp Change	Investment Expenses *	Avg. Inv. Assets **
1 Teachers Ins & Ann Assoc of Amer	123,404	14	15	(1)	214	153,900
2 AIG Annuity Ins Co	46,455	10	11	(1)	53	50,952
3 Allianz Life Ins Co of North America	31,324	10	10	0	32	32,259
4 New York Life Insurance & Annuity Co	21,117	11	10	1	40	38,206
5 Allstate Life Insurance Co	20,077	10	10	(0)	51	52,725
6 Transamerica Life Ins Co	18,976	26	22	4	97	36,646
7 Metropolitan Life Insurance Co	18,428	60	33	27	1,007	168,876
8 IDS Life Insurance Company	16,152	7	9	(2)	15	23,181
9 Variable Annuity Life Insurance Co	15,019	6	6	(0)	19	32,329
10 Lincoln National Life Insurance Co	14,817	31	27	4	112	35,739
11 Fidelity & Guaranty Life Insurance C	13,618	12	14	(2)	19	14,931
12 General Electric Capital Asr Co	11,842	15	8	7	46	31,554
13 Union Fidelity Life Insurance Co	11,624	7	12	(5)	14	18,744
14 John Hancock Life Ins Co	10,226	23	23	0	128	56,042
15 The Travelers Ins Co	10,154	42	15	27	192	45,645
16 ING USA Annuity and Life Ins Co	9,817	43	45	(2)	74	16,982
17 Sun Life Assur Co of Canada Us	9,482	8	8	0	13	17,135
18 American Equity Invest Life Ins Co	8,842	17	17	(0)	15	9,114
19 Symetra Life Ins Co	7,759	13	9	4	20	14,955
20 Prudential Insurance Co of America	7,695	26	25	1	337	129,703
21 American General Life Insurance Co	7,309	12	5	6	29	24,617
22 American Investors Life Insurance Co	7,084	34	33	0	25	7,589
23 Western Southern Life Assurance Co	6,725	6	6	0	5	8,557
24 Hartford Life Insurance Co	6,589	11	10	1	30	26,615
25 New York Life Insurance Co	6,389	15	16	(0)	127	82,315
26 Jefferson Pilot Life Insurance Co	6,374	6	6	(0)	9	14,668
27 Pacific Life Insurance Co	6,358	23	22	1	69	30,157
28 Great American Life Ins Company	5,577	15	23	(8)	12	7,496
29 American Enterprise Life Ins Co	5,568	3	4	(1)	2	6,386
30 Principal Life Insurance Co	5,310	17	17	0	87	49,935
Top 30 Composite (ranked by largest IA reserves, excl. JNL)	490,108	23	19	5	2,892	1,237,953
Top 30 Composite (excl. Met Life and Travelers)	461,526	17	16	0	1,693	1,023,432
130 Company Composite (ranked by largest inv. Assets, excl. JNL)	658,822	22	18	4	4,815	2,200,011
Total Individual Life Industry **** (excl. JNL)	737,948	23	19	4	5,914	2,616,232
Consolidated Jackson National Life	25,959	9	8	0	39	44,888
Jackson National Life Insurance Co	25,389	9	8	0	38	43,556
Jackson National Life Ins Co of Ny	569	4	4	0	1	1,460

Source: National Underwriter Insurance Data Service from Highline Data *Investment expenses adjusted to exclude real estate investment expenses ** Average assets adjusted to exclude policy loans and real estate ***Asset allocation data includes policy

CROSS GROUP COLLABORATION

Share knowledge and coordinate IT

- Leverage IT systems / infrastructure
 - CDS pricing systems
 - ABS systems
 - other software and investment management tools
- PPMA support of M&G synthetic CBO business
- Knowledge share on back-office operations

CROSS GROUP COLLABORATION

Coordination between PPM and M&G Credit

- Complete sharing of research information
 - M&G provides support/opinions for European issuers
 - PPM provides support/opinions for U.S. issuers
- PPM has full access to M&G's research database
- M&G has full access to PPM's research database
- Bi-weekly calls between Jim Young and Stephen Wilson-Smith to discuss market conditions and specific credits
- Ultimate Goal: Work together to identify opportunities and avoid blow-ups

COORDINATION BETWEEN PPM AND M&G CREDIT

Examples

- Dana Corporation
 - M&G held Dana Corporation in one CDO
 - in March 2006 PPM informed M&G that it felt Dana was going to file within days
 - M&G immediately sold out of their entire position
 - one week later Dana filed for bankruptcy
 - Parmalat
 - Parmalat is an Italian dairy producer that filed for bankruptcy in 2003
 - M&G was very negative on the name – they did not like the leverage and the off balance sheet debt
 - PPM agreed with M&G and did not purchase any Parmalat debt
 - Neither PPM nor M&G ever held any Parmalat debt, despite it being one of the largest issuers in the private placement market
-



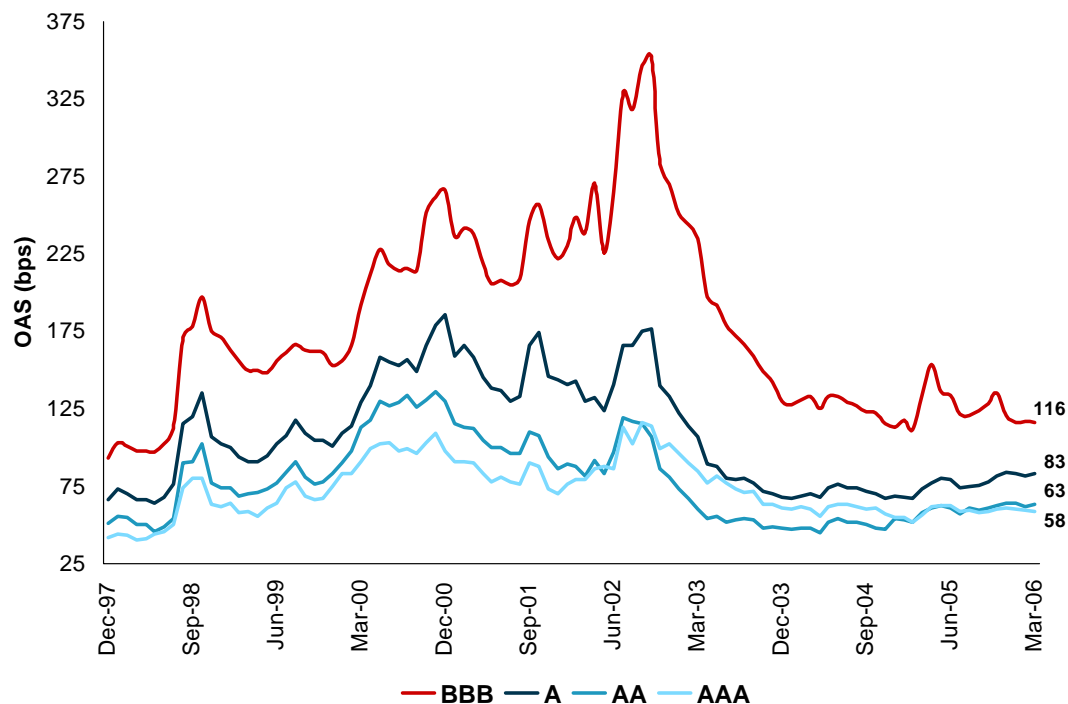
PRUDENTIAL

JACKSON NATIONAL LIFE PORTFOLIO SUMMARY

MARKET CONDITIONS

INVESTMENT GRADE SPREADS

YTD 31/3/06

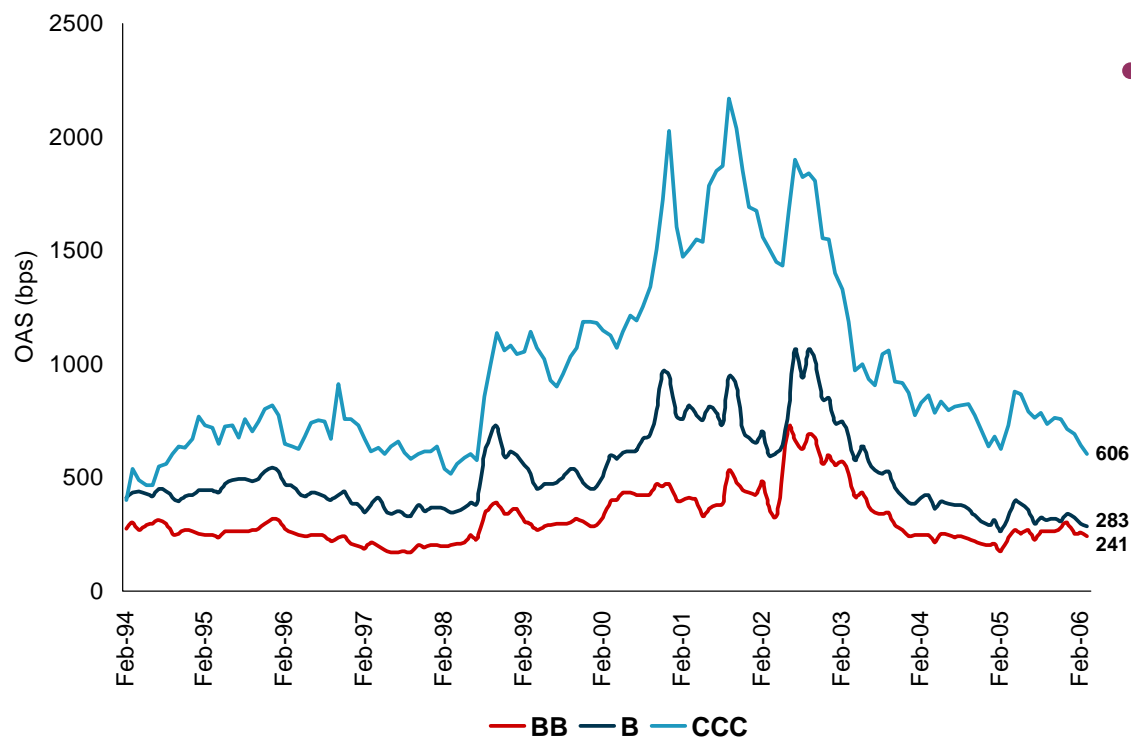


- The U.S. economy continues to perform well despite high oil prices
 - 1Q06 GDP at 4.8%
 - 2006 GDP forecast of 3.7%
 - 4.7% unemployment
 - Oil prices are currently in the range of \$68-\$72 per barrel
- Inflation rising, but contained
- Reflecting good conditions investment grade spreads remain tight by historical standards
- Event risk has increased

MARKET CONDITIONS

HIGH YIELD SPREADS

YTD 31/3/06

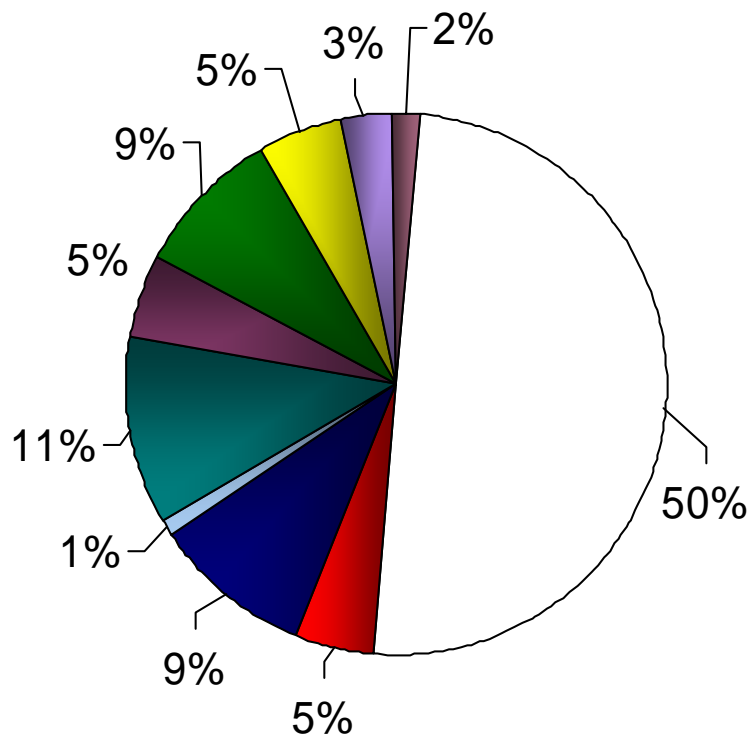


- High yield corporate fundamentals remain solid and defaults remain well below historic averages.
- Valuations remain tight by historical standards, particularly in lower rated credits

JNL'S INVESTMENT PORTFOLIO

Current position as of March 31, 2006

\$46.1 BILLION



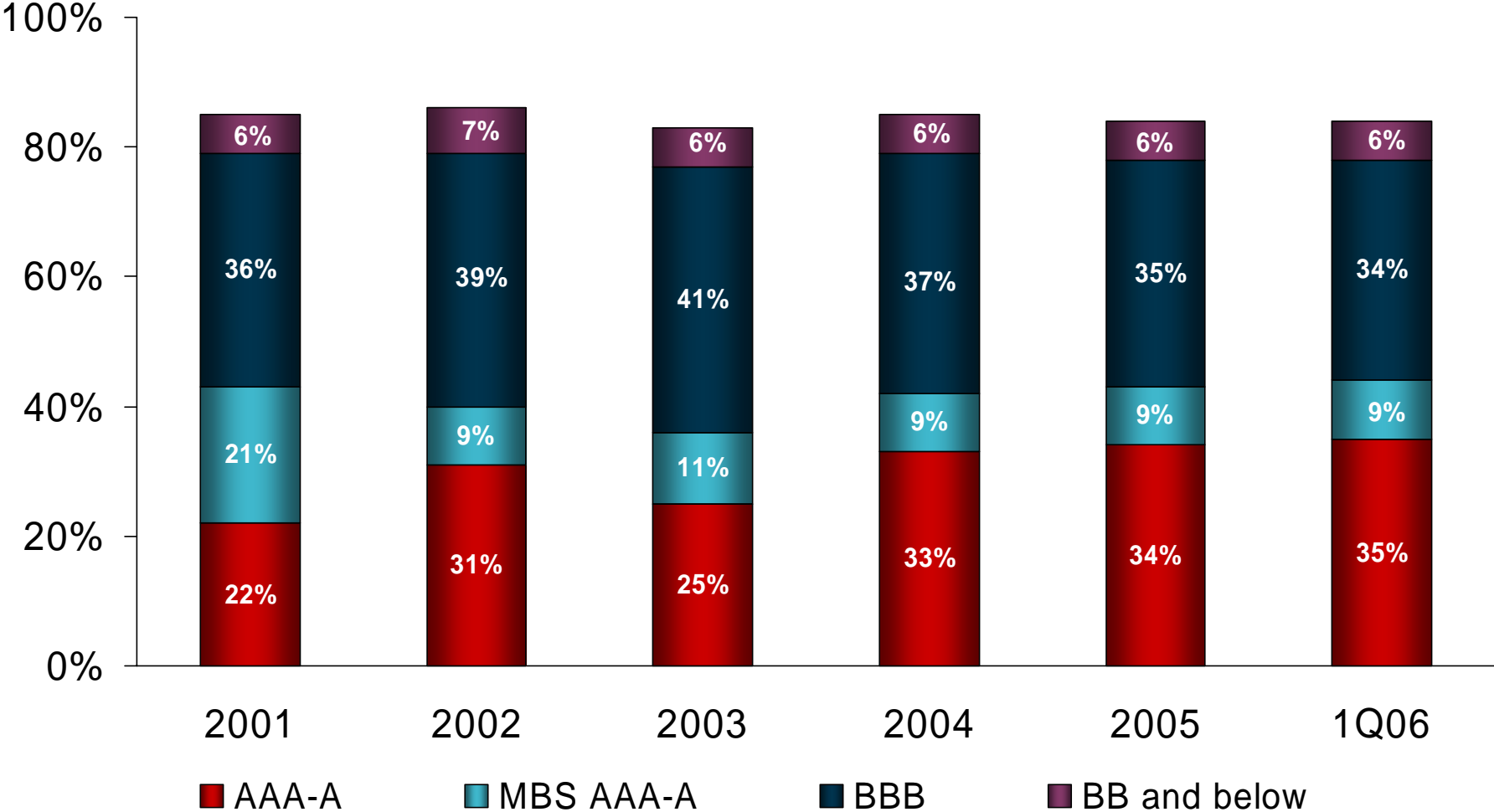
- | | |
|-----------------------------|--------------------------------|
| ■ Investment grade public | ■ Non-investment grade public |
| ■ Investment grade private | ■ Non-investment grade private |
| ■ Commercial mortgage loans | ■ ABS |
| ■ RMBS | ■ CMBS |
| ■ Private equity | ■ Cash & other |

- Neutral duration – ALM run by JNL
- Opportunistically deploying cash
- Slightly underweight credit
 - fundamentals good, but valuations tight
- Corporate portfolio somewhat defensive
 - little value in B rated credit
 - rising event risk in IG credit
- Portfolio continues to be diversified across and within asset classes

FIXED INCOME PORTFOLIO QUALITY

As percentage of cash and invested assets

HIGH YIELD STRATEGICALLY AND TACTICALLY LOWER



Notes: Percentages based on statutory accounting data. Excludes policy loans and net of dollar roll leverage. Beginning in 2001 data is consolidated to include Jackson National of New York.

PROBLEM CREDITS AS OF 31/03/06

Better than pricing

\$ IN MILLIONS

<u>Asset Class</u>	<u>Market Value</u>	<u>Statutory</u>		<u>GAAP</u>	
		<u>Book Value</u>	<u>Unrealized Gain / (Loss)</u>	<u>Book Value</u>	<u>Unrealized Gain / (Loss)</u>
ABS / CDO	\$0.1	\$0.2	(\$0.1)	\$0.2	(\$0.1)
Corporates	5.2	4.0	1.2	4.0	1.2
MBS / CMBS	9.9	9.4	0.5	9.4	0.5
Total	<u>\$15.2</u>	<u>\$13.6</u>	<u>\$1.6</u>	<u>\$13.6</u>	<u>\$1.6</u>



PRUDENTIAL

PPMA SUMMARY

SUMMARY

- Broad investment management capability
- Internally focused institutional business model
- Solid investment performance across a range of mandates
- Client-focused organizational structure and compensation schemes
- Group collaboration
- US economy and credit environment remain good
- JNL's portfolio is well positioned for the business cycle



PRUDENTIAL

POSITION, PERFORMANCE AND PROSPECTS IN ASIA

Ajay Srinivasan, Chief Executive Fund Management,
Prudential Corporation Asia



KEY MESSAGES

- The Asian markets are large, growing and increasingly attractive:
 - Household financial assets increasing
 - Rapid mutual fund growth and rising penetration
- Prudential Asset Management creates value in multiple ways:
 - Solid and consistent fund performance
 - Strong track record of profitable growth
 - Distinctive and advantaged platform
- Ideally positioned to take advantage of the substantial Asian growth opportunities

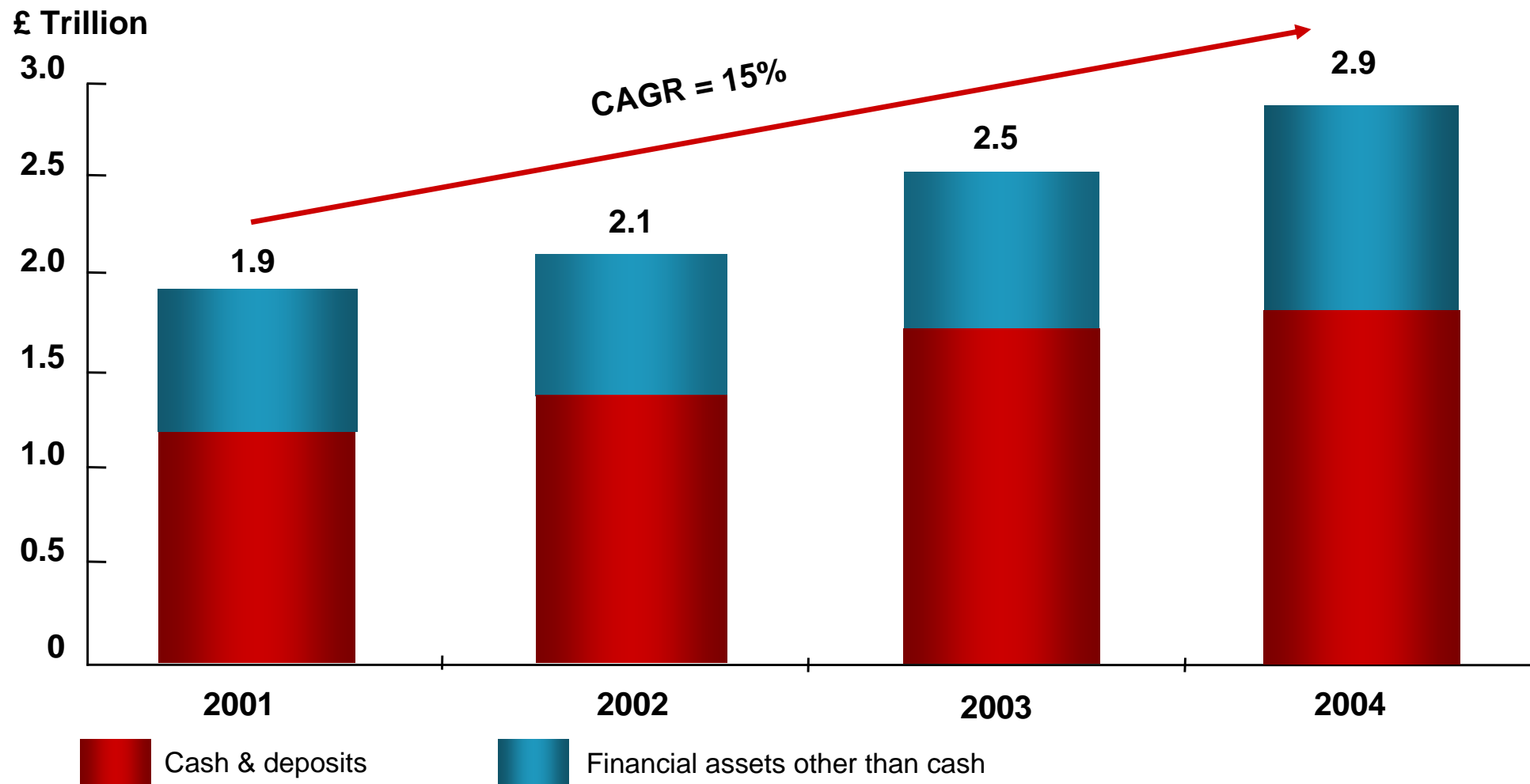


PRUDENTIAL

ASIA : AN ATTRACTIVE MARKET

STRONG GROWTH IN HOUSEHOLD FINANCIAL ASSETS

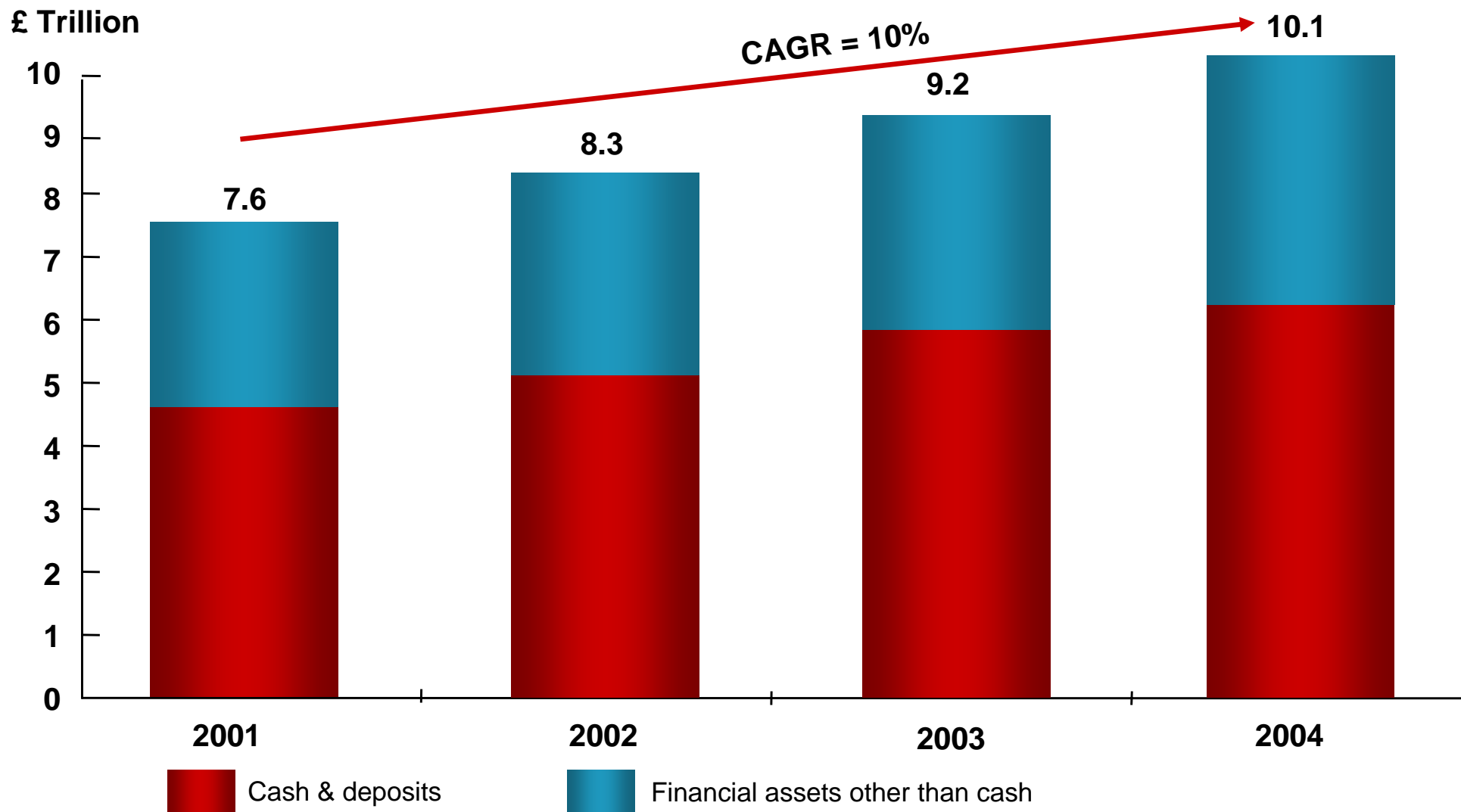
GROWTH OF HOUSEHOLD FINANCIAL ASSETS IN ASIA* (EXCLUDING JAPAN)



Source: Citigroup, EIU * Included Hong Kong, India, Korea, Malaysia, Singapore, Taiwan, Thailand & China

STRONG GROWTH IN HOUSEHOLD FINANCIAL ASSETS

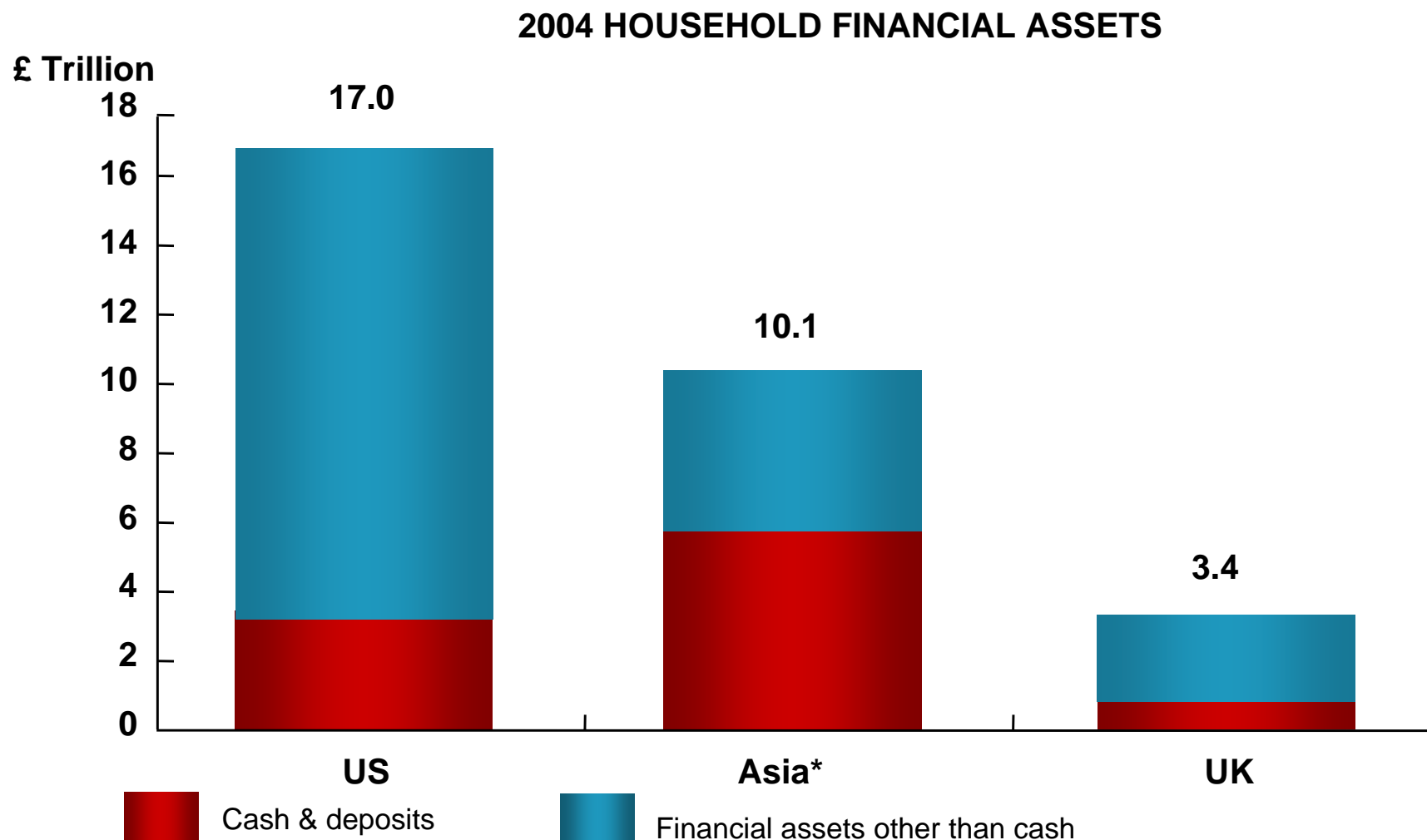
GROWTH OF HOUSEHOLD FINANCIAL ASSETS IN ASIA (INCLUDING JAPAN)



Source: Citigroup, EIU

ASIA'S HOUSEHOLD FINANCIAL ASSETS

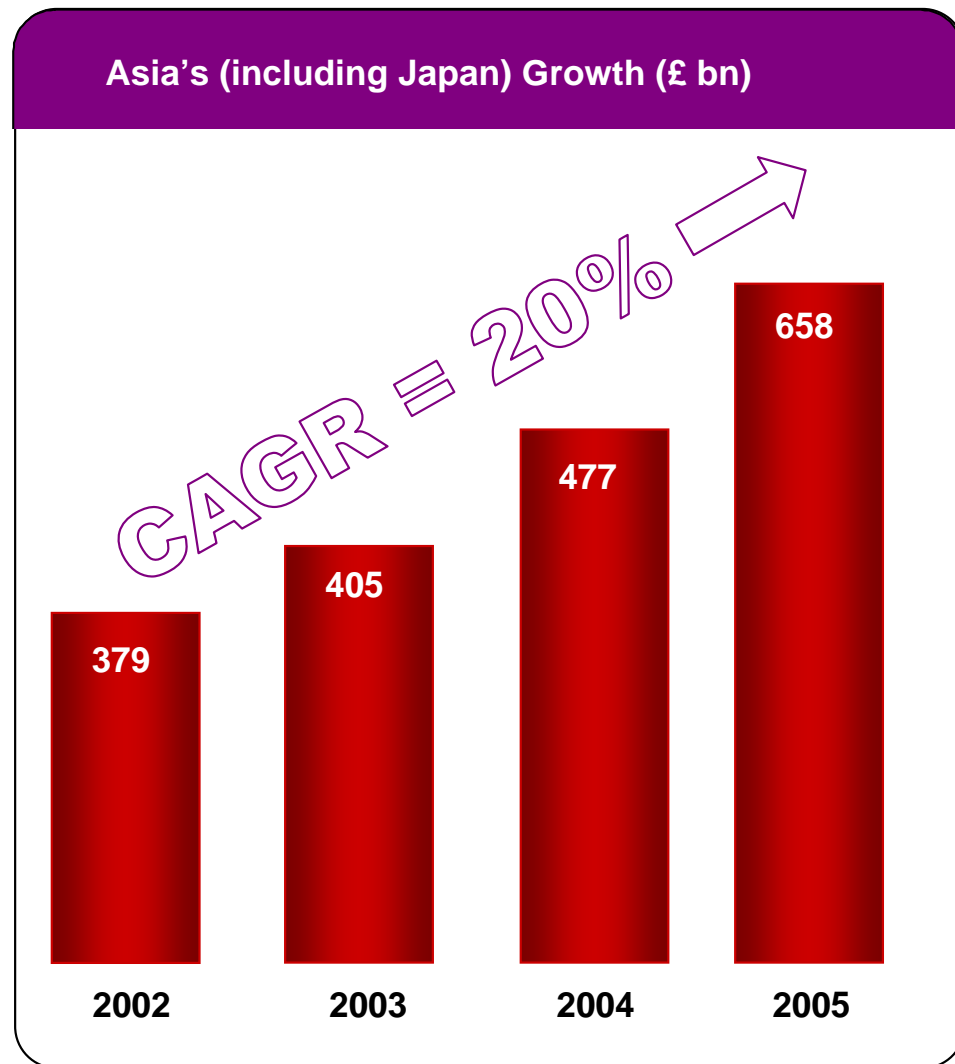
ASIA'S HOUSEHOLD FINANCIAL ASSETS ARE TRIPLE THE AMOUNT IN UK AND OVER 55% OF THE AMOUNT OF THE US; 60% ARE STILL IN CASH & DEPOSITS



Source: Citigroup, EIU

* Including Japan

MUTUAL FUNDS MARKET IN ASIA : ATTRACTIVE GROWTH



		FUM 2005 (£ billion)	FUM 2002 (£ billion)	02-05 CAGR (%)
	Japan	400	219	22
	Korea	116	78	14
	China	40	9	64
	Taiwan	35	35	-
	Hong Kong*	26	15	20
	India	26	15	20
	Singapore	8	5	19
	Malaysia**	7	3	31

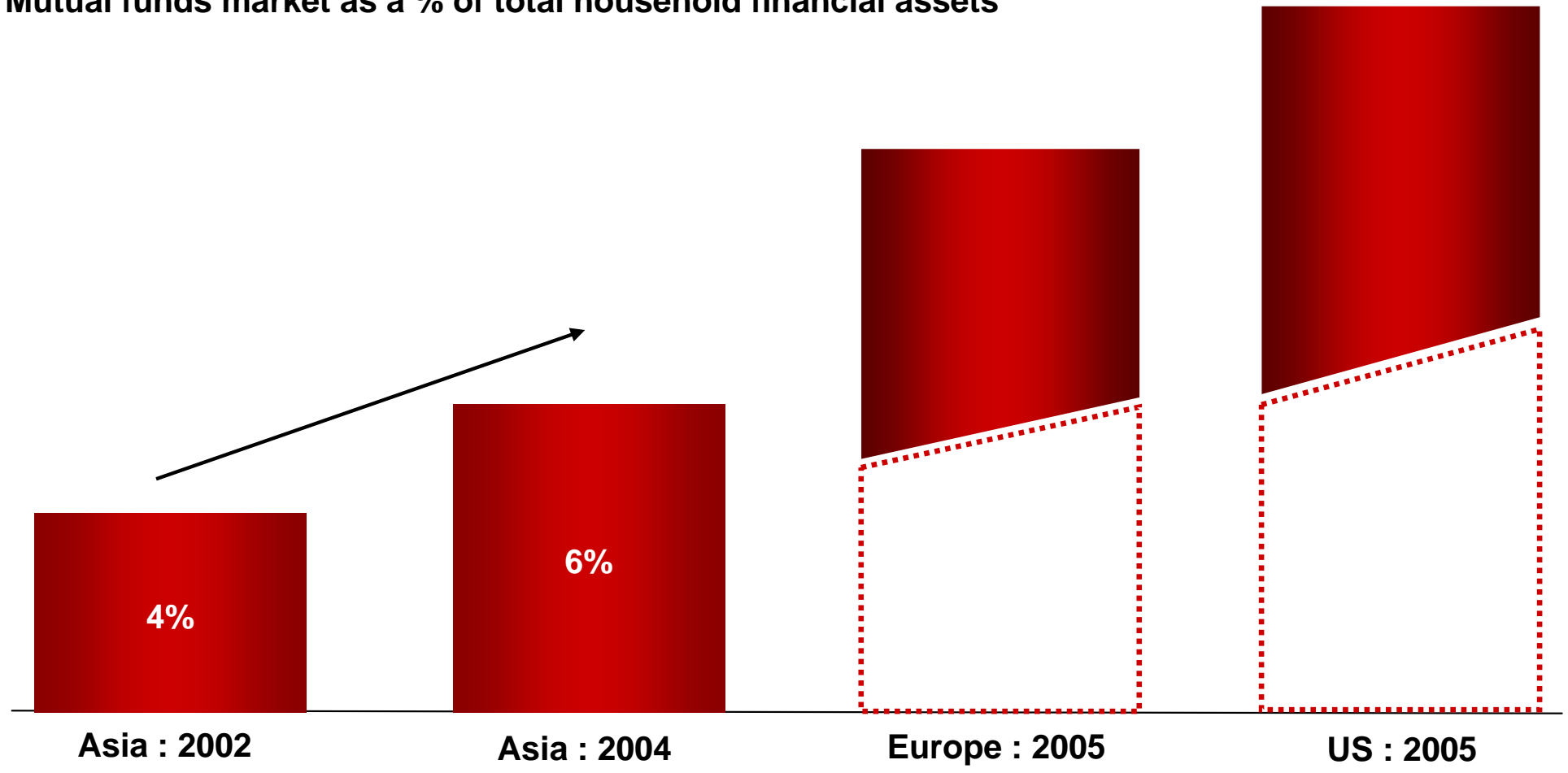
Source : Cerulli Associates, Monetary Authority of Singapore, Association of Mutual Funds in India, Securities Investment Trust Association, KITCA, * local retail funds only, **Securities Commission of Malaysia (private funds only)

INCREASING PENETRATION OF MUTUAL FUNDS IN ASIA

1% INCREASE IN MUTUAL FUNDS PENETRATION IN ASIA TRANSLATES INTO APPROXIMATELY £100BN INCREASE IN INDUSTRY FUM

PENETRATION OF MUTUAL FUNDS:

