

Strategy & Performance

Barry Stowe – Chairman & Chief Executive Officer
Jackson





Forward Looking Statements

This document may contain 'forward-looking statements' with respect to certain of Prudential's plans and its goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about Prudential's beliefs and expectations and including, without limitation, statements containing the words "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" and "anticipates", and words of similar meaning, are forward-looking statements. These statements are based on plans, estimates and projections as at the time they are made, and therefore undue reliance should not be placed on them. By their nature, all forward-looking statements involve risk and uncertainty. A number of important factors could cause Prudential's actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement. Such factors include, but are not limited to, future market conditions, including fluctuations in interest rates and exchange rates, the potential for a sustained low-interest rate environment, and the performance of financial markets generally; the policies and actions of regulatory authorities, including, for example, new government initiatives and the effect of the European Union's 'Solvency II' requirements on Prudential's capital maintenance requirements; the impact of continuing designation as a Global Systemically Important Insurer, or 'G-SII'; the impact of competition, economic uncertainty, inflation, and deflation; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; the impact of changes in capital, solvency standards, accounting standards or relevant regulatory frameworks, and tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate; and the impact of legal actions and disputes. These and other important factors may, for example, result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. Further discussion of these and other important factors that could cause Prudential's actual future financial condition or performance or other indicated results to differ, possibly materially, from those anticipated in Prudential's forward-looking statements can be found under the 'Risk factors' heading in its most recent Annual Report and the 'Risk Factors' heading of Prudential's most recent annual report on Form 20-F filed with the U.S. Securities and Exchange Commission, as well as under the 'Risk Factors' heading of any subsequent Prudential Half Year Financial Report. Prudential's most recent Annual Report, Form 20-F and any subsequent Half Year Financial Report are/will be available on its website at www.prudential.co.uk.

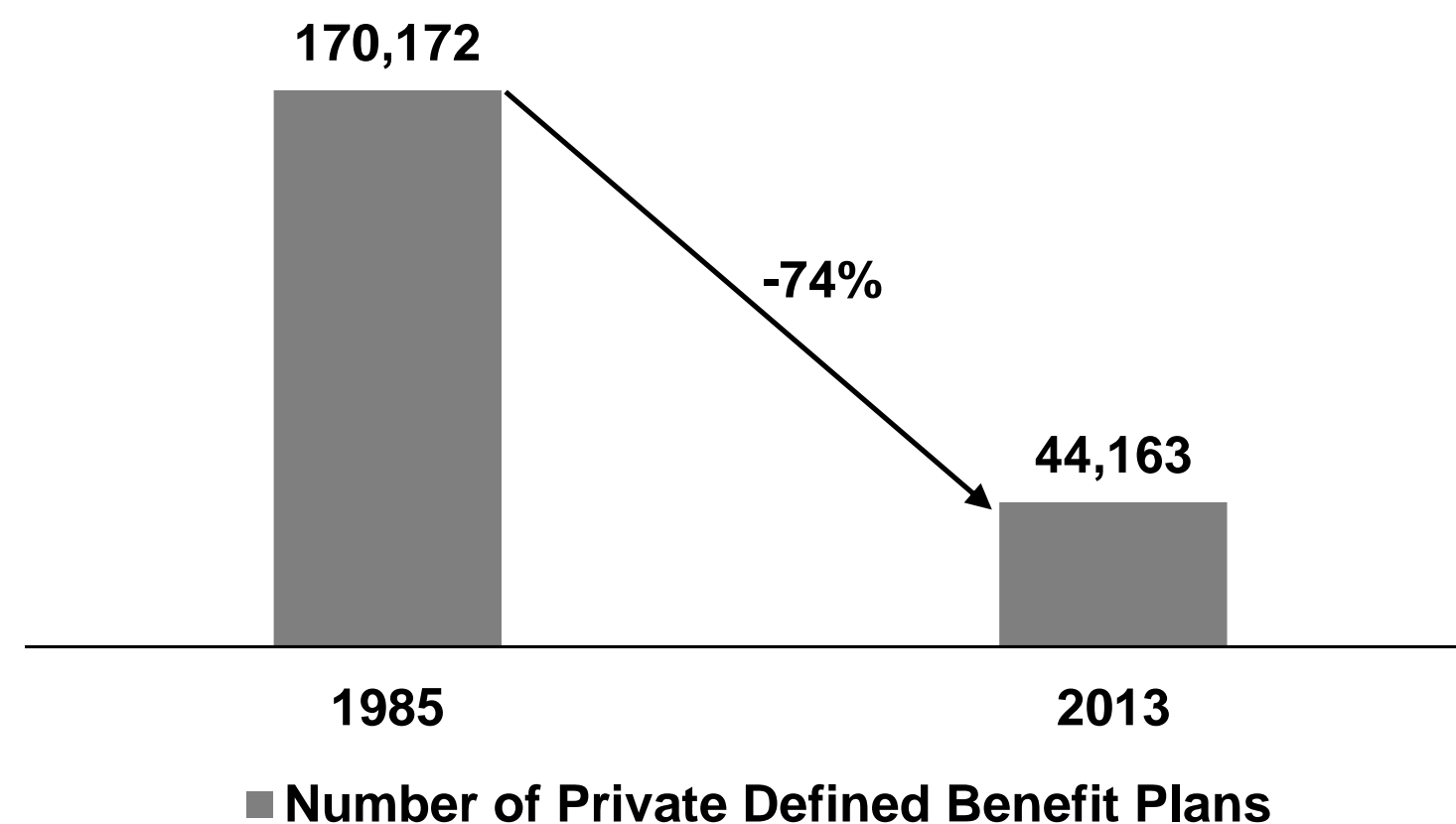
Any forward-looking statements contained in this document speak only as of the date on which they are made. Prudential expressly disclaims any obligation to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make, whether as a result of future events, new information or otherwise except as required pursuant to the UK Prospectus Rules, the UK Listing Rules, the UK Disclosure and Transparency Rules, the Hong Kong Listing Rules, the SGX-ST listing rules or other applicable laws and regulations.

US Retirement Landscape



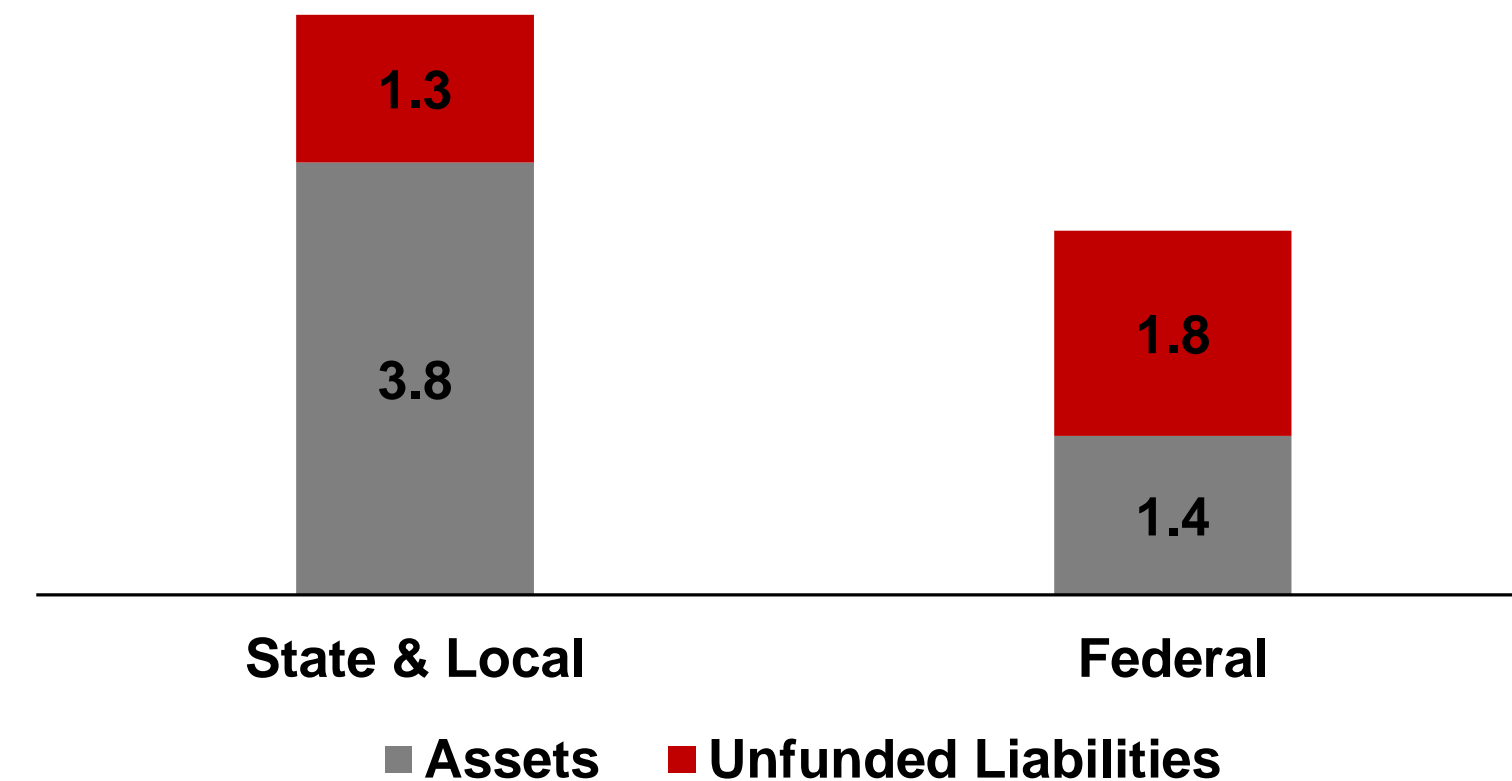
Americans are approaching retirement with inadequate resources

