

UK

Sustainable, resilient cash generation

Rob Devey



Sustainable, resilient cash generation

Selective participation

- Disciplined and active management of our product portfolio and routes to market
 - Focused on our advantaged positions in with-profits and annuities, and sales direct to our 7 million existing customers
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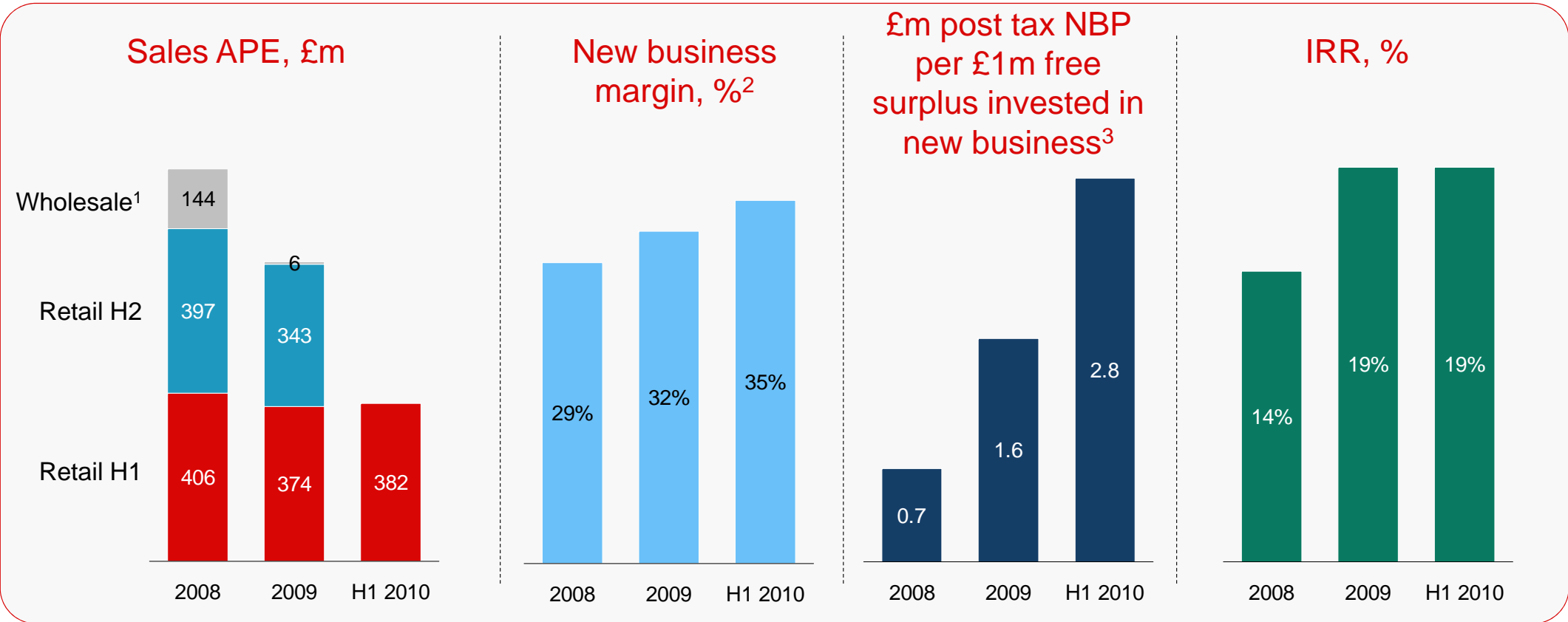
Capital discipline

- Rigorous approach to new business pricing
 - Superior capital strength, supports group balance sheet
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Cash generation