Mutual funds market as a % of total household financial assets



Source: Cerulli, Citigroup, EIU

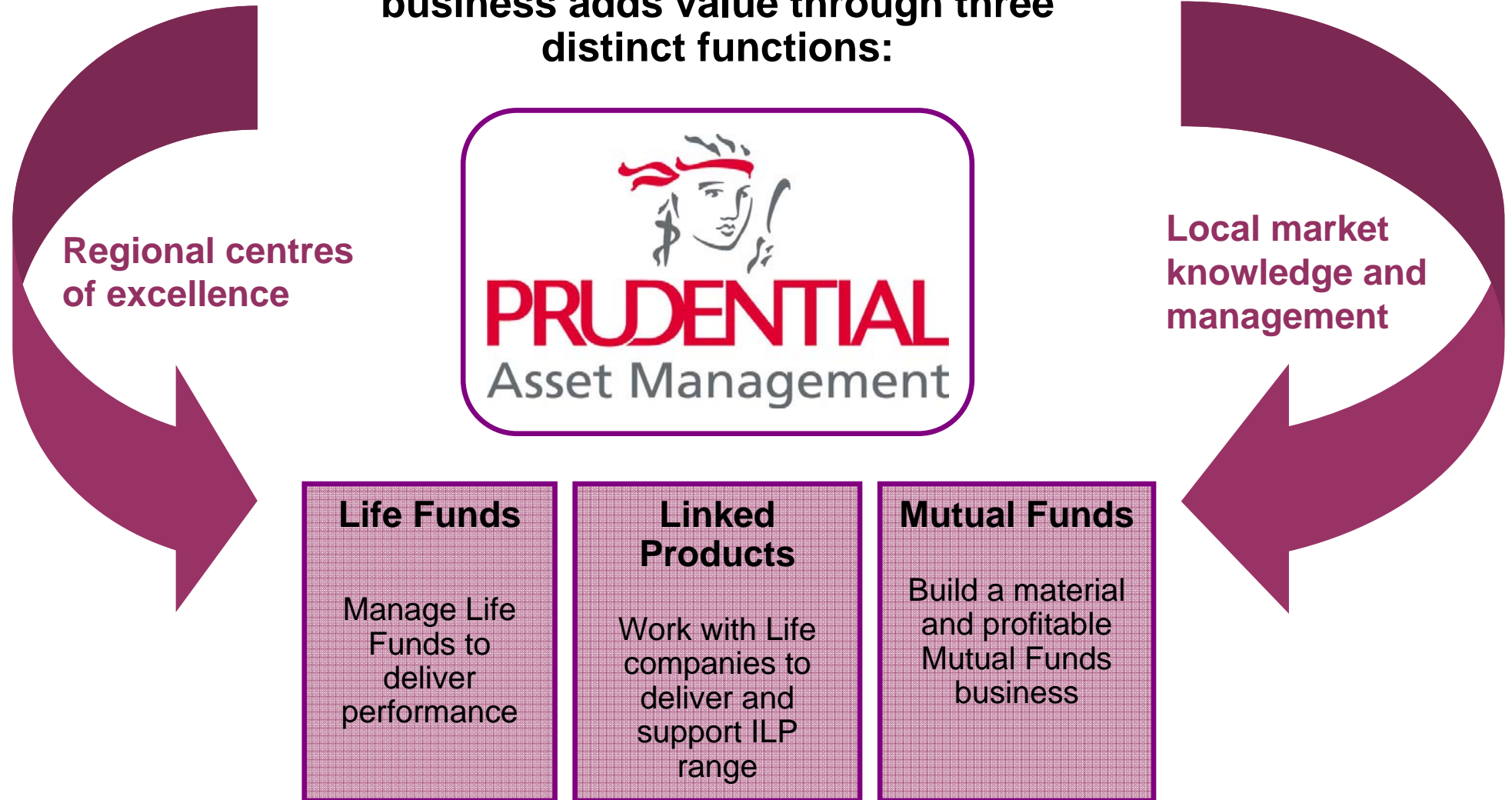


PRUDENTIAL

POSITION AND PERFORMANCE

HOW PRUDENTIAL'S FUND MANAGEMENT BUSINESS ADDS VALUE

Prudential's Fund Management business adds value through three distinct functions:



STRATEGIC OBJECTIVES

Geography



Building a significant presence in key Asian markets

Product



Developing a range of products backed by performance to meet customer needs

Customer



Building a material retail customer base with superior customer service

Brand



Recognised as a trusted retail investment brand

Distribution







Multi channel approach tailored to local markets

ADDING VALUE TO OUR LIFE FUNDS

WE HAVE ADDED SIGNIFICANT VALUE TO OUR LIFE COMPANIES' FUNDS THROUGH TAA AND ACTIVE FUND MANAGEMENT

	% of funds outperform benchmark*	
	1 year	3 year
Asian Equity	90%	90%
Asian Fixed Income	56%	48%

Clients		Value added in last 3 years (£m)**
	Singapore Life	47
	Hong Kong Life	41
	Malaysia Life	42
	United Kingdom Life	61
Total		190

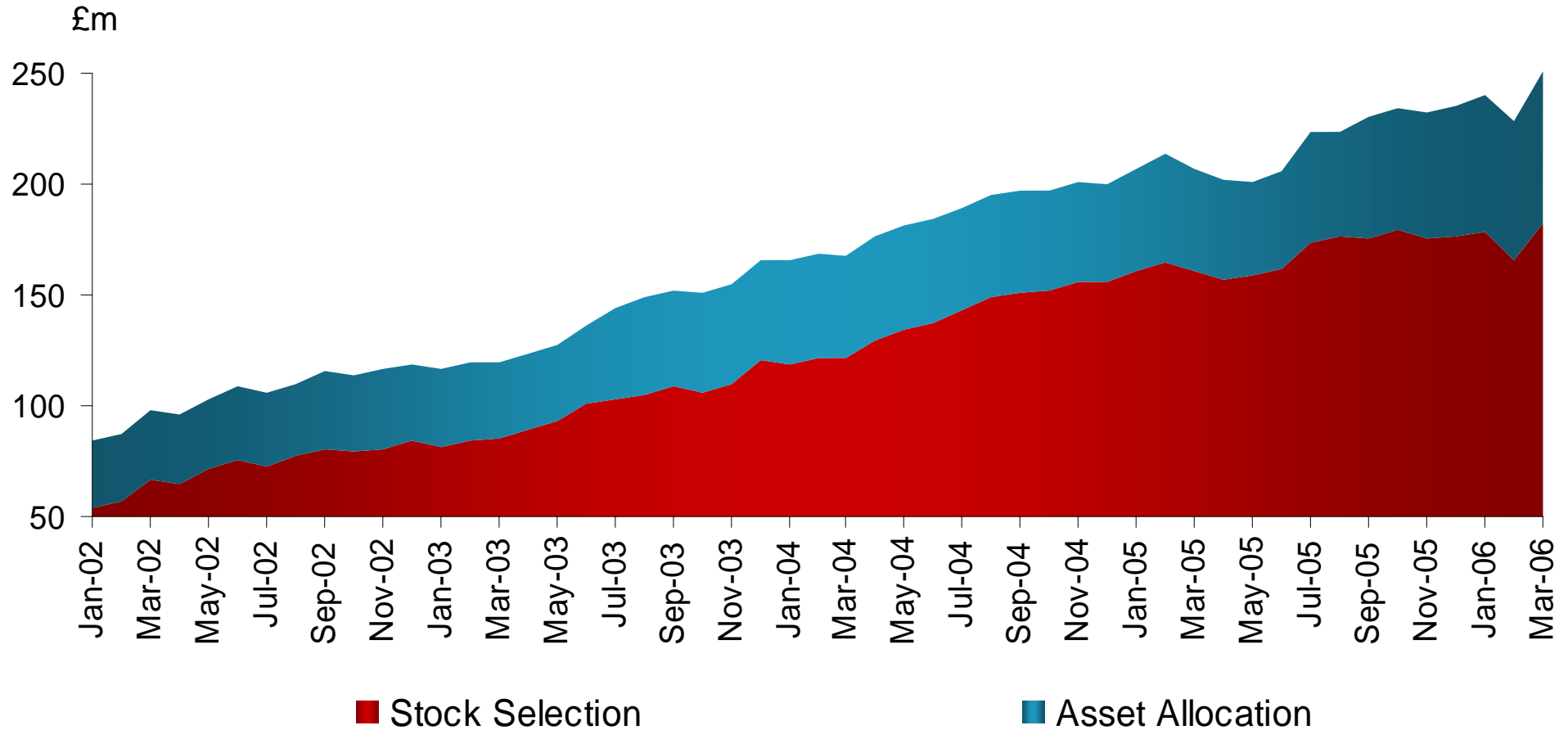
* Measured by FUM as at end Dec 05

** Above benchmark value added in 3 years ended 31 December 2005

ASIAN BALANCED FUNDS

Our Historical Performance

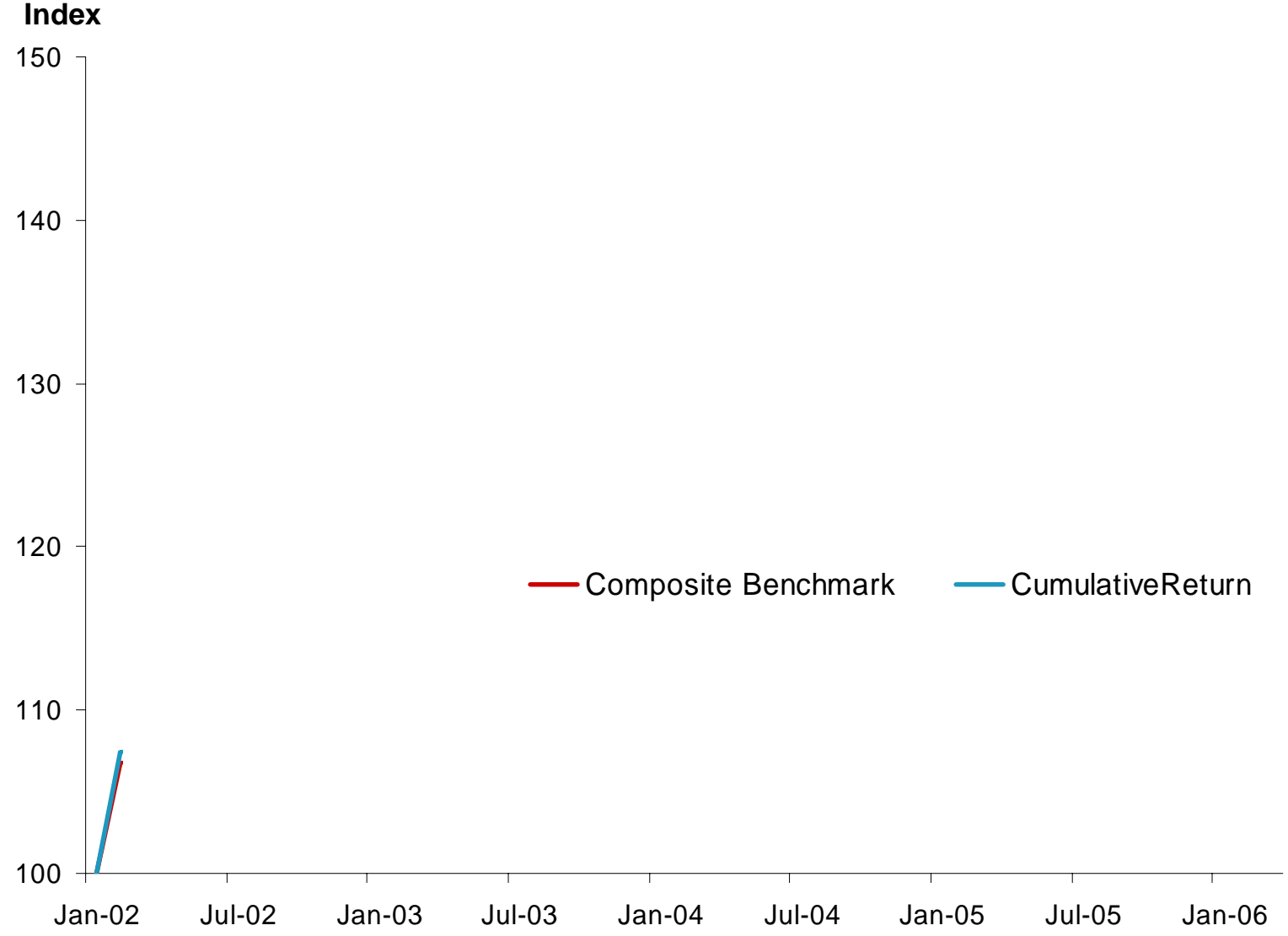
ATTRIBUTION OF VALUE CREATED



FIXED INCOME FUNDS

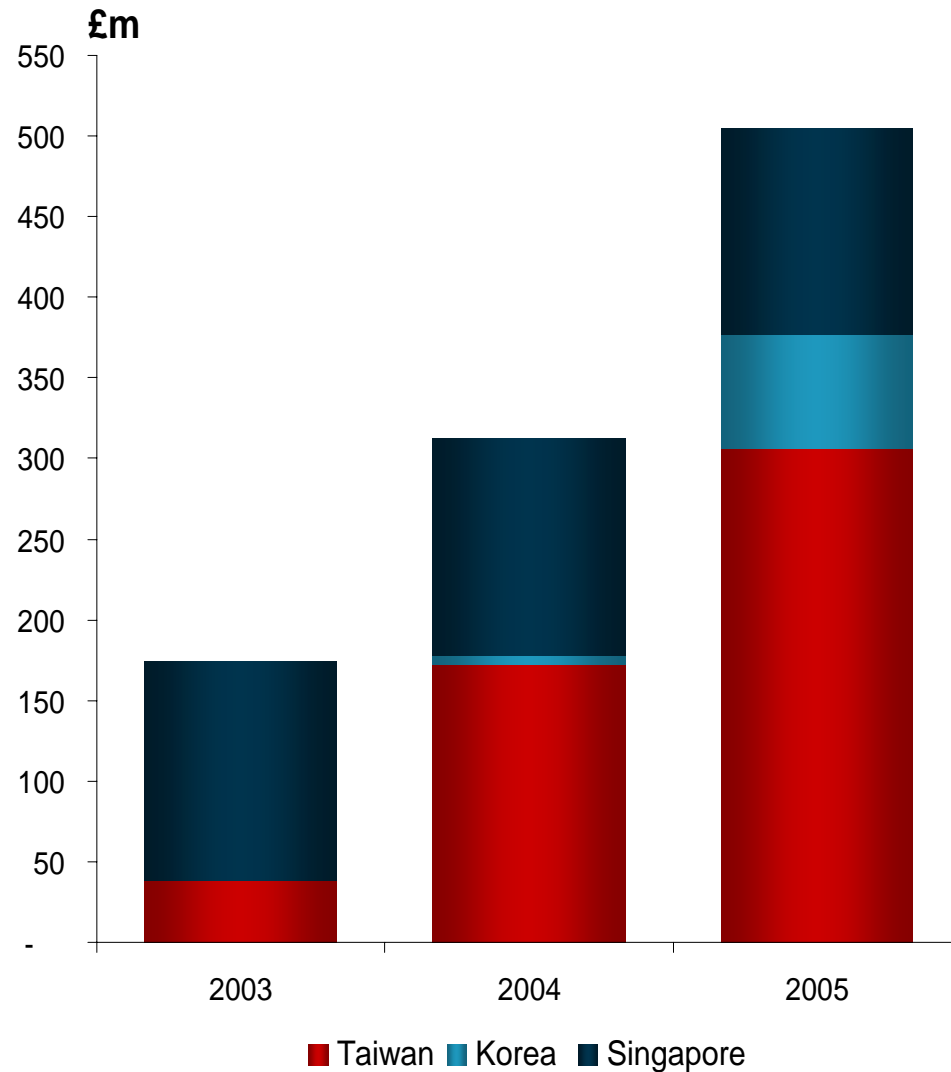
Our Historical Performance

BUILDING A STRONG TRACK RECORD AS A SPECIALIST IN ASIAN FIXED INCOME



INVESTMENT LINKED PRODUCTS (ILP)

Superior performance supporting growth of ILP business**

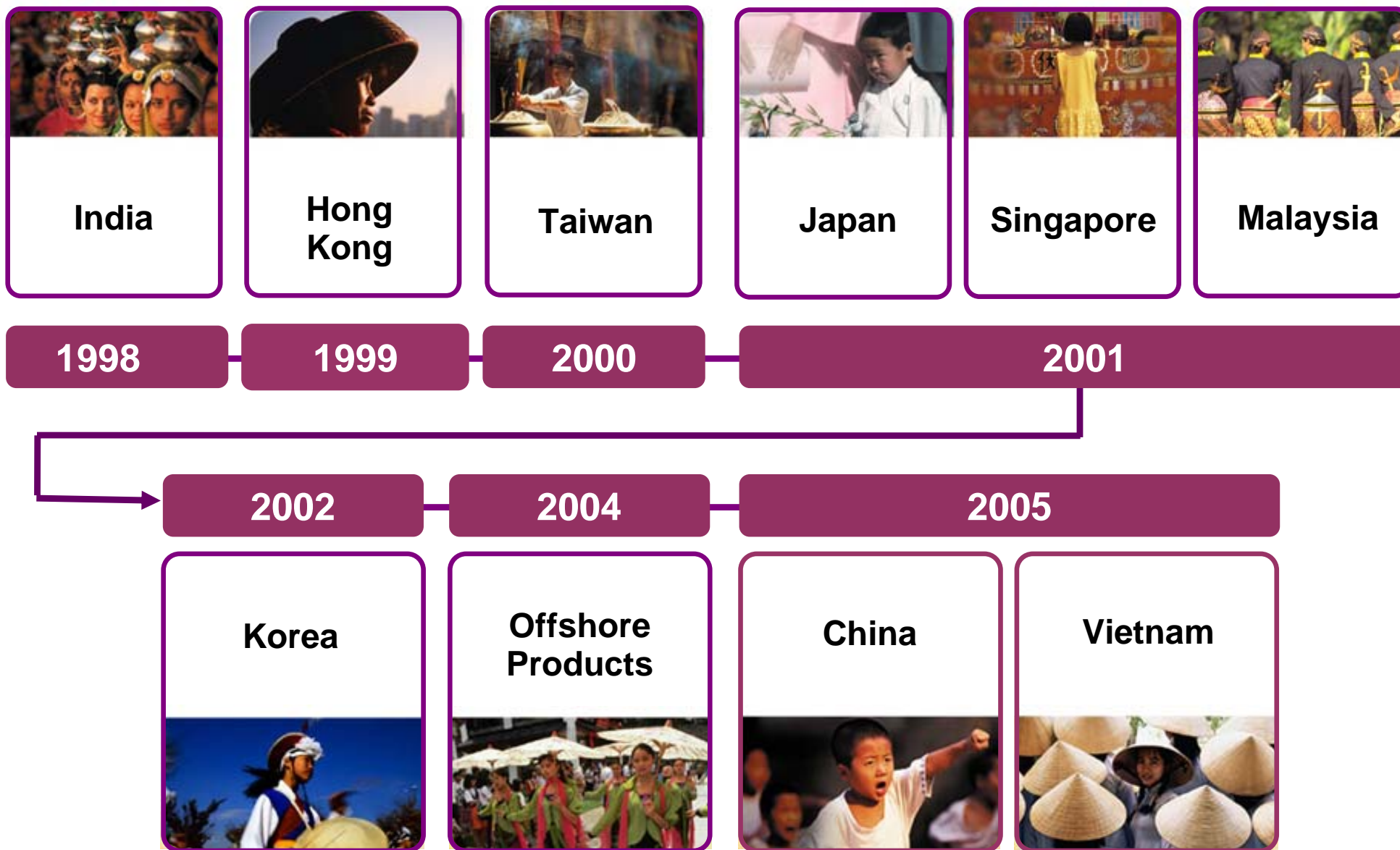


	% funds outperform benchmark*	
	1 year	3 year
Asian Equity	95%	100%
Asian Balanced	72%	86%
Asian Fixed Income	88%	84%

* Measured by FUM and in upper half against peer group as at end Dec 05 ** 63% of 2005 APE

MUTUAL FUNDS

Major Milestones



MUTUAL FUNDS

Leading Presence In Asia

WIDE GEOGRAPHIC FOOTPRINT PROVIDING GROWTH OPPORTUNITIES, WITH CONTROLLED RISK

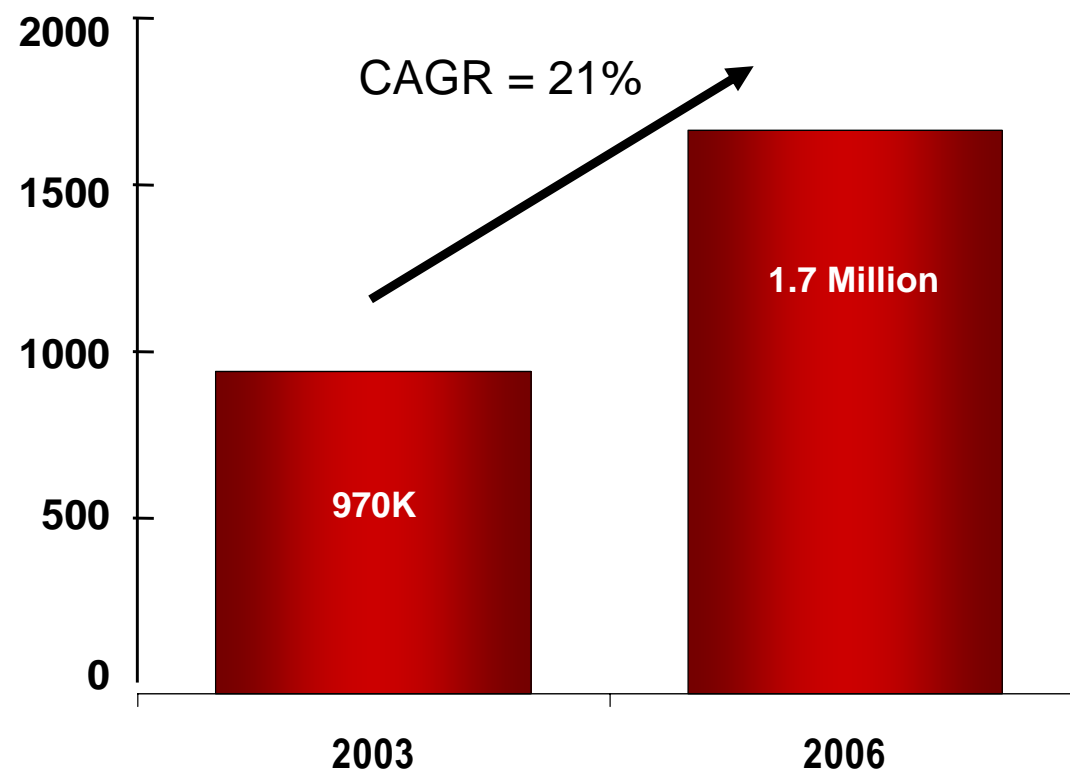


	Hong Kong	Singapore	Japan	Taiwan	South Korea	India	Malaysia	China	Vietnam
Prudential (9)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Templeton (7)	✓	✓	✓	✓	✓	✓		✓	
HSBC (7)	✓	✓	✓	✓	✓	✓		✓	
Alliance Cap (6)	✓	✓	✓	✓		✓		✓	
Fidelity (6)	✓	✓	✓	✓	✓	✓			
Schroders (6)	✓	✓	✓	✓	✓			✓	
AIG Global (5)	✓	✓	✓	✓				✓	
Jardine Fleming (5)	✓	✓	✓	✓				✓	
ABN Amro (5)	✓	✓		✓		✓		✓	
Aberdeen (3)	✓	✓					✓		

Note : Presence with licence and office set up as of Mar 2006

GROWING NUMBER OF CUSTOMERS AND SUBSTANTIAL MARKET SHARE

Number of customers



Market Share***

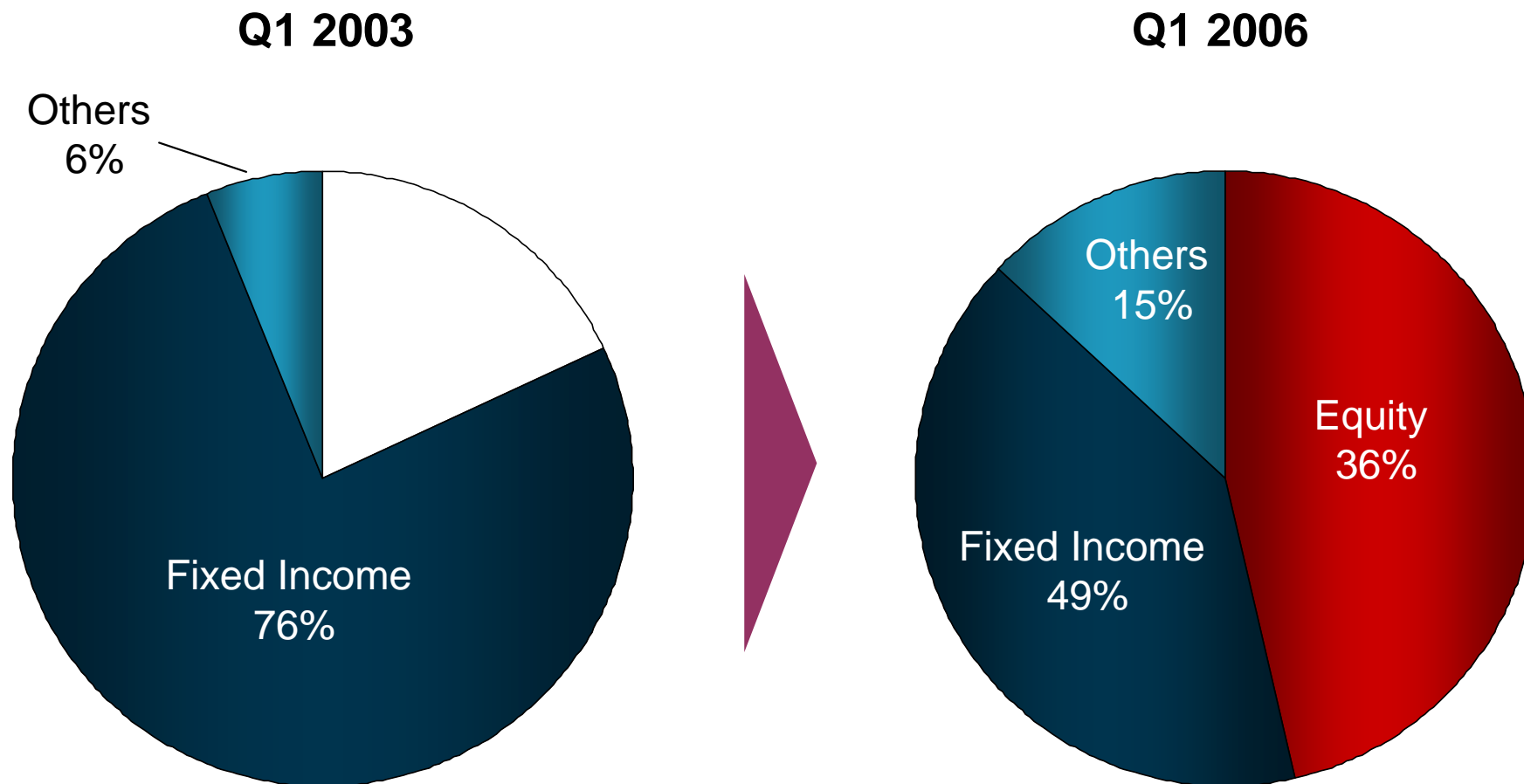
India	10%
Taiwan	4%
Malaysia	8%
Hong Kong MPF*	8%
Japan**	3%
Korea	2%
Singapore	7%

*By members numbers **By Foreign players' AUM ***As of Mar 2006

MUTUAL FUNDS

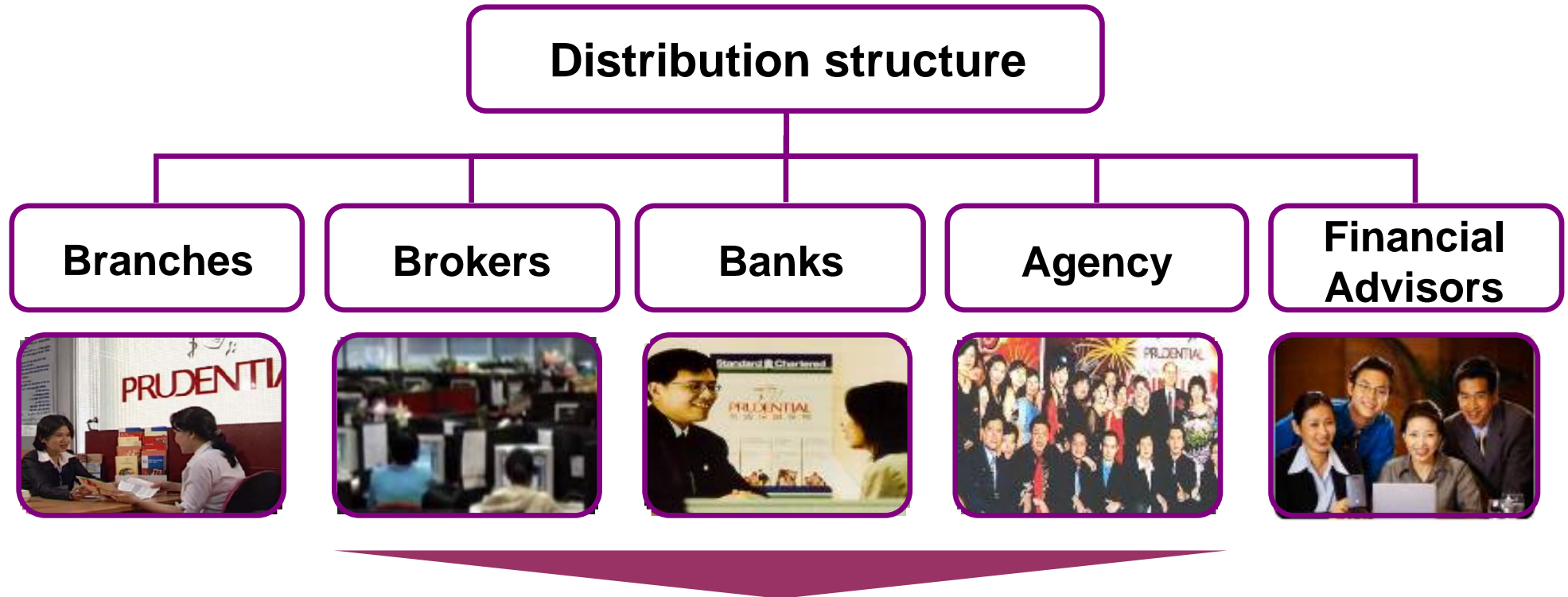
Product Mix Moving in the Right Direction

EQUITY FUNDS UNDER MANAGEMENT DOUBLED OVER LAST 3 YEARS



DISTRIBUTION

Successful Multi-Channel Strategy



Over 40,000 points of sale across Asia
Customers can access us when and where they choose

WIDE NETWORK OF QUALITY DISTRIBUTORS

DISTRIBUTION OF PRODUCTS THROUGH BANKS AND SECURITIES COMPANIES

Our Bank Distributors



Our Securities Company Distributors



COUNTRY MUTUAL FUNDS

Fund Performance Highlights

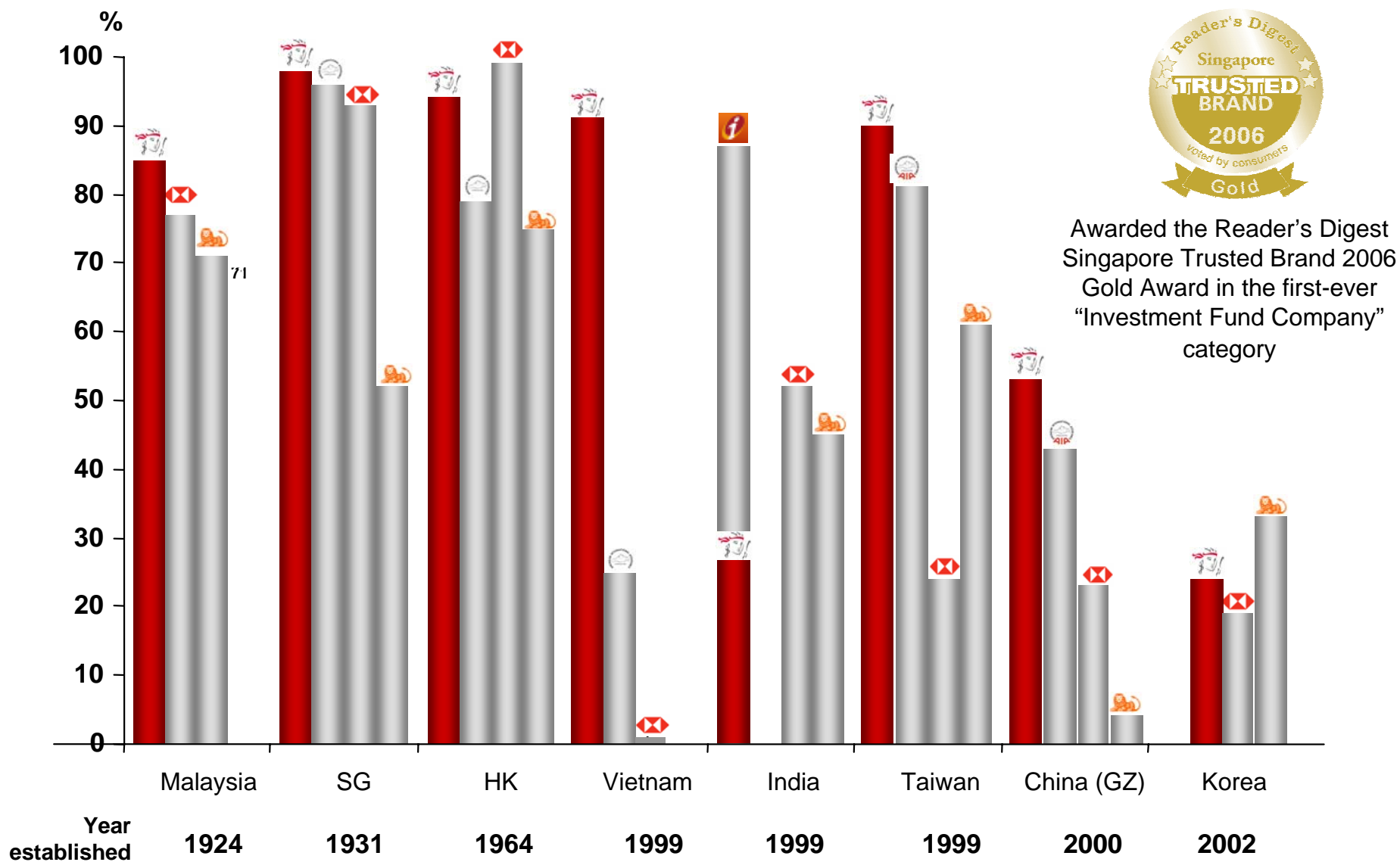
STRONG PERFORMANCE BACKING OUR MUTUAL FUND ASSET GROWTH

	% outperform benchmark*	
	1 year	3 year
Korea Equity	95%	100%
Korea F.I. & Balanced	74%	100%
India Equity & Balanced	84%	17%
India Fixed Income	94%	89%
Malaysia Equity & Balanced	26%	100%
Malaysia Fixed Income	59%	100%
Taiwan Equity & Balanced	60%	17%
HK / Singapore Equity	59%	95%
Singapore F.I. & Balanced	-	100%
Japan Equity	3%	49%

* Measured by FUM and in upper half against peer group as at end Dec 05

BRAND LEADERSHIP

Impressive Icon Awareness

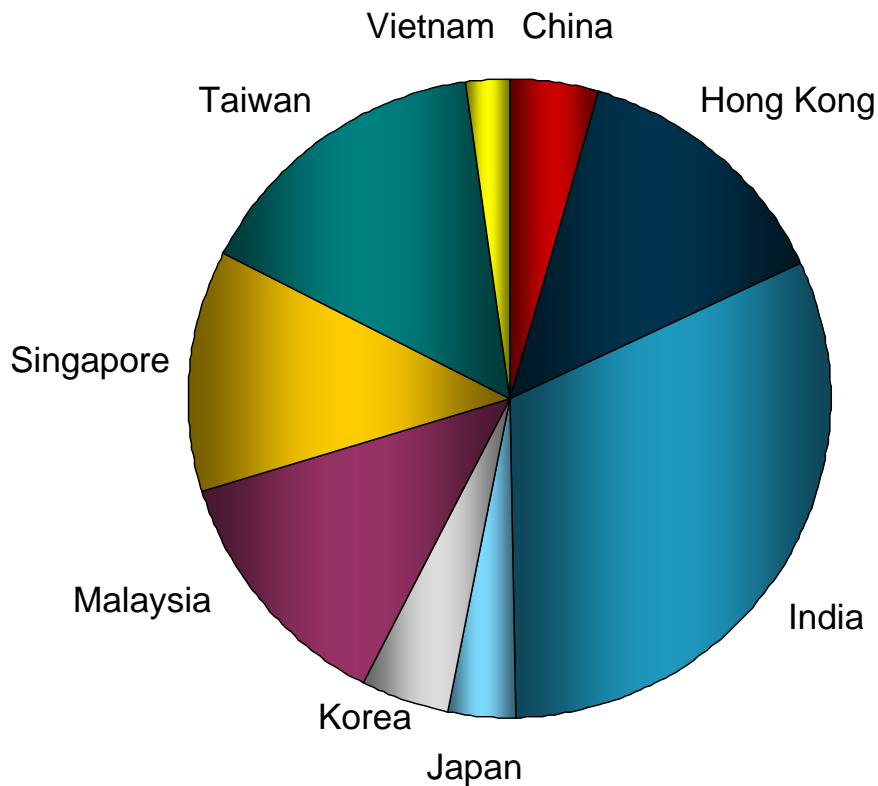


Source: Prudential Corporation Asia Tracking Research conducted across Asia in 2004-2005

PEOPLE

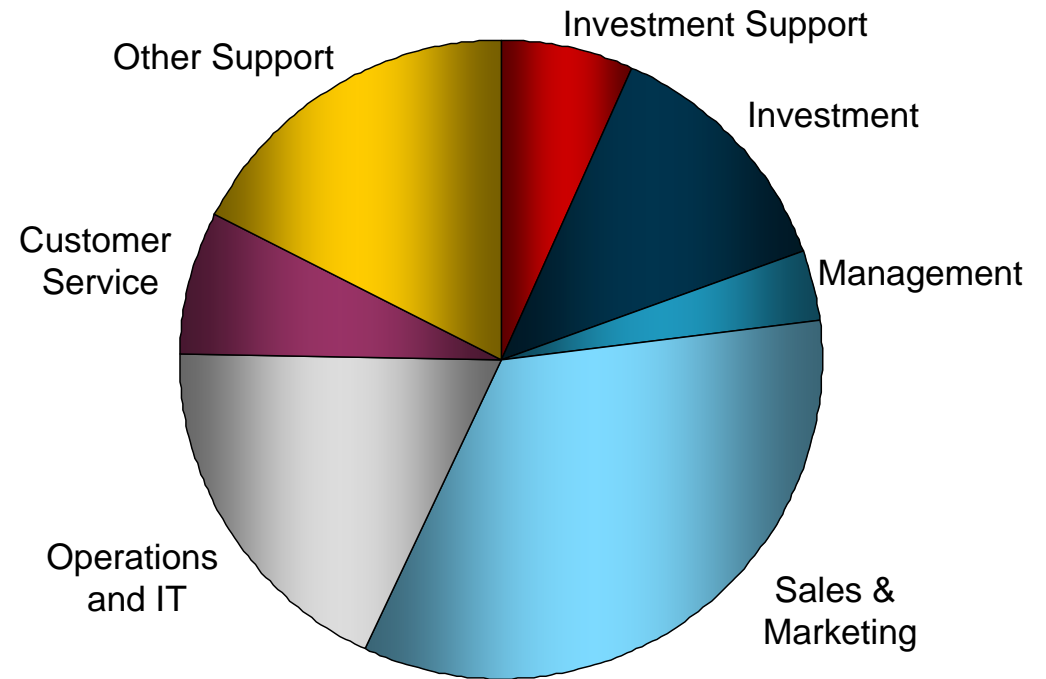
A Key Source of Advantage

GEOGRAPHIC SPREAD



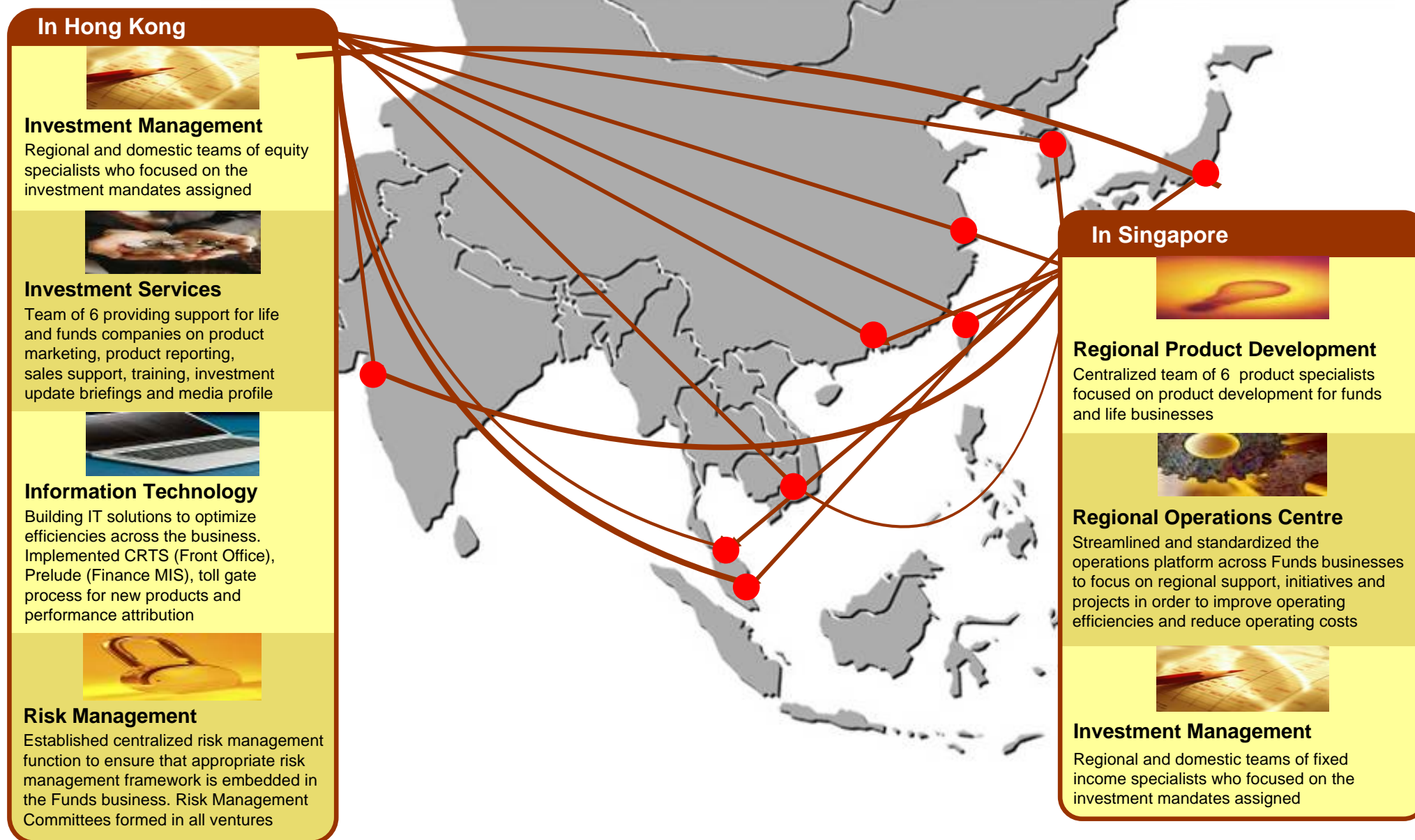
- Over 900 staff in total
- Multi-cultural team

