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Slide 2: Agenda

When I started this job over two years and a half years ago there was a good deal of speculation about whether I would change the direction that the Group is heading.

I said at the time that there was little prospect or point in me changing a winning formula in the short term. I wanted to get the message across that key to this was continued delivery and “evolution not revolution.”

I also made it quite clear that a key challenge for me in focusing on shareholder value was to make sure that this business is well positioned to combine sustained increases in short and medium term profitability with sound strategic positioning to capture long-term growth opportunities To ensure that the Group as a whole is always worth more than the sum of its parts.

Today I want to show you how we have progressed on meeting those challenges.

I also want to show you how our recent capital markets and operating performance has been very positive and how we’ve made significant advances in all of the regions we operate in and I’ll show you how we’ve benefited from product and geographic diversity by operating as a Group.

I’ll also want to take a look ahead at the major growth opportunity that we see in the global retirement space and talk about how we as a Group are in a powerful position to take advantage of one of the most significant and important trends in retail financial services around the world.

Our global asset management expertise, our product and distribution capabilities in the major retirement profit pools and our brand strength and positioning are just some of the advantages that we’re building on so that we can take a disproportionate share of the highly attractive pre and post retirement market.

Slide 3: Where We Have Come From

For those of you that may not know the Group well we started as a UK life insurance company nearly 160 years ago. I am (and I am sure you are grateful) not proposing to go back that far but in the Group’s more recent history we have significantly changed and expanded the nature of the business.

Broadly speaking this expansion has come in three dimensions:

Firstly, building out the Group’s global footprint into the most material and attractive savings and protection markets. This started with the acquisition of Jackson in the US in the mid 80s and it’s grown steadily so that today Jackson has a leading position in its chosen segments.

We also saw the potential in Asia very early on and we moved faster than our peers in key Asian markets to build an unparalleled franchise in the region.

Twenty years ago Prudential was a UK domestic life company with international outposts. Today our rapidly growing businesses in the US and Asia are both bigger than the UK operation in new business profit terms and we believe there is much, much more to come.

The second dimension has been to build up our capabilities around asset management to complement the insurance business.

With the acquisition of M&G and the significant growth of the Asian and US fund management businesses we now have a global asset management capability that is really delivering benefits to our customers.

It’s delivering both through mutual fund products and also through superior returns on insurance monies and that feeds through into more competitive products and pricing and ultimately better profit margins.

The third dimension of our growth has been the fundamental reorientation of our UK life insurance operation away from traditional life savings products and into individual retirement annuities where much higher returns are available to the comparatively few companies with the expertise to exploit the opportunity effectively.

So overall I would characterise the last few years as a period in which we've been doing everything we can to drive and deliver performance across the Group.

Slide 4 Continued delivery and momentum

As you can see this slide clearly demonstrates the Group's continuing delivery and positive momentum. When you put the half year 2007 figures into the context of the last couple of years you can see a continuing trend of strong delivery as we focus on running the business to maximise shareholder value and on executing our retirement led strategy.

It's a strategy that is already generating not just excellent results but also creating substantial long-term opportunities.

Over that two and a half year period you can see the positive growth in profits, not only in terms of EEV operating profit but in IFRS profit as well. In addition the overall cash position remains firmly on an improving trend a trend that we've been talking about for some time now.

Slide 5: Individual life businesses

A key driver of this bottom-line performance is our strong growth in new business profits in each of the businesses. That's contributed to compound annual growth for the Group of 18% over the last two years. We've also managed to maintain overall margins and we've improved the internal rates of return on new business.

Of course Asia is central to this growth. Sales in Asia have powered ahead yet again. APE Sales are up to £619m for the first half of this year. That's an impressive 48% growth on the same period last year, at constant exchange rates. Remember that 2006 wasn't a weak comparator either with half year 2006 sales up 35% on the preceding year.

Asia is now the largest part of the Group. It contributed 46% of our sales and 53% of new business profit in the first half of this year.

Returns in the region remain highly attractive driven by excellent product economics going forward. This is also a region where the growth story driven by strong fundamentals is very compelling. And we're confident it's sustainable year on year.