Private Defined Benefit Plans are disappearing



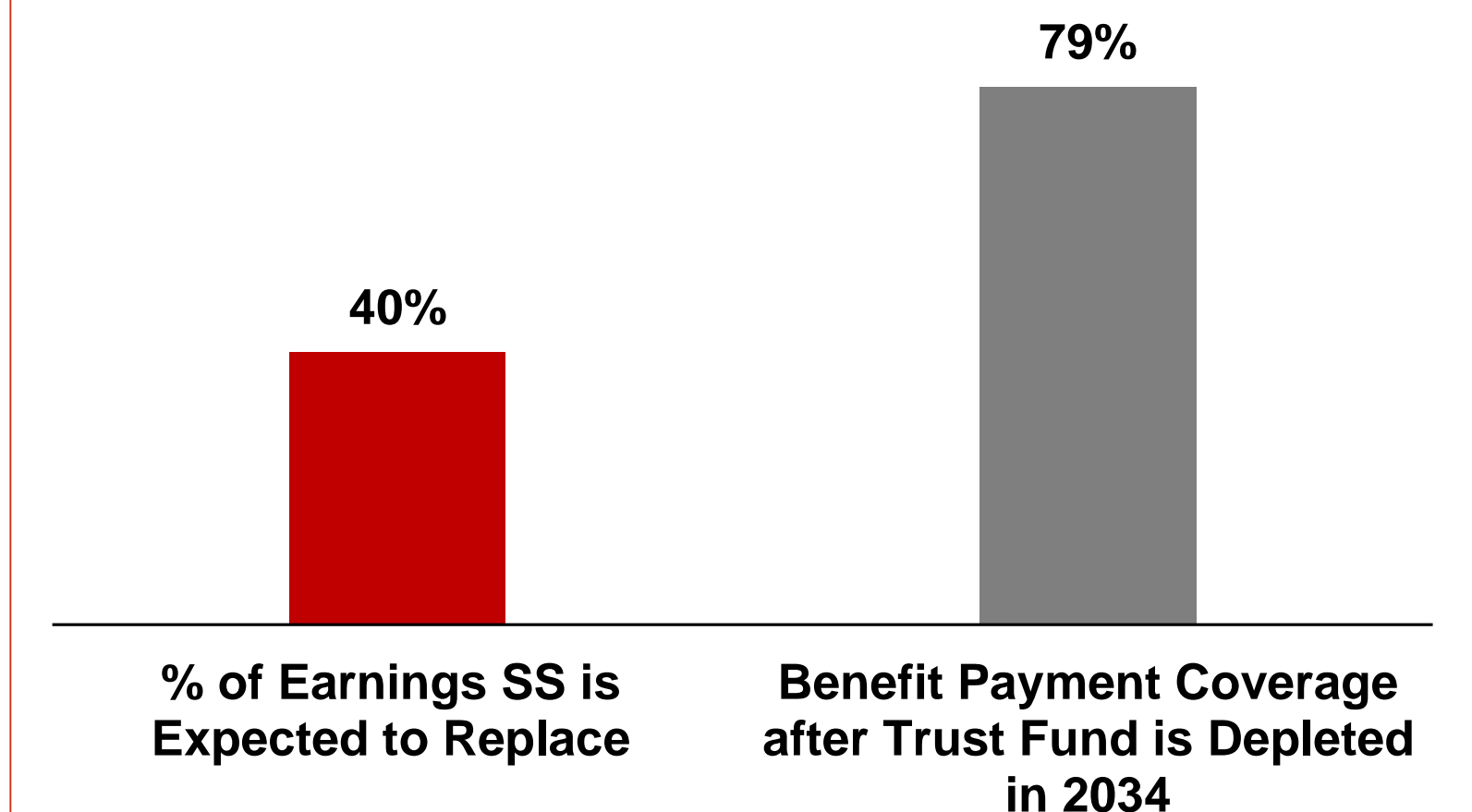
Source: U.S. Department of Labor, "Private Pension Plan Bulletin Historical Tables and Graphs 1975-2013." September 2015

Government Defined Benefit Plans are underfunded



Source: Investment Company Institute 2015 Investment Company Factbook. Figures are \$ trillions.

Social Security was never intended to be the primary retirement plan and its long-term status is in question



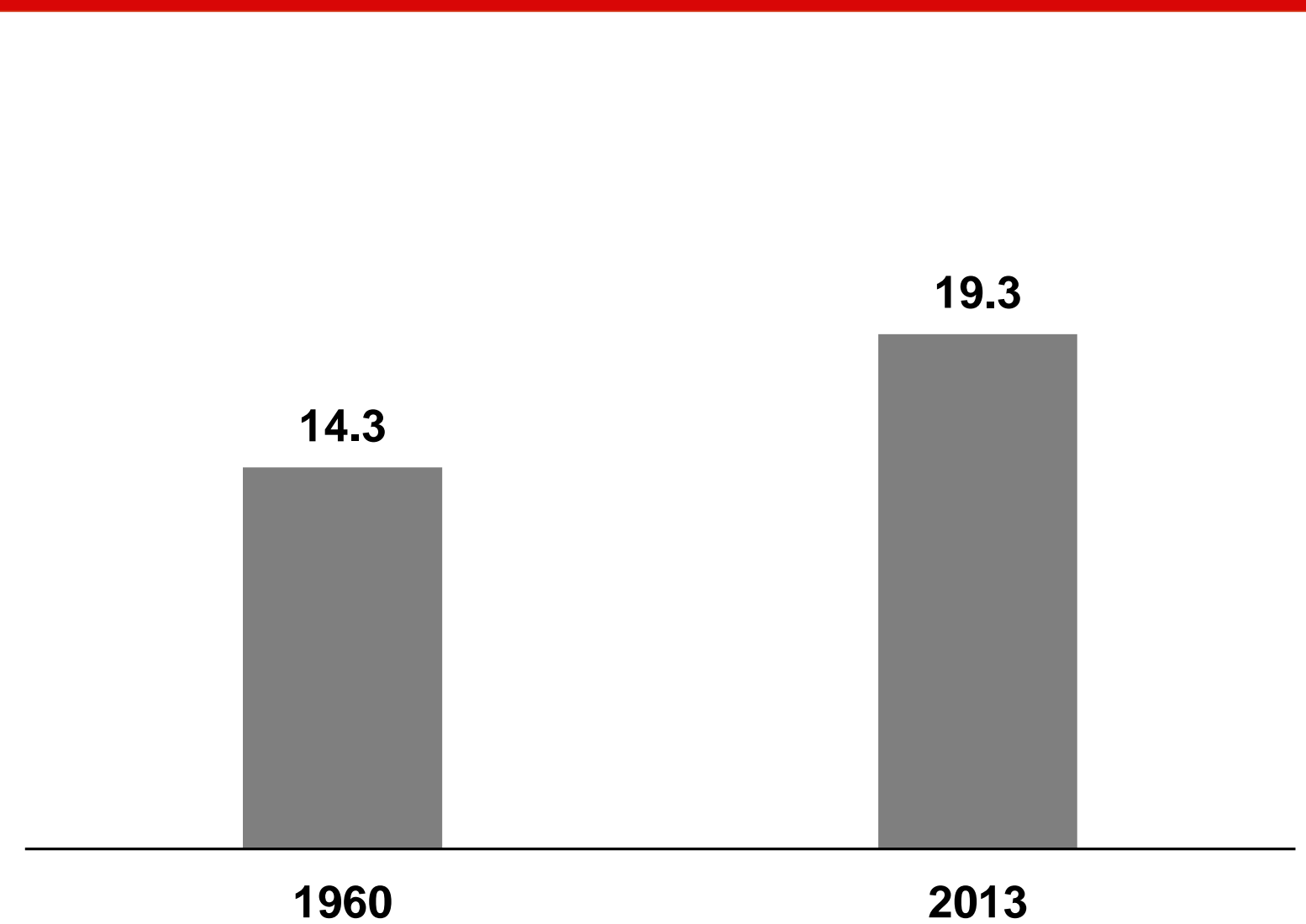
Source: Social Security Administration 2015 Annual Report