FUNCTIONAL SPLIT



- Over 220 staff hold MBAs and over 70 hold Certified Financial Analyst or equivalent qualifications

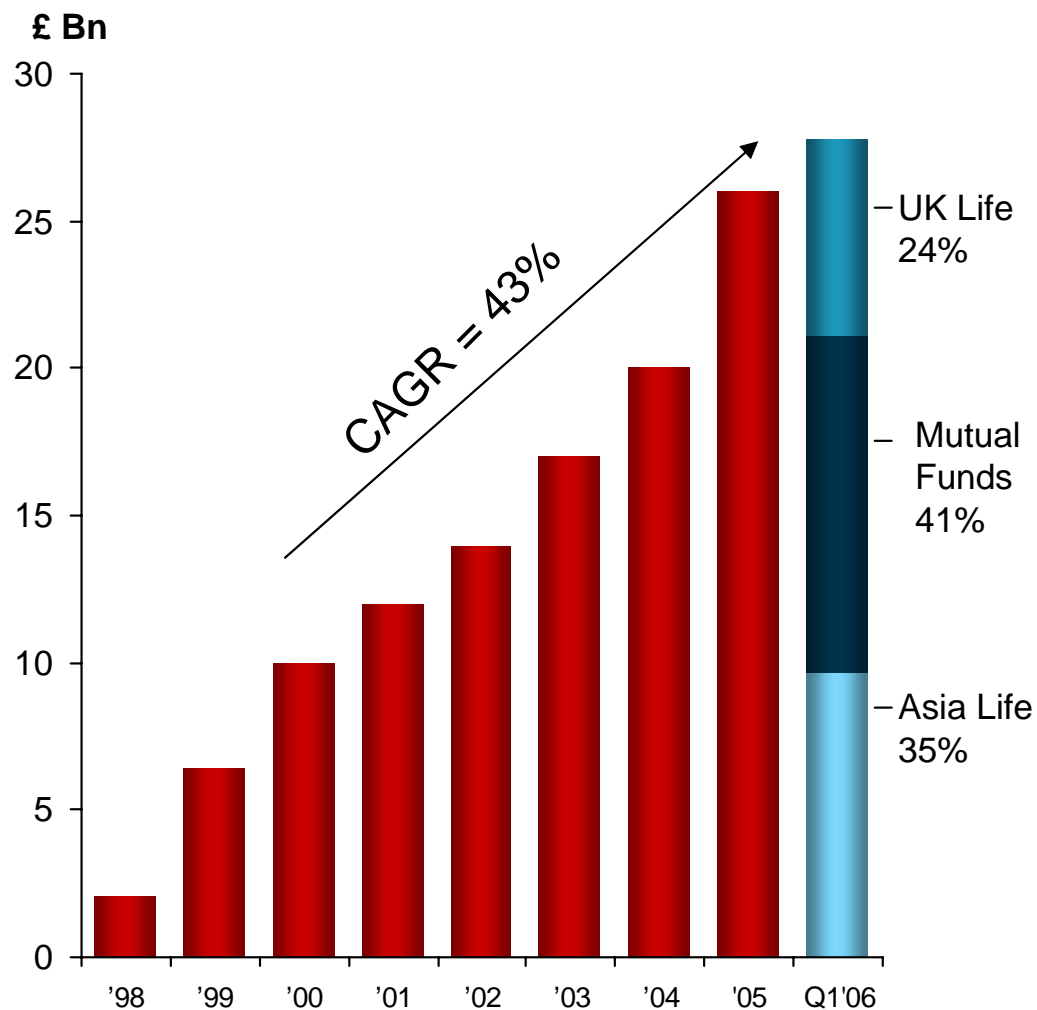
ADVANTAGED OPERATING INFRASTRUCTURE



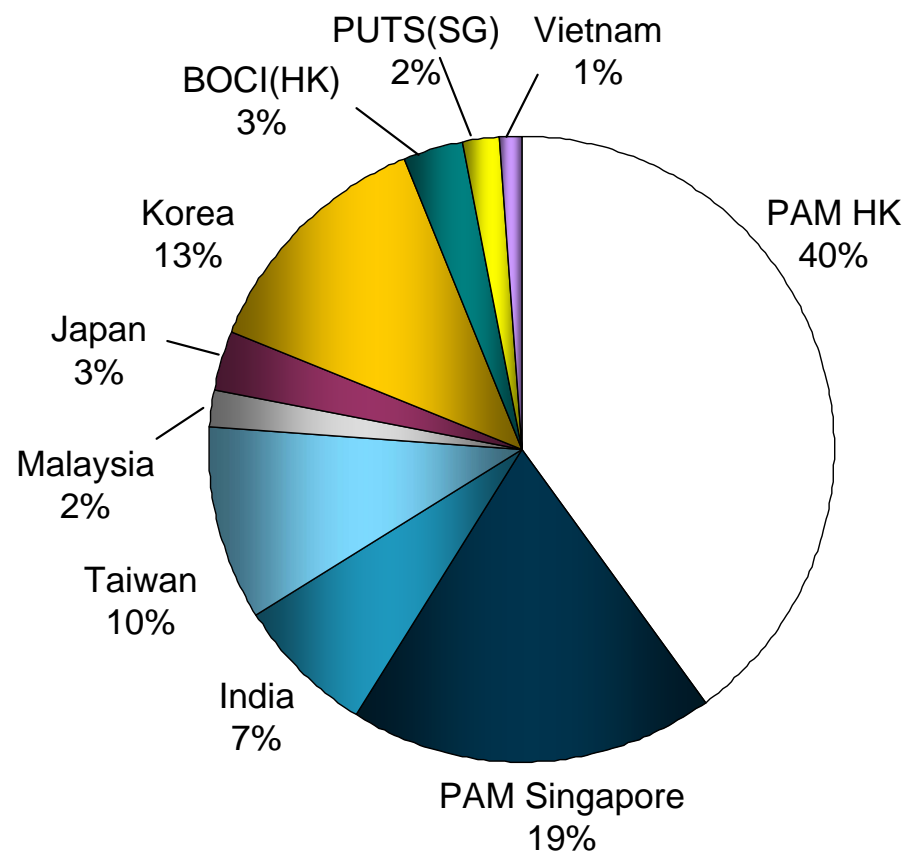
FINANCIAL HIGHLIGHTS

Strong Growth in Funds Under Management

FUNDS UNDER MANAGEMENT



FUM MANAGED, BY GEOGRAPHY

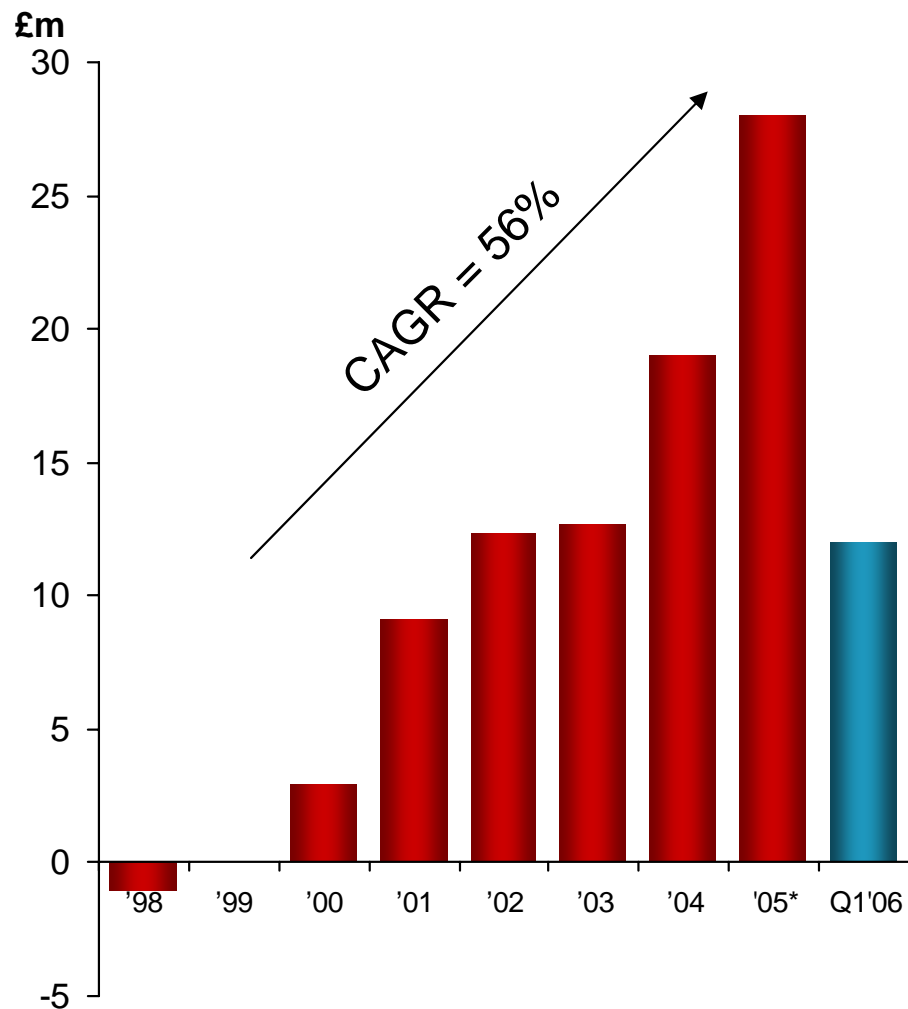


£28 Bn FUM END Q1 2006 WITH GROWTH DRIVEN BY MUTUAL FUNDS

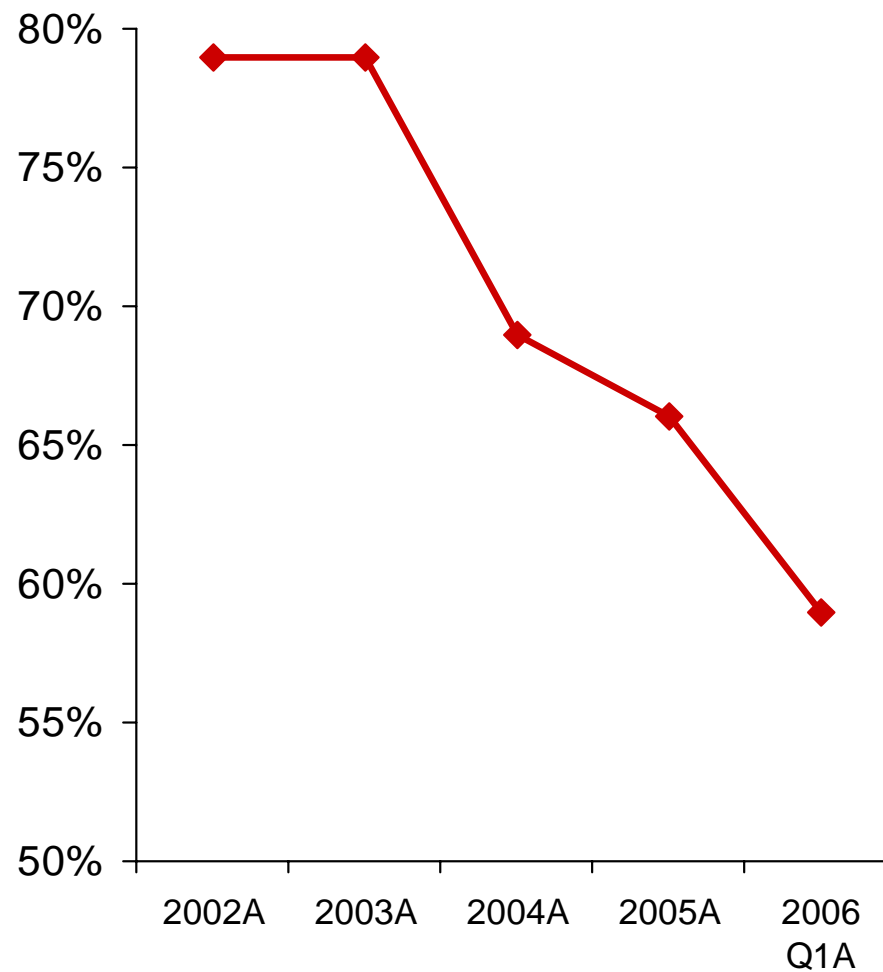
ECONOMIES OF SCALE CLEARLY COMING THROUGH

Record Profit in Q1 06, up 100% year on year

UNDERLYING PROFITS



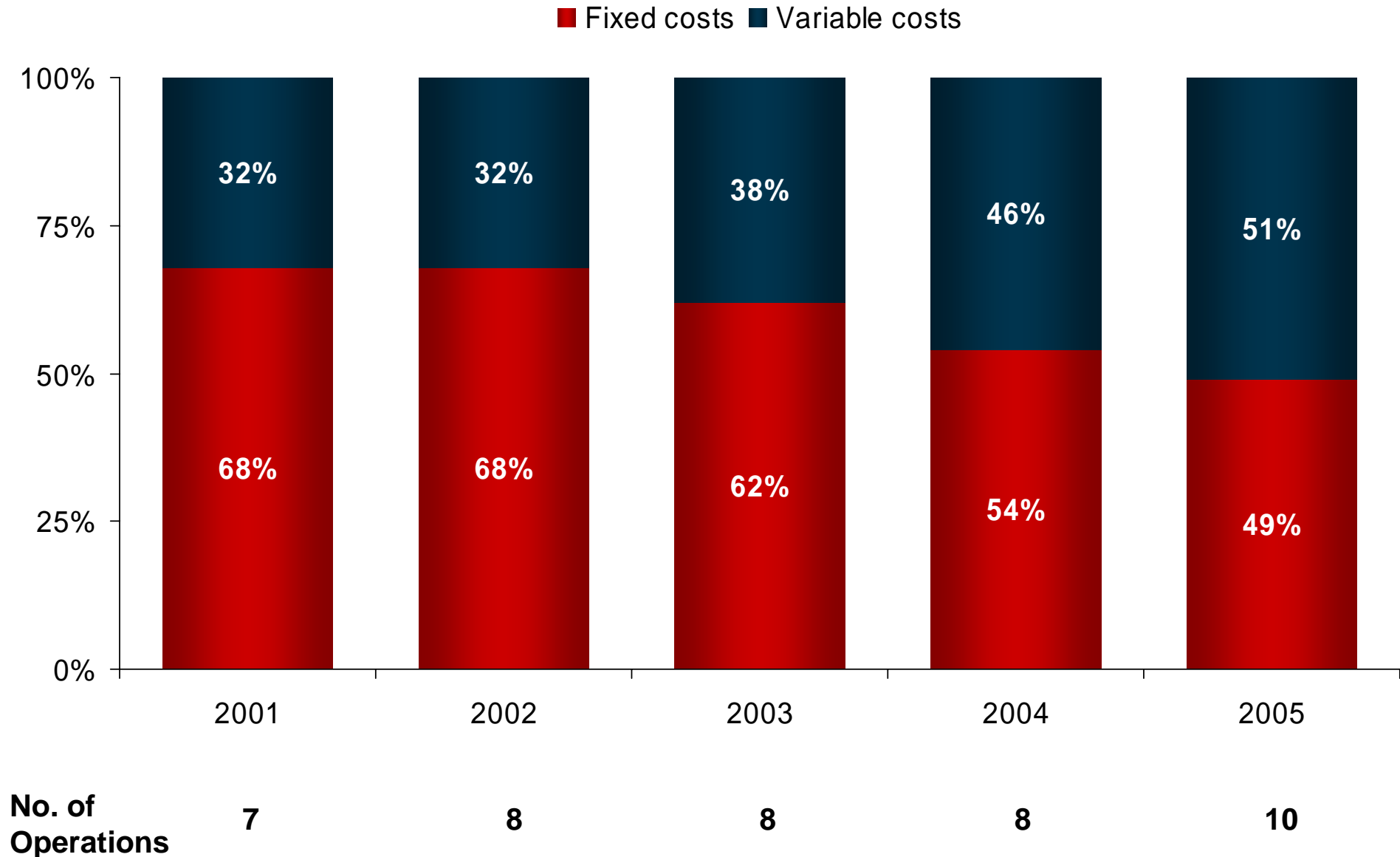
COSTS AS % OF NET REVENUE



* Underlying profits before exceptional item

FIXED VS VARIABLE COSTS

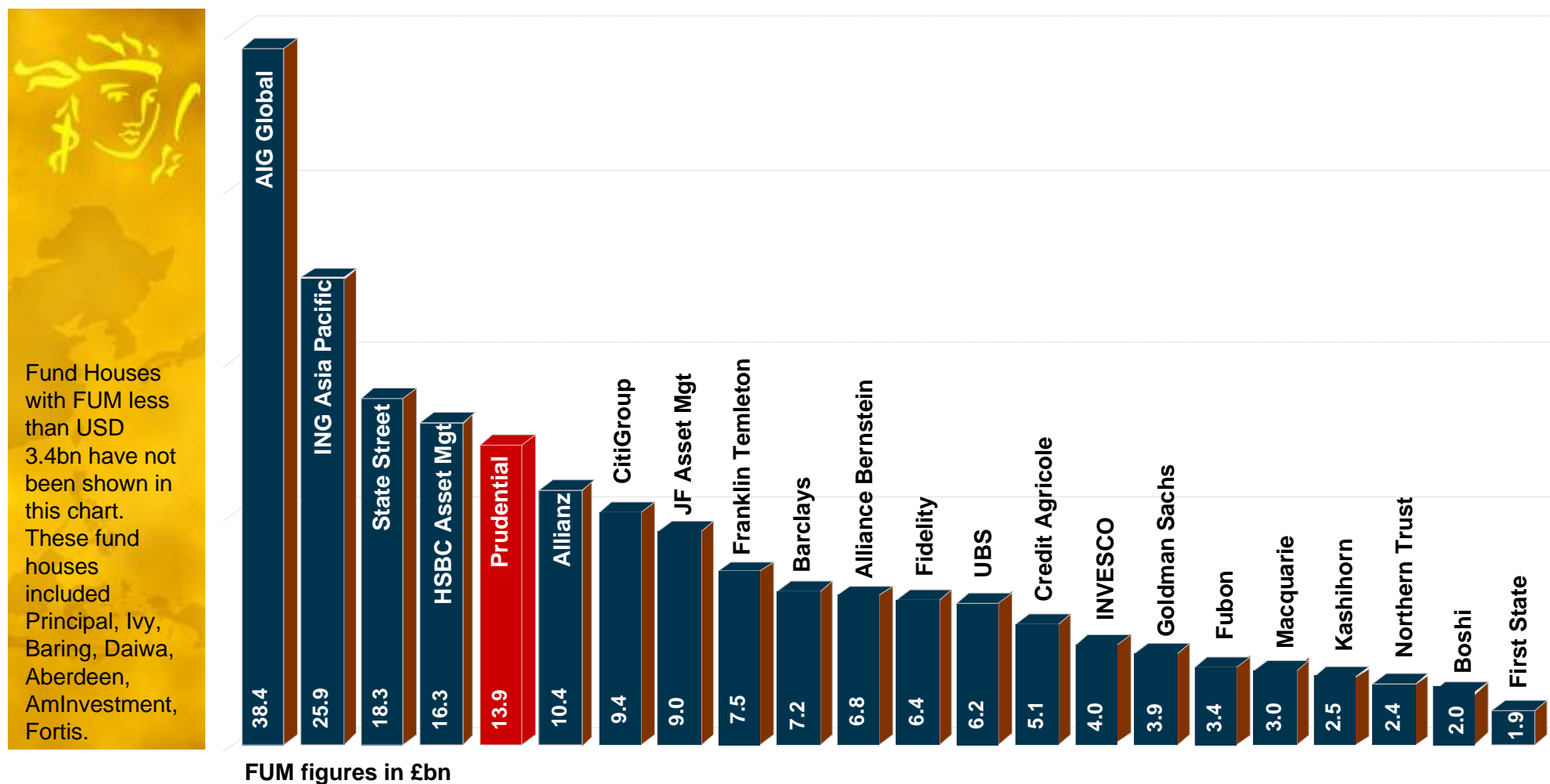
Benefits of Operating Leverage



PRUDENTIAL FUNDS

A Material Regional Player

RANKED AS 5TH LARGEST FUND MANAGEMENT COMPANY IN ASIA (EX JAPAN)
SOURCED FUM AS OF JUNE 2005



Source: Asia Asset Management Sep 2005. FUM as of end June 2005 – sourced in Asia (ex-Japan)

INDUSTRY RECOGNITION

A record year for awards

Asia Asset Management Annual Awards 2005

- Category/India/Most Improved Fund House for 2005
Winner: Prudential ICICI Asset Management
- Category/Korea/Most Innovative Product
Winner: PCA Investment Trust Management (New Silk Road Fund)
- Category/Korea Equity/Three Years
Merit award (runner-up): PCA Investment Trust Management
- Category/Singapore/Most Improved Retail Fund House for 2005
Merit award: Prudential Unit Trust Singapore
- Category/Malaysia/Most Improved Fund House for 2005
Merit award: Prudential Unit Trusts Bhd

Money Today Best Fund Awards 2005

- Category/Best Equity Fund Management Company
Winner: PCA Investment Trust Management

The ICRA Award 2005

- Category: Open-ended diversified equity scheme
Winner: Prudential ICICI Dynamic Plan

The Edge – Lipper Malaysia Unit Trust Fund Awards 2005

- Category/Equity Small Companies Fund/Three Years
Winner: Prudential Unit Trusts Bhd (PRUsmall-cap Fund)
- Category/Equity Growth Fund/Three Years
Winner: Prudential Unit Trusts Bhd (PRUgrowth Fund)
- Category/Mixed Asset Growth Fund/Three Years
Winner: Prudential Unit Trusts Bhd (PRUbalanced Fund)
- Category/Mixed Asset Islamic/Syariah Fund/Three Years
Winner: Prudential Unit Trusts Bhd (PRUdana al-islah Fund)

The Star/Standard and Poor Investment Funds Award 2005

- Category/Malaysia/Smaller Companies/Three Years
Winner: Prudential Unit Trusts Bhd (PRUsmall-cap Fund)
- Category/Malaysia/Asset Allocation Neutral/Three Years
Winner: Prudential Unit Trusts Bhd (PRUbalanced Fund)

UNIQUE COMPETITIVE EDGE



Wide geographic footprint in Asia

Large and broad customer base

Efficient delivery of products

Established distribution relationship

Strong fund performance

Quality people and system

Economies of scale



Sustainable, profitable growth



PRUDENTIAL

PROSPECTS

PILLARS OF OUR STRATEGY

Geography



- Continued, strong growth in our more established markets
- Strong growth in North Asian markets
 - Japan and Korea FUM growth of 73% and 90% respectively since 2004
- Successful launch in China
- Planned expansion into Middle East

Customers



- Strong growth in customer base
- Targeted segments growing plus new segments being addressed
- Increasing retirement needs

PILLARS OF OUR STRATEGY

Product



- Continued emphasis on development of offshore range
- Strong growth of Lifecycle funds in Singapore and Korea
- Ongoing focus on development and management of Investment Linked products
- Use of structured products for deposit stripping
- Introduction of Real Estate funds
- Increased professional wealth management through segregated account management

Distribution



- Continued focus on breadth and depth of multi-channel distribution model
- Strong in country relationships with major distributors
- Growing relationships with Global distributors

KEY MESSAGES

- The Asian markets are large, growing and increasingly attractive:
 - Household financial assets increasing
 - Rapid mutual fund growth and rising penetration
- Prudential Asset Management creates value in multiple ways:
 - Solid and consistent fund performance
 - Strong track record of profitable growth
 - Distinctive and advantaged platform
- Ideally positioned to take advantage of substantial Asian growth opportunities



PRUDENTIAL

M&G OVERVIEW

Michael McLintock, Chief Executive, M&G



DRIVERS OF FUND MANAGEMENT VALUE

A relatively simple business

Investment performance

41% of M&G funds top quartile over last 3 years

24% of M&G's equity funds top decile over last 3 years

Net sales

Record net sales in 2005 of £3.9 billion

45% of last year's net sales achieved in Q1 2006

Profits

Underlying profits up 150% since 2001

Underlying profits in Q1 2006 up 42% on Q1 2005



M&G performing exceptionally

DELIVERING PERFORMANCE AND PROFITS

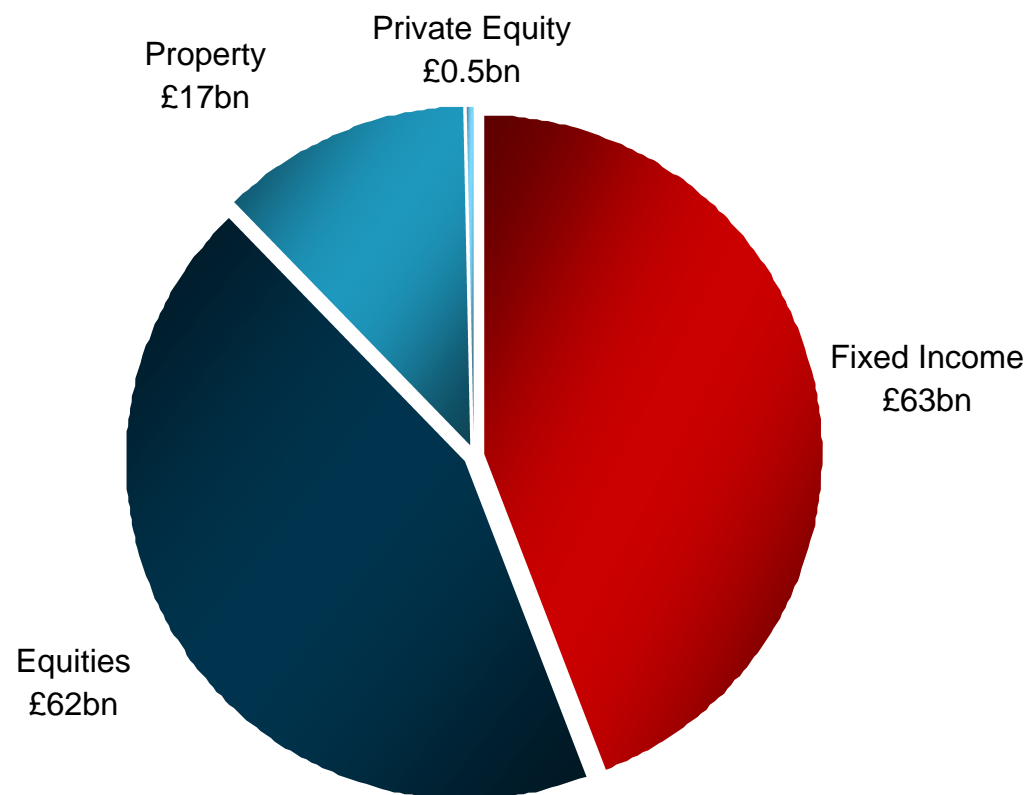
Why is M&G consistently delivering?

- Attraction and retention of good people
- Investment-led culture
- Devolved management structure
- Entrepreneurial environment
- Well diversified business model

M&G'S MARKET POSITION

Significant market share

£149BN ASSETS UNDER MANAGEMENT



- One of the largest fixed income managers in the UK
- Largest active equity manager in the UK (own 2.3% of the UK stock market)
- One of the top two institutional property investors in the UK

INDUSTRY THEMES

Some opportunities and challenges

Challenges

- Demand for alpha
- Demand for non-correlated returns
- Boutiques and hedge funds
- Intermediation

Opportunities

- Shift from opaque to transparent savings vehicles
- Concentration of fund flows
- Open architecture
- Portability of product

M&G'S STRATEGY

Distinct strategies for different types of business

Internal

Create value through investment performance and liability matching

Develop skills to facilitate life fund's move into non-correlated assets

Institutional

Utilise skills developed primarily for internal client to build new business streams and diversify revenues

Retail

Maximise the leverage offered by investment performance and a single manufacturing hub

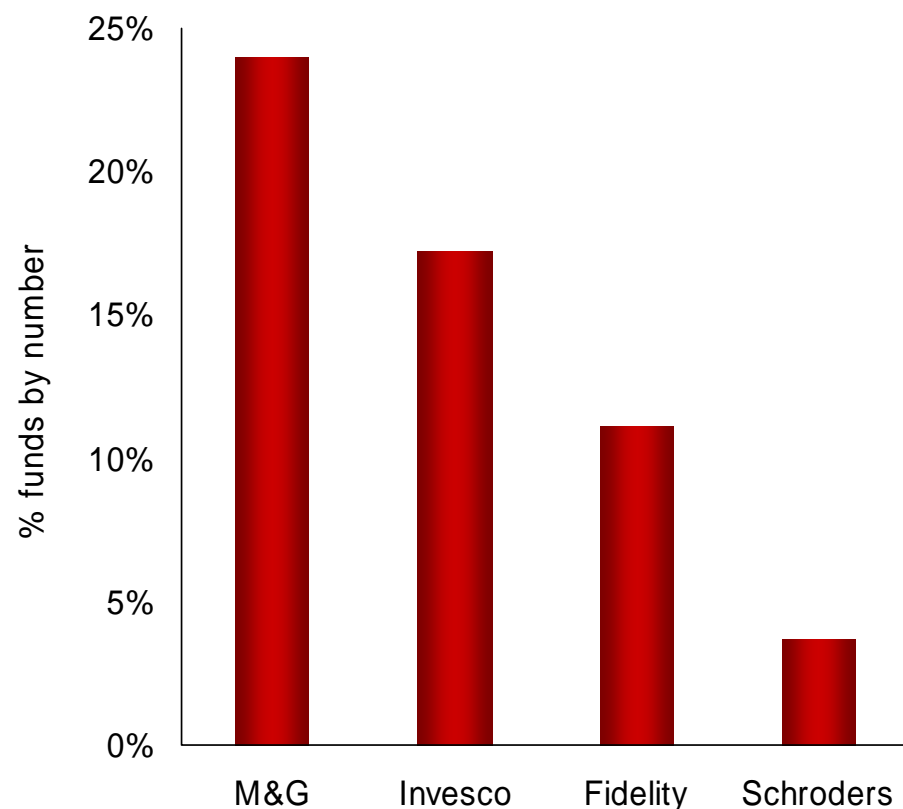
Prudential Finance

Combining the management of Prudential's balance sheet with M&G's market positions to develop a new profit stream

THE RETAIL OPPORTUNITY

Exceptional performance relative to the competition

PERCENTAGE OF EQUITY FUNDS IN TOP DECILE OVER THREE YEARS



“...without wishing to be too melodramatic about things, there are few investment houses that can currently touch M&G”

Jeff Prestridge, Bloomberg Money, May 2006

M&G IS PERFORMING EXCEPTIONALLY

Firing on all cylinders

- Reaping the benefits of a consistent, long-term strategy
- Potent combination of exceptional performance and strong profit growth
- Firing on all cylinders



PRUDENTIAL

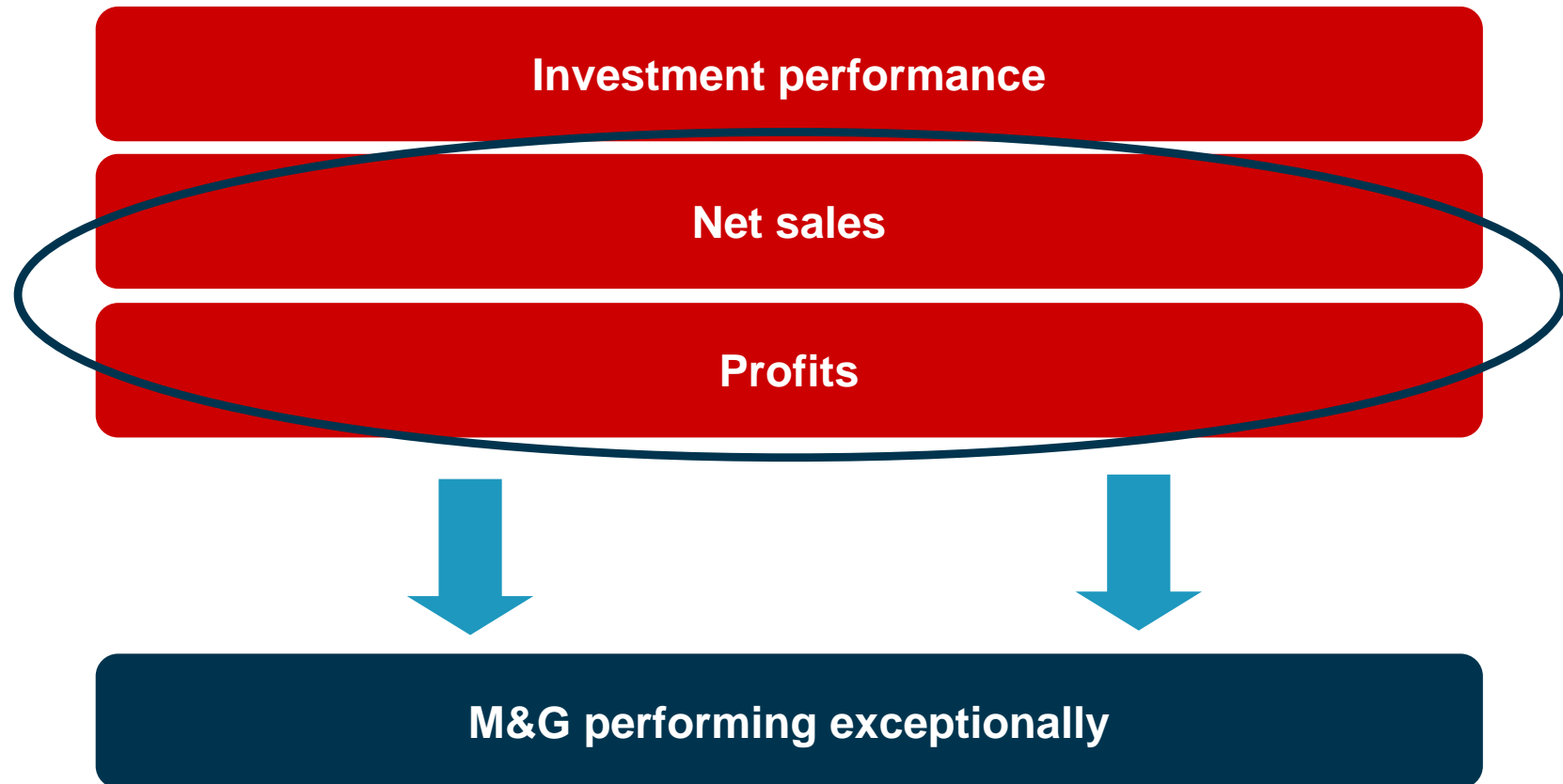
PHILIP JOHNSON

M&G Group Finance Director



OVERVIEW


Drivers of fund management value



PROFITS

Significant increase at similar market levels

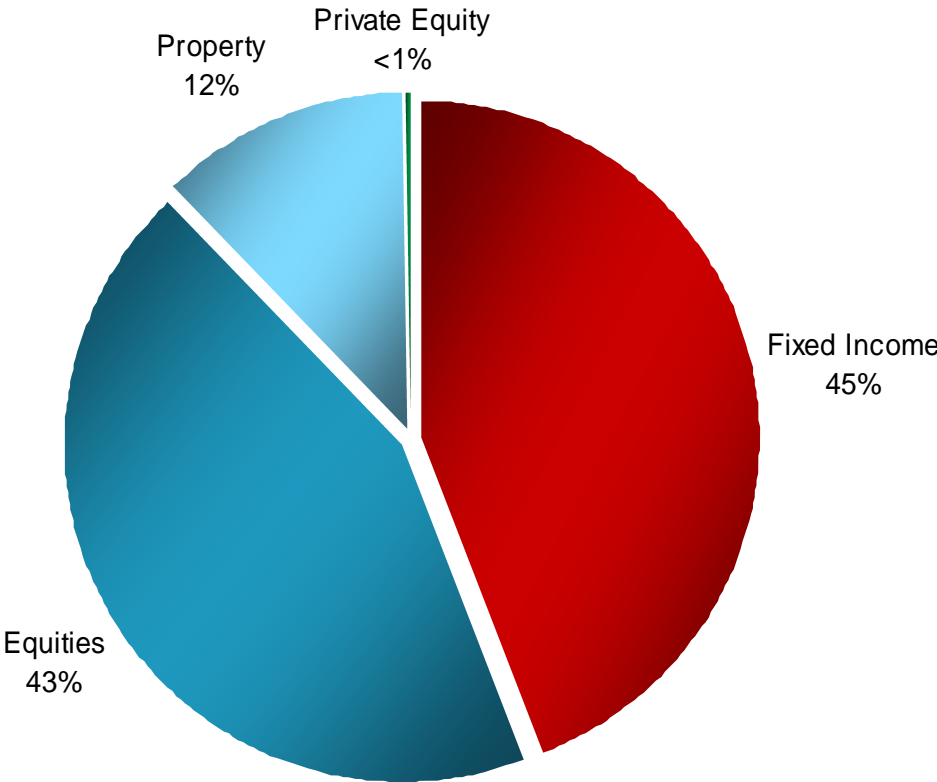
	2001 £m	2002 £m	2003 £m	2004 £m	2005 £m
Underlying profit	56	49	70	110	138
Performance related fees	19	20	8	6	8
Carried interest	-	2	5	20	17
Profit before tax	75	71	83	136	163
Average FTAS	2614	2221	1978	2250	2589