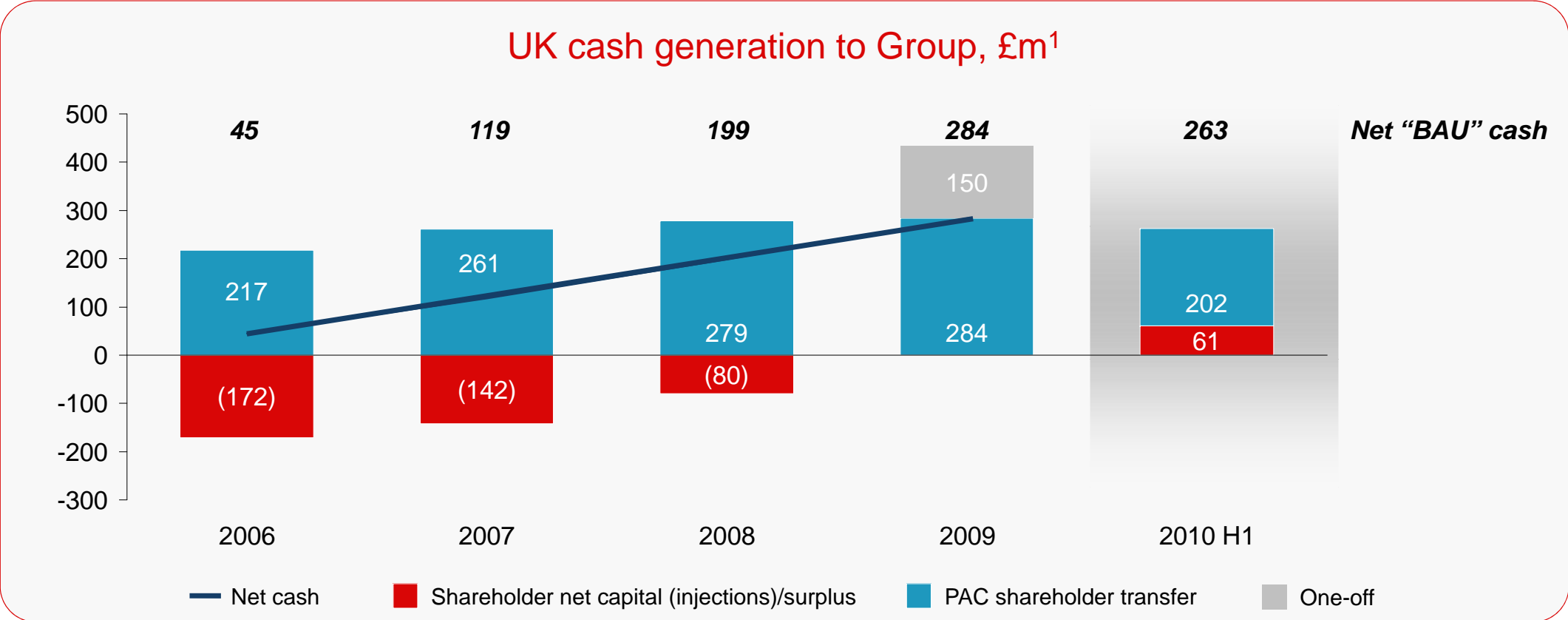
- Sustainable, material cash generation from With-Profits and shareholder businesses
- Delivering the embedded value of the in-force book through cost and persistency management