US Retirement Landscape



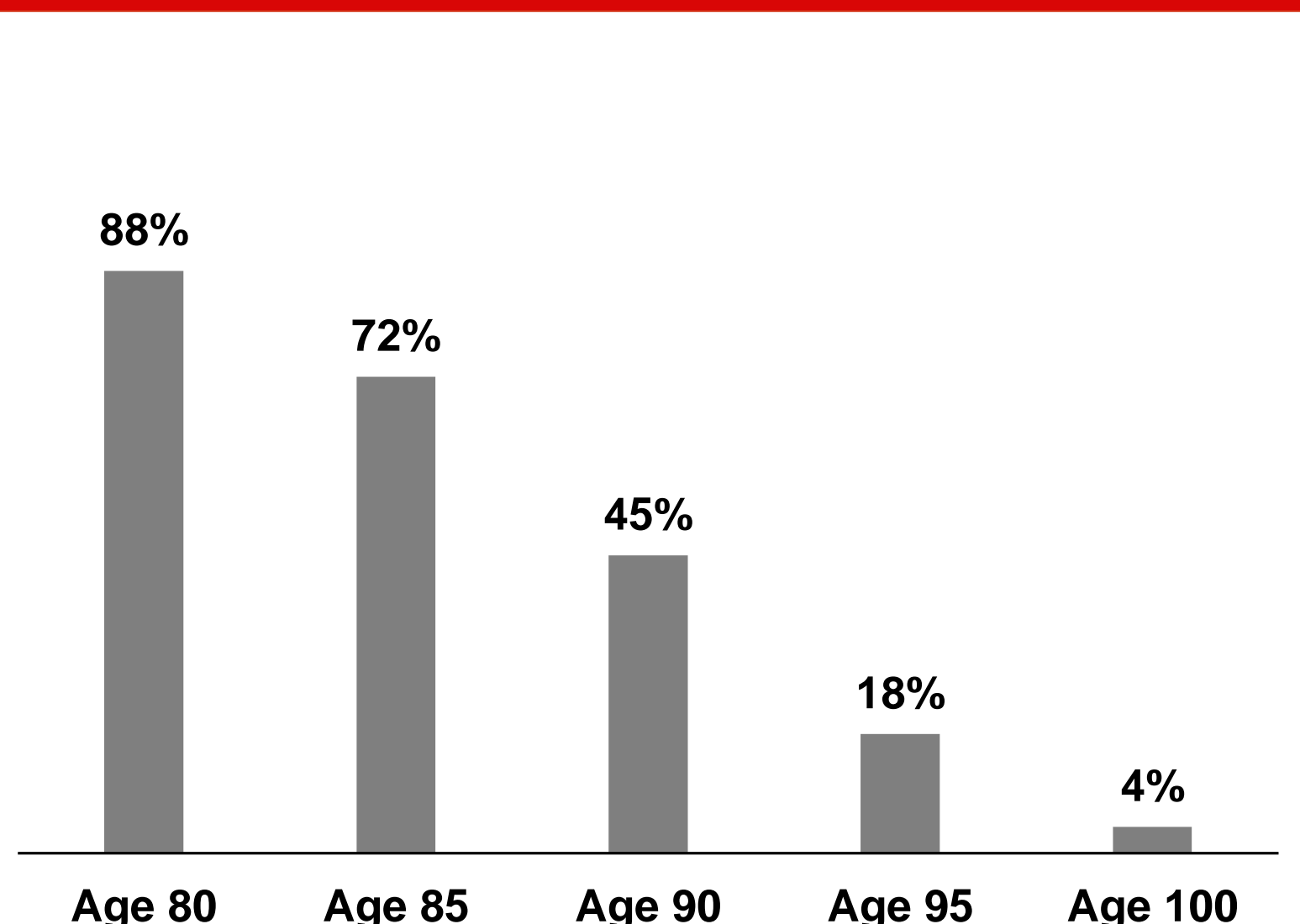
Americans face the prospect of increasing longevity and a complex investing environment

Life expectancy (years) at age 65 has increased significantly



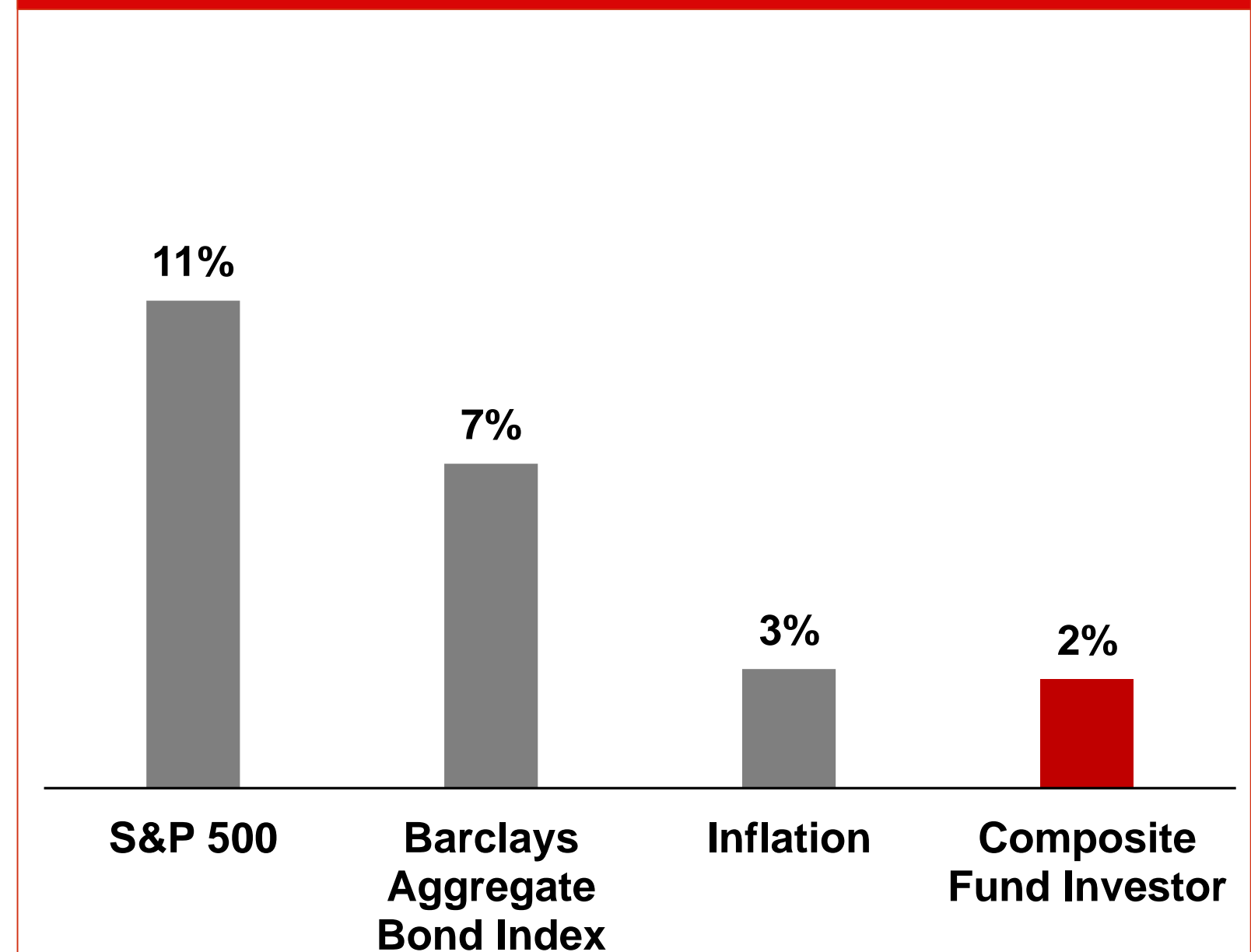
Source: U.S. Department of Health and Human Services, "Health, United States 2014", May 2015

Probability of at least one member of a couple living to....



Source: American Academy of Actuaries, "Risky Business: Living Longer Without Income for Life" June 2013

Individual investors struggle to capture market returns

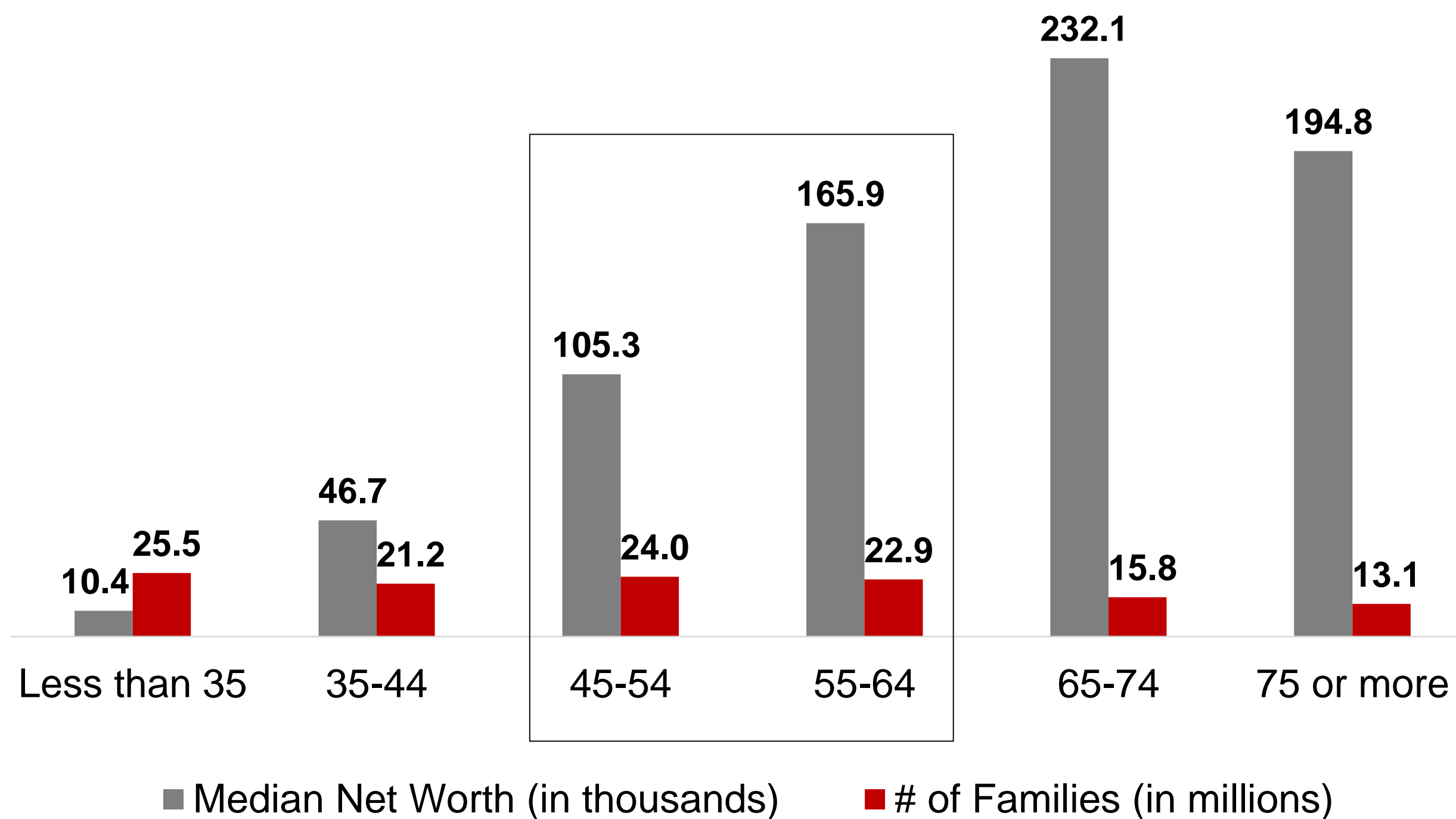


Source: DALBAR QAIB study. 30-year annualized returns ending 2014.