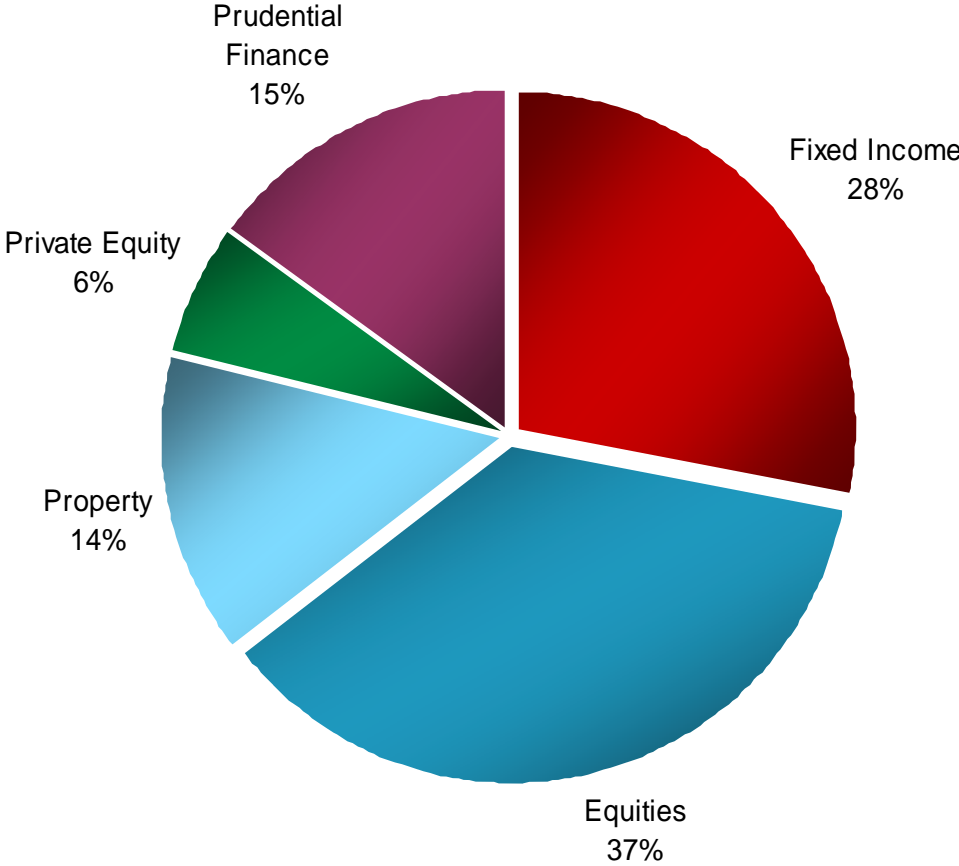
REVENUES

Broad diversification

FUNDS UNDER MANAGEMENT



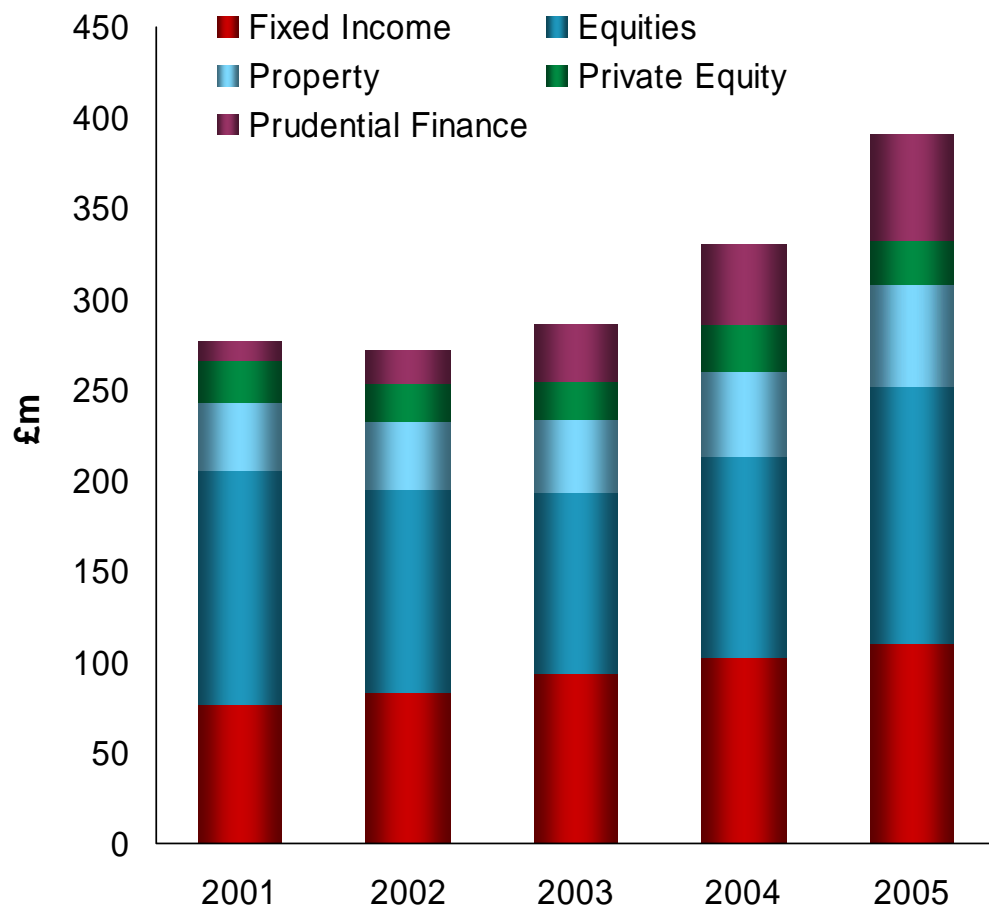
REVENUES



REVENUE PROGRESSION

Growing faster than underlying markets

REVENUES BY ASSET CLASS

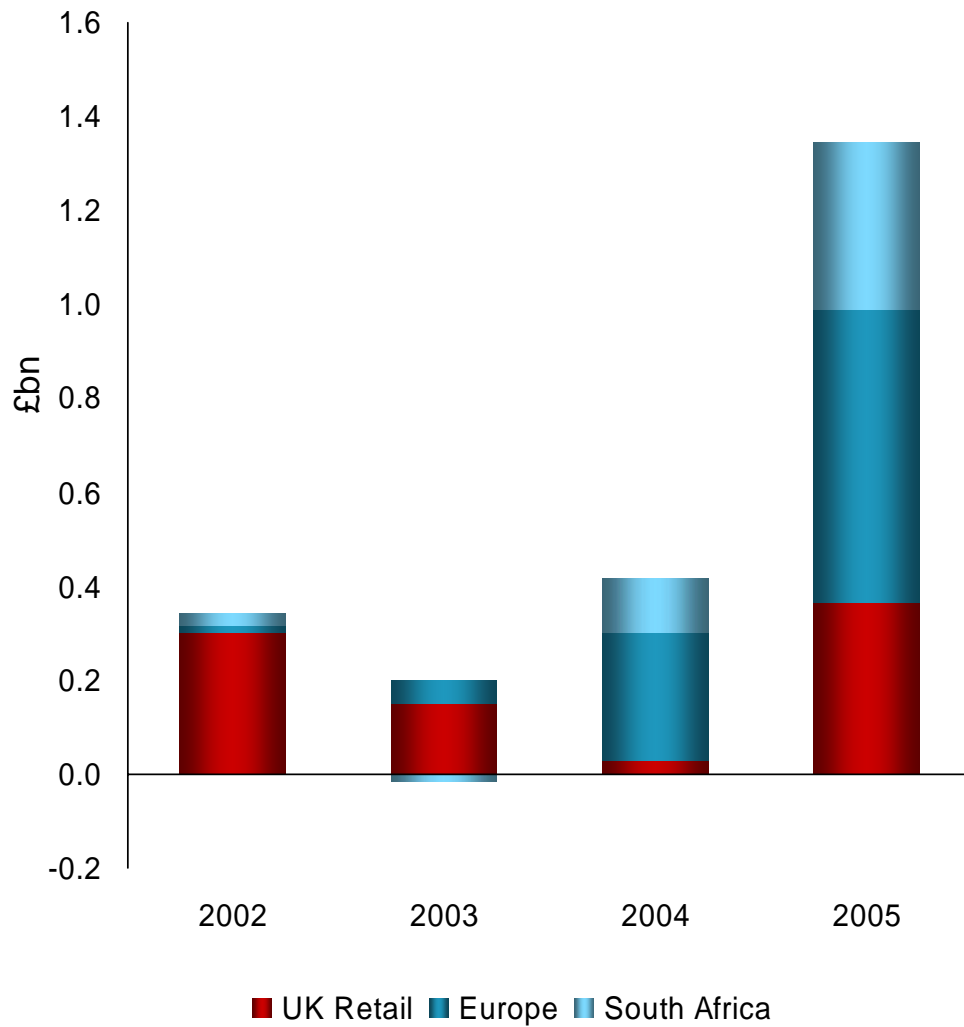


- Market appreciation across all asset classes in 2004 and 2005
- Expansion of Prudential Finance and Securities Lending activities
- Increased retail and pooled fees
- Net new business in all areas accelerating progress

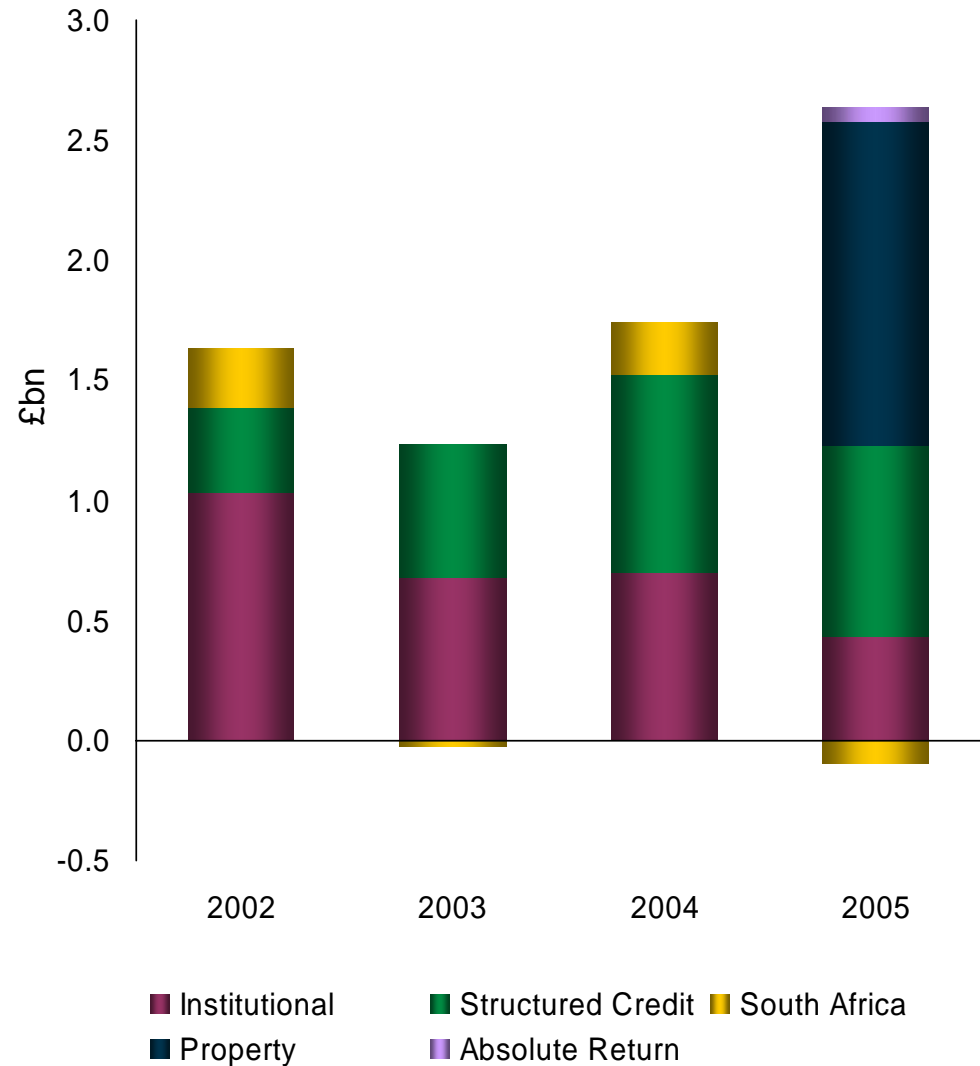
NET NEW BUSINESS

Strong progression

NET RETAIL SALES



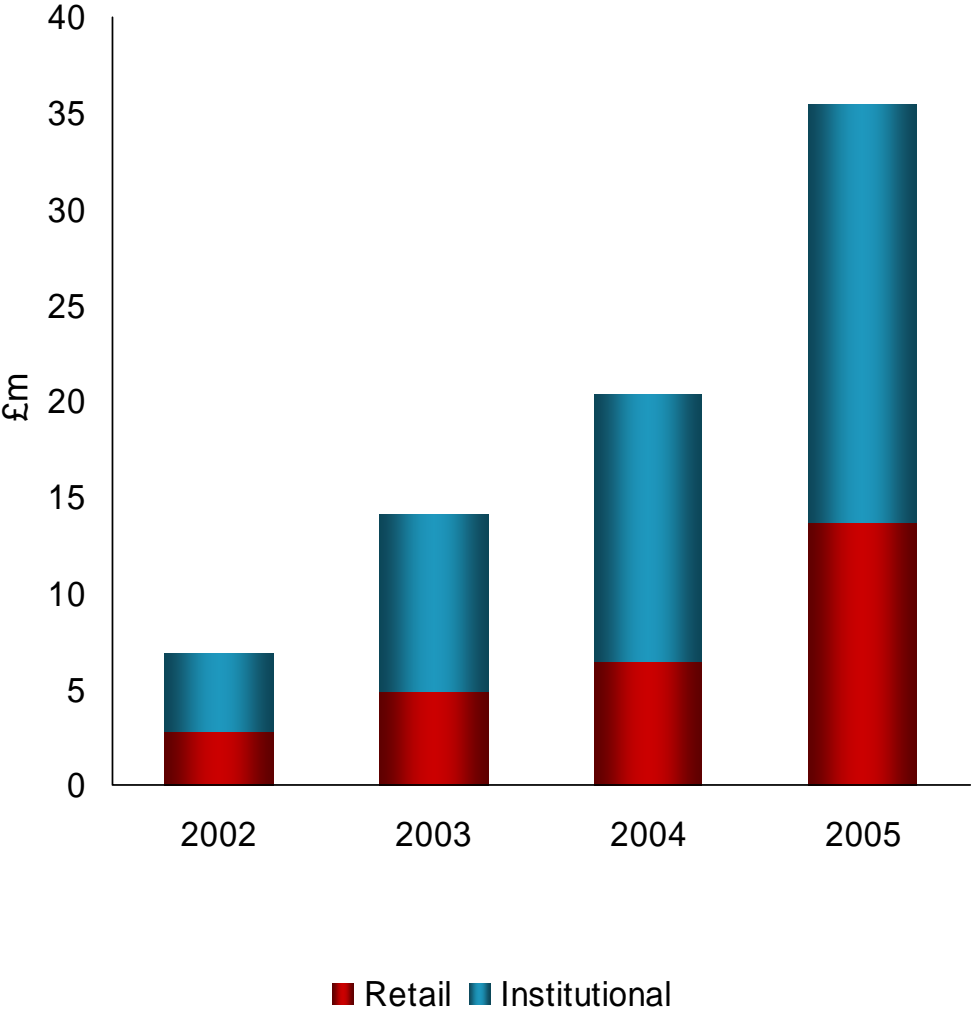
NET INSTITUTIONAL SALES



NET NEW BUSINESS

Consequent revenues driving bottom line

CUMULATIVE ANNUALISED NEW REVENUES

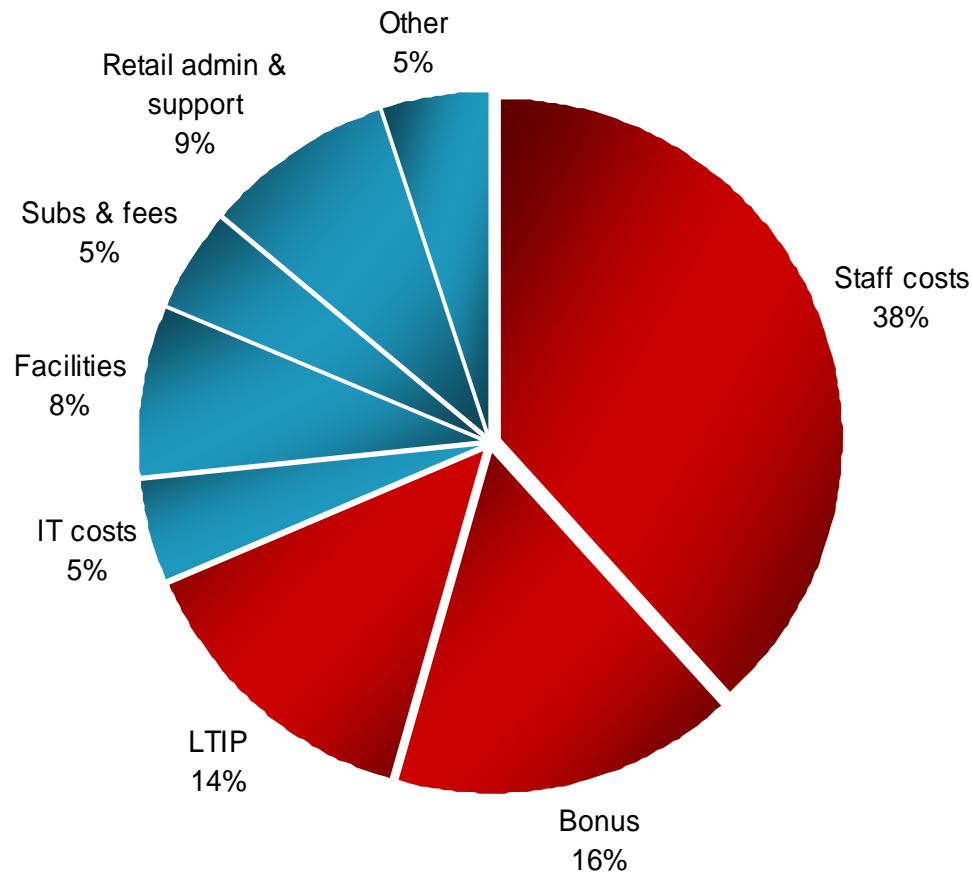


- Importance of net sales to profit growth
- Revenues added from consistent net inflows and development of new business lines

COSTS

People are the largest factor

COSTS

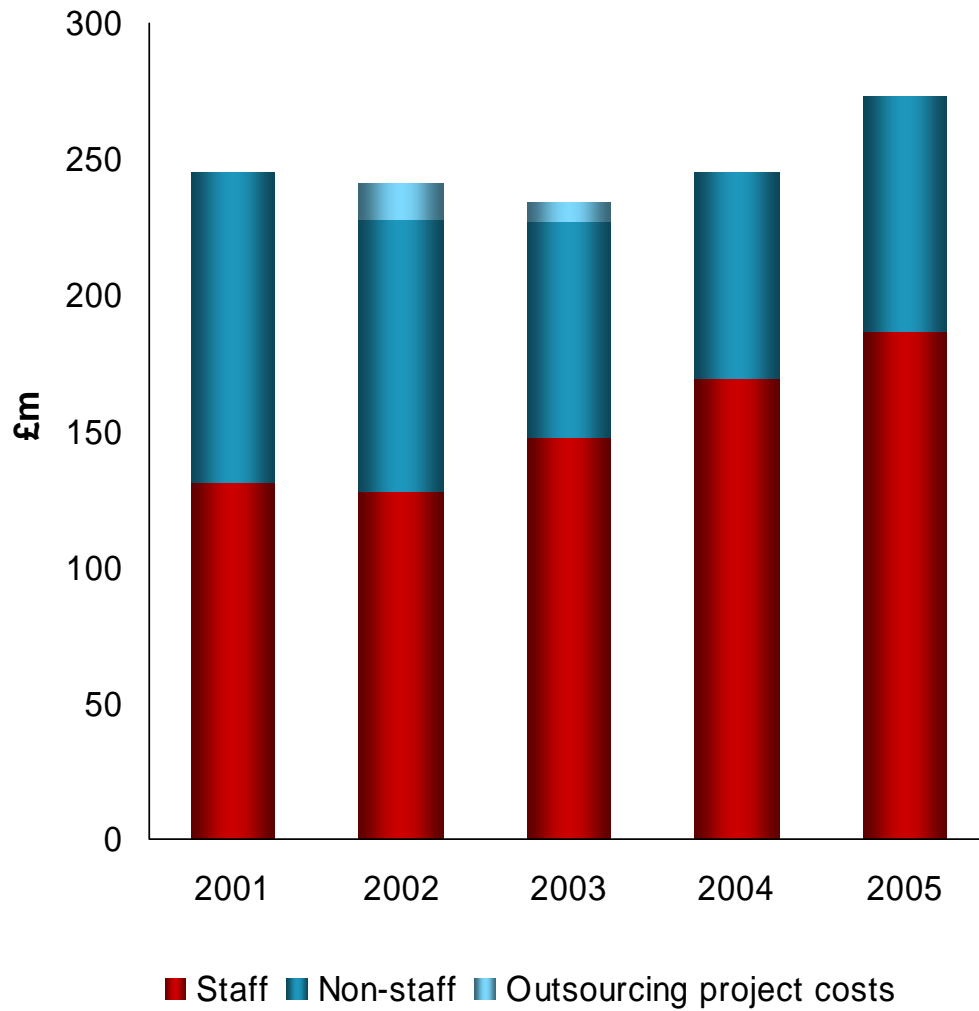


- Incentive costs aligned with key metrics of business
 - Profits
 - Investment performance

COST PROGRESSION

Disciplined cost management

COSTS BY TYPE



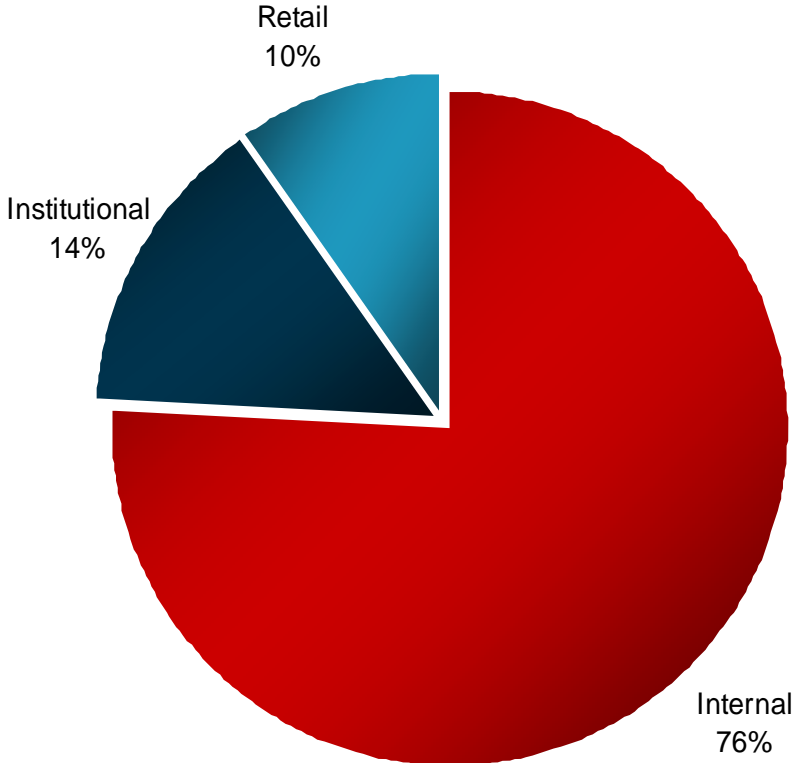
COST / INCOME RATIO



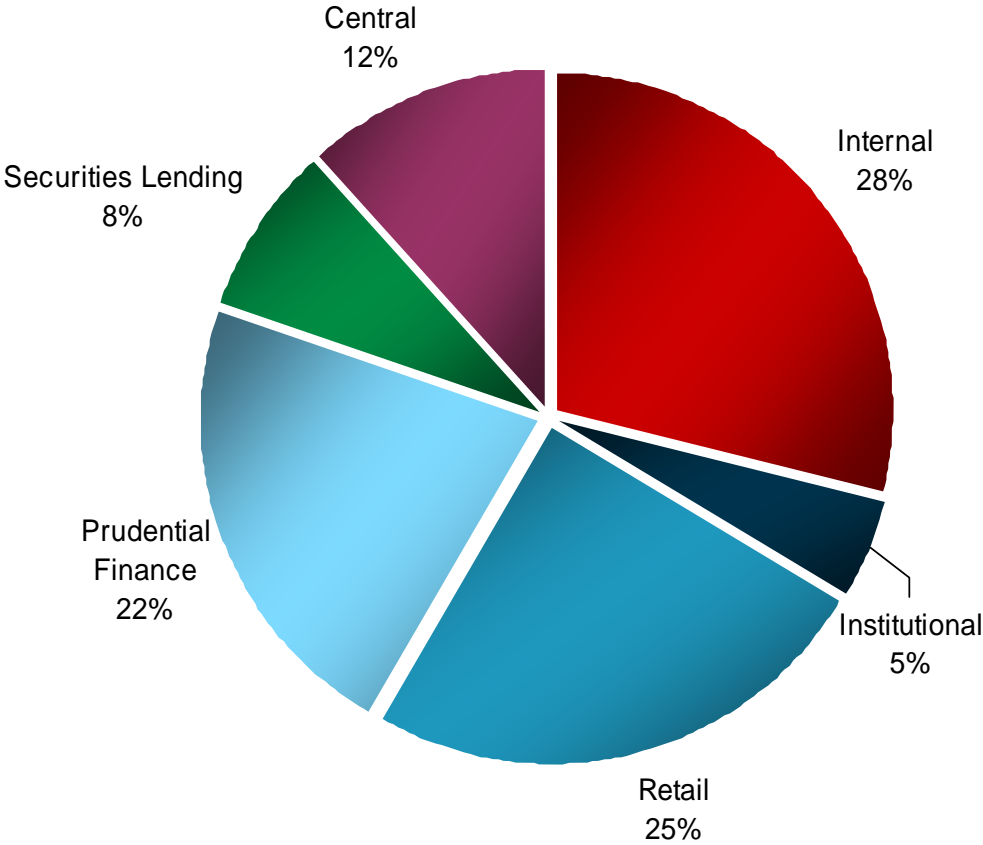
PROFITS

Diversified sources of earnings

FUNDS UNDER MANAGEMENT



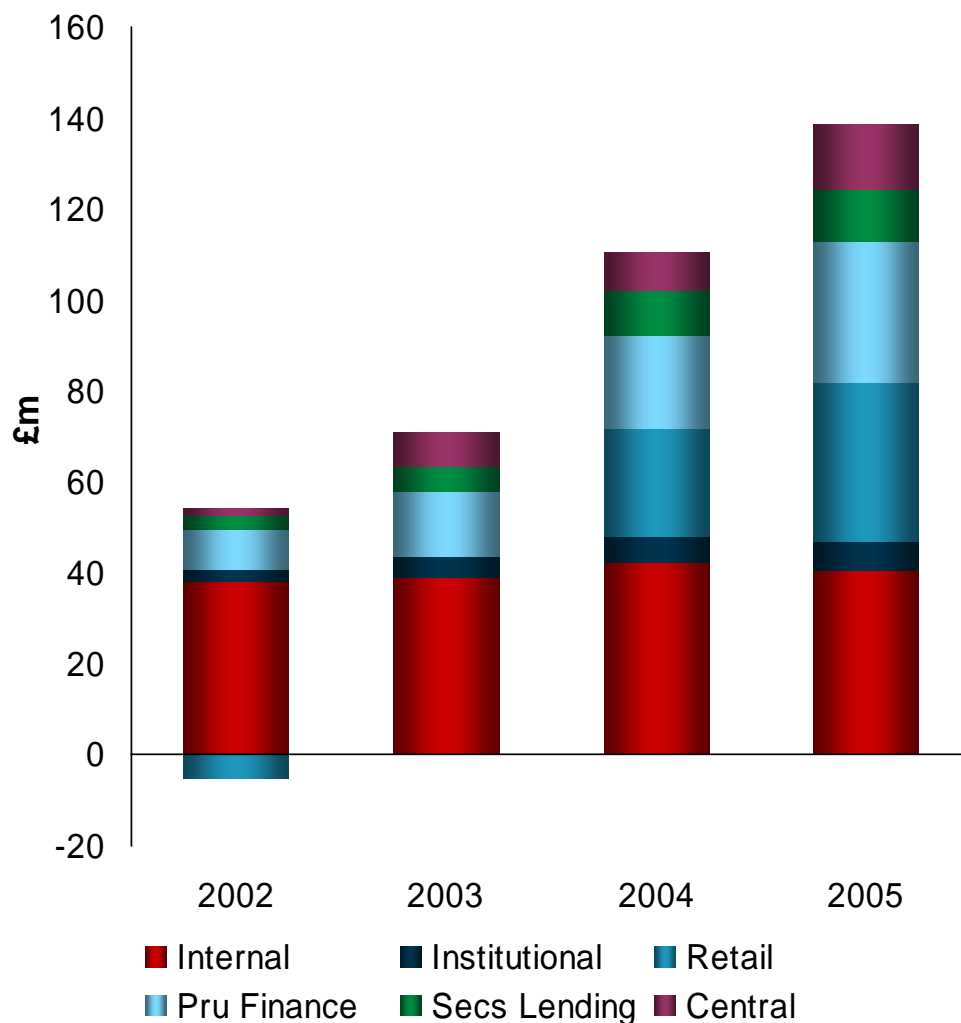
UNDERLYING PROFITS



PROFITS PROGRESSION

Retail and Prudential Finance driving growth

UNDERLYING PROFITS



- Internal client contribution static
- Retail grown rapidly:
 - Net sales
 - Costs savings from outsourcing retail administration
 - Market appreciation
- Continued expansion of Prudential Finance

PERFORMANCE RELATED FEES

Substantial contribution to profits

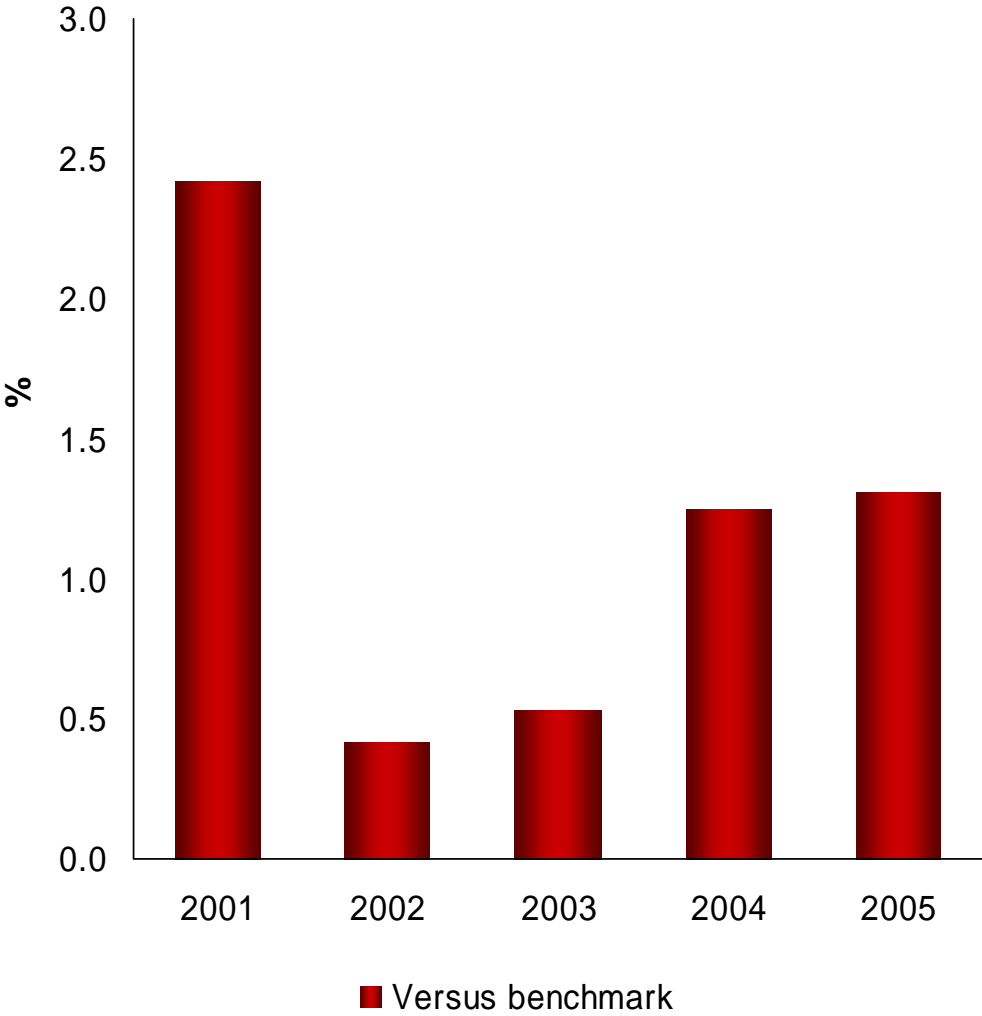
	2001 £m	2002 £m	2003 £m	2004 £m	2005 £m
Underlying profit	56	49	70	110	138
Performance related fees	19	20	8	6	8
Carried interest	-	2	5	20	17
Profit before tax	75	71	83	136	163

- Life Fund
- Annuities
- Carried interest
- Institutional
- Absolute Return

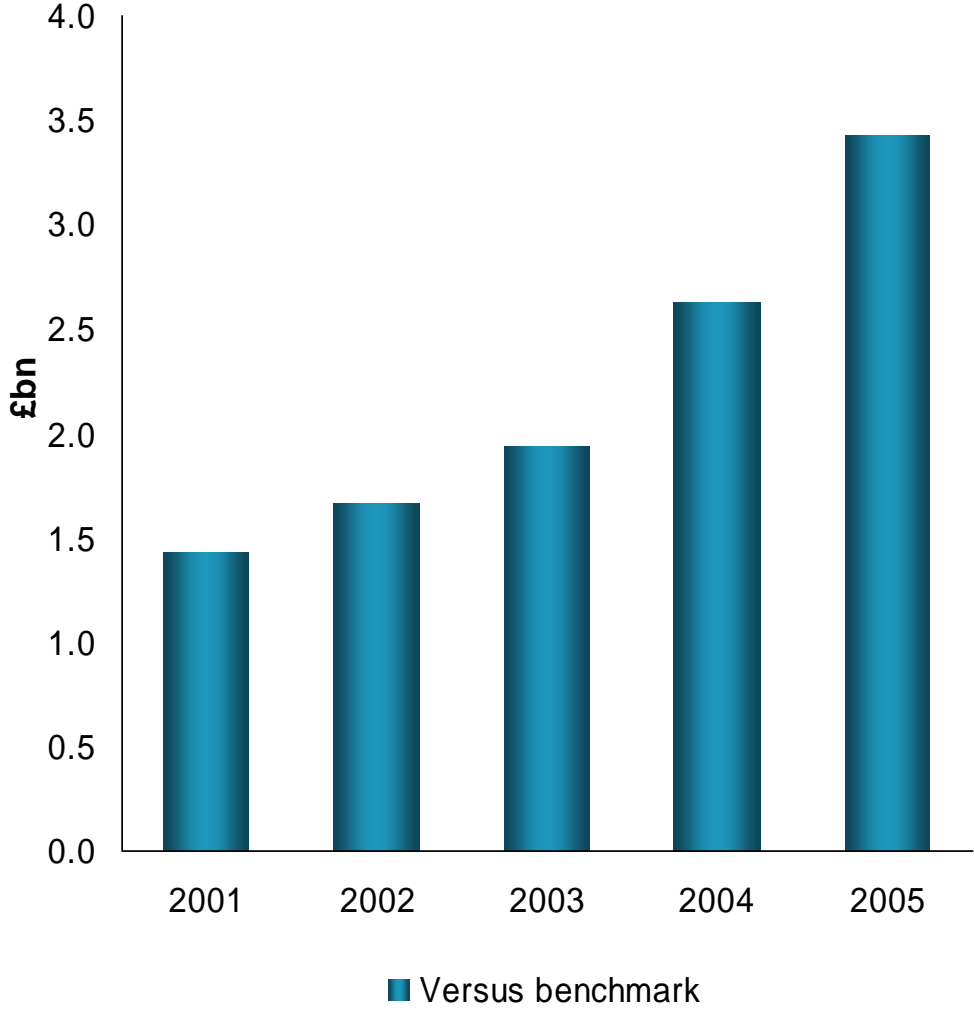
VALUE ADDED TO THE LIFE FUND

Unrecognised but hugely important

LIFE FUND RELATIVE PERFORMANCE



CUMULATIVE VALUE ADDED FROM OUTPERFORMANCE



BALANCE SHEET

Light capital requirements and highly cash generative

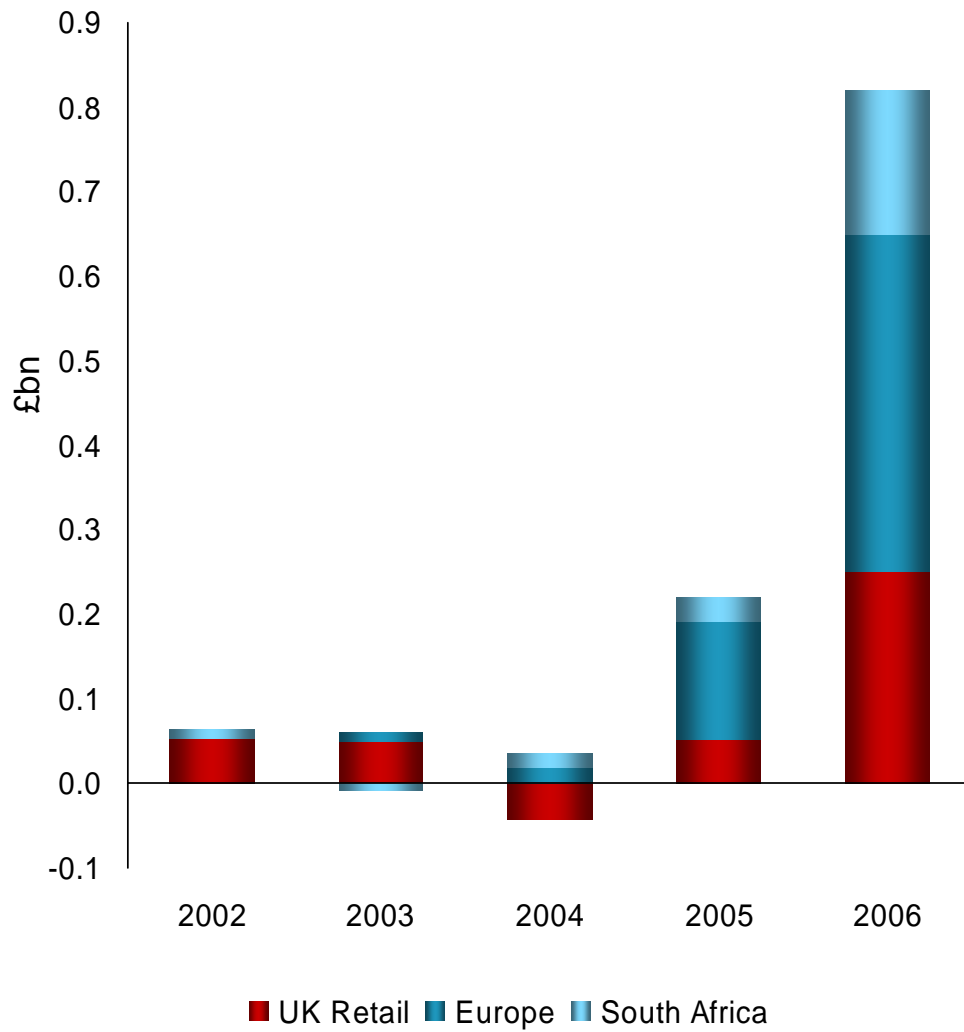
	2004 £m	2005 £m
Cash generated	72	91
Remittance of past surplus	14	-
Available for future remittance	-	(16)
Invested into business	(2)	(13)
Actual cash remitted	84	62

- M&G is not capital-intensive
 - Simple regulatory requirements
 - Growth does not require retentions
- Profits broadly equivalent to cash generation
- Some £20m of cash is generated above the M&G Group level
- Strict criteria for usage of capital