Delivering more profit per £ invested at better margin and higher IRR



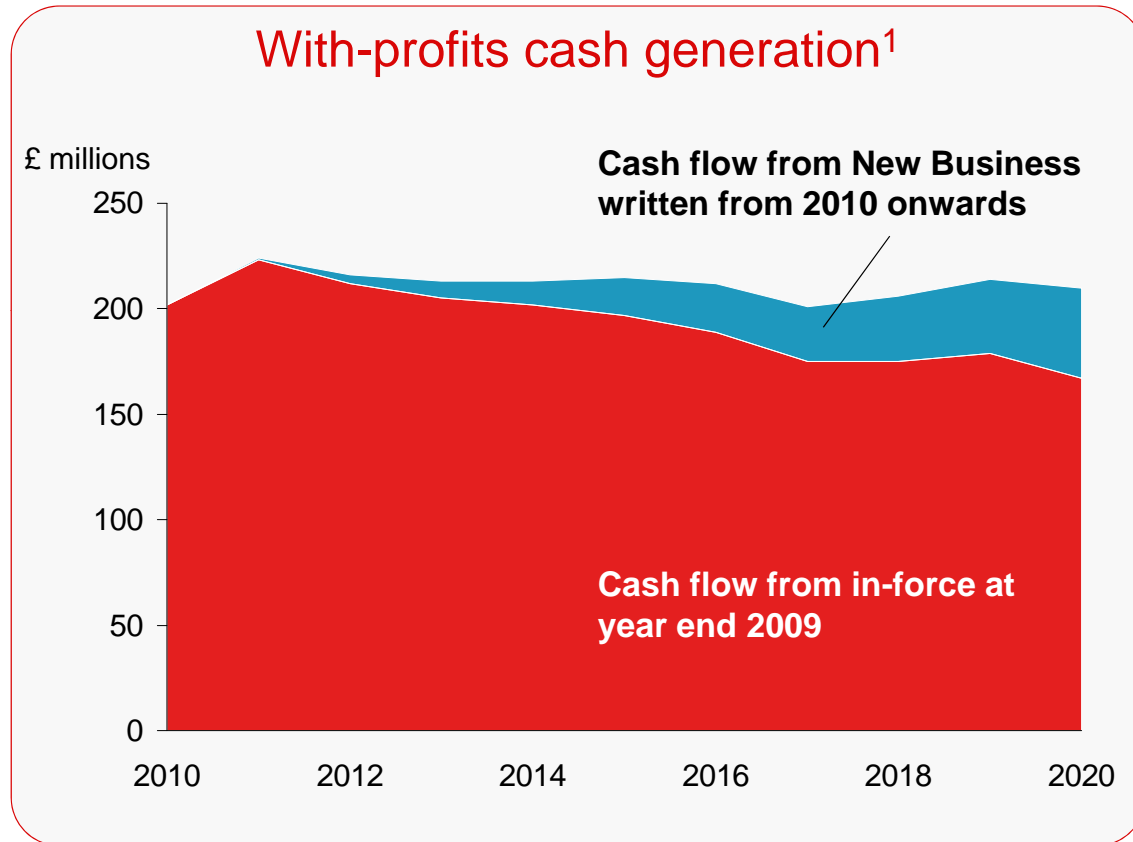
Note: 1. £32m of the 2008 Wholesale business was completed in H1 2008 and £112m in H2 2008. 2. New business profit EEV/APE sales. 3. £m of post-tax new business contribution per £1m of free surplus used to invest in new business i.e. provide solvency capital, which will be released over time, and cover operating expenses, which will be recouped over time from product charges.

Generating material policyholder and shareholder cashflow



Note: 1. Includes net impact of restructuring costs.

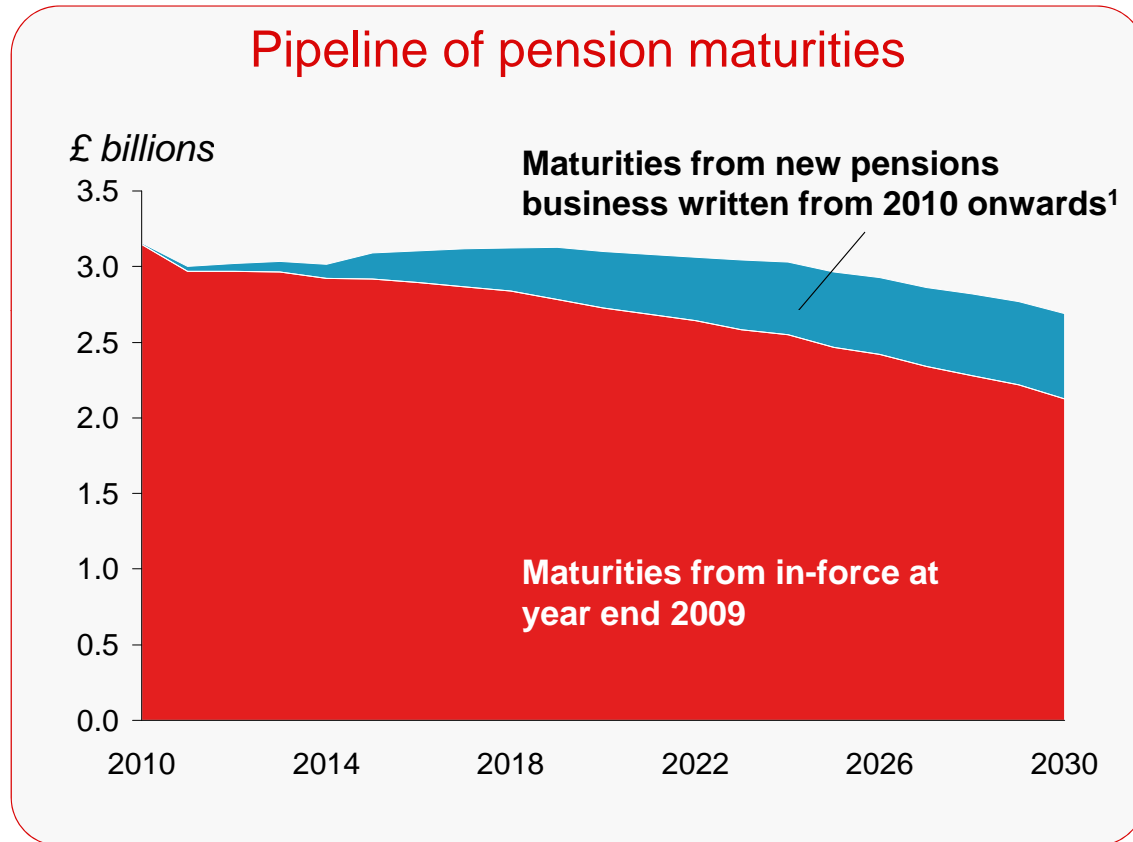
With-Profits remains our core investment proposition