Measuring the Gap



Median Net Worth by Age Cohort



Source: 2013 Federal Reserve Board's triennial Survey of Consumer Finances

- Americans have not saved enough
 - Highlighted group has median household income of ~\$60k that will need to be replaced in retirement
 - Social security is only projected to replace 40% of pre-retirement income
 - 70% is recommended, meaning consumers must find a way to generate that additional 30%
- Low interest rate environment presents challenges
 - Difficult to grow savings
 - Hinders the ability to generate income from savings
- Retirees need
 - Access to equity market growth
 - Protection of principal
 - A way to convert savings into retirement income
 - Certainty

Jackson's Value Proposition

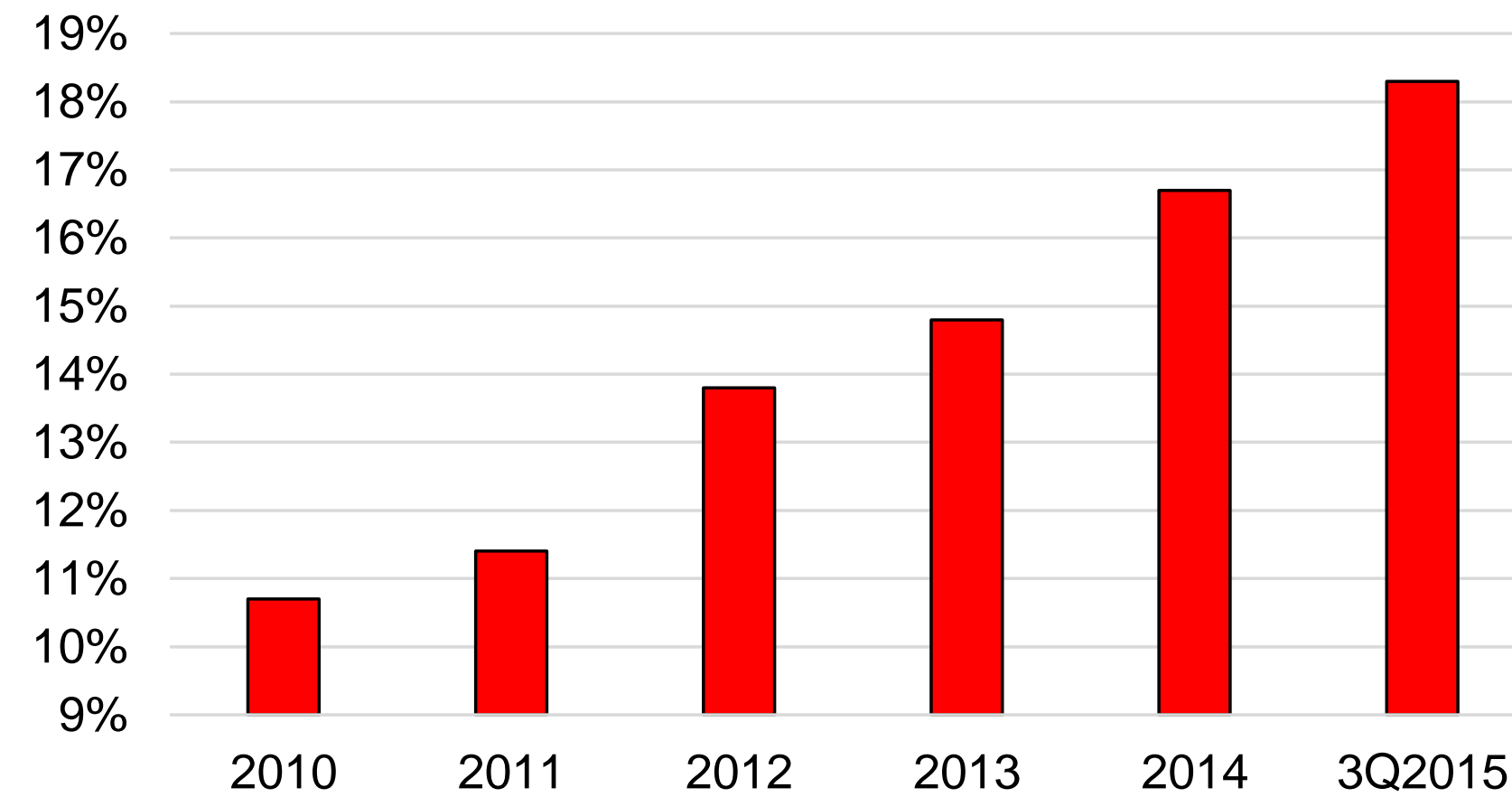


- Variable annuities can provide both guaranteed income and access to market growth
- Annuities are the only way for investors to access guaranteed income for life – effectively a defined benefit plan for the 21st century
- Jackson and its variable annuity products are unique in the industry in several ways
 - True investment freedom in living benefit variable annuity subaccounts allows policyholder to receive full value of the guaranteed benefit
 - Open architecture product design – a mass produced customized solution
 - Best in class customer service provided at an industry leading expense ratio
 - Financial stability – Jackson performed well during financial crisis
 - Unparalleled track record of execution and delivery through the cycle