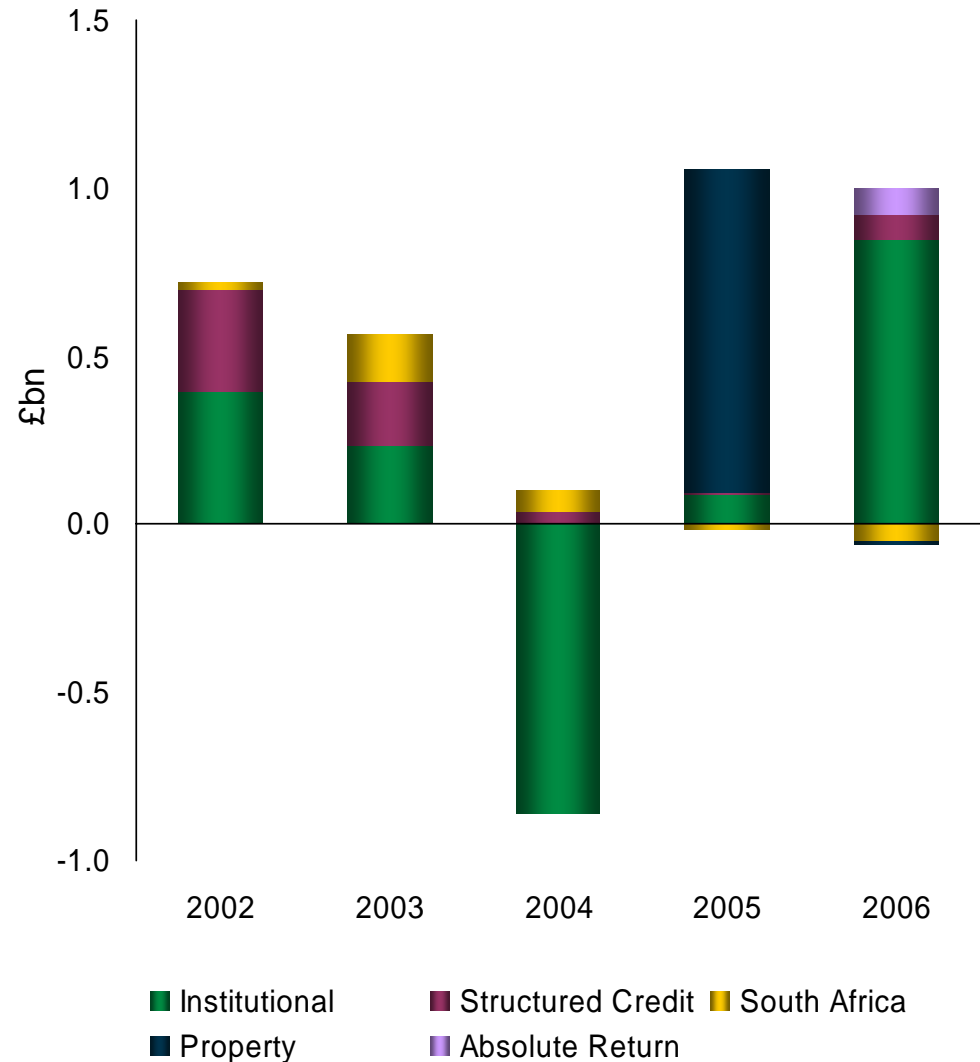
Q1 NET SALES

Momentum maintained

Q1 NET RETAIL SALES



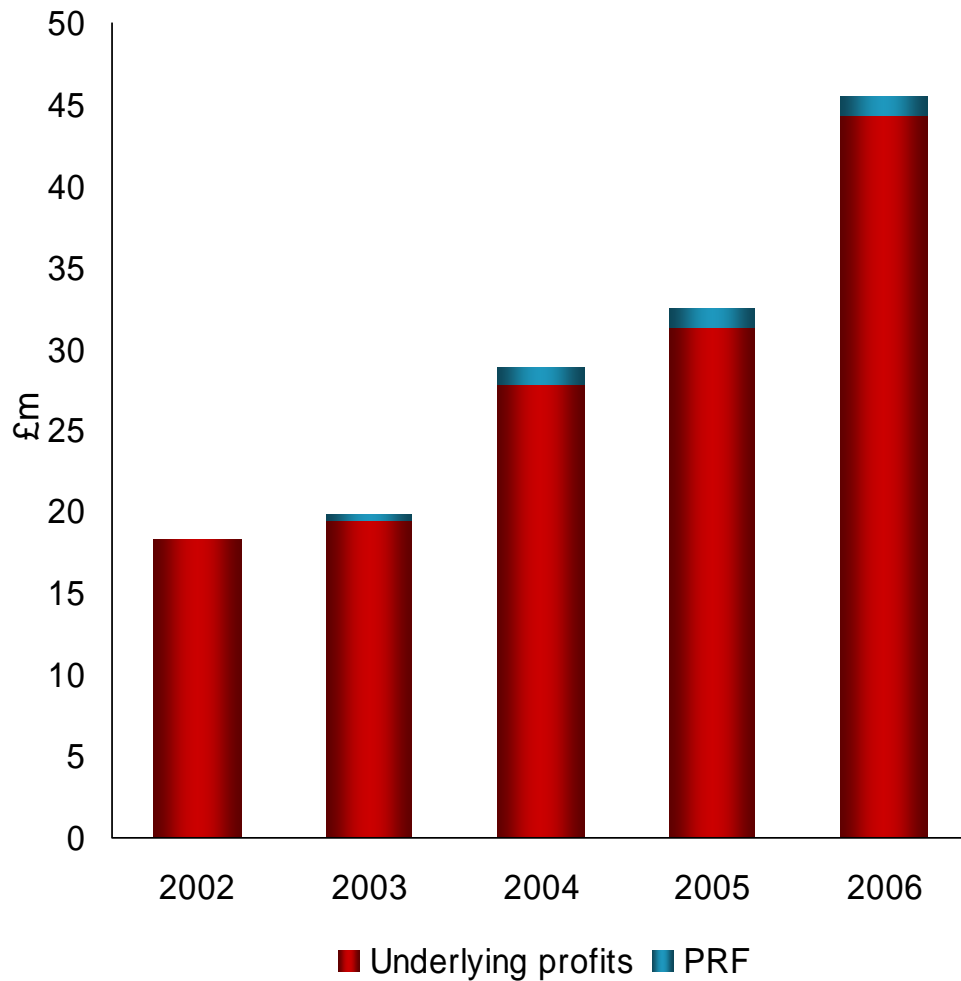
Q1 NET INSTITUTIONAL SALES



Q1 PROFITS

Momentum maintained

Q1 PROFITS BEFORE TAX



- Underlying profits of £44m up 42%
- Result boosted by higher markets, strong net flows and increased retail charges

SUMMARY

High quality earnings and strong momentum

- Rapidly growing, diverse profit streams
- Significantly outperforming underlying markets
- Good opportunities for continued growth



PRUDENTIAL

FIXED INCOME

Simon Pilcher, Chief Executive Fixed Income, M&G

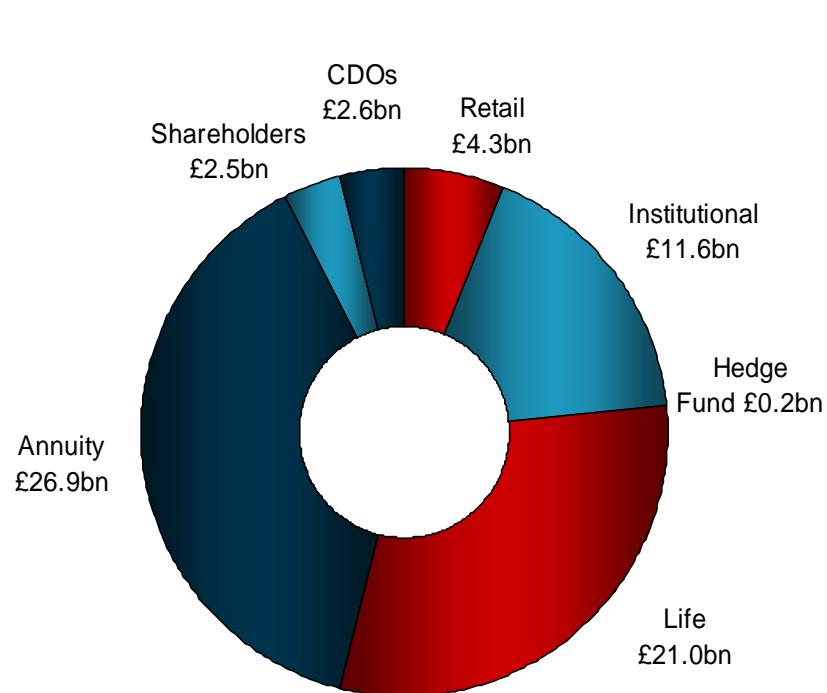
FIXED INCOME

- Deliver outstanding investment returns to in-house capital through
 - Investment in innovative and attractive areas of the capital markets
 - Active fund management, particularly credit
- Exploit investment credentials externally
 - Differentiated by capability, not purely reliant on short-term performance
 - More robust business model
 - High marginal fees and profitability

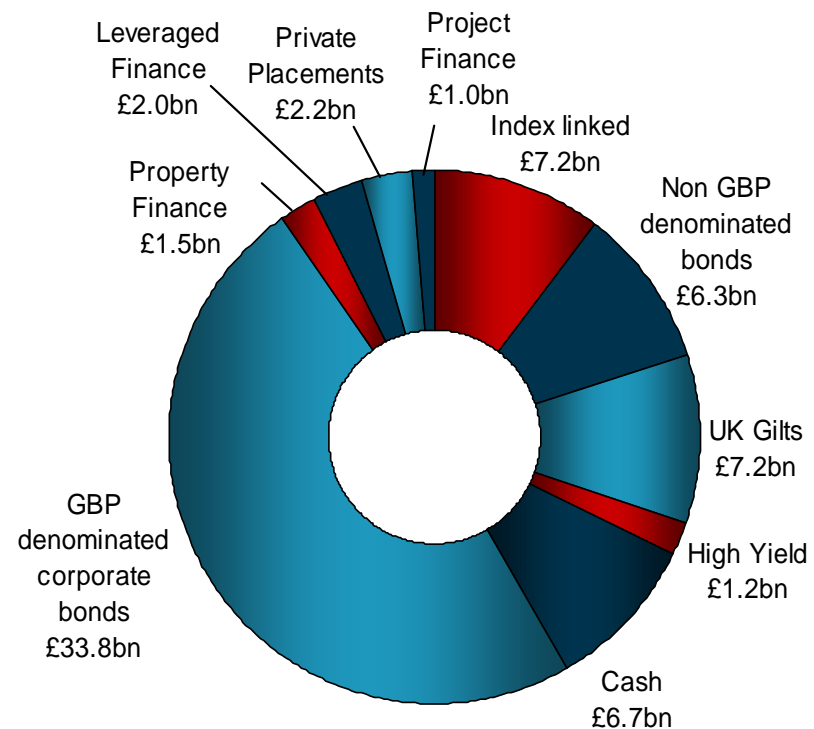
FIXED INCOME FUNDS UNDER MANAGEMENT

Breakdown of fixed income client base: £69.1bn total*

BY CLIENT TYPE



BY ASSET CLASS



Source: Prudential M&G as at 31 March 2006. *Funds managed from the UK by M&G.

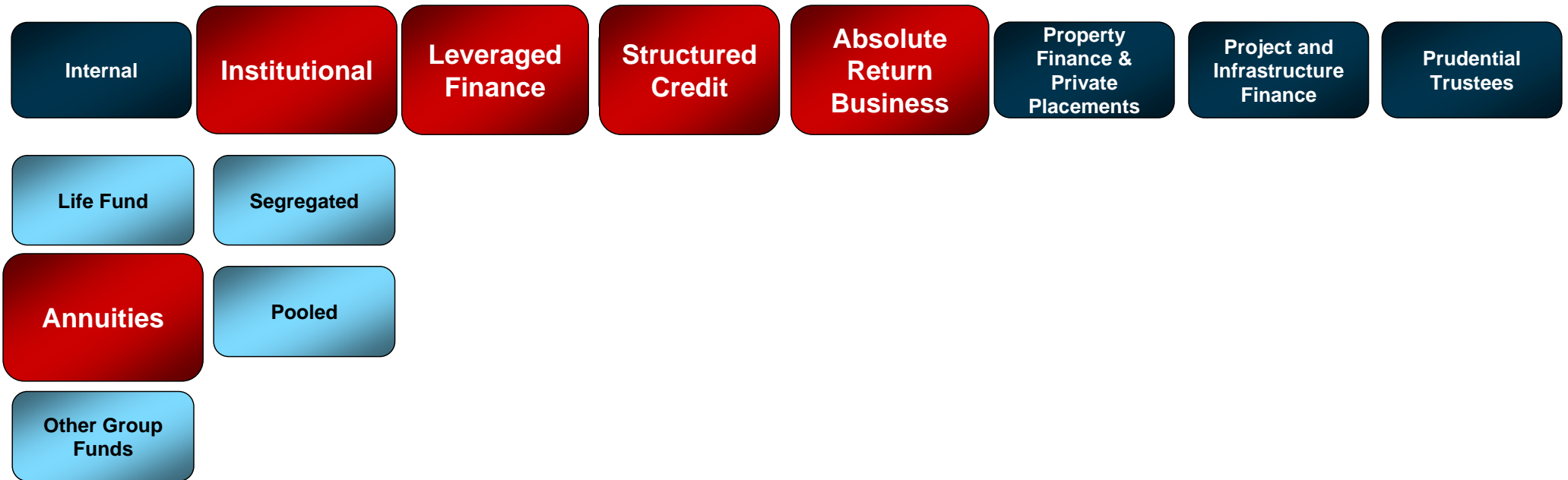
CREDIT ANALYSIS

At the heart of the business

- M&G is focused on European Credit
 - Strong liaison with PPM America for US and ‘global’ credits
- Credit analysis is core
 - Dedicated professional career analysts
 - 15 Public analysts with sector specialisation
 - 9 Leveraged Finance
 - 7 Property and Private Placements
 - 9 Project and infrastructure
- Common resource ensures efficiency
 - Supporting different portfolio management teams
 - Key input to PFUK investments

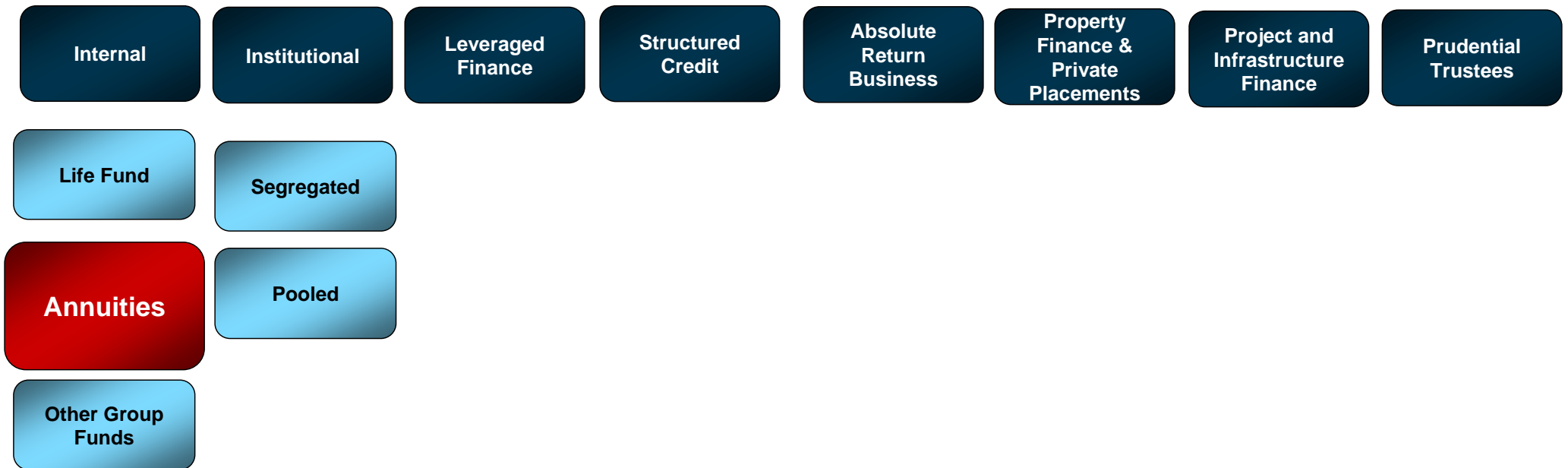
FIXED INCOME

Head of Fixed Income



AGENDA: ANNUITIES

Head of Fixed Income



ANNUITIES

Close partnership between M&G and the insurance business

- £27bn in segregated portfolios with cash flow matching strategy
- Frequent re-pricing of offering dependent on
 - Market conditions
 - Duration of business
- Bespoke pricing for Bulks and Partnership business using case specific liability and asset information
- M&G incentivised to:
 - Maximise new business margins and volumes
 - Improve matching to minimise capital needs
 - Minimise credit losses
 - Enhance yield to maximise value of in-force business

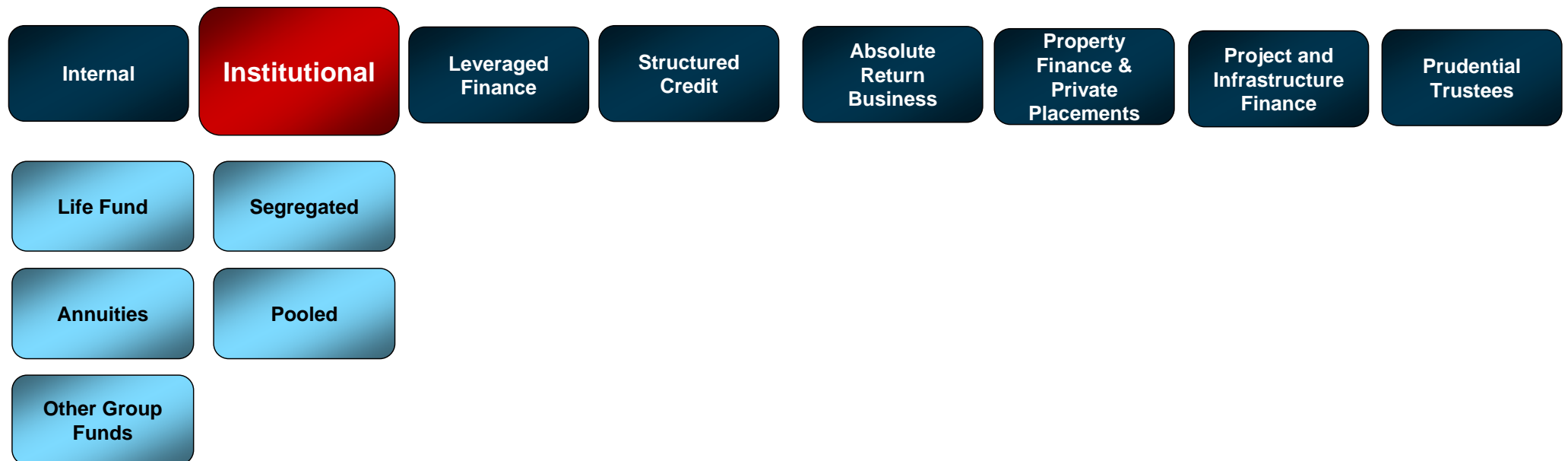
ANNUITIES

Significant value added through active credit management

- Close matching to minimise interest rate and reinvestment risk
- Active management with every single transaction monitored
 - £44m of surplus generated through matching improvement in 2005
 - £22m generated through yield enhancement
- Flexible derivative strategy to manage risks and synthesize assets
- Attractive assets sought from non-traditional areas, eg:
 - Private finance
 - Property
- Expected credit losses and migration consistently outperformed
 - £32m default provision for 2005: Nil defaults and £1m 'distressed' sales experienced
 - £97m reduction in future years' default provision through credit upgrades
- Performance Related Fees £2m for 2005

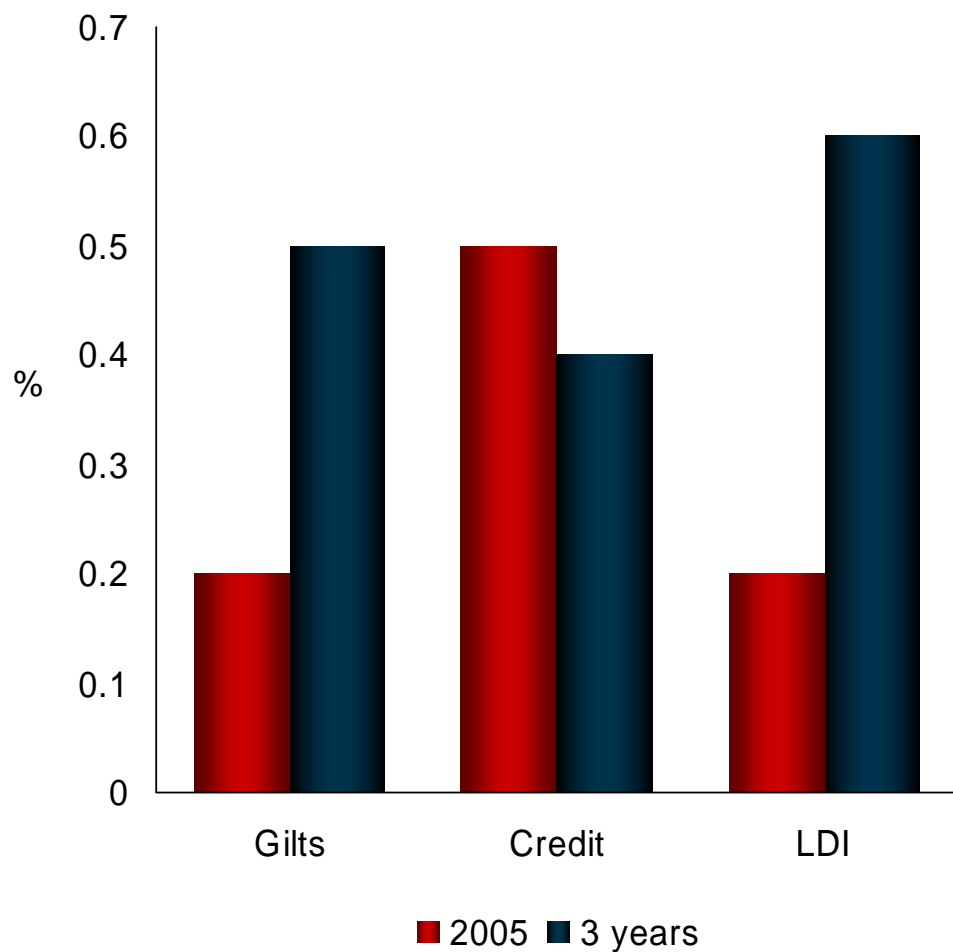
AGENDA: INSTITUTIONAL BUSINESS

Head of Fixed Income



INSTITUTIONAL BUSINESS: SEGREGATED FIXED INCOME

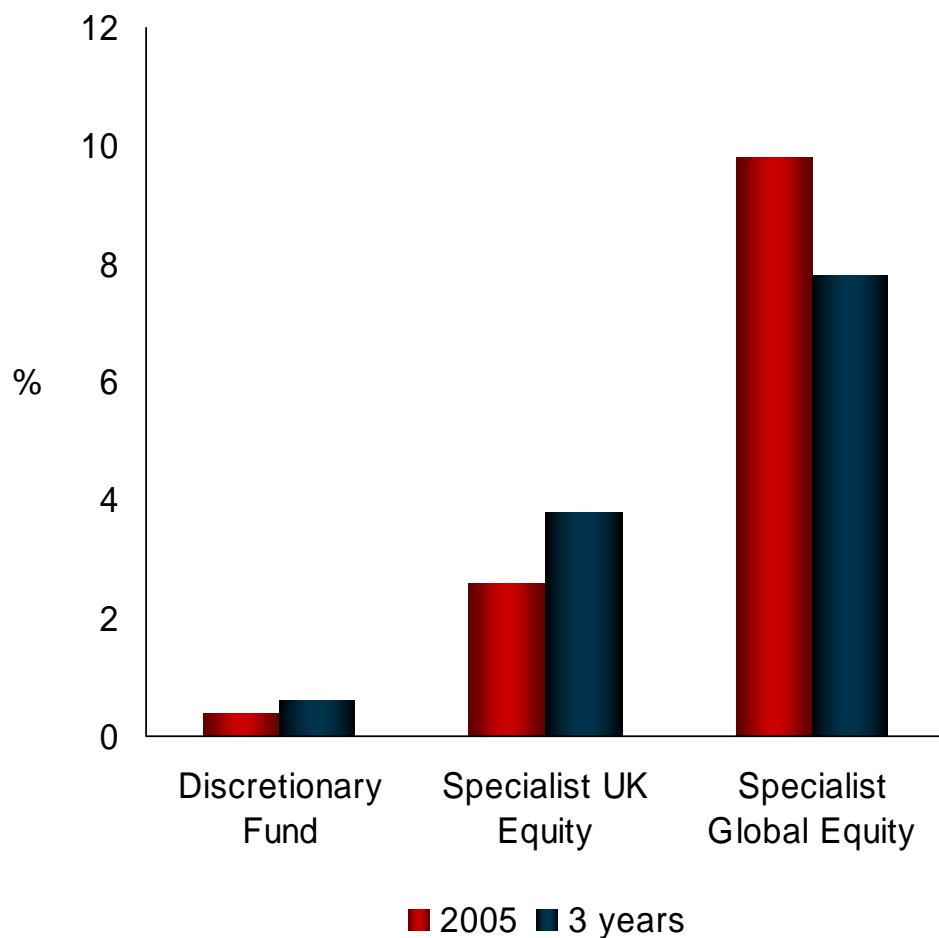
RELATIVE PERFORMANCE OVER 2005 AND 3 YEARS



- Solid investment performance in all areas
- Strong start to 2006 for
 - Investment performance
 - New business wins £627m (Year to 31st March)
- Alpha opportunities fund under development
 - ‘Best ideas’ fund
 - Core portfolio with overlay portfolios in macro and credit relative value.

INSTITUTIONAL BUSINESS: POOLED

RELATIVE PERFORMANCE OVER 2005 AND 3 YEARS



- Defined Benefit & Defined Contribution business
- M&G's investment-only product as well as Prudential-sold 'packaged' product
- Consistent 'core' product performance
- Excellent 'new world' product performance
- Strong flows of new business
 - 2005 + £386m
 - 2006 + £43m (to 31st March)

AGENDA: LEVERAGED FINANCE BUSINESS

Head of Fixed Income

Internal

Institutional

Leveraged
Finance

Structured
Credit

Absolute
Return
Business

Property
Finance &
Private
Placements

Project and
Infrastructure
Finance

Prudential
Trustees

Life Fund

Segregated

Annuities

Pooled

Other Group
Funds

LEVERAGED FINANCE

Senior and secured loans to LBOs



LEVERAGED FINANCE

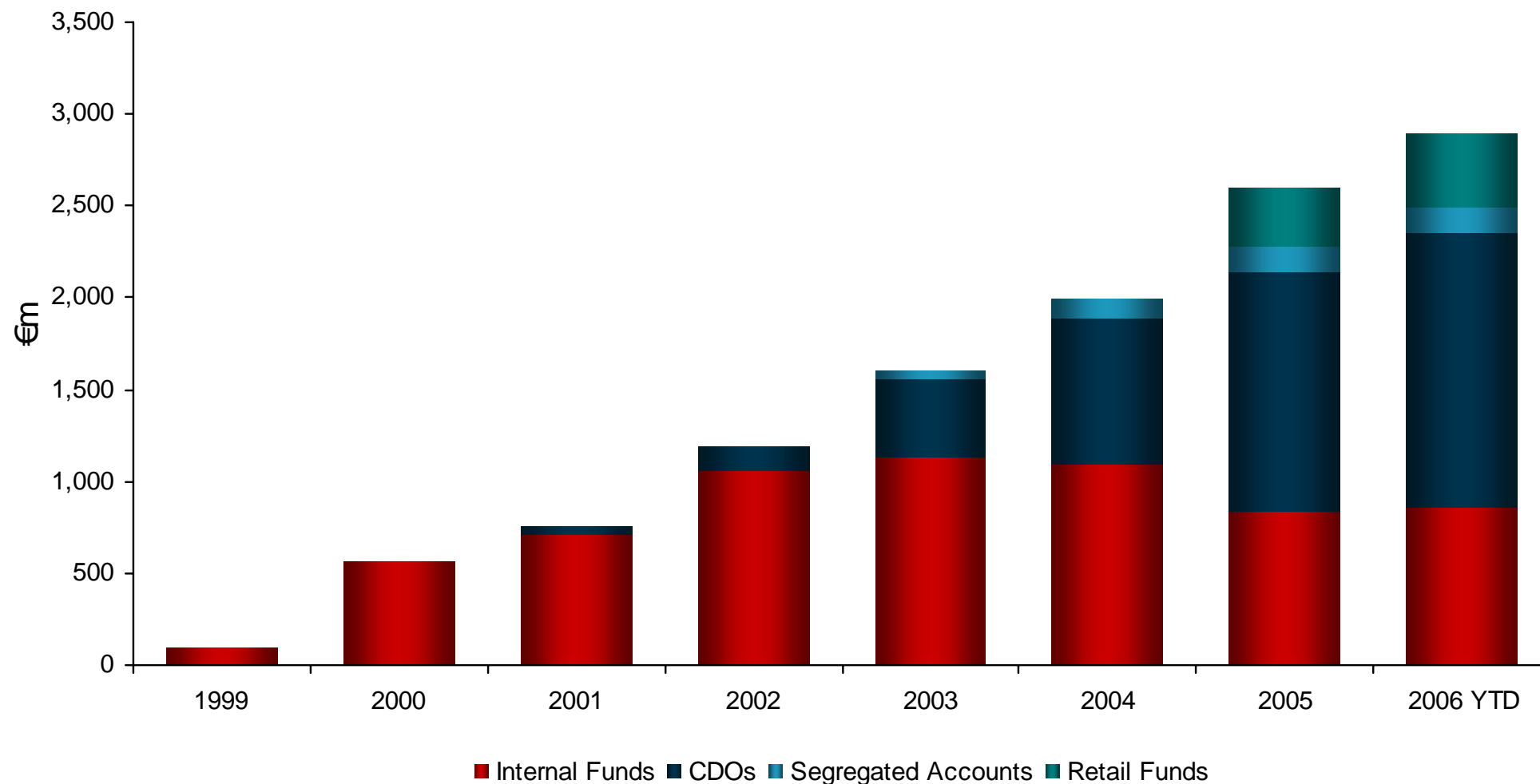
Playing in Europe's champions league

- Long track record, strong relationships with banks and sponsors
 - Gives us early sight of transactions
- One of the largest market participants
 - Permitting big bids and above-market allocations
- Variety of funds under management
 - Creating institutional leverage, flexibility and capability for non-mainstream investments
- Specialisation of team
 - Ensuring superior credit decisions, better structuring, improved relative-value judgements and portfolio management

LEVERAGED FINANCE: FUNDS UNDER MANAGEMENT

Controlled expansion of volume and client type

LEVERAGED FINANCE ASSETS MANAGED BY M&G



Source: M&G, 31 March 2006

AGENDA: STRUCTURED CREDIT

Head of Fixed Income

Internal

Institutional

Leveraged
Finance

**Structured
Credit**

Absolute
Return
Business

Property
Finance &
Private
Placements

Project and
Infrastructure
Finance

Prudential
Trustees

Life Fund

Segregated

Annuities

Pooled

Other Group
Funds

STRUCTURED CREDIT

A market leader in Europe

- Regular issuer of CDOs across multiple asset classes
 - 5 CLOs now priced
 - 3 investment grade arbitrage CDOs
 - 1 ABS arbitrage CDO
 - 6 synthetic investment-grade CDOs (3 public, 3 private)
 - Strong credit performance reflecting conservative credit philosophy
 - Global coordination for CDO issuance and credit management
 - Leading position ensures
 - Improved terms and sharing of ideas from investment banks
 - Low capital commitment (£10.3m)
 - Attractive revenues (£11.6m per annum)
 - Fast growing and sustainable franchise
-

AGENDA: ABSOLUTE RETURN BUSINESS

Head of Fixed Income

Internal

Institutional

Leveraged
Finance

Structured
Credit

**Absolute
Return
Business**

Property
Finance &
Private
Placements

Project and
Infrastructure
Finance

Prudential
Trustees

Life Fund

Segregated

Annuities

Pooled

Other Group
Funds

ABSOLUTE RETURN BUSINESS

An outstanding long-run track record

- Track record of delivering performance
 - Running Global Macro strategy for the Prudential Life fund – AUM of £2.25bn
 - Since 2001 average returns of 18.5% per annum, with average volatility of 9%
- Team in place for six years
- A different perspective and investment approach, applied across a broader universe
 - Discretionary global macro applied within a disciplined framework
 - Equity, fixed income and FX
 - Truly global with both developed and emerging markets
 - Exploiting ‘episodes’ of excess volatility – asset class and geographical mis-pricing

ABSOLUTE RETURN BUSINESS

Rapid growth in 3rd party business

- Episode
 - Cayman domiciled Global Macro Hedge Fund
 - Launched August 2005
 - Funds under management now \$385m
 - Fees 1.5% base, 20% PRF
 - Net returns since inception 13.7% (18.7% annualised)
- Segregated Global Tactical Asset Allocation mandates
 - \$180m now under management
- Capacity estimated at \$1.5billion
 - Expected to be reached H1 2007

M&G FIXED INCOME

Attractive prospects for future profits growth

- Unrivalled credit expertise
- Infrastructure established to service life fund and annuity clients, now supporting high growth areas
- Closely integrated with rest of Prudential's business
- Dynamic and innovative, leading market change
- Attractive prospects for future profits growth



PRUDENTIAL

PRUDENTIAL FINANCE

John Foley, Managing Director



PHILOSOPHY

What is our role?

- Internal banker to Group and its subsidiaries
- Leverage Prudential's and M&G's positioning and skills for profit

HIGH PROFITABILITY, HIGH CAPITAL VELOCITY, LOW CAPITAL

BACKGROUND

Who are we?

- Formed in 2001
- 20 people – extensive range of financial disciplines
- Economic capital model
- Proprietary investment business

**ENTREPRENEURIAL TEAM EMBEDDED
IN CORE GROUP BUSINESSES**

PERFORMANCE MEASURES

Key metrics

- Profit
- Return on economic capital
- Velocity of capital
- Symbiotic performance
- Group funding, liquidity and treasury management

SIMPLE MEASURES – HIGH PERFORMANCE

BUSINESS DYNAMICS

How do we do it?

- No external clients or customers
- Investment banks are our partners
 - Non-disclosure agreements
 - No market position to protect, e.g. league tables
 - Free to challenge banks, sponsors and business managers
- Centralise bank relationships and deal-flow
- Risk management and oversight

TOPICS FOR TODAY

- Business activities and deal-flow
- Value added examples elsewhere in the Group
- Risk management and oversight
- Key metrics of performance

BUSINESS ACTIVITIES AND DEAL-FLOW

Areas of activity

- Bridging transactions
- Property Financing
- Securities Lending
- Funds pre-launch funding
- Arbitrage investments

COMPLETE CONNECTIVITY WITH GROUP AND SUBSIDIARIES

BRIDGING INVESTMENTS



BRIDGING INVESTMENTS

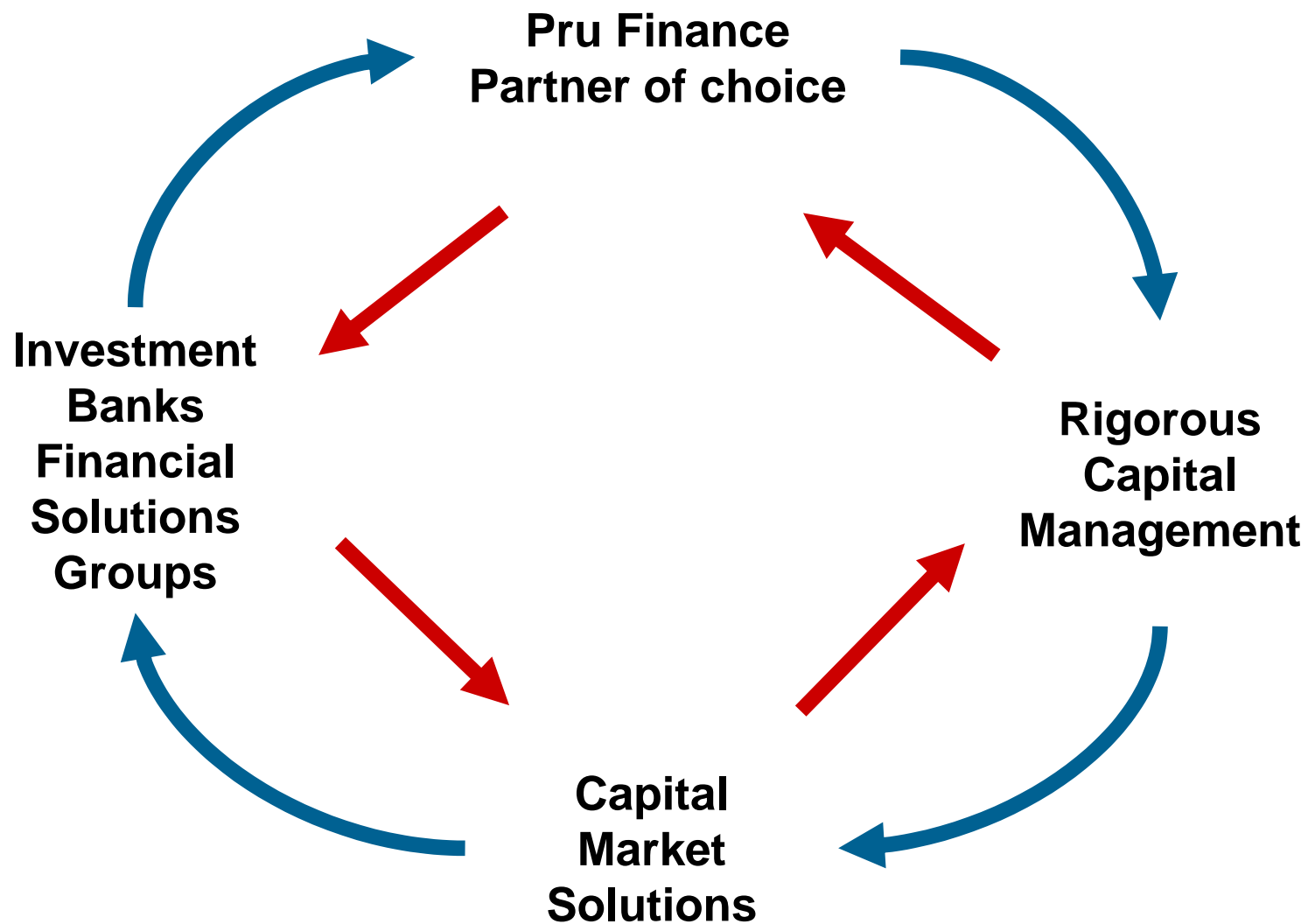


BRIDGING INVESTMENTS



BUSINESS ACTIVITIES AND DEAL-FLOW

Deal-flow increasingly two way



A SUSTAINABLE PROPOSITION

BUSINESS ACTIVITIES AND DEAL-FLOW

A sustainable proposition

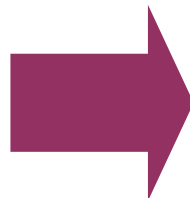
- Continuity of deal flow
- Power of the relationship
- Maintain quality of analytical and investment skills

THE VALUE ADDED REQUIREMENT

Symbiosis, financial and non-financial value enhancement

Demonstrate value added to achieve transaction approval

- Incremental profit
- Investment performance
- Liquidity
- Capital Market solutions



Ensures highly effective “third party” analysis of transactions

Stick to fundamentals

Key to rating agency and regulator “approval” of our strategy

Discipline

RISK MANAGEMENT AND OVERSIGHT

Three layers of approval, three layers of monitoring

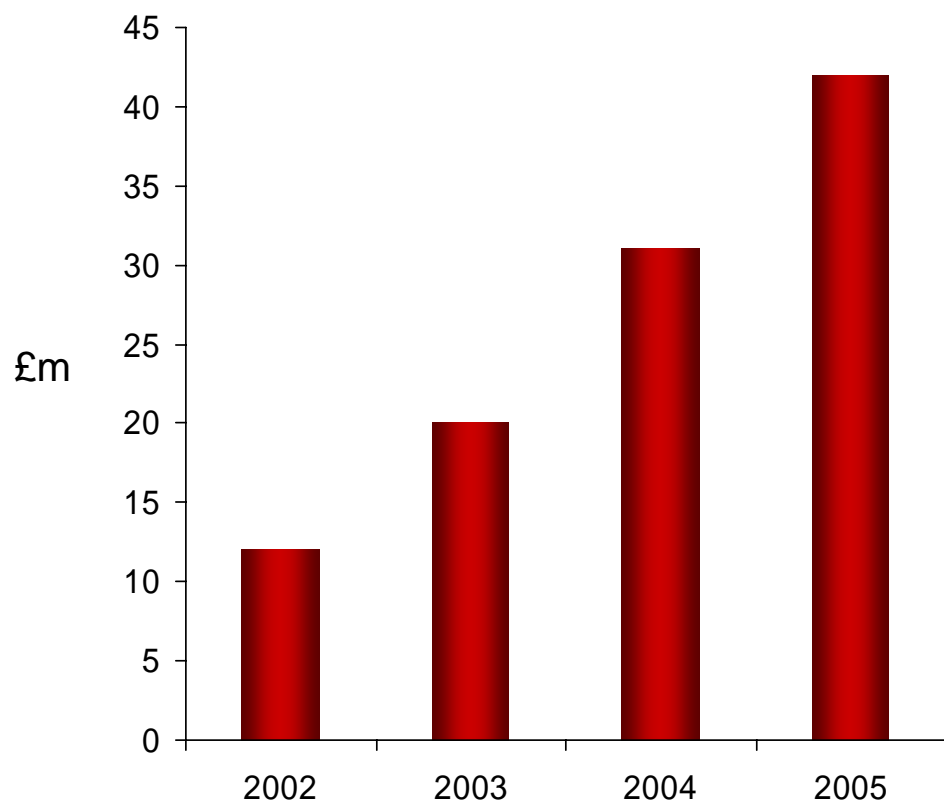
- Prudential Finance Risk Management
 - Daily monitoring
- M&G and Group Risk Departments
 - Daily monitoring
- Prudential Finance Approvals Committee
 - Chaired by Group CFO
 - Deputy chair Group Chief Risk Officer
 - Monthly review