- Delivering value to policyholders through out-performance and financial strength
- Demand for Prudential With-Profits remains resilient
 - £70bn funds under management²
- Broadening access through our PruFund investment option
 - £3bn invested in PruFund since launch
- £5.9bn Inherited Estate protects the solvency of the Fund²

Note: 1. Projections show the shareholder transfer (i.e. after tax) in the year paid (transfers are paid annually in arrears). 2. As at 30th June 2010.

Continued strength of annuities pipeline



- Good retention rates of pension maturities
 - £22,000 average case size
- Competitive market in which we are achieving attractive margins
- Building awareness and volume of With-Profits annuities

Note: 1. New business is the maturing fund from new individual and corporate pensions sold from 2010 onwards.

Selectively writing bulk annuities on our terms

GSK bulk annuity buy-in

Sales APE **£90m**

Capital **£23m**

IRR **>25%**

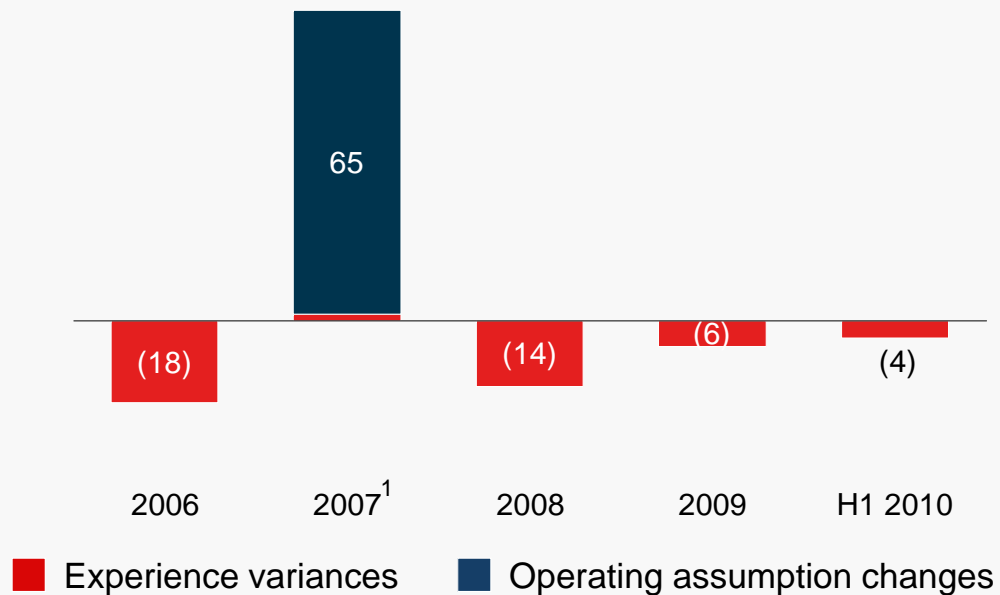
Payback¹ **4 years**

- Capturing opportunity to secure a significant transaction which meets our strict hurdle rates
- GSK buy-in bulk annuity will be booked in Q4 2010 results

Note: 1. Undiscounted payback.