Jackson's Track Record of Success

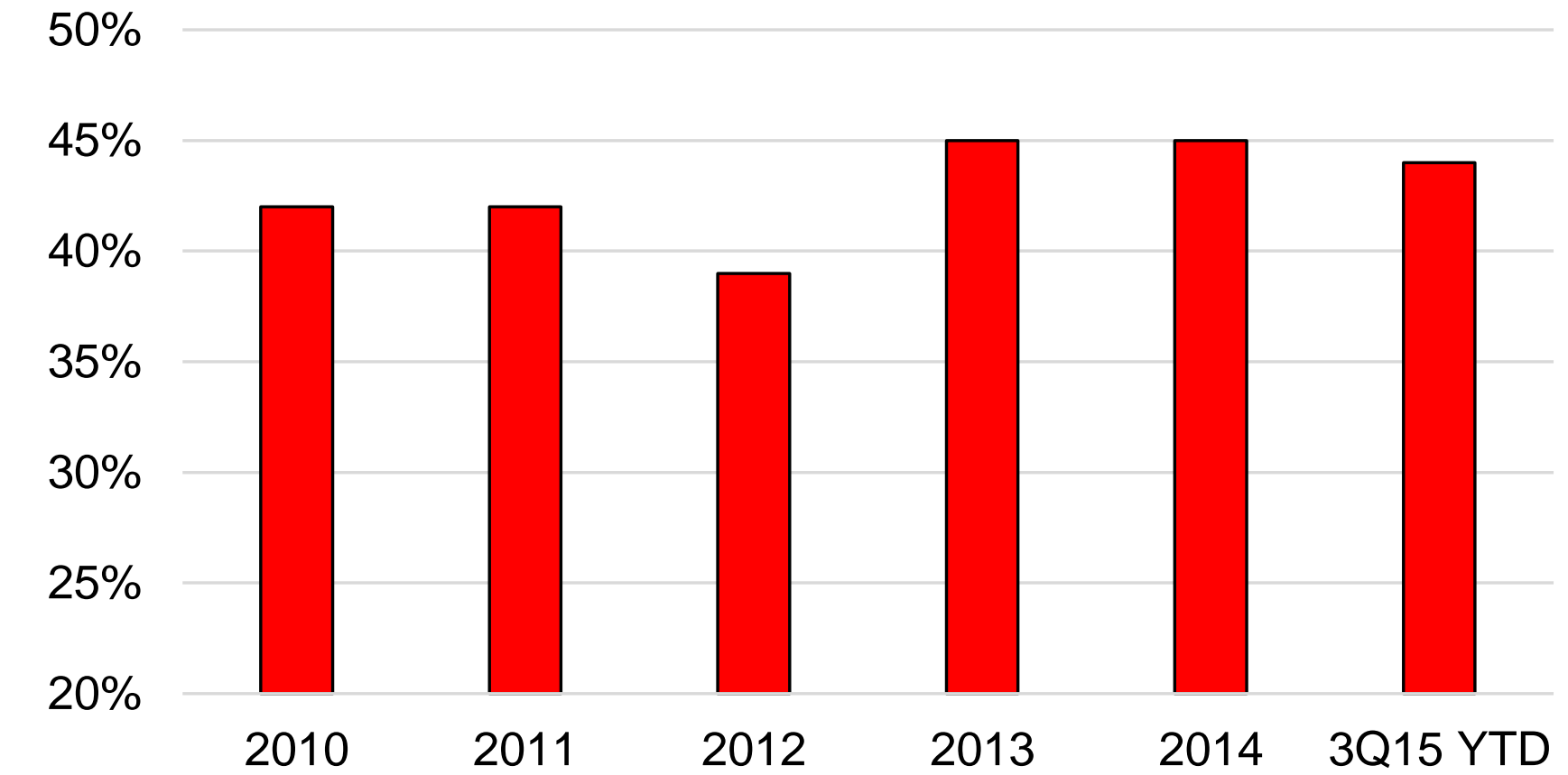


Variable Annuity Sales Market Share

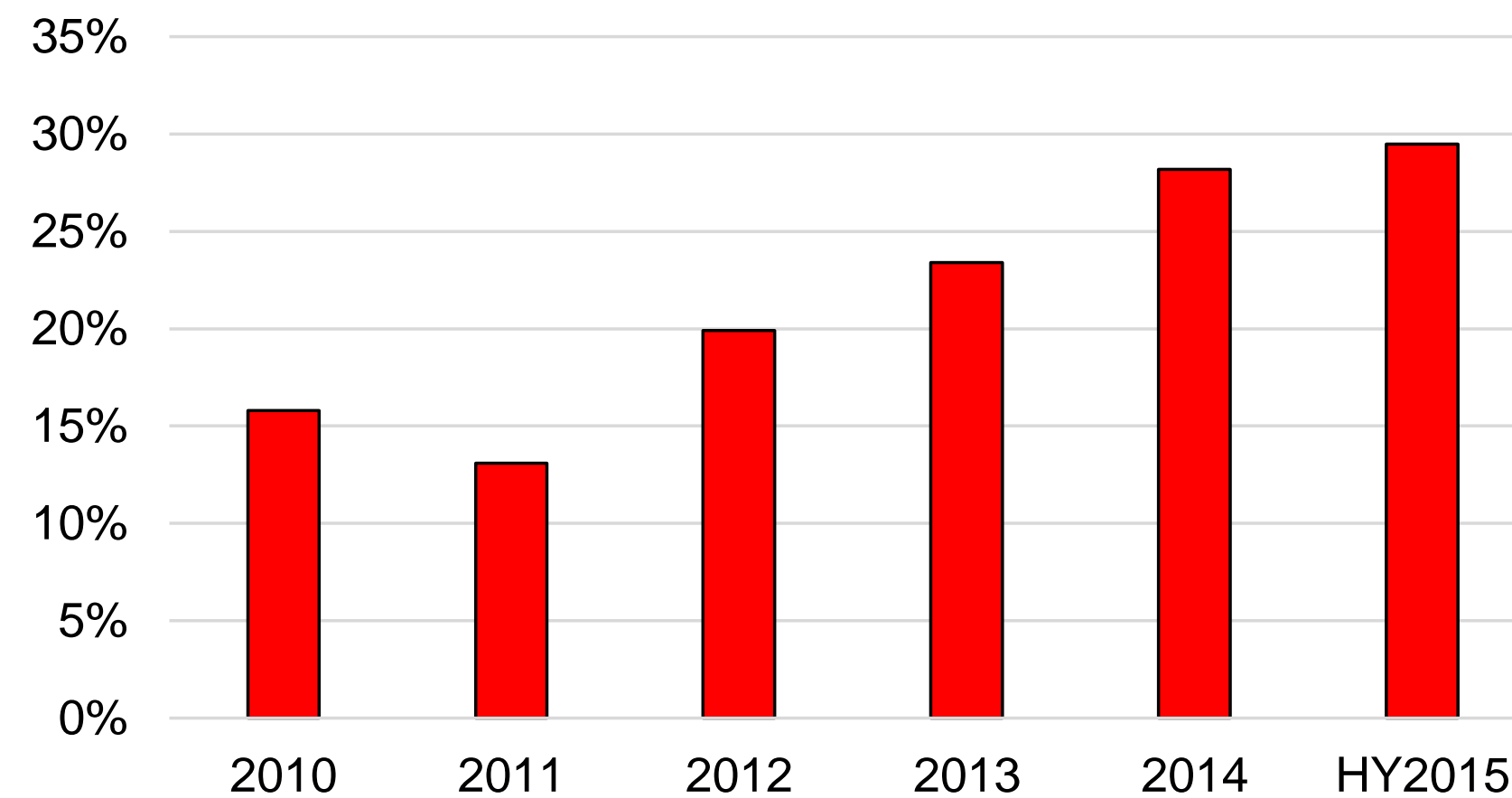


Source: MARC

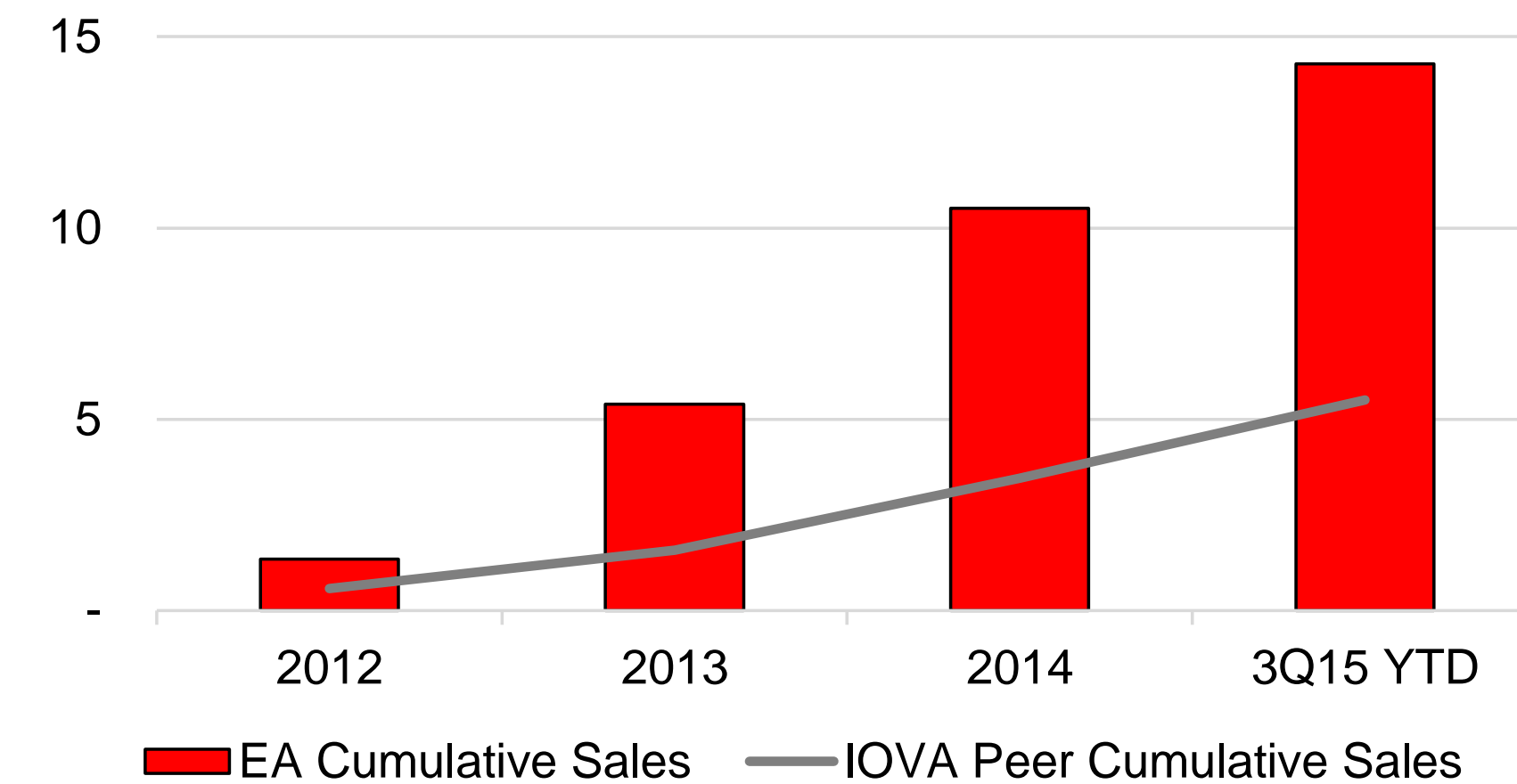
EEV New Business Margin



Operating ROE

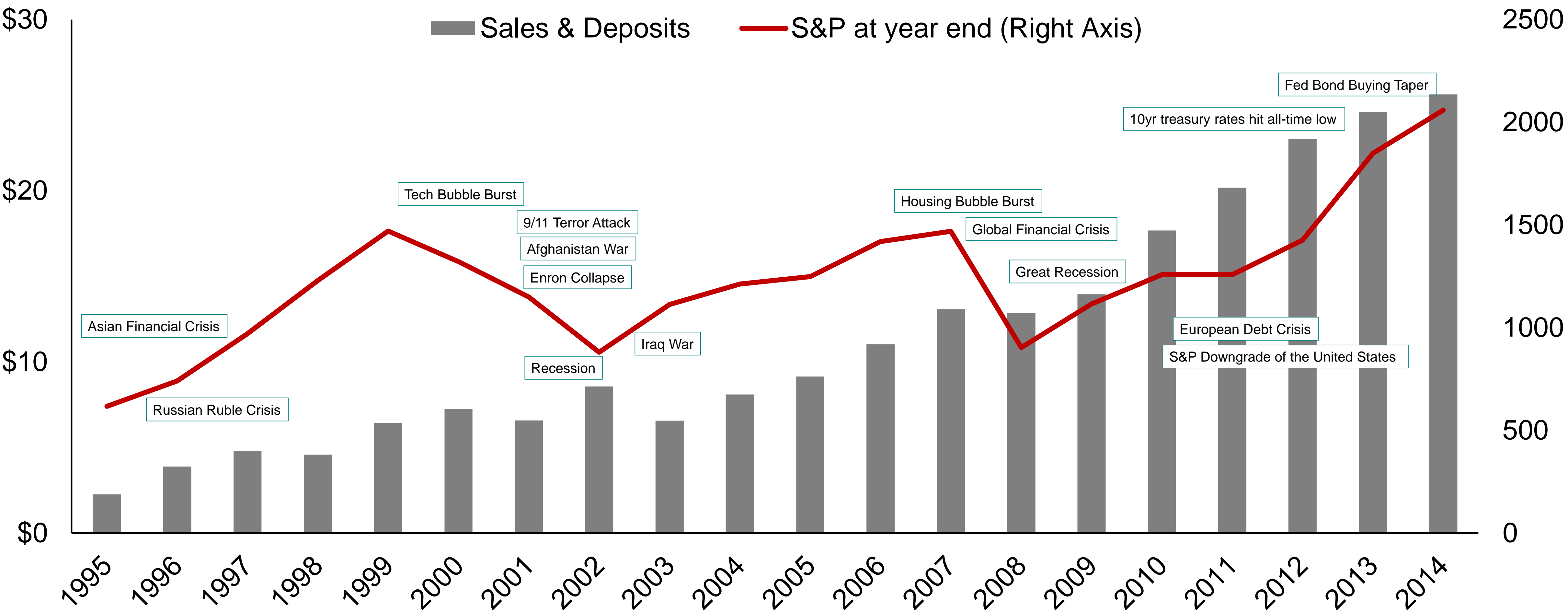


Elite Access Lifetime Cumulative Sales, \$bn



Source: MARC

Jackson's Track Record of Success



Sales and deposits are shown in billions



Department of Labor Fiduciary Rule

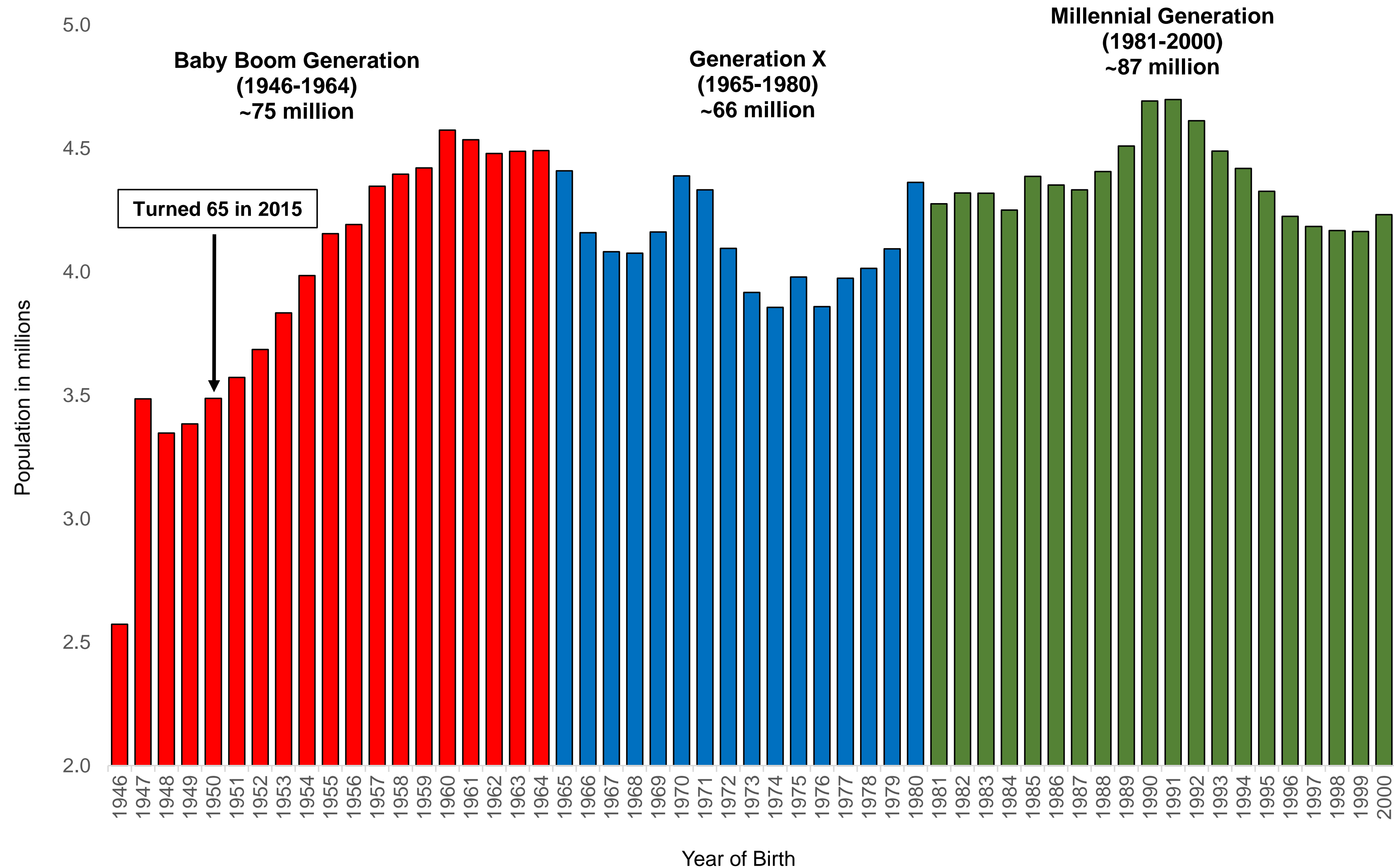
Current Status

- Final rule expected in the first half of 2016
- There is an expectation for some change to the rule, but the basic framework is presumed to remain intact
- At a time when guaranteed income and investment advice have never been more critical, this proposed rule will restrict access
- End result will be that middle income investors will experience:
 - Reduced availability of financial advice
 - Limited product options
 - Higher costs
- We have already seen this scenario play out in the United Kingdom with the Retail Distribution Review
- The rule is principally directed at distribution versus manufacturing

Jackson's Strengths

- Manufacturing - Proven track record of product innovation, strong and profitable existing book of business, efficient cost structure
- Distribution – Best-in-class infrastructure for interaction with advisors, scale of National Planning Holdings, access to competitive intelligence, integration of product design with distribution

The Future



- Significantly increasing retirement population over the next decade
- The Millennials have surpassed the Baby Boomers as the largest living generation
- There is tremendous opportunity in the future to meet the financial needs of this group

Source: U.S. Census Bureau, Population Division. 2014 estimate of population.
Generations as defined by Pew Research Center, 2014