STRINGENT RISK CONTROL AND REPORTING

KEY METRICS OF PERFORMANCE

A cash generator

ROBUST PROFIT STREAMS



- Profit in 2005 of £42 million
- Economic capital £34 million
- Cost/Income ratio 29%
- Velocity of capital >100% pa
- Book size £2.6bn
- Average weighted rating A+
- Average weighted expected duration 1.75 years
- Average weighted margin 112 bps*

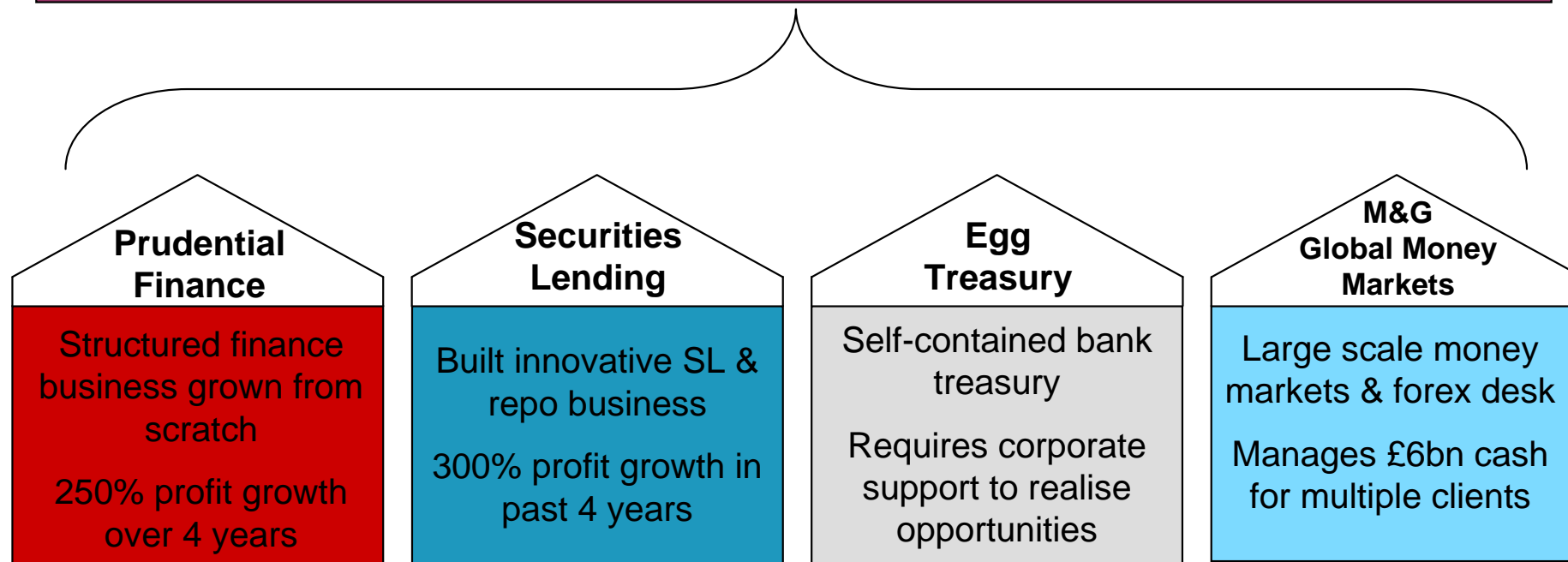
* Not including fee income

NEXT PHASE

The opportunity is significant

New Prudential Finance

Internal Group Treasury – Centralised Funding
Co-ordinated Credit, Liquidity and Interest Rate Management
Strengthen and Leverage off combined Banking Relationships
New Regulated Activities – Bank Disintermediation and Principal Securities Lending



HIGH PROFITABILITY, HIGH CAPITAL VELOCITY, LOW CAPITAL



PRUDENTIAL

PruPIM - REAL ESTATE INVESTMENT MANAGEMENT

Martin Moore, Managing Director, PruPIM



PruPIM

Real Estate Investment Management



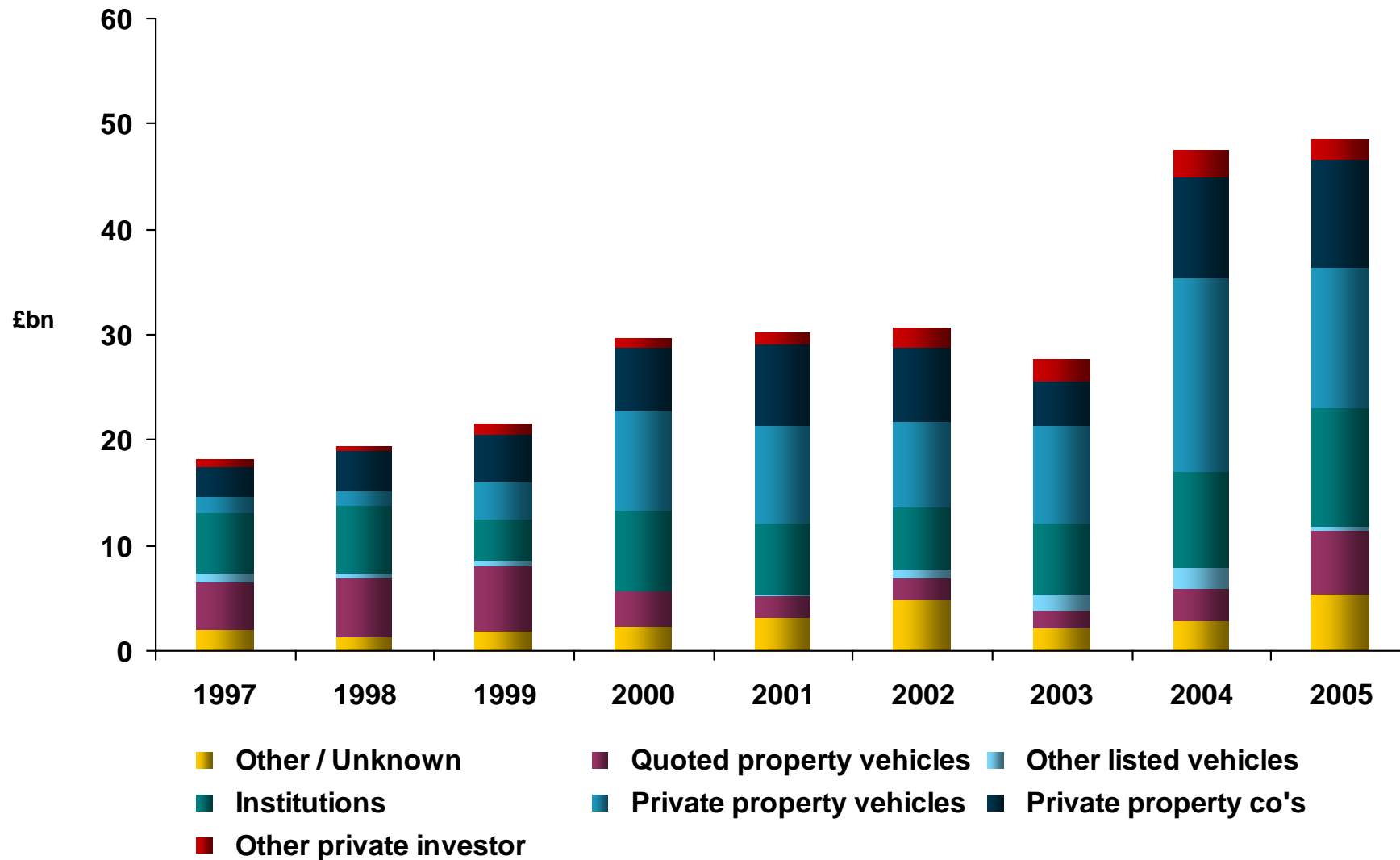
AGENDA

- Market context
- Business dynamics
- Recent achievements
- Tomorrow's opportunities

MARKET CONTEXT

Diverse range of investors with activity at record levels

UK REAL ESTATE PURCHASING ACTIVITY



Source: DTZ

MARKET CONTEXT

Strong performance across all sectors of the UK market

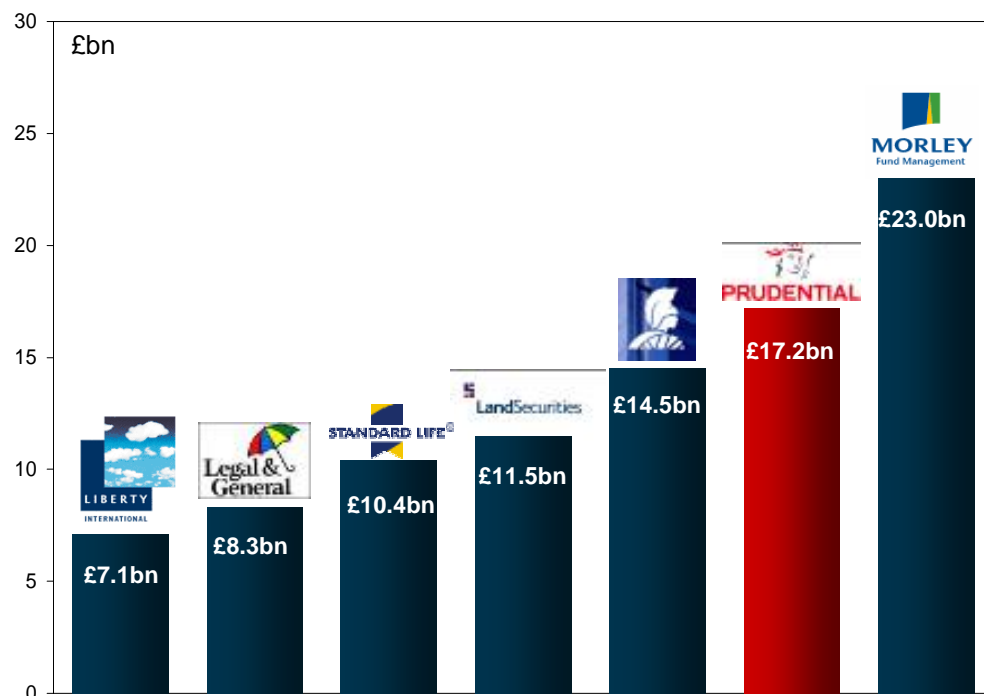
UK DIRECT PROPERTY TOTAL RETURNS TO 31 MARCH 2006



BUSINESS DYNAMICS

Broad skills base supports the creation & operation of real estate portfolios

ASSETS UNDER MANAGEMENT



- One of the UK's largest real estate investment managers.
- Widely respected research team.
- Proven fund, investment and asset management capability.

BUSINESS DYNAMICS

Broad skills base supports the creation & operation of real estate portfolios

ASSETS UNDER DEVELOPMENT

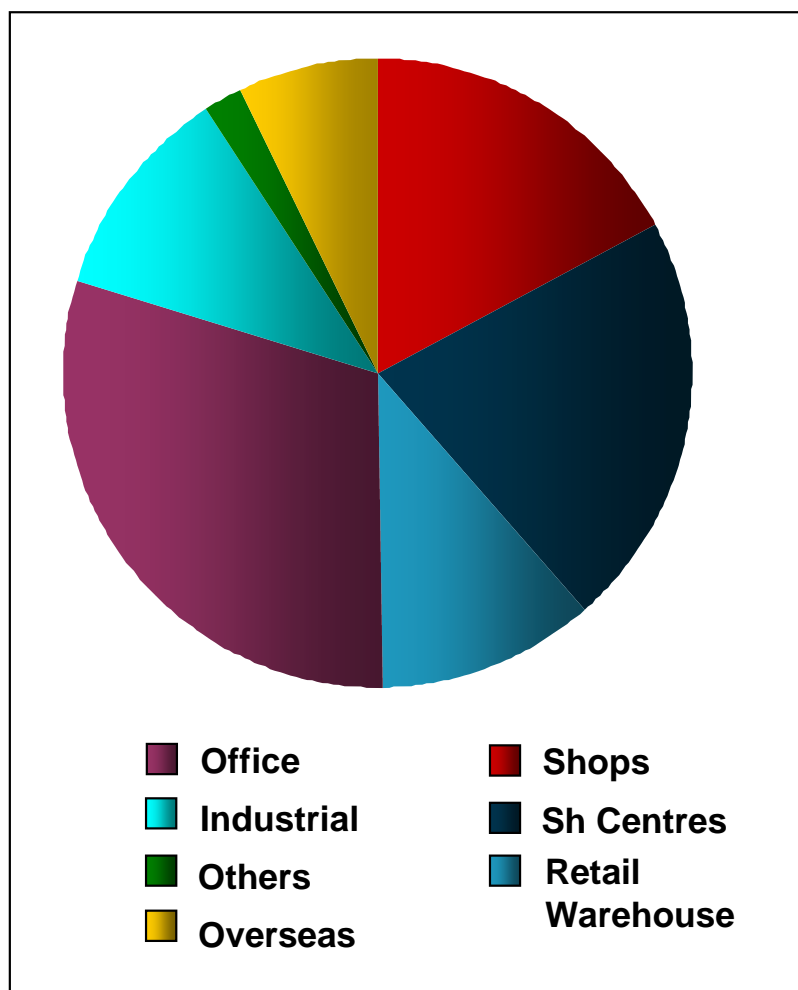


- One of the UK's largest real estate investment managers.
- Widely respected research team.
- Proven fund, investment and asset management capability.
- Successful development team.

BUSINESS DYNAMICS

Broad skills base supports the creation & operation of real estate portfolios

SECTOR BREAKDOWN AT 31.12.2005

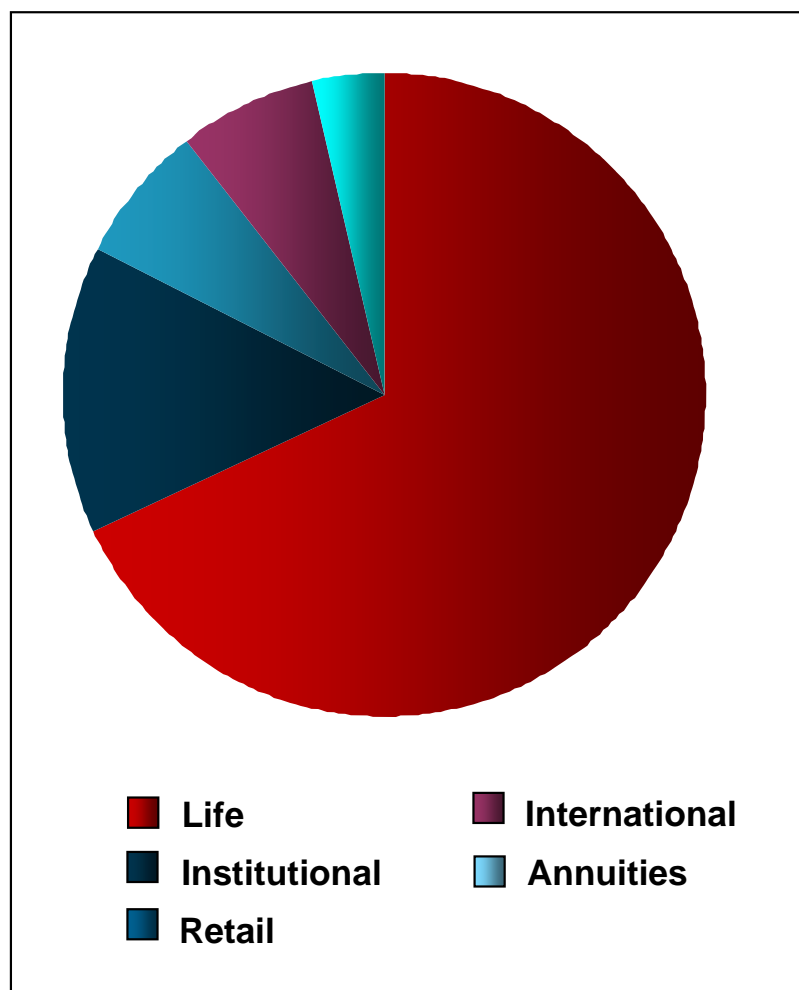


- One of the UK's largest real estate investment managers.
- Widely respected research team.
- Proven fund, investment and asset management capability.
- Successful development team.
- Sector Specialists.

BUSINESS DYNAMICS

Broad skills base supports the creation & operation of real estate portfolios

ASSETS UNDER MANAGEMENT BY BUSINESS STREAM

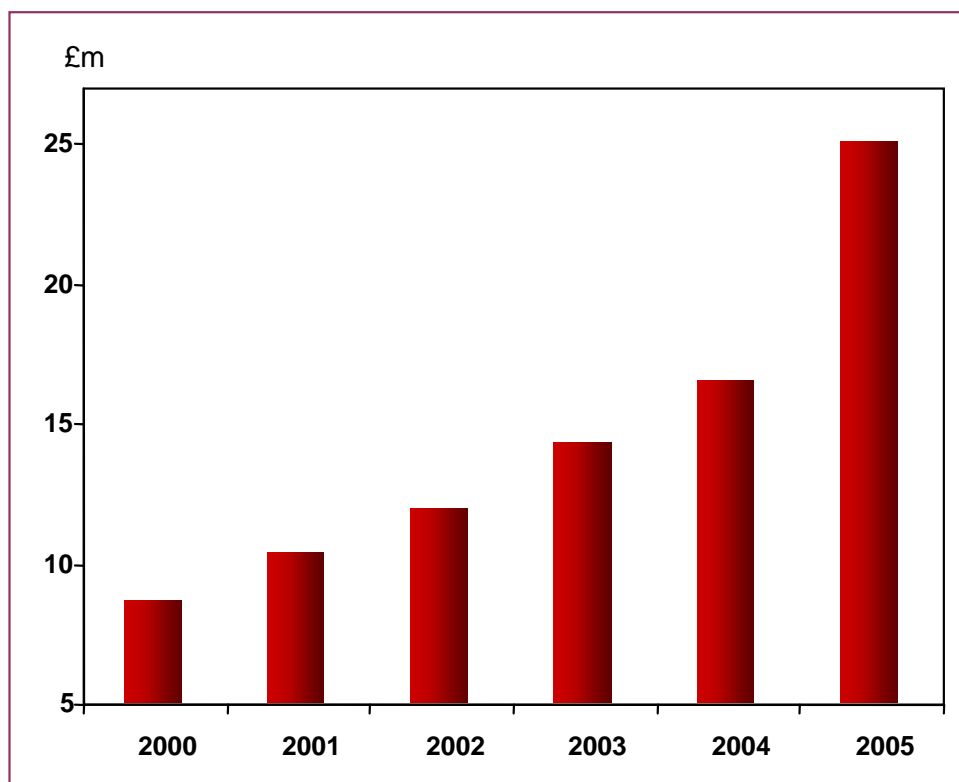


- One of the UK's largest real estate investment managers.
- Widely respected research team.
- Proven fund, investment and asset management capability.
- Successful development team.
- Sector Specialists.
- Business stream overlay.

BUSINESS DYNAMICS

Broad skills base supports the creation & operation of real estate portfolios

PruPIM UNDERLYING PROFITS

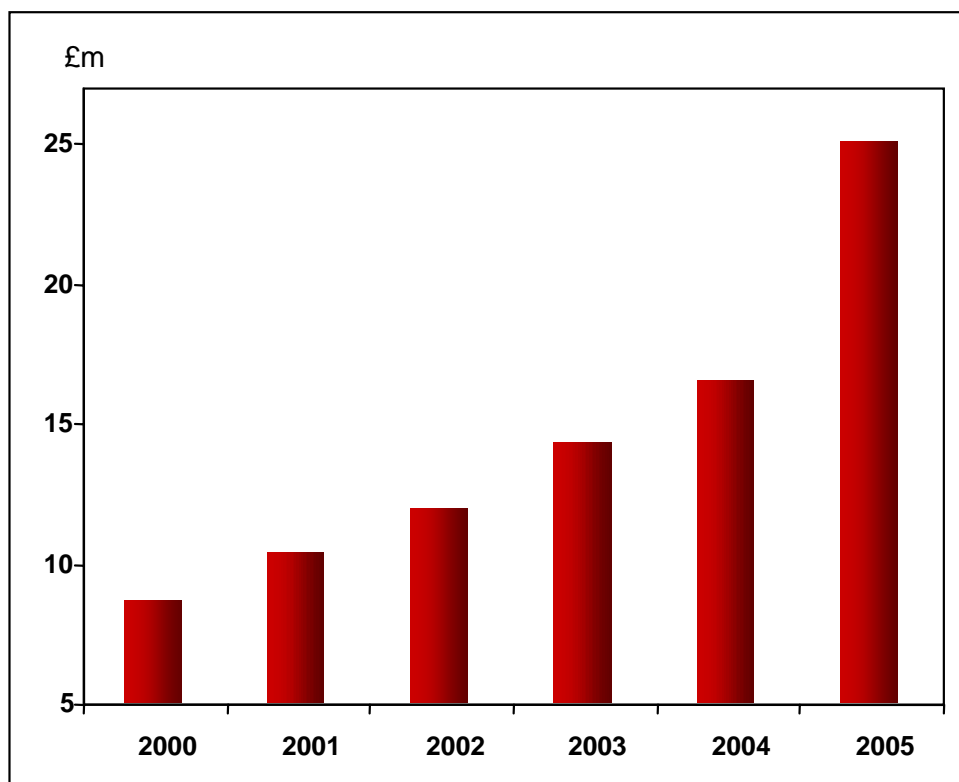


- One of the UK's largest real estate investment managers
- Widely respected research team
- Proven fund, investment and asset management capability
- Successful development team
- Sector Specialists
- Business stream overlay
- A fully integrated model

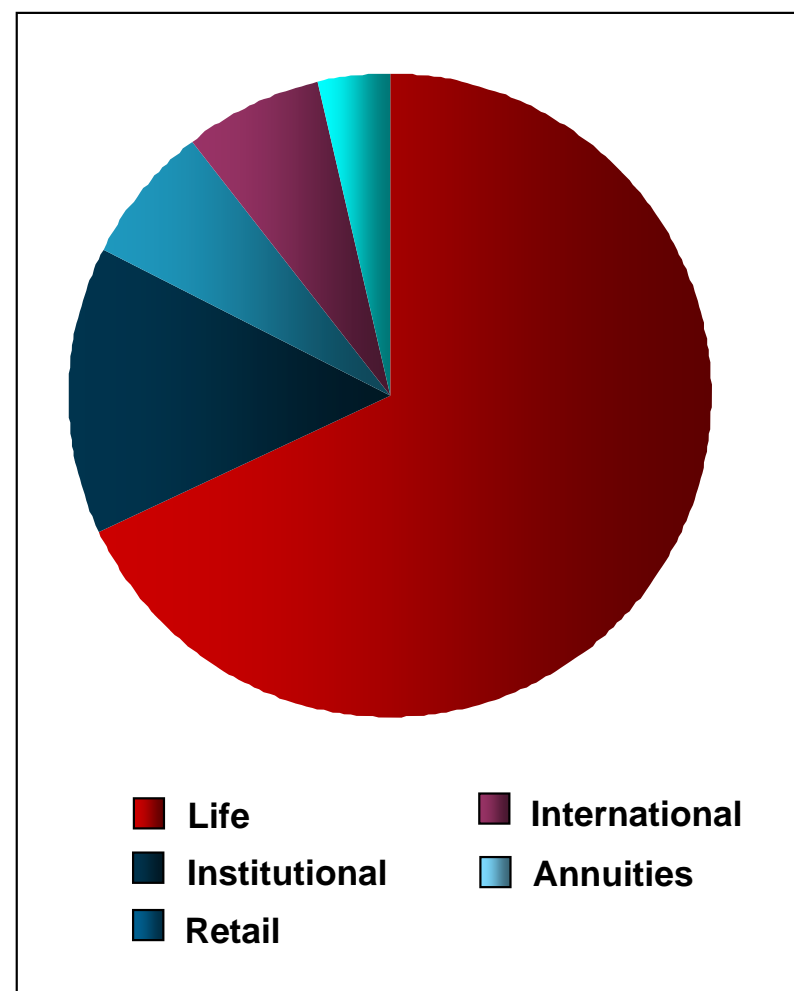
BUSINESS DYNAMICS

Broad skills base supports the creation & operation of real estate portfolios

PruPIM UNDERLYING PROFITS



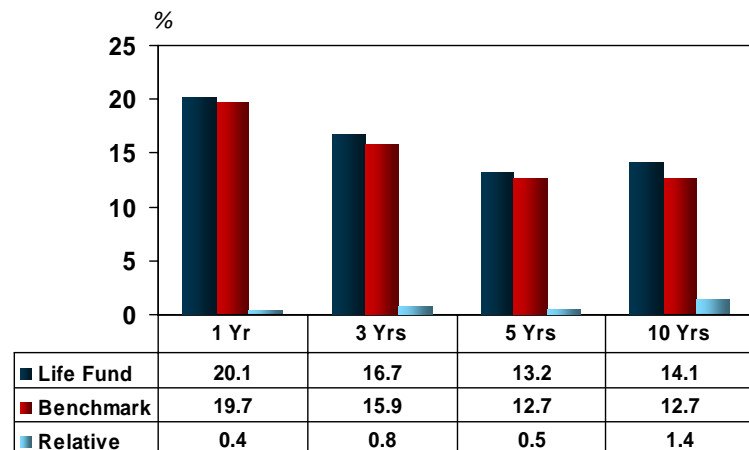
ASSETS UNDER MANAGEMENT BY BUSINESS STREAM



ACHIEVEMENTS & OPPORTUNITIES

An outstanding performance record

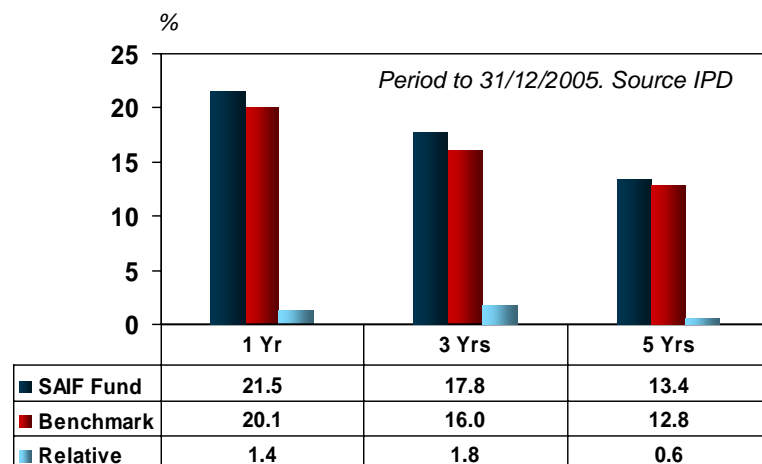
PRUDENTIAL £11.1bn



LIFE FUNDS

- Large but mature funds
- Continued focus on performance delivery
- Potential benefits through pursuit of new markets...
- ...and through taking on more long term development projects
- Firm foundations and scaleable infrastructure

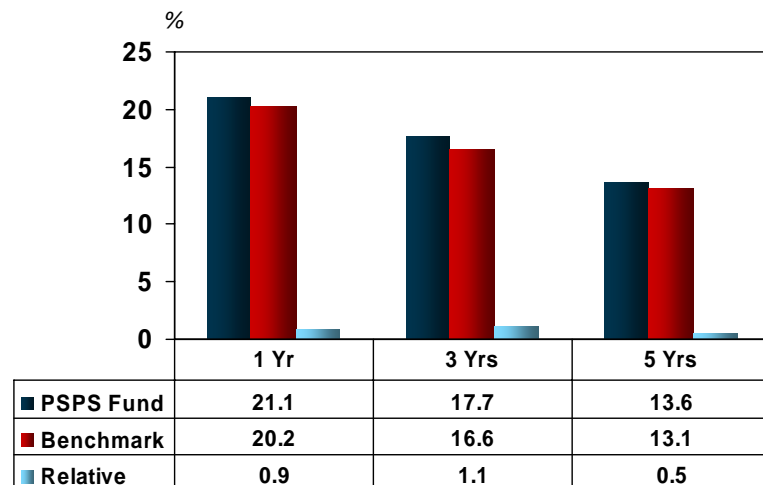
SCOTTISH AMICABLE £1.9bn



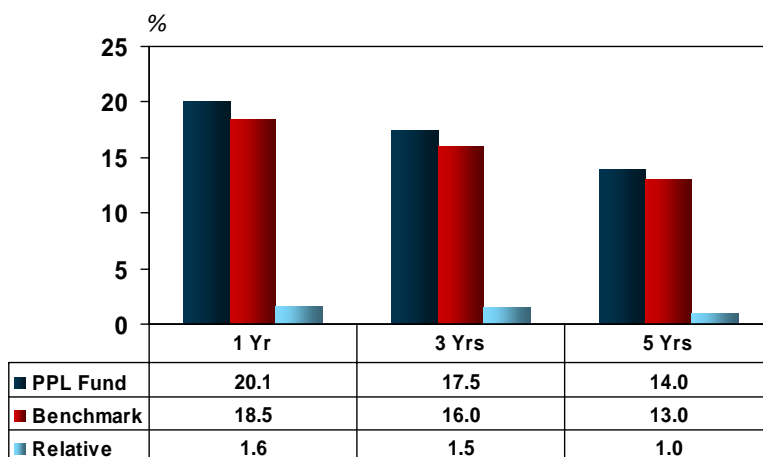
ACHIEVEMENTS & OPPORTUNITIES

A growing area of our business

PRUDENTIAL STAFF PENSION SCHEME £540m



PRUDENTIAL PENSIONS LIMITED £530m



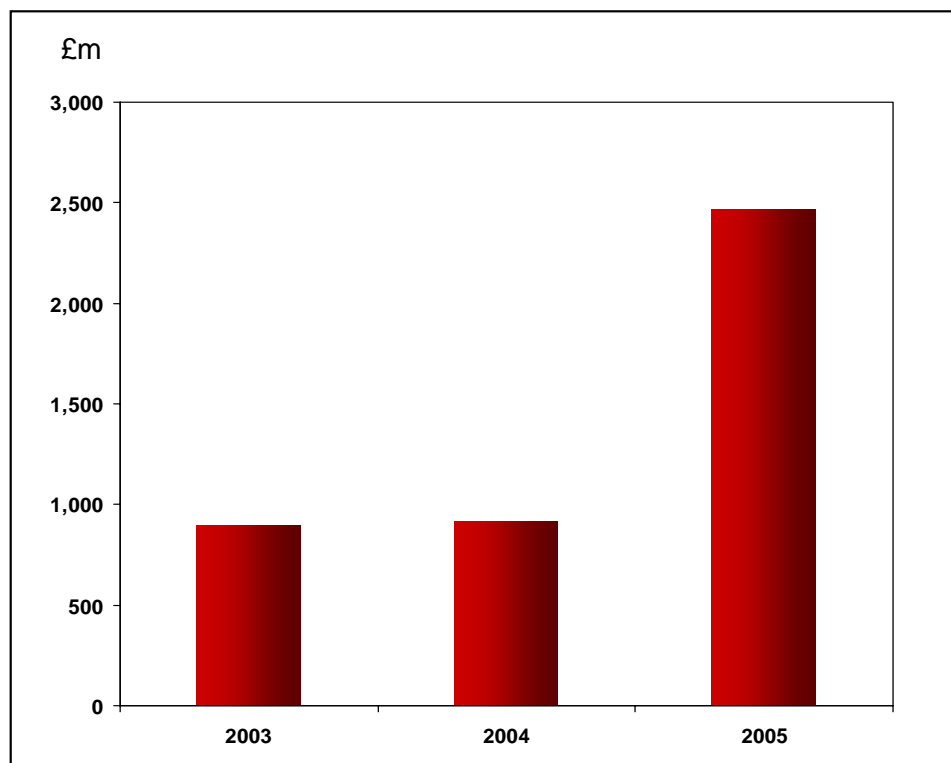
INSTITUTIONAL

- Maintaining consistent outperformance is key
- Experiencing strong organic growth
- Use skills to generate new opportunities...
- ...and to build new strategic partnerships

ACHIEVEMENTS & OPPORTUNITIES

A growing area of our business

ASSETS UNDER MANAGEMENT



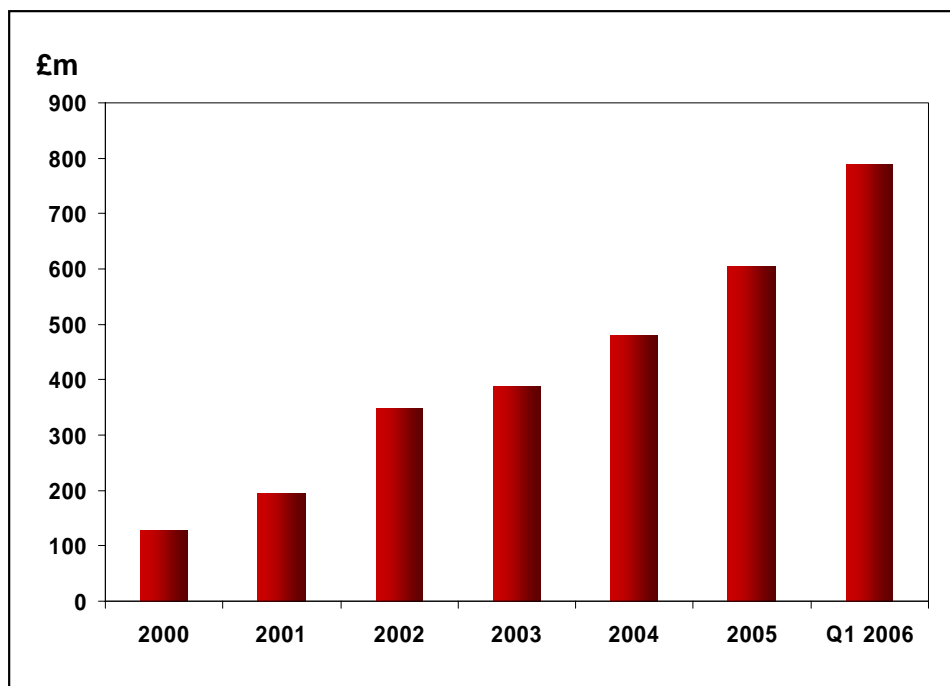
INSTITUTIONAL

- Maintaining consistent outperformance is key
- Experiencing strong organic growth
- Use skills to generate new opportunities...
- ...and to build new strategic partnerships

ACHIEVEMENTS & OPPORTUNITIES

Relentless pursuit of “collaboration dividends”

ASSETS UNDER MANAGEMENT



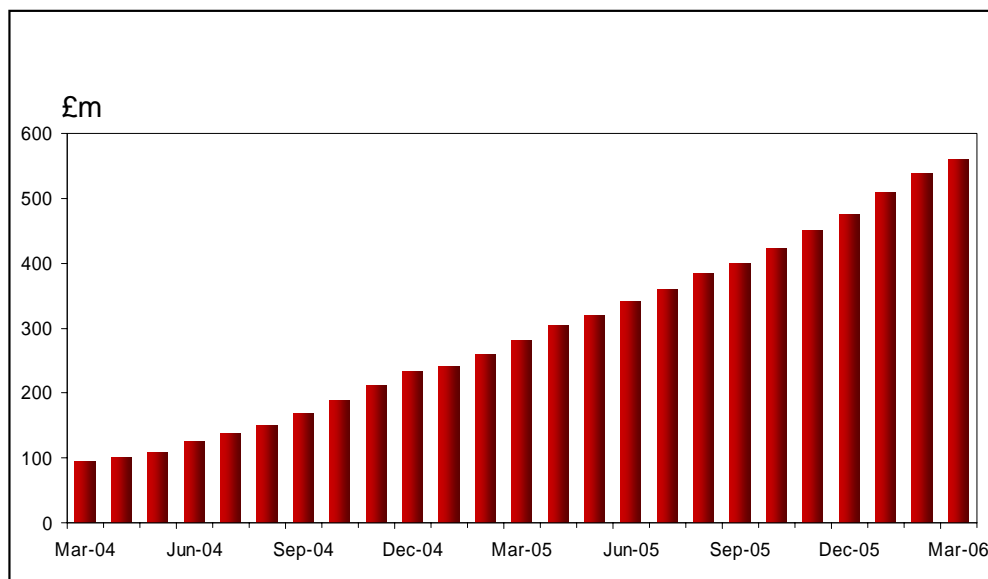
ANNUITIES

- Property assets with “bond like” characteristics continue to present interesting opportunities
- Significant further potential, capitalising on synergies with the M&G FI team
- Creative sourcing gives us a real edge
- Ambition to work with the FI team to leverage our experience in this area...
- ...and to jointly develop skills and products in new areas too

ACHIEVEMENTS & OPPORTUNITIES

Working in partnership with M&G Retail

FUND SIZE SINCE LAUNCH

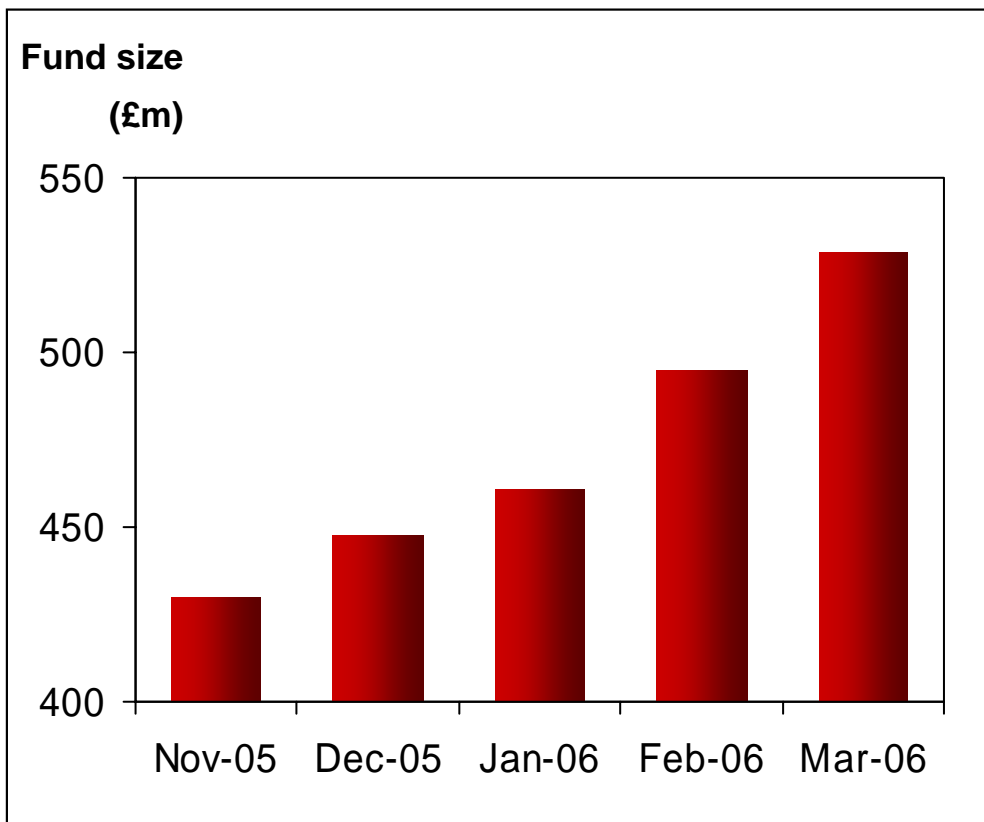


RETAIL

- Launch of M&G Property Fund in March 2004 – with growth exceeding initial expectations