We've also seen significant gains in the US.

Jackson sales continue to grow up 20% to just over £350m in the first half of this year. That increase was driven by higher sales in Variable Annuities and Institutional business.

Our success over the last 5 years in particular has been clearly rooted in our strategy to focus on the pre and post retirement market including the development of a leading variable annuity franchise.

This strategy along with market-leading product innovation and processing efficiency has given us high returns. Jackson has consistently delivered rapid growth together with increasing margins while maintaining cost leadership and delivering world-class service.

And in the UK we moved returns and margins ahead in 2006 as well as this year to levels that are better than you'll see from any UK insurance provider.

We see tremendous potential from our focus on the growing retirement market in the UK and we've got the scale, the assets and the capabilities to be successful here.

We continue to make progress on the turnaround in the UK. In the first half of this year retail sales were up 10% year on year. And while we saw a lower level of wholesale activities this year to date compared to last we expect to book the Equitable deal by year end.

Critical to our Group strategy is the empowerment of local management so that we can tailor our services and products to meet local market needs. This is, and will continue to be an enduring feature and strength of the Prudential Group.

Alongside this strong local focus we benefit materially as a Group from greater capital efficiency, an enhanced risk appetite and operational synergies.

Slide 6: Benefits from Prudential existing as a Group

The Group has real diversification benefits that both reduce the volatility of our profits and improve our capital position. You can see one tangible example on the left of the slide here.

We have estimated that if you were to calculate the capital requirements of the businesses on a stand-alone basis versus what we actually need the diversification within the Group has the effect of materially reducing the level of required economic capital so increasing the surplus by some £1.3 billion.

This is real balance sheet efficiency and we get it from actively managing the diversity of product and market risks that the Group is exposed to.

The industry has got some way to go in terms of dialogue with regulators and rating agencies in determining exactly how all this is going to work but the opportunity for greater capital efficiency within broader based groups is material.

We’ve put in place sophisticated and leading edge processes that allow us to project cash flows and balance sheets for each business against thousands of scenarios. These scenarios capture all of the major risk drivers right across the Group.

So we can work out for instance, whether, under certain conditions a business generates capital or it requires financial support right up to extreme scenarios. From this we can develop an aggregate position across the Group at our Double A target level of confidence.

We’re also constantly looking for opportunities to collaborate and to share best practices for the benefit of our customers.

Let me give you some examples of this.

Firstly, we are using our expertise in variable annuities from Jackson in the US to help design offers for Asian markets, with the Korean market leading here followed by Japan and Taiwan. The latter being a great success which I will talk about later.

Secondly, our Asian business continues to leverage the brand heritage from Prudential in the UK. That heritage helps establish trust and confidence in markets where we are a fairly recent arrival.

Thirdly, we are using our expertise from Jackson to build an advantaged position in UK distribution. Indeed, this is already reaping rewards with a 20% increase in productivity of large accounts in the first half of this year.

And the final example, is around the extraction of cost synergies PPMS in Mumbai for example is our 100% owned offshore Indian operation and it’s providing services to the US as well as supporting the UK and Asian businesses.

Slide 7: Delivering superior shareholder value

Our share performance is underpinned by our strength on fundamentals.

At the Holding Company level we turned cashflow positive at the half year stage. We’ve achieved this ahead of schedule.

In terms of sources of cash the UK life fund transfer and the US remain the biggest contributors but Asia is cash flow positive now as planned and M&G's profits are essentially cash and increasing.

We are using some of this cash to continue our funding of the growth of the UK shareholder-backed business and we expect that activity to be cash positive by 2010.

We also increased the full year dividend by 5% in 2006 and the 2007 interim dividend by the same amount. We will focus on growing the dividend whilst in the medium-term maintaining a dividend cover of 2x on an IFRS basis.

Over the past two years our strong operational performance has translated into superior total returns to our shareholders on either an absolute basis or indeed compared with returns from the FTSE 100 or World Insurance Index.

Slide 8: The retirement opportunity – money-in-motion

The retail financial services industry has a huge opportunity.