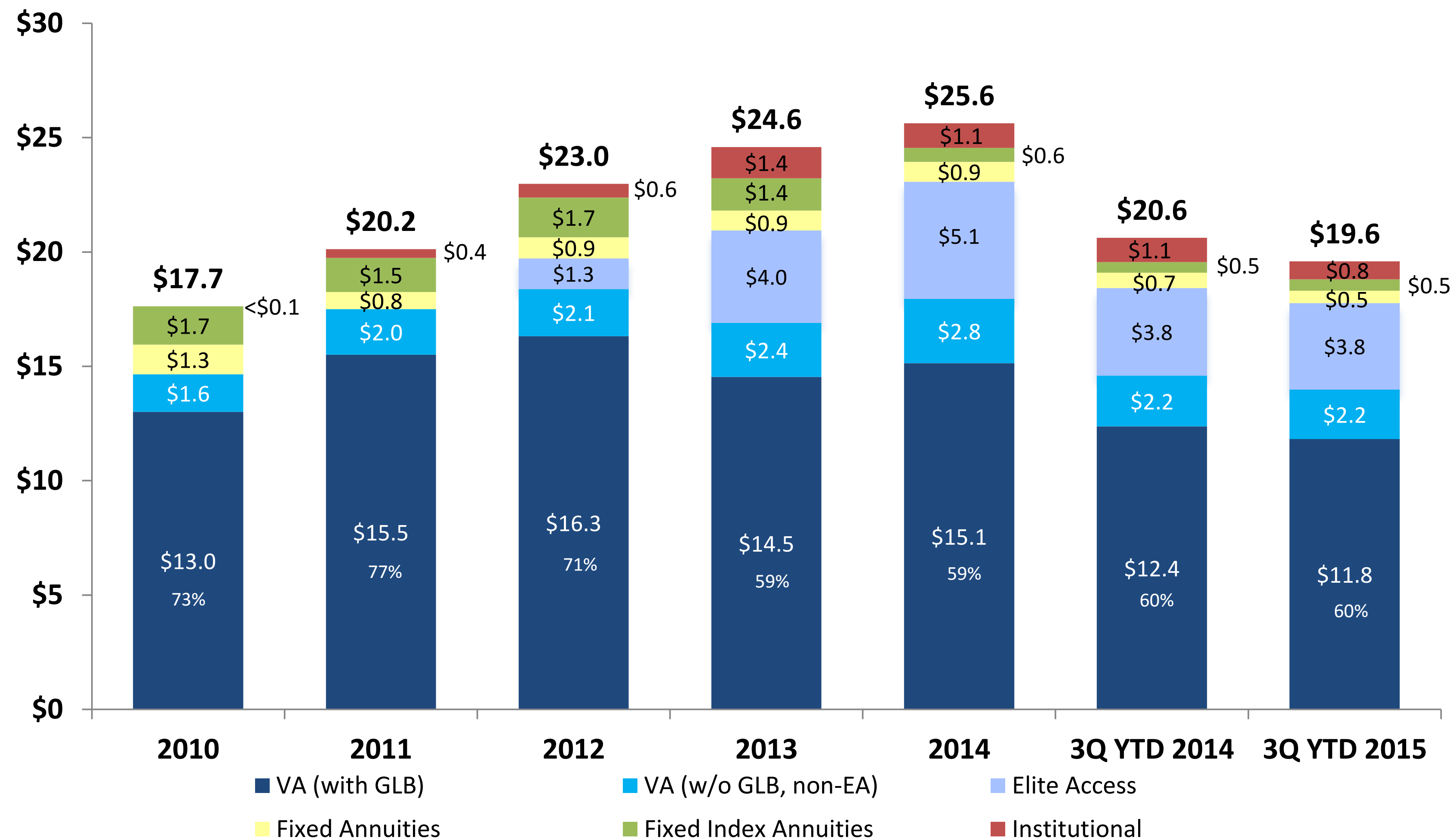
Financial Update

Chad Myers – Executive Vice President & Chief Financial Officer
Jackson





Continued Diversification of Sales by Risk Type

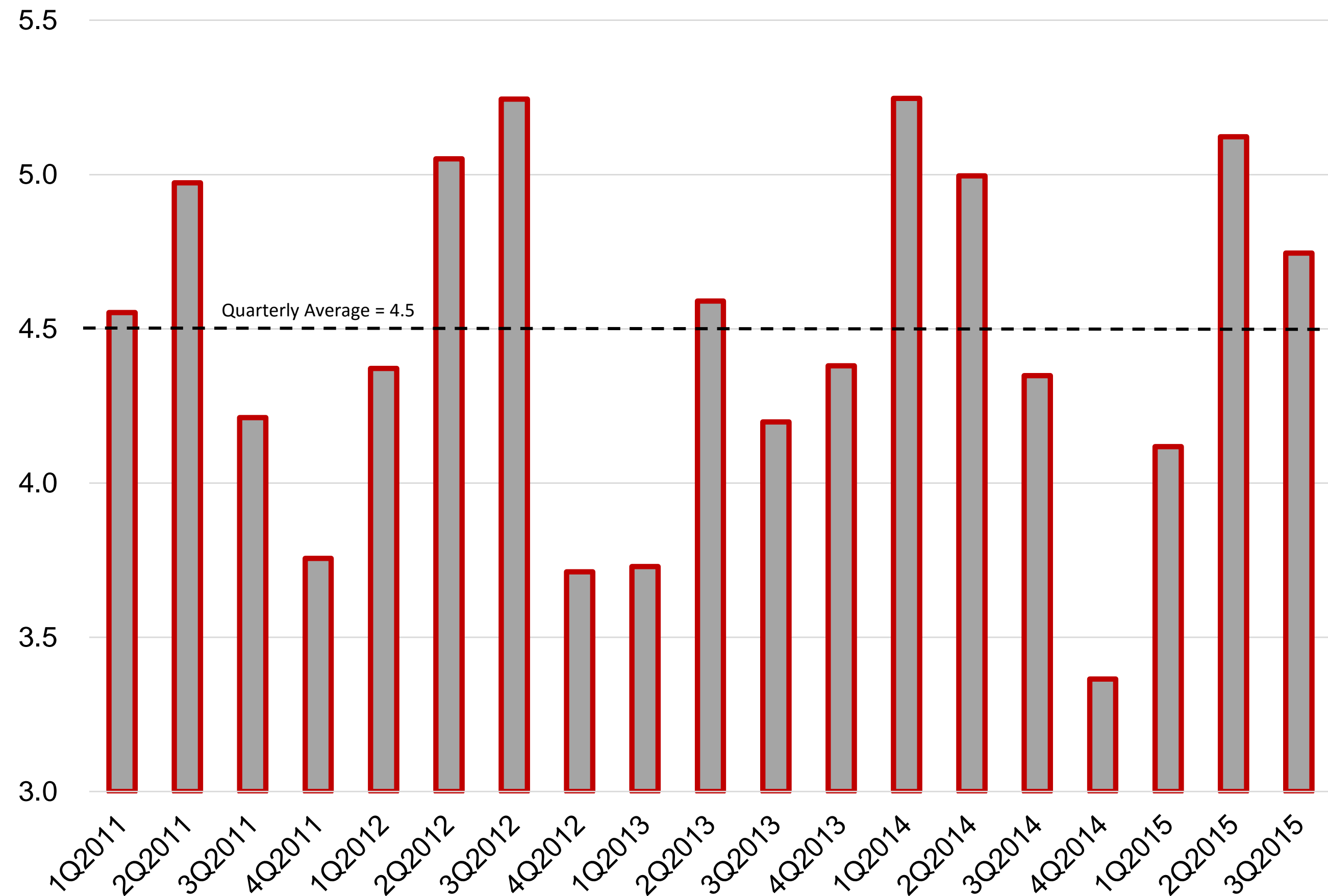


Sales are in billions
Excludes separately managed account and life insurance sales
Percentages represent percent of total Jackson sales and deposits as displayed

Constrained Variable Annuity Sales



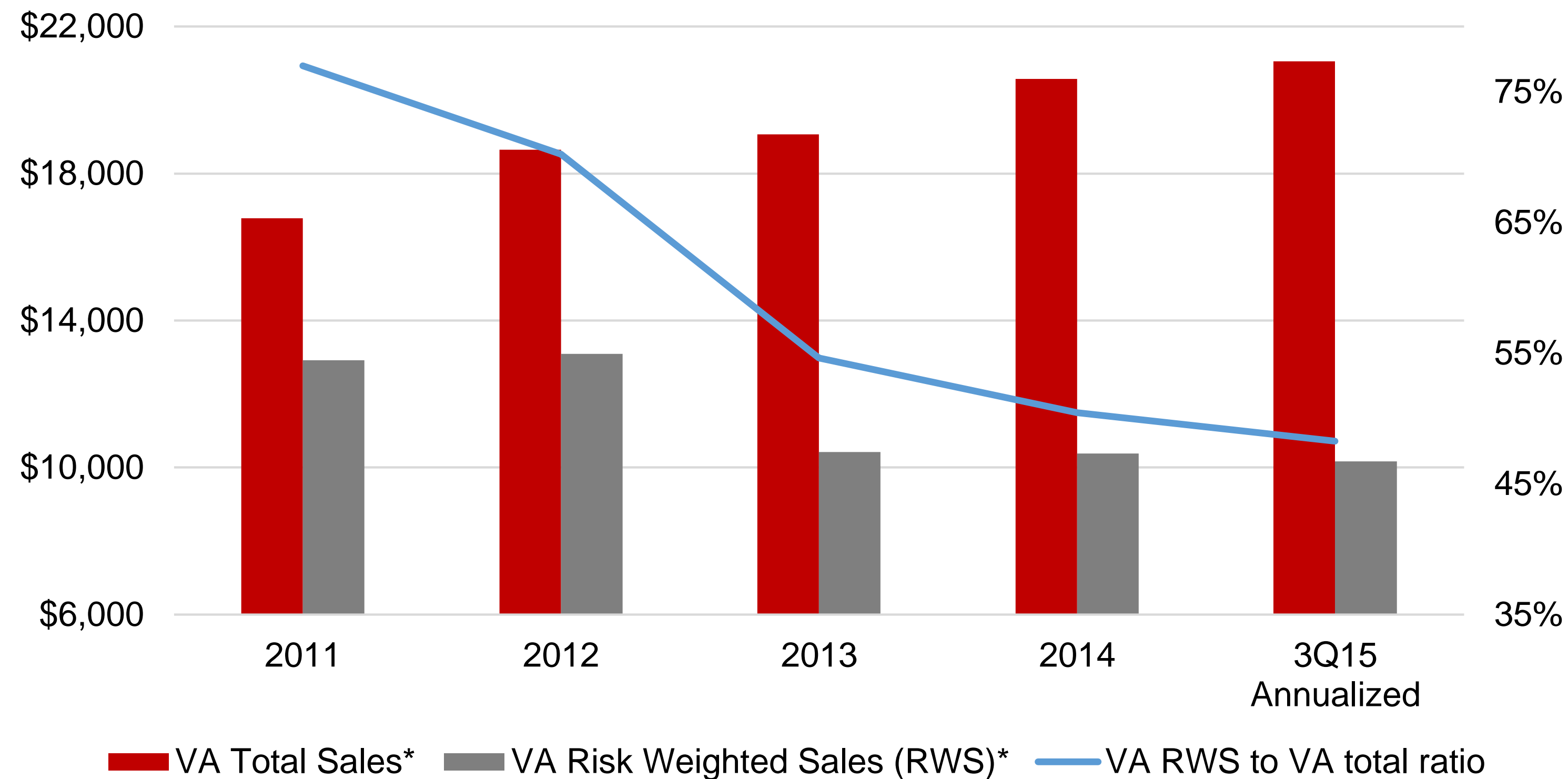
Variable Annuity Quarterly Sales Excluding Elite Access
2010 – 3Q15 (\$ billions)



- Non-Elite Access variable annuity sales have been managed to a quarterly level averaging approximately \$4.5bn
- Successful new product development outside of the guaranteed space has driven overall growth



Variable Annuity Sales on a Risk Weighted Basis



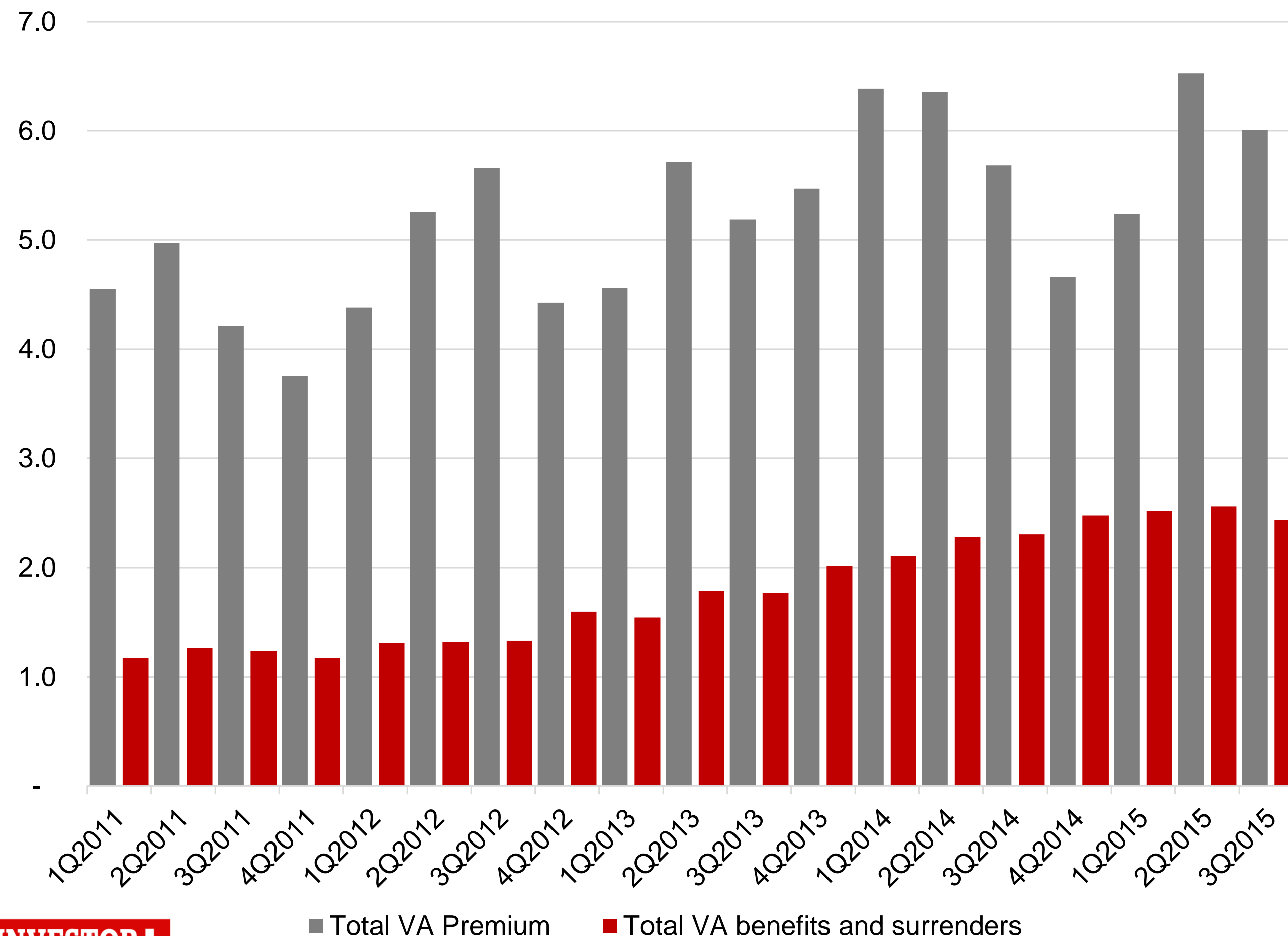
- Nominal sales growth has been modest
- Sales without living benefits have become a larger proportion of total VA sales
- Living benefit VA sales have experienced a decline in guarantee intensity