ACHIEVEMENTS & OPPORTUNITIES

Working in partnership with M&G Retail



RETAIL

- Launch of M&G Property Fund in March 2004 – with growth exceeding initial expectations
- Building on that success, launched the M&G Property Portfolio in November 2005
- Creative sourcing and enviable market network gives us a real edge
- Significant future opportunity pipeline
 - Charities
 - Fund of Funds
 - REITS – track record, expertise, brand, investment philosophy, customer base and distribution channels, “no baggage”



ACHIEVEMENTS & OPPORTUNITIES

Building a global platform

INTERNATIONAL

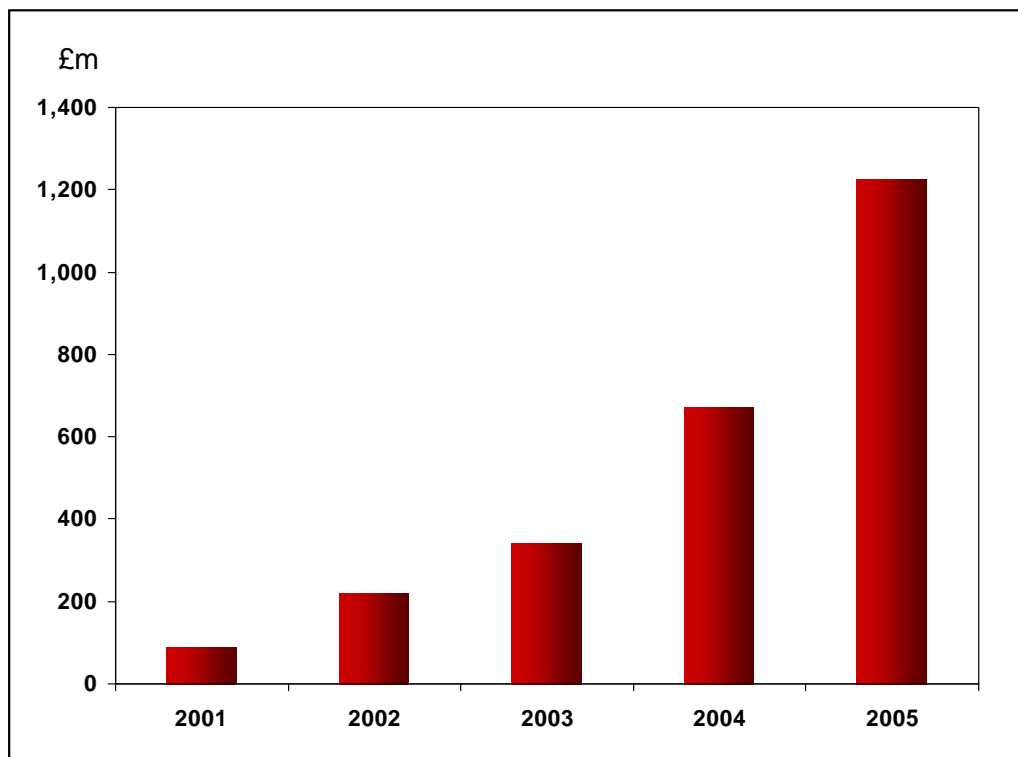
- Extensive initial research programme
- Investment momentum gathering pace



ACHIEVEMENTS & OPPORTUNITIES

Building a global platform

ASSETS UNDER MANAGEMENT



INTERNATIONAL

- Extensive initial research programme
- Investment momentum gathering pace

ACHIEVEMENTS & OPPORTUNITIES

Building a global platform

INVESTMENT RETURNS

	2003	2004	2005	3 Yrs
Europe (excl UK)	18.7%	8.2%	18.4%	15.0%
North America	16.0%	53.4%	43.6%	36.7%
Asia	33.0%	16.3%	29.3%	26.0%
Overseas Total	25.2%	25.6%	32.4%	27.7%
IPD Universe	10.6%	17.6%	19.4%	15.8%

All returns are in UK Currency

INTERNATIONAL

- Extensive initial research programme
- Investment momentum gathering pace
- Early results very encouraging
- Now intend to leverage this experience
 - Announced JV with Prudential Corporation Asia
 - Potential for a global range of funds

PruPIM

Real Estate Investment Management



CONCLUSION

- Efficient, well integrated, business
- Broad skills base
- Impressive track record
- Determined to exploit “collaboration dividends”
- Strong historic profits growth
- Exciting potential



PRUDENTIAL

M&G RETAIL

Gary Shaughnessy, Chief Executive, UK Retail, M&G

Will Nott, Chief Executive, M&G International



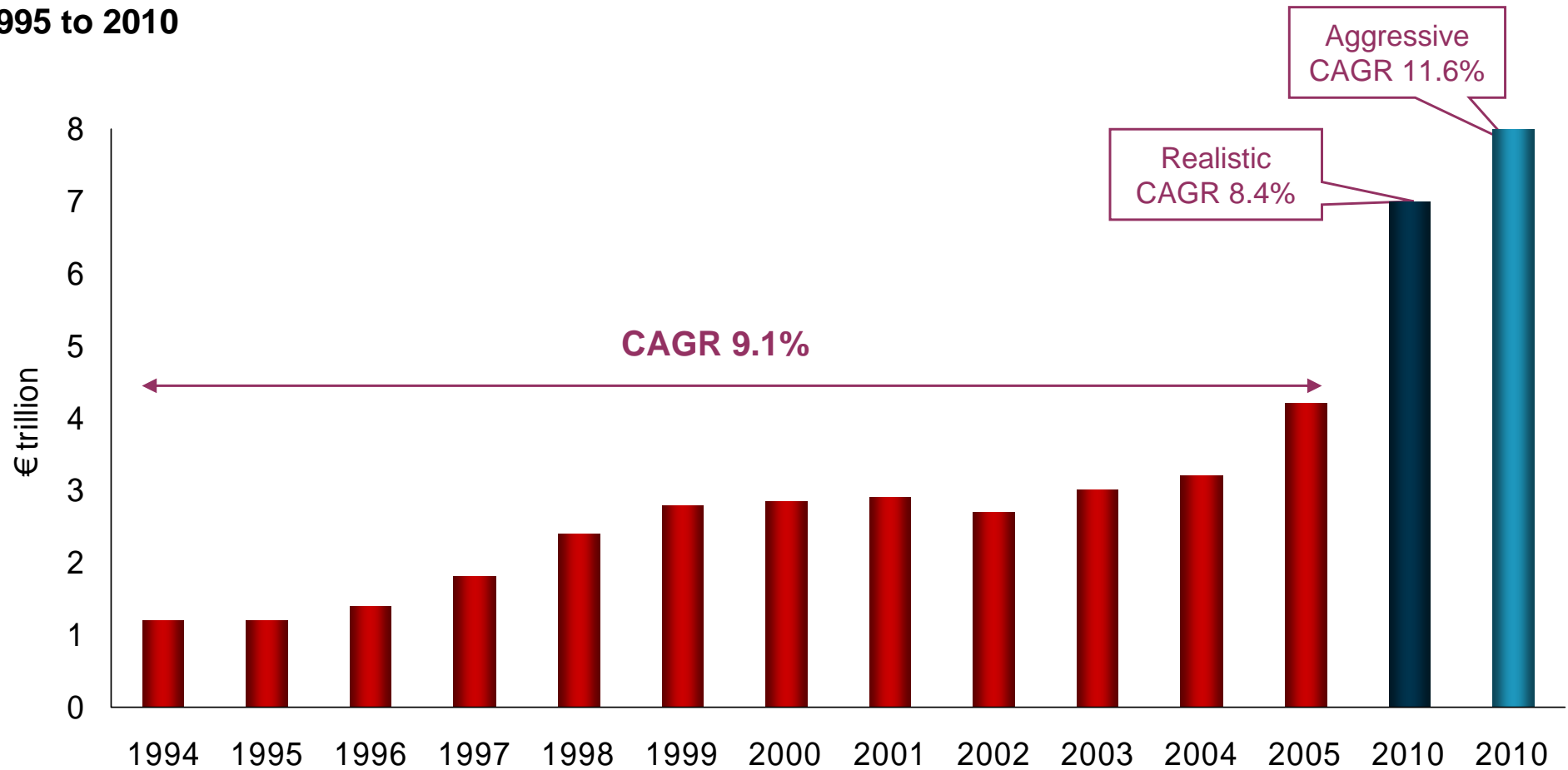
WINNING IN RETAIL ASSET MANAGEMENT

Gary Shaughnessy, Chief Executive UK Retail, M&G

WINNING IN RETAIL ASSET MANAGEMENT

Retail asset management is a growth market

EUROPEAN RETAIL ASSET GROWTH 1995 to 2010



WINNING IN RETAIL ASSET MANAGEMENT

But it is extremely competitive



- 25,000 funds registered in Europe
- 47 M&G funds
- More funds than investible equities
- How is M&G succeeding in this marketplace?

WINNING IN RETAIL ASSET MANAGEMENT

What do you need to win in retail asset management?

- Exceptional investment performance
- An attractive and scalable product range
- Breadth of access to distribution
- An ability to retain customers
- Market recognition

WINNING IN RETAIL ASSET MANAGEMENT

Delivering exceptional investment performance across the board




Fund	Fund Manager	1 year quartile	3 year quartile	Quartile since took over fund
M&G American	Aled Smith	Top decile	Top decile	Top decile
M&G Corporate Bond	Richard Woolnough	1	1	1
M&G Fund of Inv Trust Shares	Alex Odd	1	Top decile	1
M&G Global Basics*	Graham French	Top decile	Top decile	Top decile
M&G Global Leaders	Aled Smith	Top decile	Top decile	Top decile
M&G Global Technology	Aled Smith & Cyrille Filott	1	2	1
M&G High Interest	Jim Leaviss	1	Top decile	1
M&G International Growth	Graham French	1	Top decile	1
M&G Managed	David Jane	Top decile	Top decile	1
M&G Managed Growth	Graham French	Top decile	1	1
M&G Pan European	Giles Worthington	Top decile	Top decile	Top decile
M&G Recovery	Tom Dobell	1	1	Top decile
M&G Smaller Companies	Simon Bailey	Top decile	1	1
M&G UK Growth	Simon Murphy	Top decile	1	Top decile
M&G UK Select	Mike Felton	1	2	Top decile

Source: Standard & Poor's as at 28 April 2006, bid to bid with net income reinvested.

* S&P Global Equity sector

WINNING IN RETAIL ASSET MANAGEMENT

Exceptional performance - strong in our core market of UK equities

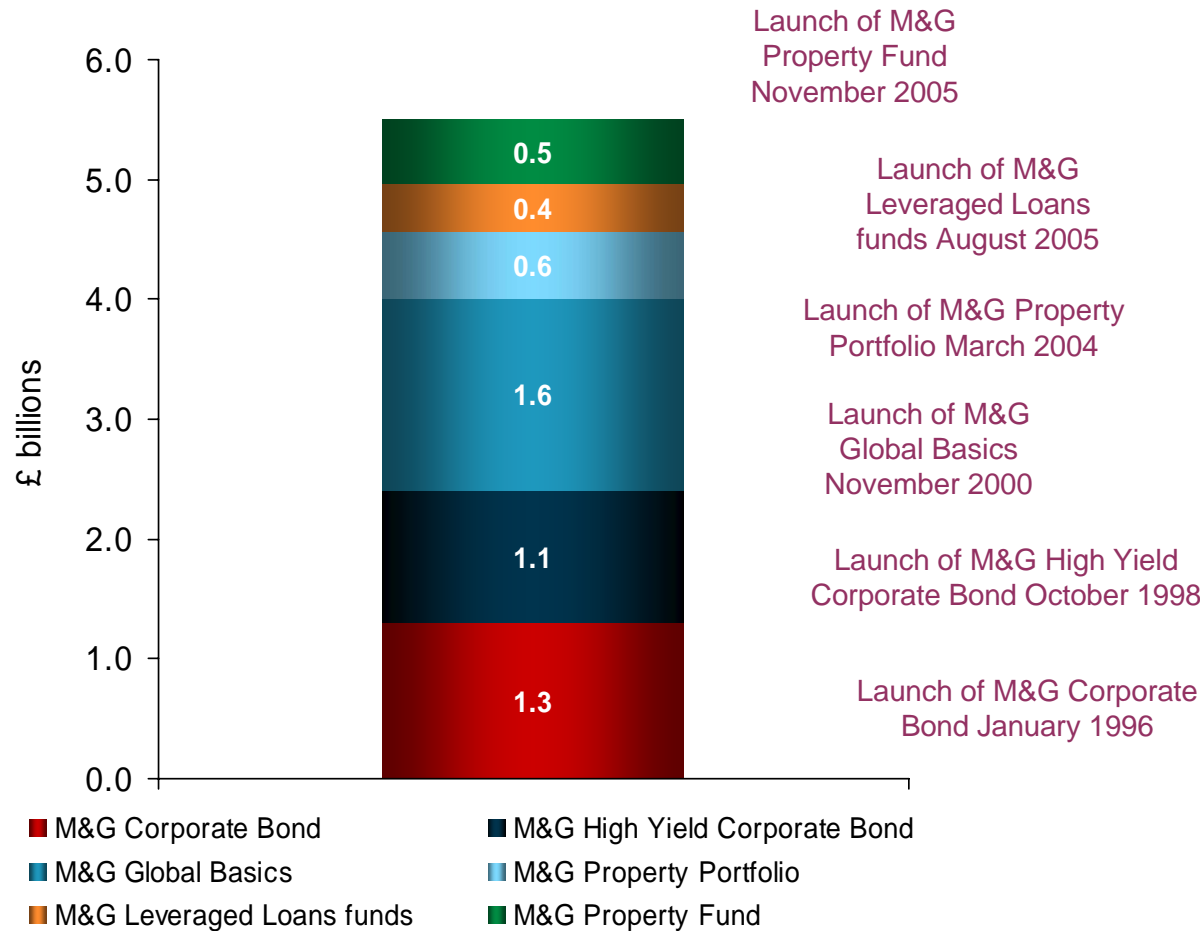
Performance in 2005		Position in IMA sector
M&G Recovery Fund <i>Tom Dobell</i>		Top decile
M&G UK Select Fund <i>Mike Felton</i>		Top decile
M&G UK Growth Fund <i>Simon Murphy</i>		Top decile
M&G Smaller Companies Fund <i>Simon Bailey</i>		Top decile

WINNING IN RETAIL ASSET MANAGEMENT

An attractive and scalable product range

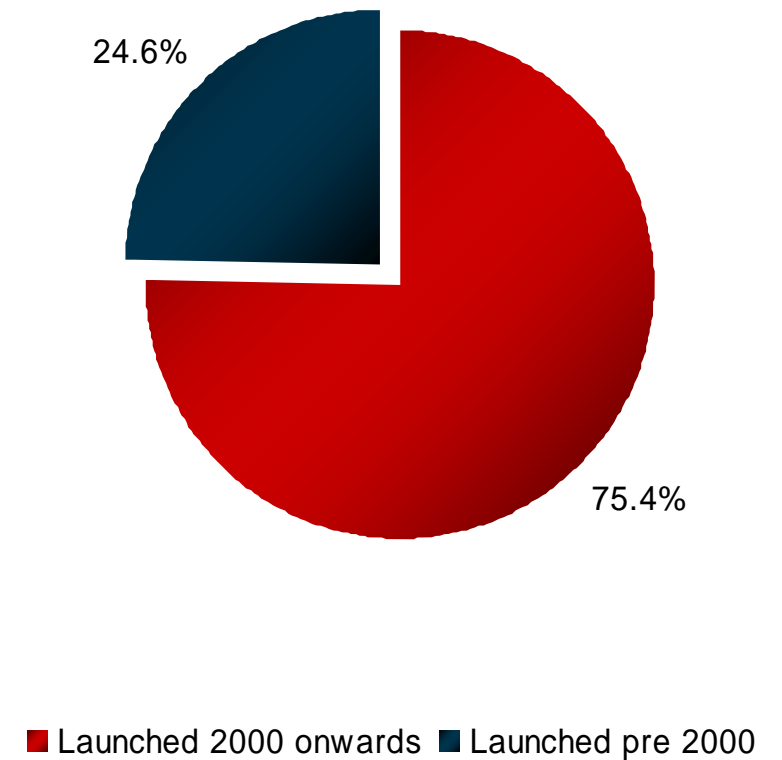
A STRONG TRACK RECORD IN PRODUCT INNOVATION

Cumulative assets under management in products launched since 1996



M&G RETAIL NET SALES

Net sales Q1 2006 breakdown by launch date

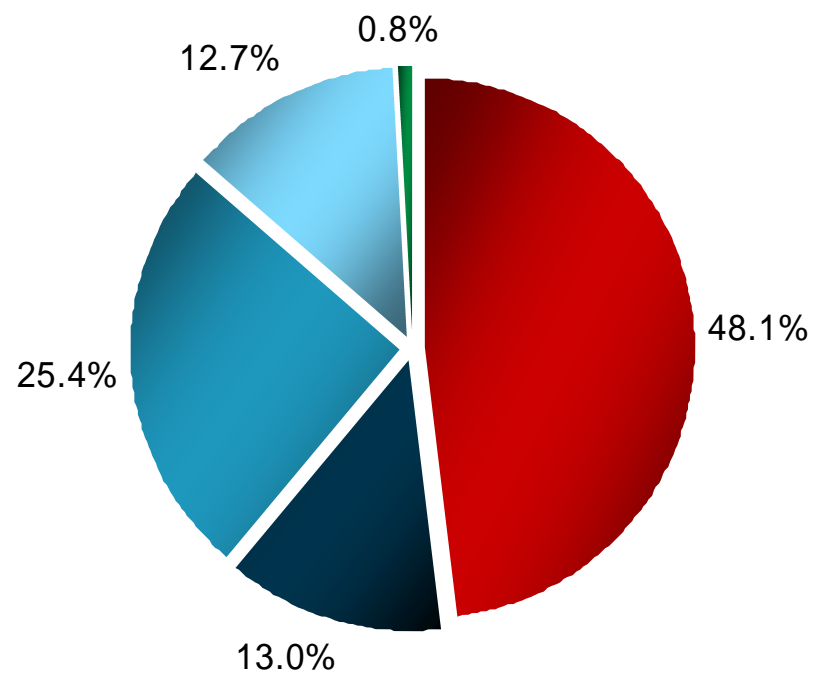


WINNING IN RETAIL ASSET MANAGEMENT

Breadth of access to distribution has diversification benefits

FUNDS UNDER MANAGEMENT Q1 2006

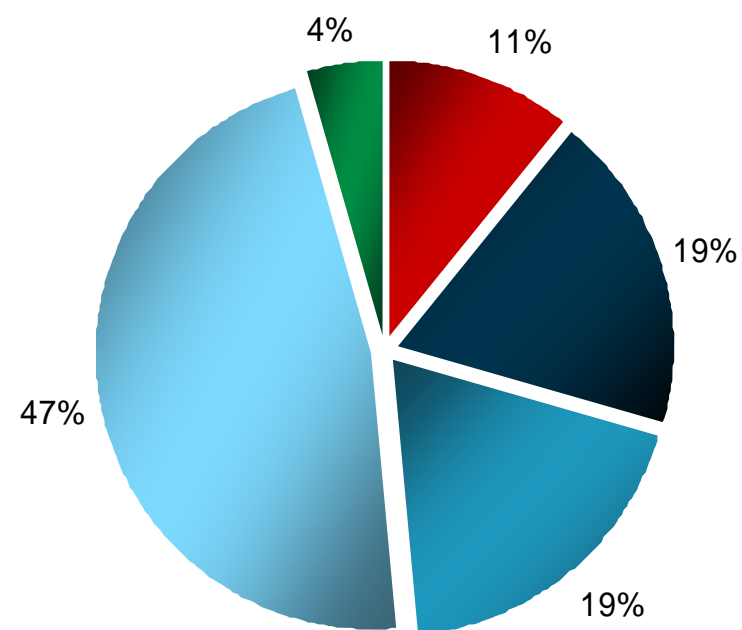
By channel



Direct Discretionary IFA Europe Asia

NET SALES Q1 2006

By channel



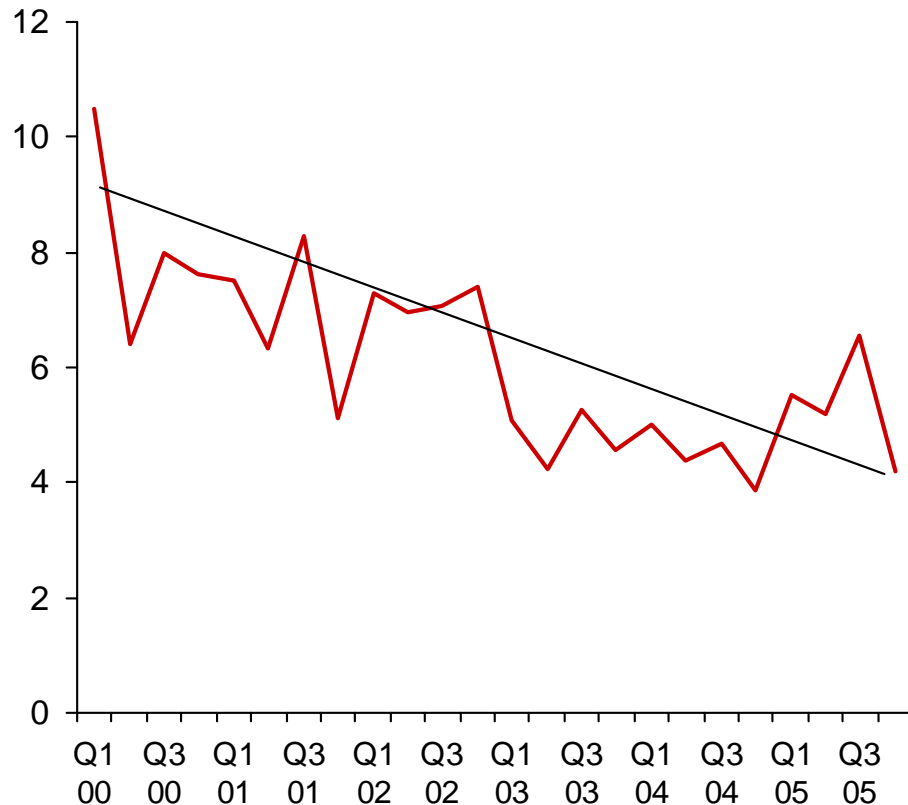
Direct Discretionary IFA Europe Asia

WINNING IN RETAIL ASSET MANAGEMENT

An ability to retain direct customers

MARKET SHARE OF DIRECT RETAIL REDEMPTIONS

Quarterly average



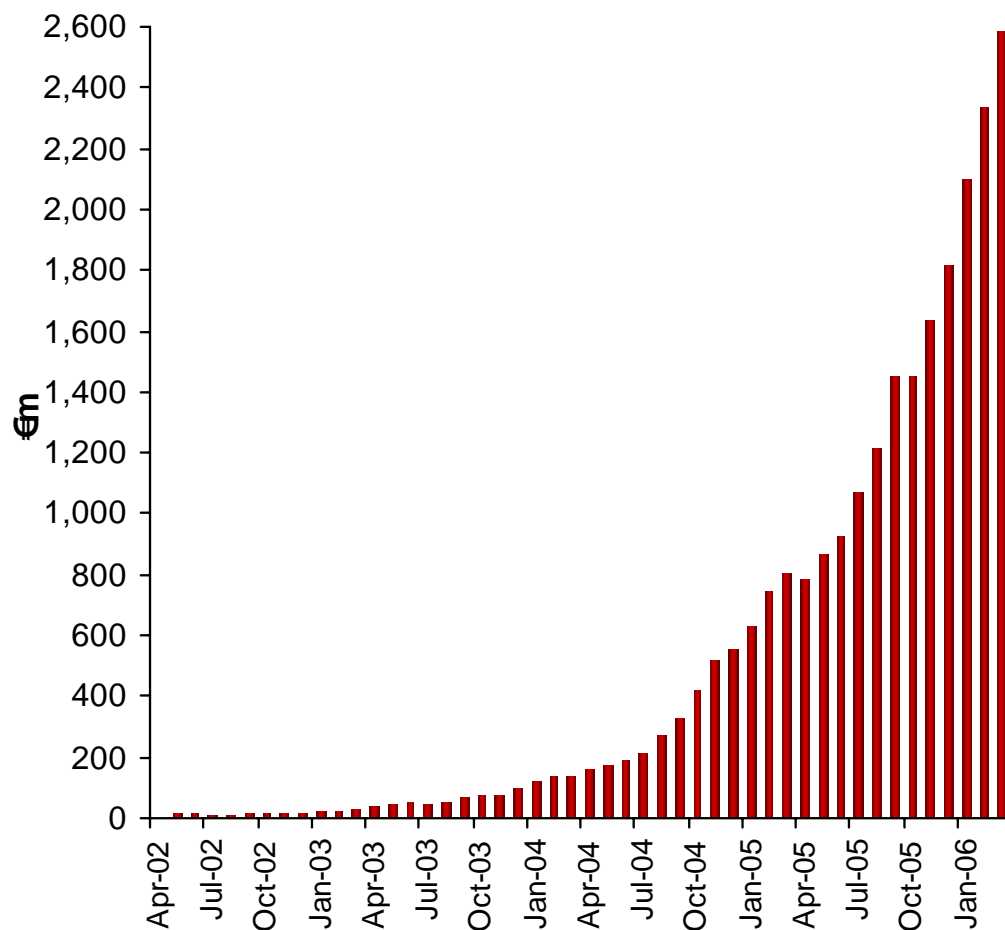
- Biggest single reason for redemption is death
 - 21% of direct redemptions
- Value of the significant direct book impacted by actuarial assumptions – demographics working in our favour

WINNING IN RETAIL ASSET MANAGEMENT

Successfully implementing a multi-regional distribution strategy

M&G INTERNATIONAL ASSETS UNDER MANAGEMENT

From launch to end March 2006



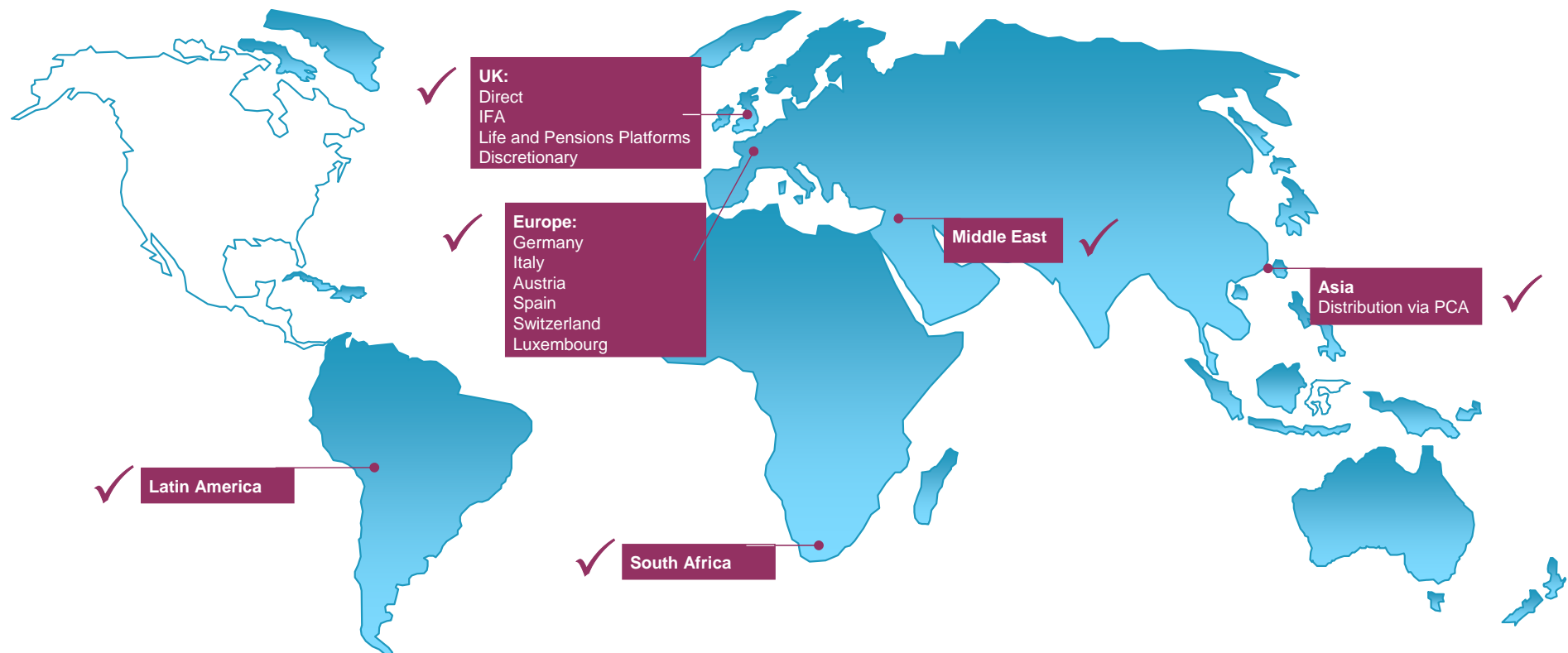
- Spreading competitive strengths and diversifying risks across a range of (largely uncorrelated) markets
- Exponential growth and accelerating
- Cost effective approach with product range using UK OEIC
- Recently launched into Asia
 - Gross sales £51m in Q1 2006

WINNING IN RETAIL ASSET MANAGEMENT

Selective profitable international expansion

DISTRIBUTION OF M&G FUNDS

Taking the existing model for manufacturing and distribution and expanding to new geographies

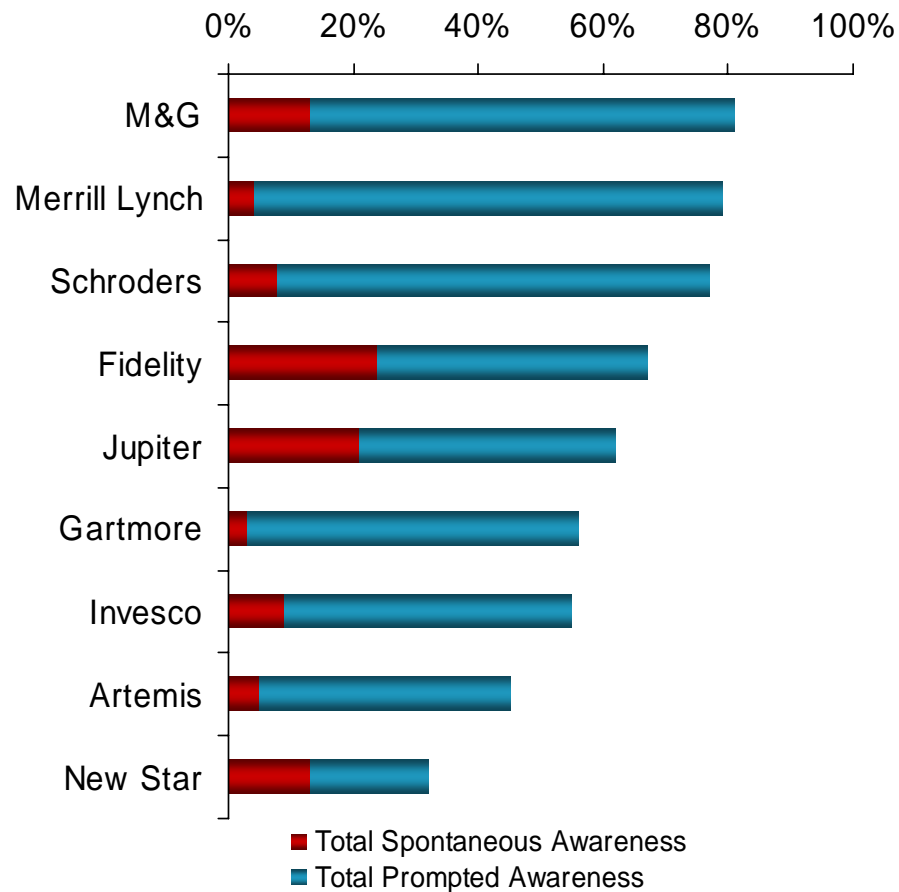


WINNING IN RETAIL ASSET MANAGEMENT

Strong Brand

TOTAL BRAND AWARENESS

April 2006



AWARD WINNING ADVERTISING

There are three things to consider when investing in commercial property.

Experience, experience, experience.

Looking for great returns?

We invest in the basics.

So you can indulge in the luxuries.

M&G

WINNING IN RETAIL ASSET MANAGEMENT

Independent recognition of this success

- Ratings



- Best Fund Group over 3 years in



UK



Luxembourg



Spain



Germany



Austria

WINNING IN RETAIL ASSET MANAGEMENT

Independent recognition of this success

THE MIGHTY M&G, THE FOUNDER OF THE UNIT TRUST INDUSTRY, IS FINALLY BACK WITH A BANG. M&G IS REBORN AND IT IS FLYING HIGH ONCE AGAIN. Bloomberg Money May 2006

citywire

M&G
INVESTMENTS

An old brand with new legs

Funds heavyweight M&G is pushing forwards with a boutique-like dynamism thanks to a vigorous shake-up over the past four years. Richard Lander reports

Exclusive

Professional ADVISER

The Hot 100

M&G EQUITY STRATEGY PAYS OFF

M&G has five funds in the top 20 of the Hot 100 one-year list, only one of which is a fixed interest vehicle, illustrating that the investment house's strategy to bet up its equity side is having an effect.

Head of equity investment David Jones, who has been the driving force behind the company's move to up its equity fund gains over the past couple of years, is ranked at number two in the

one-year table with his Managed fund. That the fund, and Graham Fenwick's Managed Growth at 13 in the one-year list, are both featured in the top 20 of funds investing in M&G's own range of equity funds, underlines the view that the company can now deliver consistent returns on both equities and fixed income investments.

Richard Woodhouse's M&G Strategic

Corporate Bond fund sits at 17 the week. The Professional Adviser Hot 100 list emphasises consistent good performance of fund managers by using figures for rolling periods – the best indicator of a solid track record.

Our one-year list compares investor rankings every month for 12 months, while the three-year list is based on

rolling three-monthly rankings. On the following pages, we list the top 100 managers (action funds only) according to their average percentile rankings – the lower the figure, the better the consistent performance. This method also ensures the list reflects the size of fund sectors. Where managers are ranking more than one fund, we include each sep-

arately where there is a distinct difference. On this page we focus on some of the managers making the Hot 100 list. Each week, we track the manager moving up and down the Hot 100, as well as highlighting those entering the lists afresh.

FULL ONE AND THREE YEAR LISTS: Pages 20-21

WINNING IN RETAIL ASSET MANAGEMENT

What do you need to win in retail asset management?

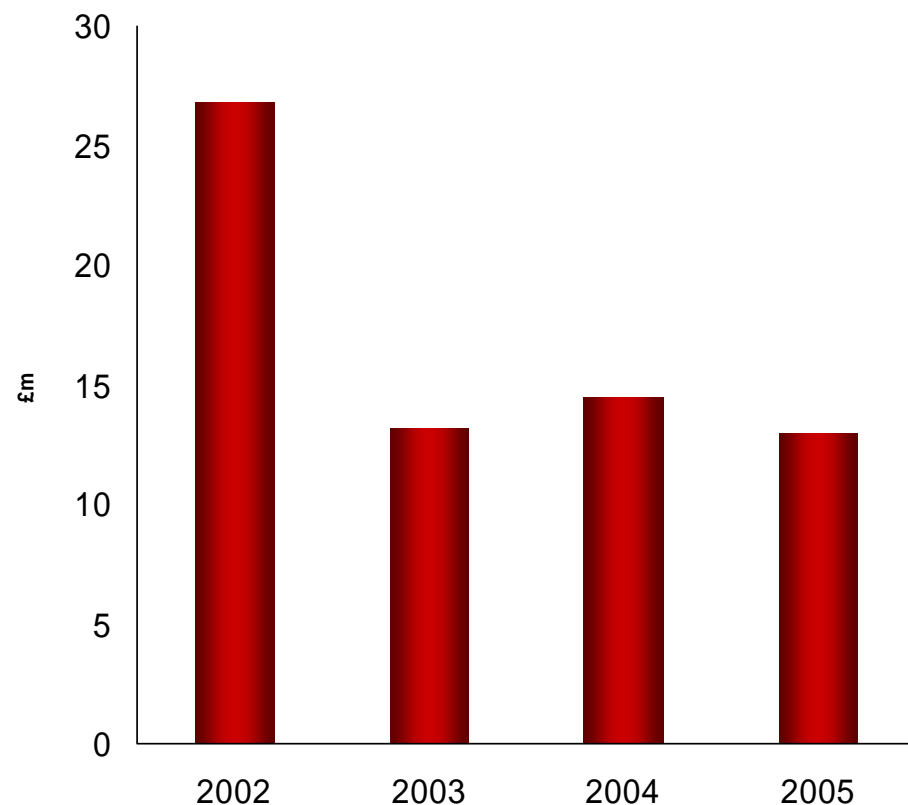
- Exceptional investment performance ✓
- Breadth of product ✓
- Distribution strength ✓
- Retaining customers ✓
- Market recognition ✓

- Plus...
- Strong business management

WINNING IN RETAIL ASSET MANAGEMENT

Using scale and controlling costs

ADMINISTRATION COSTS 2002 to 2005



- Focusing on the core competencies of an asset management business
- Improving capital efficiency and operational gearing
- Outsourcing of transfer agency
- Rationalisation of funds

WINNING IN RETAIL ASSET MANAGEMENT

Ensuring a competitive pricing strategy

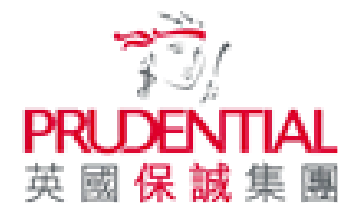
- Brought charges to market levels
 - AMC on 19 active equity funds increasing to 1.5%
- £12m per annum positive impact on profits
- Impact accelerated by asset growth and net sales
- Far from slowing down sales, it has 'unblocked' them

WINNING IN RETAIL ASSET MANAGEMENT

Forging strong links across the Group

- Financial backing of a strong parent
 - European distribution launch
 - Seeding of new product launches
- Investment Management expertise in local centres (PPM America, Asia)
- £100m p.a. of sales via Prudential linked products

- Looking to develop these links further



WINNING IN RETAIL ASSET MANAGEMENT

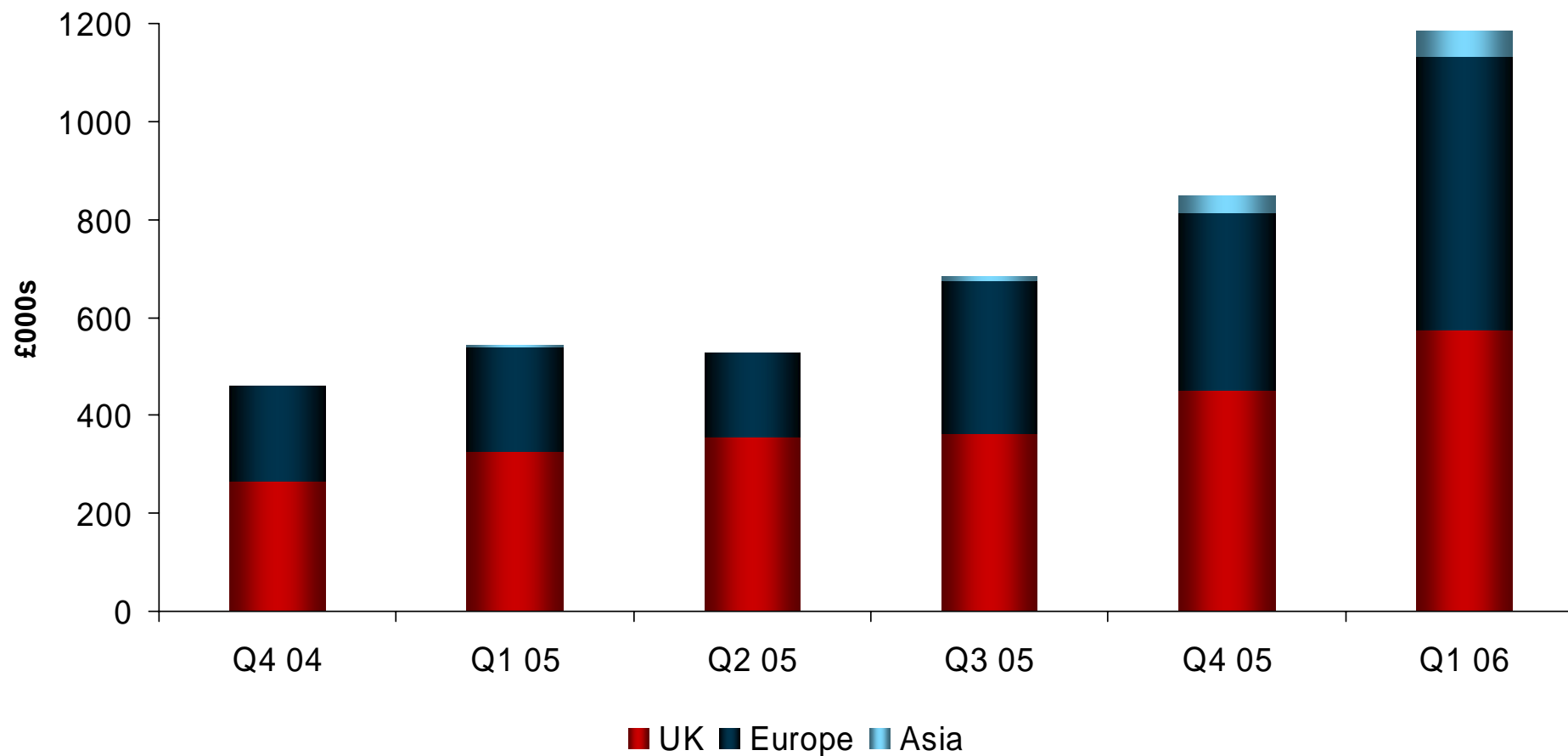
M&G Retail has everything needed to win in retail asset management

- Exceptional investment performance ✓
 - Breadth of product ✓
 - Distribution strength ✓
 - Retaining customers ✓
 - Market recognition ✓
 - Strong business management ✓
-
- What are the benefits?
 - Strong growth in sales
 - Strong profit growth

WINNING IN RETAIL ASSET MANAGEMENT

Strong sales growth across each channel

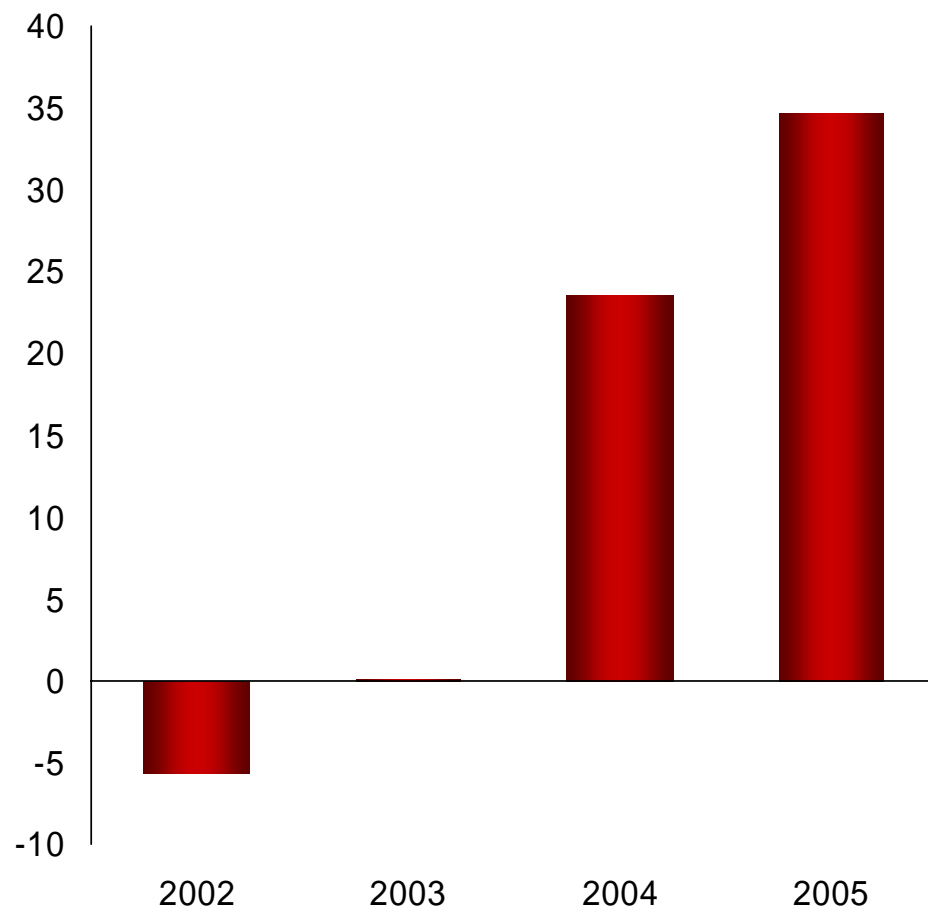
GROSS SALES BY CHANNEL



WINNING IN RETAIL ASSET MANAGEMENT

Strong profit growth

RETAIL PROFITS



- Impact of
 - Net sales
 - Cost savings
 - Outsourcing
 - Market appreciation
 - Pricing changes



PRUDENTIAL

BUILDING ON THIS MOMENTUM

Will Nott



BUILDING ON THIS MOMENTUM

Continuing to win in retail asset management

- Exceptional investment performance
- Delivering attractive and scalable products
- The right pricing
- Taking advantage of industry trends: open architecture
- First class client service

BUILDING ON THIS MOMENTUM

Winners all have exceptional investment performance

- Best Fund Group over 3 years in



UK



Luxembourg



Spain



Germany



Austria

- Looking ahead there are two key questions for M&G
 - How has this performance success been achieved?
 - Is it sustainable?