It's an opportunity that comes from an ageing population and the so called "baby-boomer" generation approaching retirement. Not only is it a rapidly growing market but these people are taking control of their finances to an extent that we've never seen before. The retiring population will result in a large global money-in-motion phenomenon.

This opportunity represents the single largest driver of growth and profitability as the biggest demographic wave in history transitions out of the workforce and into active retirement. Some estimates suggest that for the US and the UK alone the sums involved are as much as £7 trillion over the next 5 years.

While the balance between 'decumulation' and accumulation differs materially within and across regions the overall opportunity is truly significant. With Prudential having the financial strength, flexibility and expertise to vary its product offering and distribution to match the changing opportunity in each market.

Slide 9: The retirement opportunity – Changing needs

The aspirations and the financial needs of those heading for retirement are fundamentally different from those of preceding generations and that's where the opportunity lies.

There's an increasing trend towards self-provision that's driven by declining government support as well as the switch by employers from defined benefit to defined contribution pensions.

At one level this is good news: the retiring generation have accumulated much greater wealth than their parents and grandparents and they are looking forward to a longer and more active retirement. But most retirees underestimate the scale of saving required to finance their retirement plans.

There are some indications that the problem is becoming better understood but fundamentally there is too little understanding of the need to work longer and the need to phase in retirement.

A good example of how we are tackling this is our recent "What's My Number" campaign in Korea. This was a highly successful marketing push to educate customers on the amount they need to be saving for retirement and it's now being rolled out to other countries across the region most recently into Hong Kong and Taiwan.

Search for advice sets money in motion. Consumers need and increasingly seek advice within 10 years of retirement so that they can understand the risks they will face and manage the deployment of their assets.

There is clearly a need for a high and professional standard of both asset management and risk management to optimise growth of savings pre retirement …. and security of living standards in retirement.

Slide 10: The retirement opportunity – Pru well positioned to capture the opportunity

There is an emerging opportunity to attract and retain customers in proprietary and other 'sticky' relationships and maximise earnings from servicing their financial needs throughout their lifecycle and at key switching points.

While financial institutions are now moving to capture this opportunity winning will require a specific combination of assets and capabilities and Prudential has these in abundance.

We are extremely well positioned to exploit this opportunity to the full both in absolute terms and relative to our competitors.

Our brands have excellent reputations in the retirement space right across the territories we operate in.

Behind our strong brands lie our risk management skills and in particular those around mortality, long-term guarantees and asset risk. This puts us in the strongest possible position to deliver products that meet customers' changing needs.

Of course, delivering the specific products to meet customer needs will vary by market but we've got a huge breadth of knowledge and expertise to draw on from around the world.

We can use that to our advantage in local product development in both the accumulation and decumulation phases and we've got powerful and diversified distribution to bring those products successfully to market.

So huge numbers of people, with more assets than ever before will need to make financial provision for retirement. They'll also be looking for other protection such as healthcare not least because governments universally have had to cut back on state welfare provision.

But the opportunity to enjoy a longer and more active retirement can only be taken advantage of if retirement saving starts sooner and only if it happens on a scale greater than the typical customer currently understands.

And it will need the help of professional investment and insurance risk management to maximise the value of every £ saved.

Those that win in this space will be the companies that succeed in gaining the customers' confidence. Persuading their customers of the need to make financial provision that matches their likely spending patterns in retirement.

Those companies will need to have the financial strength and brand power to sustain the trust of customers in managing their savings. They'll need products to meet customers' needs as they evolve from pre- to post-retirement lifestyles.

So you can see why we regard the retirement market as a huge opportunity. It's a market where we feel we're very well equipped to compete right across our insurance and asset management businesses. Indeed we are in a very strong position to take an increasing and profitable share and at the same time continue to create and sustain value for our shareholders.

Slide 11: Asia Insurance

Prudential has a unique position in Asia. We have genuine scale and spread of distribution in the region.

It's unparalleled and we'll continue to build on that strength supported by our continuing innovation in unit-linked and other product areas.

We believe that proprietary agency distribution will remain the main distribution channel in many markets for the foreseeable future but we've also established a significant presence in non-agency channels. That presence now accounts for some 30% of our new business and it's grown at a compound annual rate of 36% over the past five years.