Protecting the quality of in-force embedded value

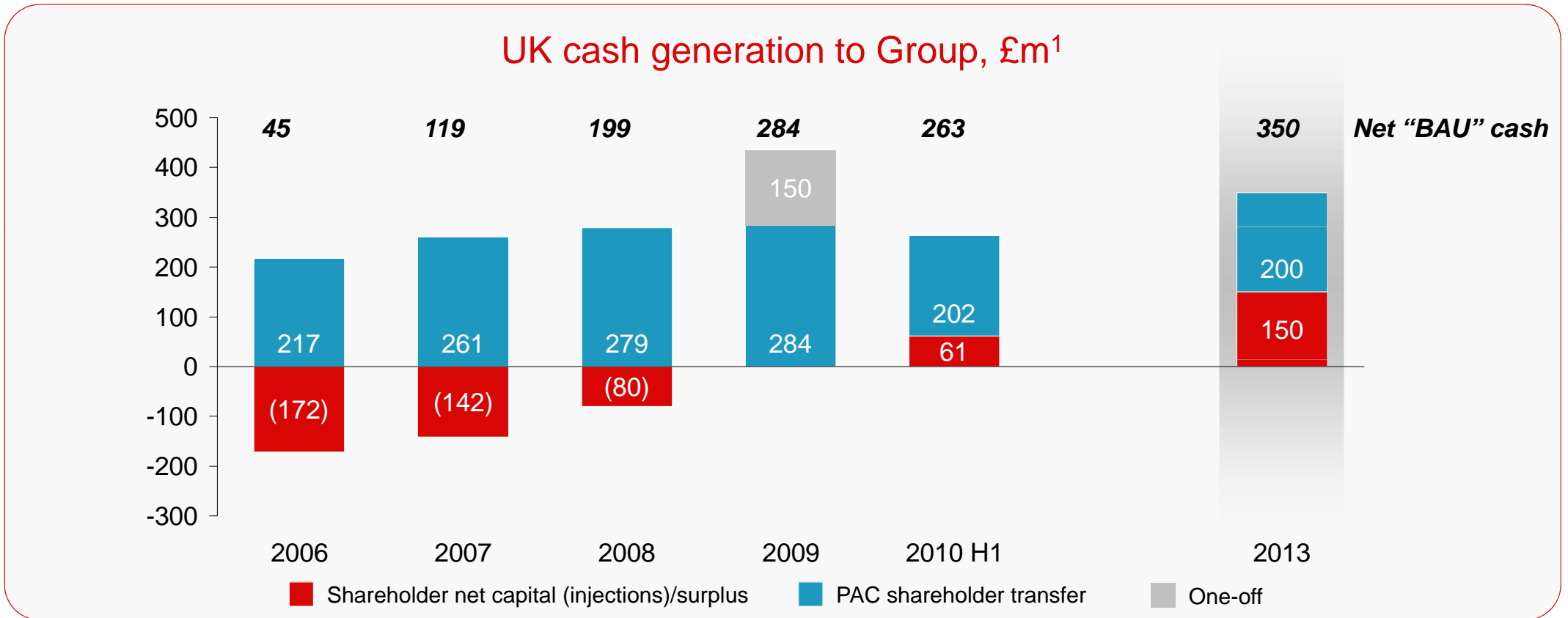
Historical experience variances and assumption changes, £m



- No assumption changes in last 5 years except positive tax change
- Prudent approach to mortality
- Maintaining £1.8bn Pillar I credit reserves
 - £0.7bn long term assumptions
 - £1.1bn above
- Maintaining unit renewal costs, including the impact of inflation as in-force policies reduce

Note: 1. A charge in respect of mortality assumption change on annuity and deferred annuity business of £312m was fully offset by the release of excess margins previously held.

Targeting £350m cash generation in 2013



Note: 1. Includes net impact of restructuring costs

Sustainable, resilient cash generation

Continued demand for
Prudential's With-Profits

Strong pipeline
of maturing pensions

High quality in-force business

- £350m sustainable cash objective in 2013