BUILDING ON THIS MOMENTUM

How has this performance success been achieved?

- A boutique culture
- Talented individuals
- Unconstrained from benchmarks
- First class investment infrastructure

BUILDING ON THIS MOMENTUM

Is this performance sustainable?

- Future performance depends on retaining, attracting, developing and empowering the best people
 - Fund manager turnover incredibly low
 - Ability to recruit talented managers
 - Strong history of developing in house talent



- Compensation linked to performance and profits
-

BUILDING ON THIS MOMENTUM

Is this performance sustainable?

- Building distinct investment franchises
- Supporting the fund managers with a rigorous, robust and relevant infrastructure

**Research
analysts**

Embedded into
the investment
franchises

**Portfolio
Strategy &
Risk**

Supporting
portfolio
construction and
actively managing
investment risk

**Portfolio
analysts**

Supporting the
fund managers in
marketing and
client servicing

BUILDING ON THIS MOMENTUM

The global equity franchise

- 2 AAA Citywire managers
- Set up in 2000
- A distinct investment proposition, being recognised by the market



Graham French



Aled Smith



Embedded analysts

Portfolio Strategy & Risk

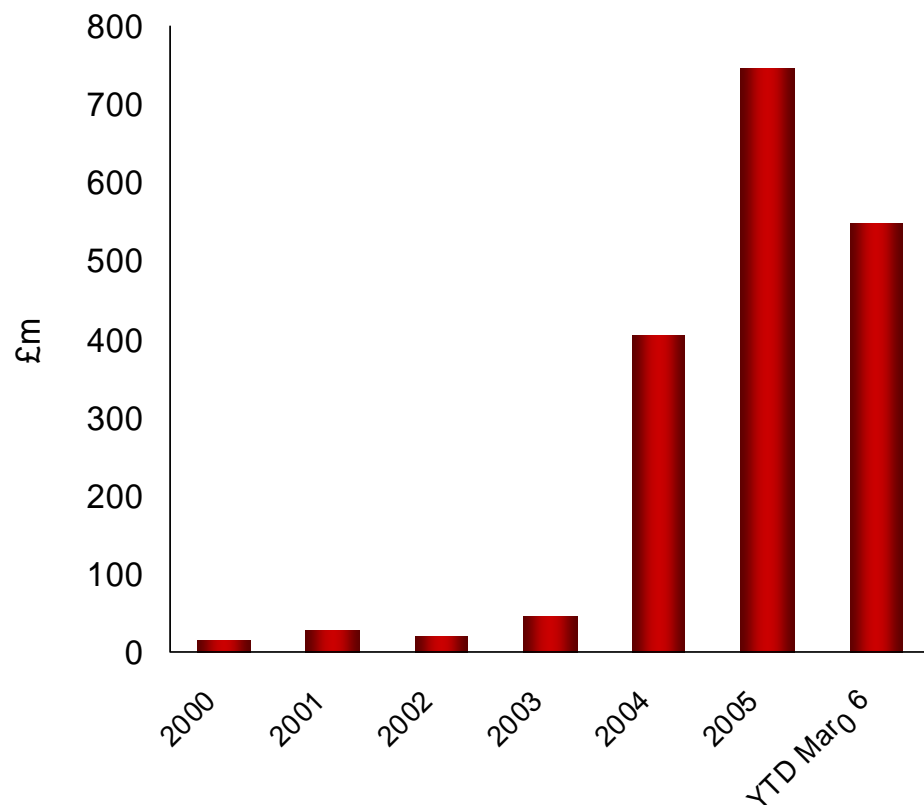
Portfolio analysts

BUILDING ON THIS MOMENTUM

We have experienced great success with M&G Global Basics

GROSS SALES IN M&G GLOBAL BASICS

From launch to end March 2006



M&G GLOBAL BASICS PERFORMANCE

As at end March 2006

	1 year	3 years p.a.	Since launch p.a.
M&G Global Basics	47.1%	41.1%	17.2%
S&P Global equity sector	31.8%	21.2%	0.0%
Index	31.7%	24.0%	6.0%
DECILE RANKING	1	1	1

Launched November 2000

BUILDING ON THIS MOMENTUM

M&G Global Leaders is going the same way – and could go further

M&G GLOBAL LEADERS PERFORMANCE

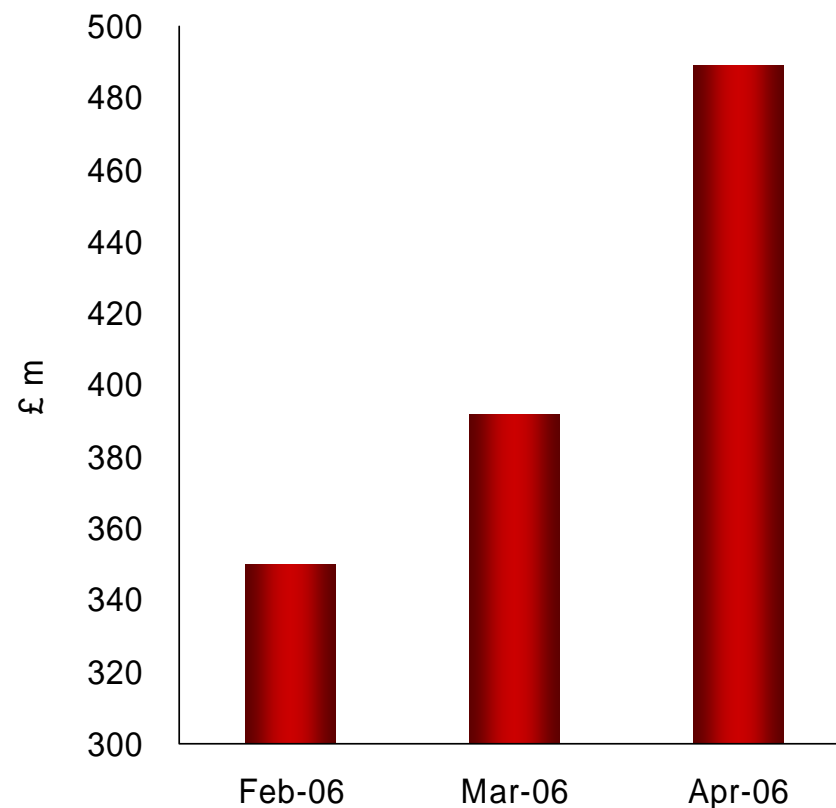
	1 year	3 years p.a.	Since tenure p.a.
M&G Global Leaders	49.6%	34.5%	28.8%
S&P Global equity sector	31.8%	22.5%	18.5%
Index	30.9%	21.1%	18.5%
DECILE RANKING	1	1	1

M&G's Smith comes top of the class

Mathematician Aled Smith has always been fascinated by problems and puzzles. His distinctive approach identifies companies that are changing for the better and has gained him Citywire AAA ratings in five European countries

Citywire Fund Manager International, April 2006

M&G GLOBAL LEADERS Funds under management



Managed by Aled Smith since September 2002

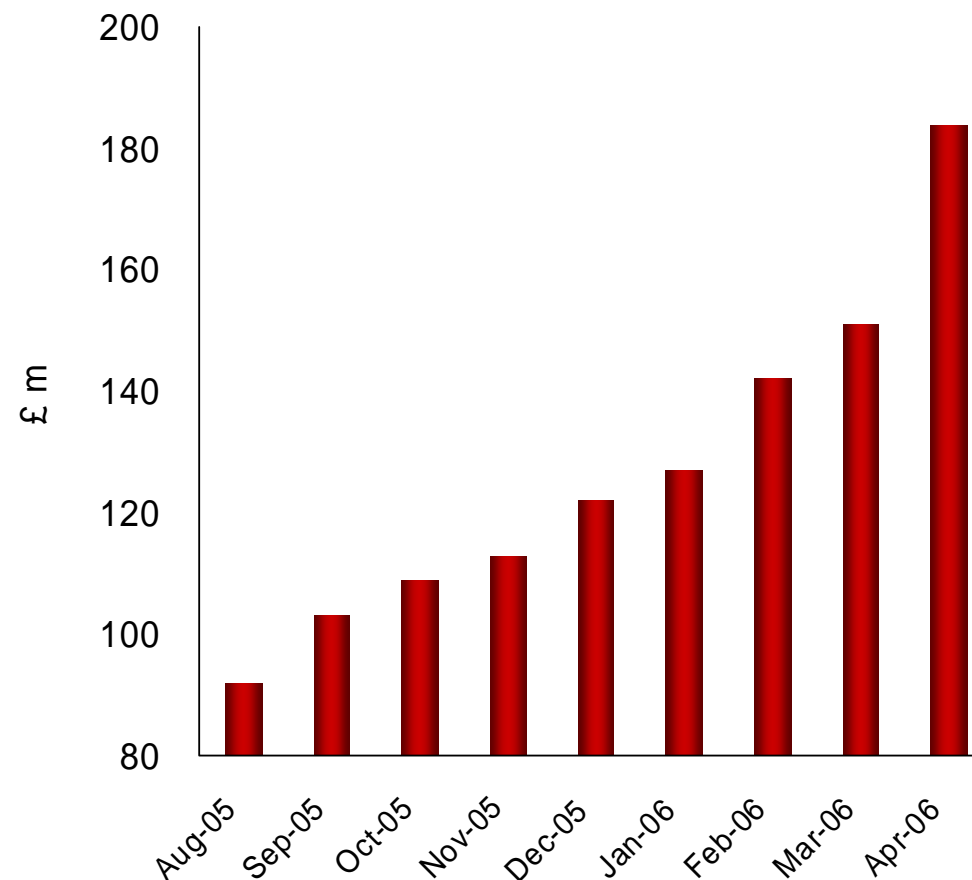
BUILDING ON THIS MOMENTUM

Fixed Income – maintaining our track record for innovation

- Leveraging internal investment capabilities for the Life Fund
- Significant demand for income
- Continue to look at further Fixed Income opportunities

M&G LEVERAGED LOANS FUNDS

Funds under management since launch



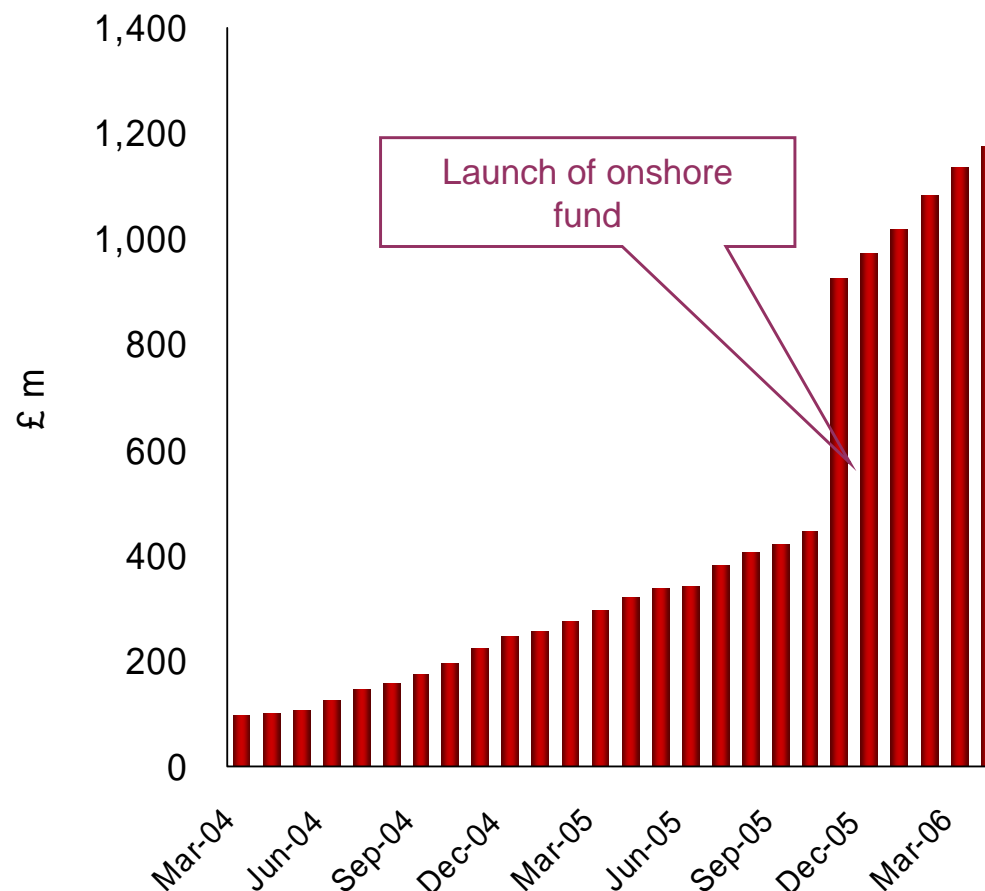
BUILDING ON THIS MOMENTUM

Property – growing fast with more to come

- Strong investment capability has enabled M&G to keep these funds open where others have had to close
- Continue to look at opportunities in this asset class

M&G PROPERTY FUNDS

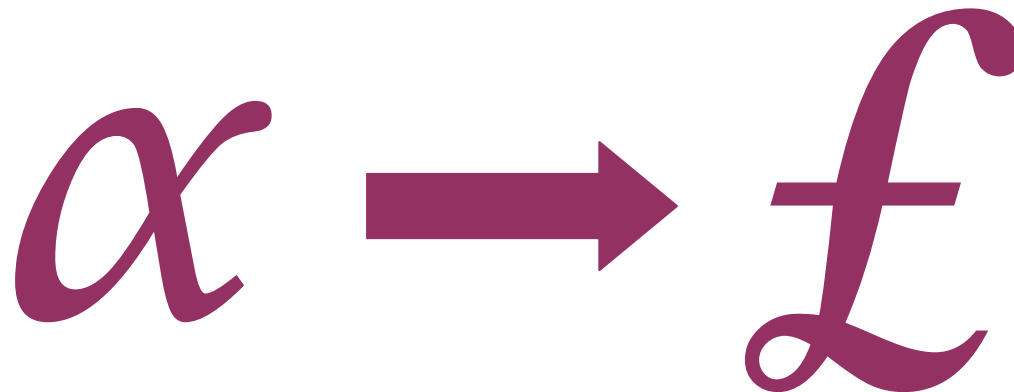
Funds under management since launch



BUILDING ON THIS MOMENTUM

Ensuring we convert performance into profits

- Sustainable, durable and proven alpha will become more valuable
- As an investment led organisation, understanding the right price for this alpha is crucial
- We are striving for profitable sales growth



CONTINUING THIS SUCCESS

This performance sets M&G up to take advantage of industry trends

- The distribution landscape is changing
 - Growth in open architecture
 - UK
 - Banks
 - Life and Pensions links



- Europe
 - Banks
- Asia

BUILDING ON THIS MOMENTUM

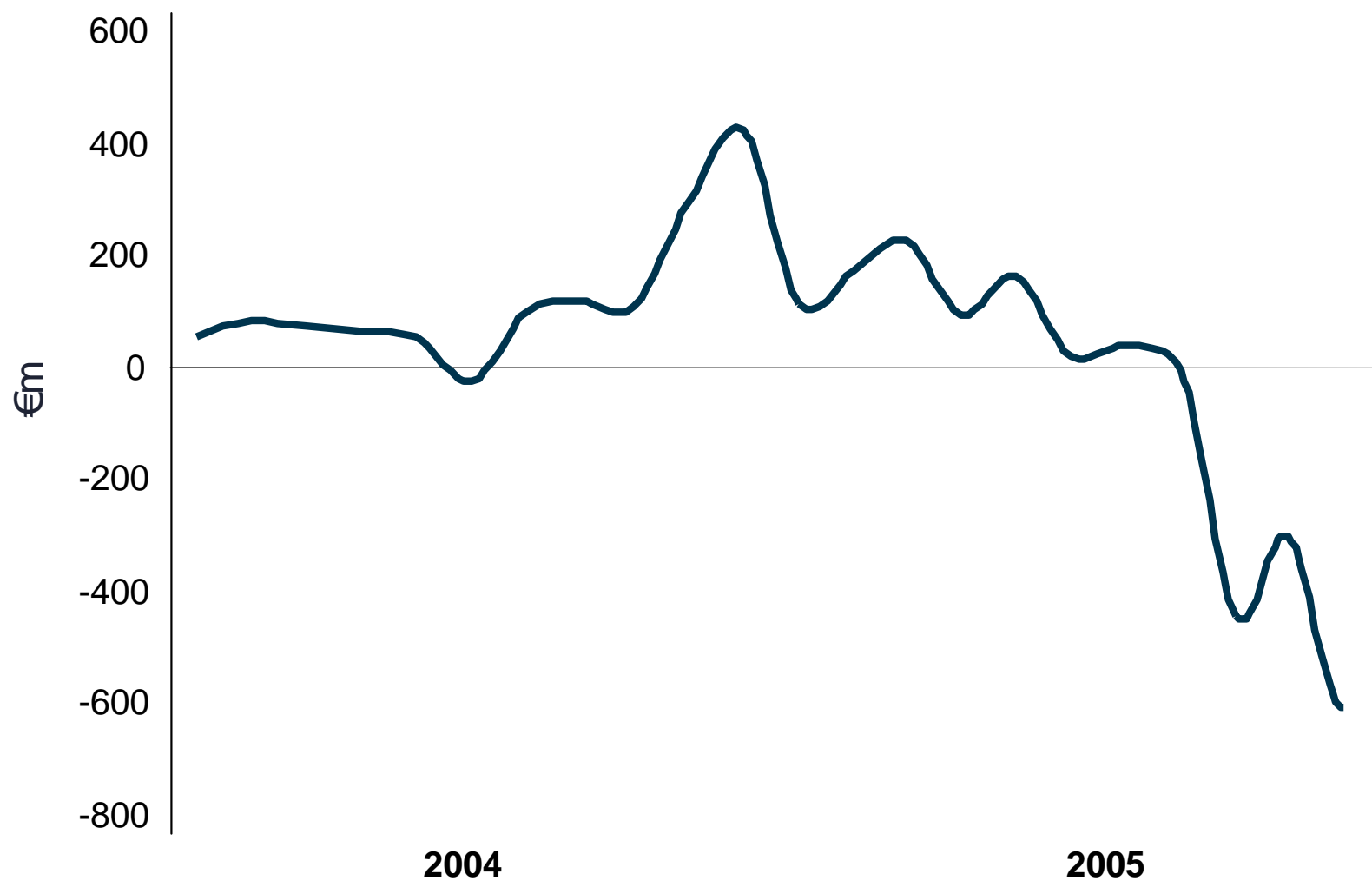
Open architecture presents both opportunities and challenges

- Significant opportunities
 - The rise of the professional retail buyer/gatekeeper
 - Large volumes
- Significant challenges
 - Client loyalty diminishes
 - Fund manager stability
 - Asset allocation changes
- Greater volatility of fund flows
- Diversify sales by country, channel and asset class

BUILDING ON THIS MOMENTUM

The importance of fund manager stability

NET SALES OF 'A EUROPEAN EQUITY' FUND FOLLOWING MANAGER DEPARTURE



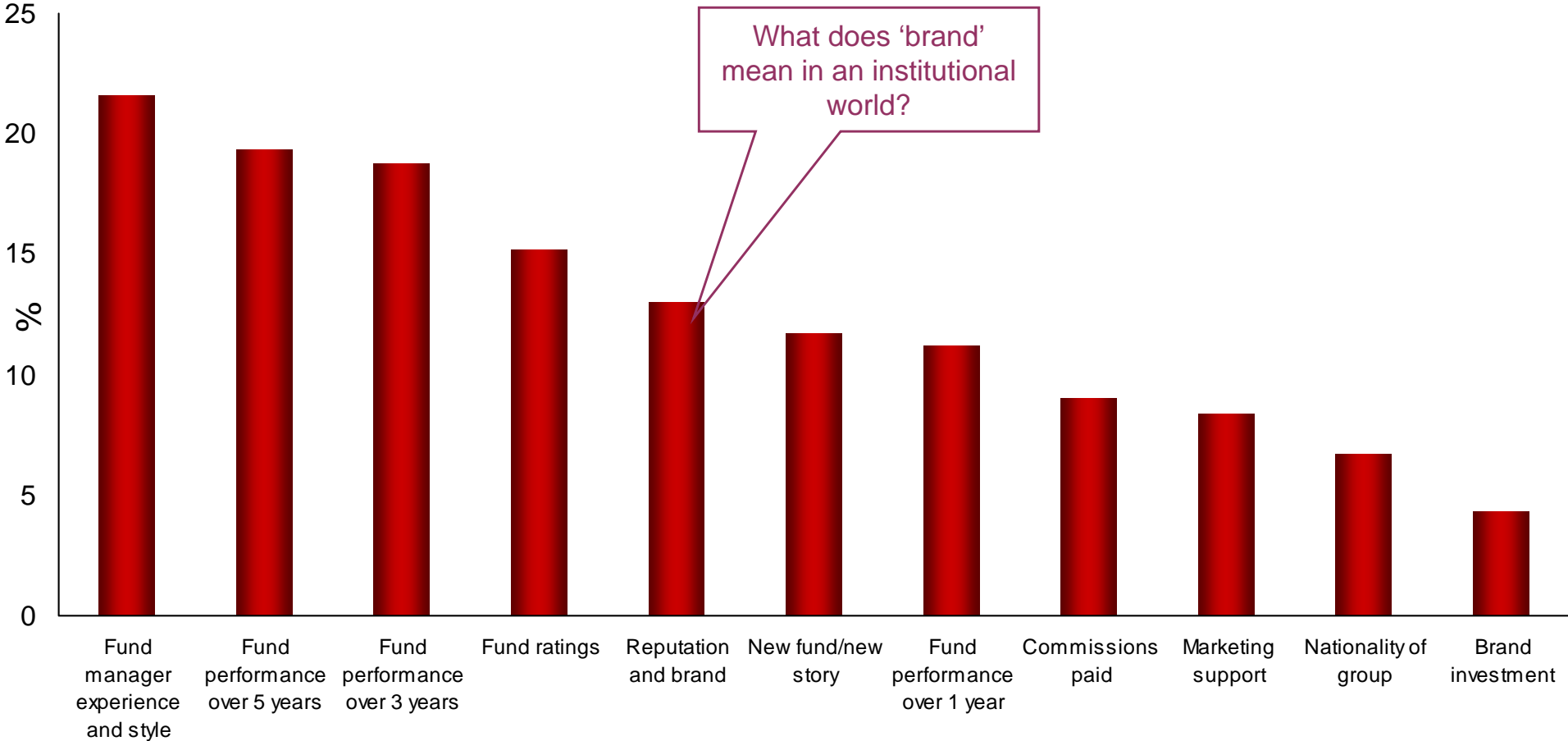
Source: FERI FMI

BUILDING ON THIS MOMENTUM

M&G is ticking the boxes for professional buyers

WHAT ARE THE MOST IMPORTANT CRITERIA IN FUND SELECTION?

Responses of fund buyers placing > €1bn in 2005



Source: FERI FMI/CSAM Fund Buyer Survey 2005

BUILDING ON THIS MOMENTUM

Developing a 'brand' in this environment is all about client service

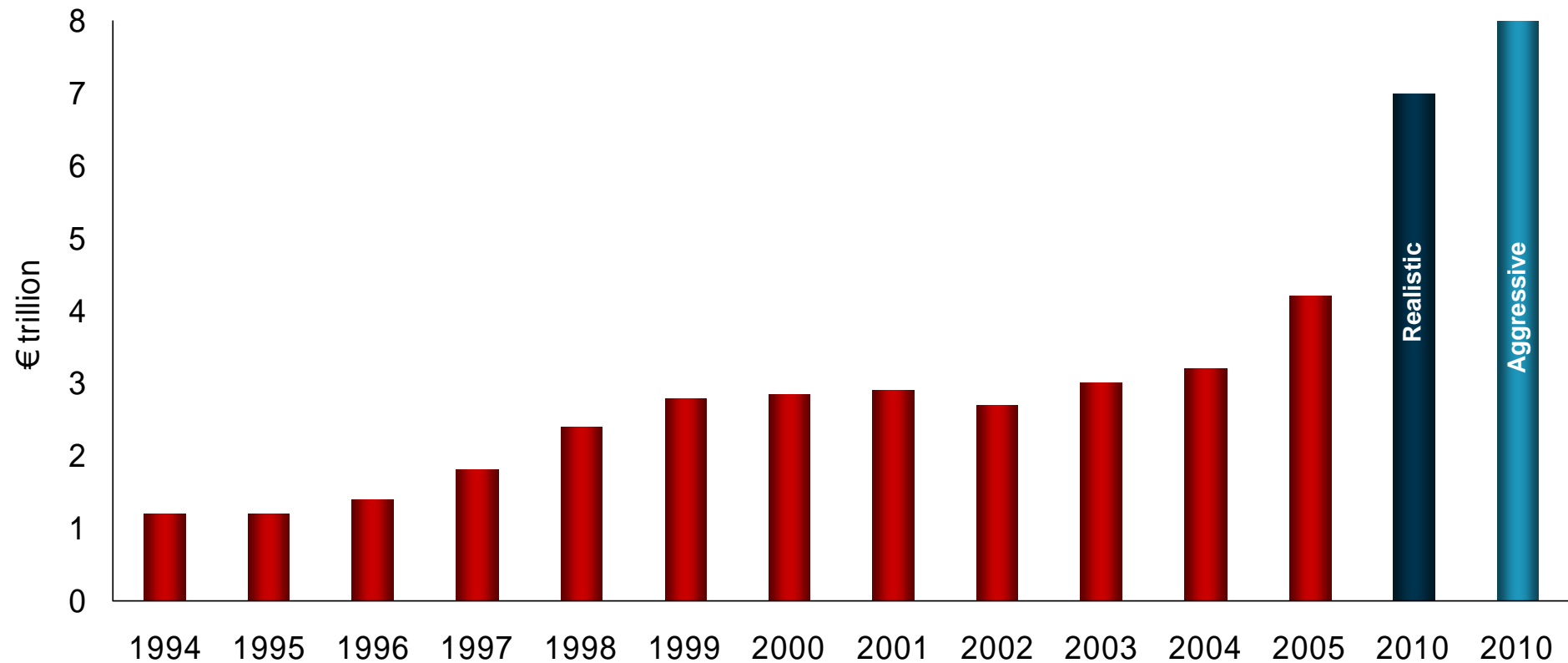
- Delivering first class institutional servicing to the retail market
- Requires increased focus on marketing and client services and articulation of investment processes
- *“My thanks for the half yearly report which is really exemplary and strengthens me in my decision to add the fund to our range.”*



BUILDING ON THIS MOMENTUM

The opportunity is considerable

EUROPEAN RETAIL ASSET GROWTH 1995 to 2010



Source: FERI FMI

M&G RETAIL

Building on this momentum...

6 April 2006

M&G OEIC/M&G Property Portfolio.

Large sum application

Please complete both sides of this application form in BLOCK CAPITALS in blue or black ink and return it to:
M&G Securities Limited, PO Box 9299, Chislehurst CM99 3EG.

- You can obtain a free copy of the Prospectus and/or the most recent annual, and if more recent, Interim Fund Report before accepting this Capital Raising or the offering above.
- IMPORTANT:** You must read and sign the declaration in section 3 carefully before completing this form to M&G.

1 Personal details.

Please complete the full names in which shares/unit are to be registered. The minimum age for a child is 14 years.
Partners for children under 14 years of age should be registered in the name of an adult and such names may be distinguished by adding a designation comprising up to eight letters in the order of the holder's choice.

<p>Investor 1</p> <p>Title Mr/Ms/Ms/Mr/Ms/Other</p> <p>Full forenames</p> <p>Surname</p> <p>Permanent residential address</p> <p style="text-align: right;">Postcode</p>	<p>Investor 2 (if applicable)</p> <p>Title Mr/Ms/Ms/Mr/Ms/Other</p> <p>Full forenames</p> <p>Surname</p> <p>Permanent residential address</p> <p style="text-align: right;">Postcode</p>
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Please number with unit code for use of party

<p>Unit code</p> <p>Postal address</p> <p>Date of birth (DD/MM/YYYY)</p> <p>Designation (eg. initials of child)</p>	<p>Unit code</p> <p>Postal address</p> <p>Date of birth (DD/MM/YYYY)</p> <p>Your M&G share reference number (insert M&G number)</p>
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If you require up to two more additional investors please complete their full names, address details and signatures on a separate piece of paper and send it along with this application.

2 Investment details.

Please indicate your choice of fund (I and the amount) you wish to invest. You will also need to download them before you register. In the case of the M&G High Income Fund, M&G Managed Fund share class X, M&G Managed Growth Fund share class X and M&G Property Portfolio, Accumulation share/unit are not available.

Investor Option: If you wish income payments to be made directly to your bank/building society account, please complete section 3 carefully.

These rules/charges payable to "M&G Securities Limited".

Each fund has a minimum share/unit class. In some instances this is the share/unit class normally held by investors.

Please specify below the share/unit class of the fund(s) you wish to invest in. If you do not select a share/unit class, you will be allocated the minimum share/unit class for that fund(s). Please see the Key Features for further information.


	Fund class (over £)	Lump sum amount (Minimum Investment)	Unit type
M&G Property Portfolio		£	Income

Full name of fund(s) chosen	Share class (over £)	Lump sum amount/ Price (£) per fund	Share type required ¹ (Minimum appropriate)
M&G	Fund / Portfolio	£	Income / Accumulation
M&G	Fund / Portfolio	£	Income / Accumulation
M&G	Fund / Portfolio	£	Income / Accumulation
M&G	Fund / Portfolio	£	Income / Accumulation
M&G	Fund / Portfolio	£	Income / Accumulation
M&G	Fund / Portfolio	£	Income / Accumulation

¹ The minimum lump sum amount for M&G Investment Funds (i) is £5,000.

² If no share type is selected, we will issue Accumulation share/unit where available. If Accumulation share/unit is not available, Income share/unit is issued.

continued overleaf



M&G
ENVIRONMENT

M&G Investment Limited is authorised and regulated by the Financial Services Authority and provides investment products. The company's registered office is: Investment Services Ltd, London EC2R 9EJ. Registered in England No. 10755.



PRUDENTIAL

APPENDIX

REVENUES, COSTS AND UNDERLYING PROFITS

Supporting detail

	2001 £m	2002 £m	2003 £m	2004 £m	2005 £m
Equities	129	112	99	111	142
Fixed Income	77	83	94	102	110
Property	37	38	41	47	56
Private equity	21	21	21	26	24
Prudential Finance	11	18	31	44	59
Total revenue	277	272	286	330	391
Staff costs	(128)	(131)	(147)	(170)	(187)
Other costs	(114)	(100)	(79)	(71)	(87)
Outsourcing project	-	-	(7)	(0)	-
Investment income	24	18	17	21	21
Underlying profits	56	49	70	110	138

Source:

Biographies



Michael McLintock,
Chief Executive, M&G

Michael McLintock is Chief Executive of M&G and a member of the Board of Prudential. He joined M&G in 1992 as personal assistant to the Group Chief Executive and later became head of the institutional and international desks. Michael was appointed Chief Executive of M&G in February 1997 and oversaw the sale of M&G to Prudential in March 1999.

Michael joined Morgan Grenfell as a graduate in 1983, working in both the investment management and corporate finance departments, before moving to Barings as a corporate financier in 1987.



Ajay Srinivasan,
Chief Executive, Fund Management, Prudential Corporation Asia

Ajay Srinivasan is responsible for Prudential's fund management business in Asia. In this role he oversees Prudential's mutual funds business, the investment of the Life insurance monies and is responsible for developing Prudential's pensions business across the region. Prudential's fund management business in Asia currently manages close to US\$ 50 Bn and Ajay has been closely involved with the establishment of Prudential's fund management operations in 9 markets across Asia.

Ajay has 18 years of experience in the financial services industry with a track record in successfully establishing new businesses and joint ventures.



Leandra Knes Johnson,
President, Chief Executive Officer and Chief Investment Officer for PPM America

Leandra Knes Johnson was appointed President and CEO of PPM America in 2000. She joined PPMA in 1997 as Executive Vice President and Chief Investment Officer responsible for managing JNL's portfolios.

Leandra joined PPMA from Aetna Life & Casualty, where she served most recently as the Chief Investment Officer of guaranteed products with portfolios of approximately \$27 billion. Prior to that, Leandra was with Providian Corp., a financial services company in Kentucky, as a managing director in charge of the private placement area.

Leandra has an undergraduate degree in chemical engineering from Purdue University and an MBA from the University of Chicago. She is a chartered financial analyst.



Philip Johnson,
Group Finance Director, M&G

Philip Johnson was appointed Group Finance Director of M&G in March 2003, and is responsible for strategy, financial reporting and tax. Philip joined M&G in 2000 from Prudential, where he worked in the Corporate Finance team in Group Head Office for three years.

Prior to that, Philip qualified as a chartered accountant at Coopers & Lybrand. Philip graduated from Cambridge in 1993 with a degree in history.



Simon Pilcher,
Chief Executive Fixed Income, M&G

Simon Pilcher is a Director of M&G Limited and Chief Executive of the Fixed Income division. He is responsible for the £69.1 billion managed by M&G's institutional and life and annuity fixed income teams, and for M&G's global fixed income investment policy, as well as developing M&G's business and product capabilities in areas such as structured credit, leveraged finance, property finance and project and infrastructure debt and equity investments.

Prior to joining M&G in September 1998, Simon spent nine years at Morgan Grenfell Asset Management leading fixed income teams investing in investment grade corporate bonds and major G7 government bond markets. Simon has an honours degree in management studies from Trinity Hall, Cambridge.



John Foley,
Managing Director, Prudential Finance UK

John Foley joined Prudential/M&G in January 2000. Previously he was a General Manager at National Australia Bank. Prior to that he spent twenty years in the Hill Samuel/TSB/Lloyds Group working in project finance, shipping finance, futures and swaps, capital markets and Treasury.



Martin Moore,
Managing Director, PruPIM

Martin Moore was appointed Managing Director of Prudential Property Investment Managers in 1996, and over the last ten years has seen significant growth and diversification of the property business. Martin trained as a chartered surveyor with Prudential and was appointed as Chief Investment Officer of PruPIM in 1990.

Martin is a Crown Estate Commissioner and a Board member and immediate past President of the British Property Federation. He is also a past Chairman of the Investment Property Forum and Westminster Property Owners Association.



Gary Shaughnessy,
Chief Executive UK Retail, M&G

Gary Shaughnessy joined M&G in July 1999 to head up its direct business and became Chief Executive of M&G's UK Retail business in December 2001 with responsibility for M&G and Prudential's retail unit trust, OEIC and investment trust business in the UK, comprising some £20 billion in assets under management.

From June of this year, Gary is moving across to Prudential UK to head up its Wealth and Health Management and Mature Life and Pensions businesses.

Prior to joining the Group, Gary was Marketing and Brand Director for AXA Insurance and General Manager responsible for Financial Services Marketing at the Automobile Association. He began his financial services career at the Bank of Scotland where he was a Marketing Development Manager at the subsidiary, Capital Bank.



William Nott,
Chief Executive Officer, M&G International

William Nott joined M&G as a graduate from Warwick University in 1984, he joined the Board of M&G in 1998 and was appointed Chief Executive Officer of M&G's International business in 2000.

In 2004 Will was appointed a member of CESR Consultative Working Group on Asset Management and in March 2005 he was appointed to the Board of EFAMA (European Fund and Asset Management Association). In March 2006 he was appointed Chief Executive of the Combined Retail Businesses.