This distribution presence is combined with market leading positions across the region – in both developed and developing markets.

Our brand awareness across the region is higher than any other foreign player it's built around the Prudence logo and it's built on trust and listening. All of this puts us in an excellent position to dominate the retirement savings sector.

In many Asian countries the immediate focus is on this retirement savings sector and the 'income in retirement' opportunity will take longer to emerge. We are leaders in retirement savings with advantaged propositions driving real growth in Korea, Taiwan, Singapore and Hong Kong. Japan is also a huge untapped opportunity for retirement products and services but it's one where we've got to be careful and selective so that we can achieve the margins and returns we require.

Another example is Taiwan with growth up over 100% in the first half of 2007 as a result of the high sales of a new retirement savings product. Product sales were boosted by the initial response to the launch of a retirement campaign "what's your number?"

We have a stated ambition of doubling Prudential Asia's 2005 new business profits by 2009 and we are well on track fuelled largely by strong growth in the retirement space.

Slide 12: US Insurance

In the US our long-term strategy has been to develop our position in the pre and post retirement market so that we are ready to meet the retirement needs of the baby boomer generation. We recognised early on that key to our long term success in this market is the central role of advice.

As a result Jackson has developed a business model that's clearly differentiated in the US market and especially within the Independent Broker channel which is of course the main and fastest growing channel for advice.

Jackson offers a total package and a business model that is exceptionally difficult to replicate.

It combines high-end wholesaling with experienced wholesalers, who support independent brokers in the development of their businesses. They offer the only fully unbundled variable annuity product on the market. This product structure allows the advisor to give proper advice and gives the customer total choice. All of this is backed up by a fully aligned low-cost infrastructure that allows flexibility in product design speed to market and externally recognised "world class service".

This business model has been developed over the last decade by much the same team. And the consistently excellent results so far are proof of their success. You can see on this slide that the growth in variable annuities has outstripped market growth by some margin since 2001.

In terms of distribution channels we've actually had growth in share across the board and especially in the independent channel where we are now the Number Two provider with Number One very much in our sights!

Our view is that variable annuities, with their income drawdown characteristics will continue to be a central element of retirement planning in the US. But again, similar to Asia we are well aware that market conditions can change. So it's important to note that Jackson is also a top-ten player in both fixed and fixed index annuities and that VA's themselves also offer a fixed option. The ability to provide such options has become integral in adapting to the way US consumers plan their retirement.

Guaranteed Minimum Withdrawal Benefit or "GMWB" annuities, for example allow the customer to receive a guaranteed minimum benefit stream for a number of years or for life. Jackson now has a total of over 2,100 benefit combinations and seven GMWB options. All of those options are available from one platform under the Perspective 2 banner. The fact that we can remove or add benefits under the same overall product structure gives us a real advantage over the competition in terms of speed to market.

We can also see the benefit of innovation coming through in other areas such as Curian our separately managed account platform which now has $2.5 billion of assets under management. And in January this year Jackson also launched their first mutual fund products distributed through our existing wholesaler teams.

So, in the US our emphasis will continue to be on product innovation as well as further development of our already substantial and market leading distribution capability.

Jackson's expertise and the flexibility of its infrastructure put us in an ideal position for profitable growth in the US pre and post retirement market.

Slide 13: UK Insurance

In the UK our focus is also on the retirement market. We see opportunities for growth by taking advantage of some of our important and existing strengths in both the retirement income and the retirement savings market.

We've taken clear decisions on our participation in the UK market. Those decisions have been based on where we see that we've got real competitive advantages and on where we see attractive economics and returns.

Unlike others perhaps we're fortunate in being able to make comparative choices about where we want to deploy our capital around the world and at what return.

We've already announced our withdrawal from the commoditised protection market and from up-front commission individual pensions and, by later this year we will also have exited up-front commission unit-linked bonds.

All of these are areas where the economics are, in our view structurally unattractive. They accounted for around 10% of our UK new business in 2006 and 56% of the overall UK market. This contrast in share is indicative of how determined we are to differentiate our UK operation on the basis of a strategy focused on value not volume.

We also decided to build on the strength of the Prudential brand in the UK market combined with the operational capabilities of Discovery to deliver some clearly differentiated products that will make us a serious competitor in the health and protection markets.

We've taken some tough decisions on costs and we're making good progress in determining the best route to achieve our cost reduction target of £195 million per annum.

We're confident in the level of savings but we are, as we've said before looking at a number of internal, offshoring and outsourcing options and we will finalise this later this year.

And of course we've said that a Policyholder Advocate has been nominated and that we are looking closely at a potential re-attribution of the £8.7 billion Inherited Estate if it's in the best interests of our shareholders and policyholders.

Prudential opted to focus on the retirement income market in the UK because it is one of the highest margin and highest return sectors. It's a market where we've got a number of key advantages not least of which is our maturing personal pension policies from the back book which, as you can see on the right of the slide stretches out over the next 30 years or so.

We saw around £1.3 billion of new business from this source in 2006 and we see no reason why we can't continue to convert a high proportion of these policies into individual annuities or our factory gate priced unit-linked bond.

You can also see that within this that Corporate Pensions are an important source of vesting annuity business. But, to be clear we don't take into account any value from rollovers into annuities when we write new schemes. This business has got to stand on its own and we are targeting a 14% return.

We've also seen increasing volumes from the annuity partnerships we have in place and this, combined with our internal vestings means that we don't have to compete aggressively in the price sensitive open market.

Indeed in the recent interim results we are beginning to see some of the fruits of our decisions with UK retail sales increasing by 10% over the same period last year and with retail margins up by 3 percentage points to 32%.

If we take a look ahead in the product cycle we see equity release products starting to take off in the UK market and, if you bear in mind our brand strength, customer base … and longevity experience …. we are very well positioned to take a leadership position in this space.

We can also build selectively on our capabilities in the wholesale annuity market. We'll do this when we see opportunities that meet our return requirements and when we are able to compete on quality of service in what is a demanding technical area. The £1.7 billion deal with Equitable that we signed earlier this year is a perfect example of this.

Slide 14: Asset management

Our asset management businesses are a central plank of the Group and they are making a growing contribution. They support the competitiveness of our life businesses through excellent investment performance and across the regions they've attracted almost £60 billion of external funds to date.

In the UK M&G's profits were in excess of £200 million in 2006 and profit grew by 40% in the first half of 2007.

It's a well-diversified business across all asset classes as you can see in the pie chart on the left. This breadth of operation gives us some insulation from cyclical movements in any individual asset class although market levels in general remain a key driver of revenues and profitability.

M&G has also further diversified into Europe with successful launches in a number of markets.

In Asia, as you can see on the right the level of external funds under management has grown strongly over the past 5 years and in 2006 we reported a profit of £50 million. Profit for the first half of this year has already surpassed £30 million.

The potential in Asia for asset management is driven by many of the same underlying fundamentals that we believe will continue to drive growth in the life sector and there is a significant opportunity for us here. Our key focus is on Japan, Korea, India and China and again, we are building geographic diversity with 10 operations across the region.

Expertise in asset management will be a critical advantage in winning in the retirement space. We are in a strong position to develop retirement savings products based on sophisticated asset allocation strategies to match customers' risk profiles.

This is clearly evidenced by our strength in the with-profits business. In the WM 2006 survey our with-profit fund was ranked first based on gross investment returns over 1, 3, 5 and 10 years. That's a fantastic record!

Lifecycle finance is another emerging area that we are participating in with products that adapt to consumers' changing circumstances, risk appetites, and needs over different stages of the retirement cycle all underpinned by adaptable and creative asset management.

Slide 15: Conclusion

In summary then I want to come back to the main themes of this presentation that I outlined at the beginning:

- We continue to have strong operating performance both in the regions and at the Group level and that is delivering superior shareholder value.

- We've got advantaged regional platforms and global capabilities that place the Group in a powerful position to capture a disproportionate share of the retirement opportunity around the world.

In our view this all adds up to the ability to create long term sustainable outperformance for the Group.

Thank you: I shall be pleased to answer any questions.