Sales are in millions
*First year sales only

Strong Variable Annuity Net Inflows



Variable Annuity Quarterly Gross Sales and Benefits/Lapses
2010 – 3Q15 (\$ billions)

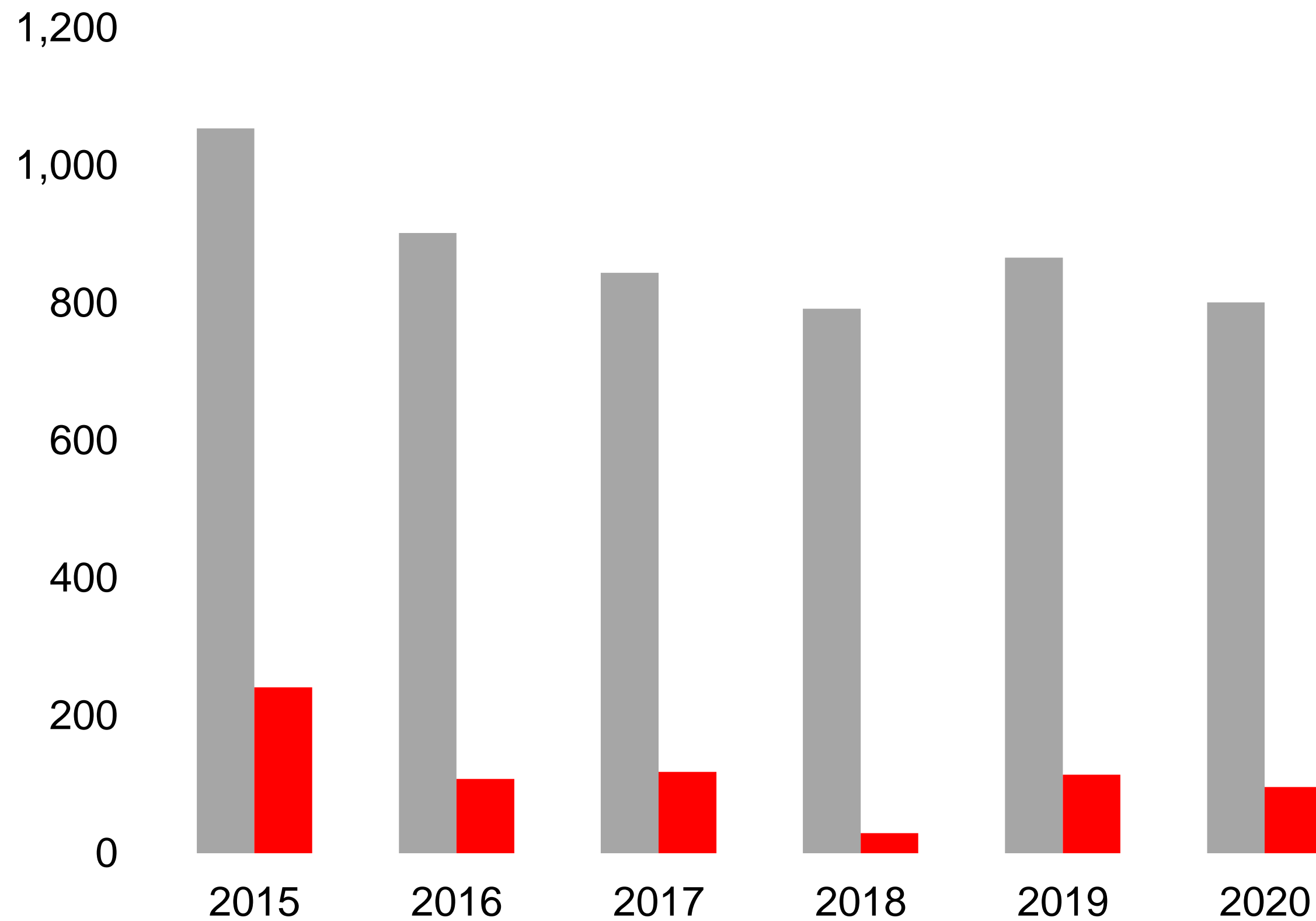


- Variable annuity net sales have been very strong over the last 5 years
- This has reflected an upward sales trend combined with strong persistency
- YTD Q3 2015 surrenders and benefits have been only 42% of total premium
- YTD Q3 2015 net inflows of \$10.3 billion
- The total VA industry reported net outflows of \$7.1 billion during the 1st three quarters of 2015 (Source: MARC)



Back Book Generates Healthy Free Surplus

Expected Free Surplus Generation (undiscounted) at YE 2014¹
(in £ millions)



■ Free surplus generation from in-force business at YE 2014

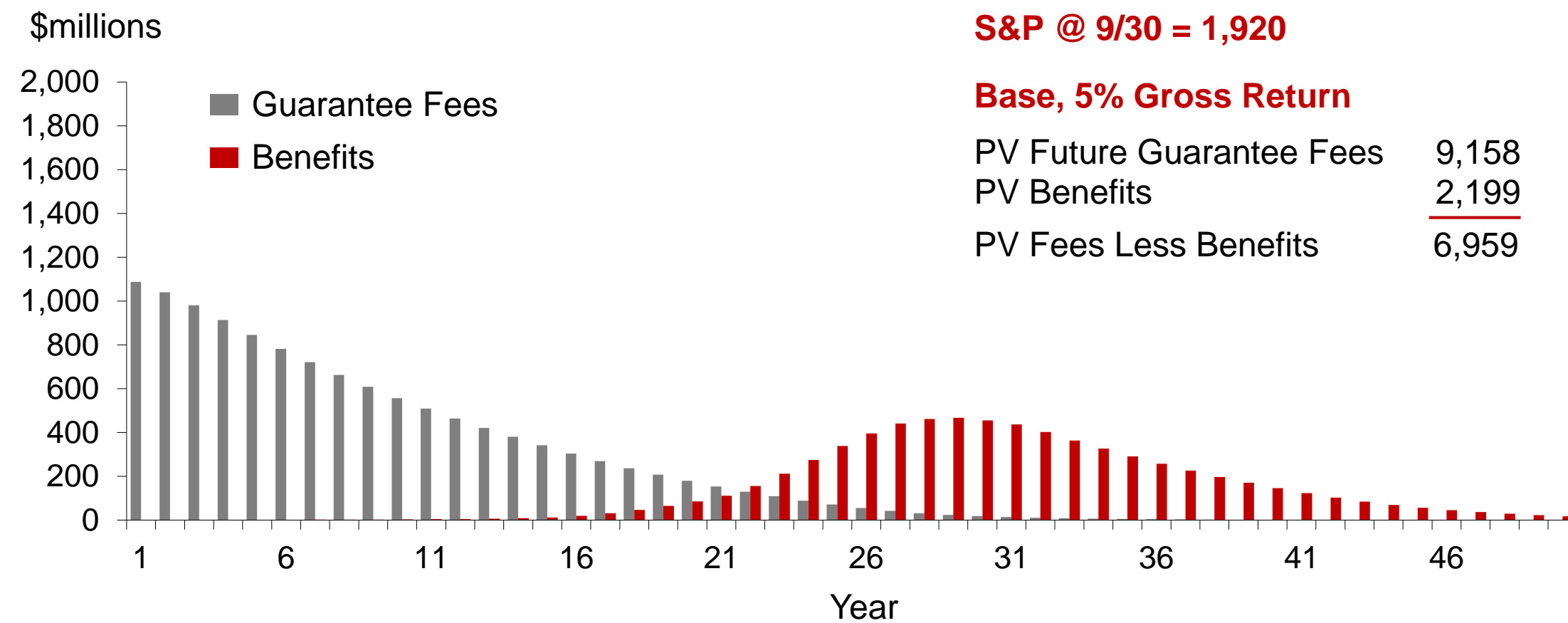
■ Free surplus generation from 2014 new business written

- Jackson's back book is large and profitable
- Long-term nature of annuity contracts means that run-off of book is a measured process
- Even with no new sales, Jackson's back book would be expected continue to generate a significant amount of free surplus over the intermediate time period allowing for Jackson to adjust appropriately to any product interruptions

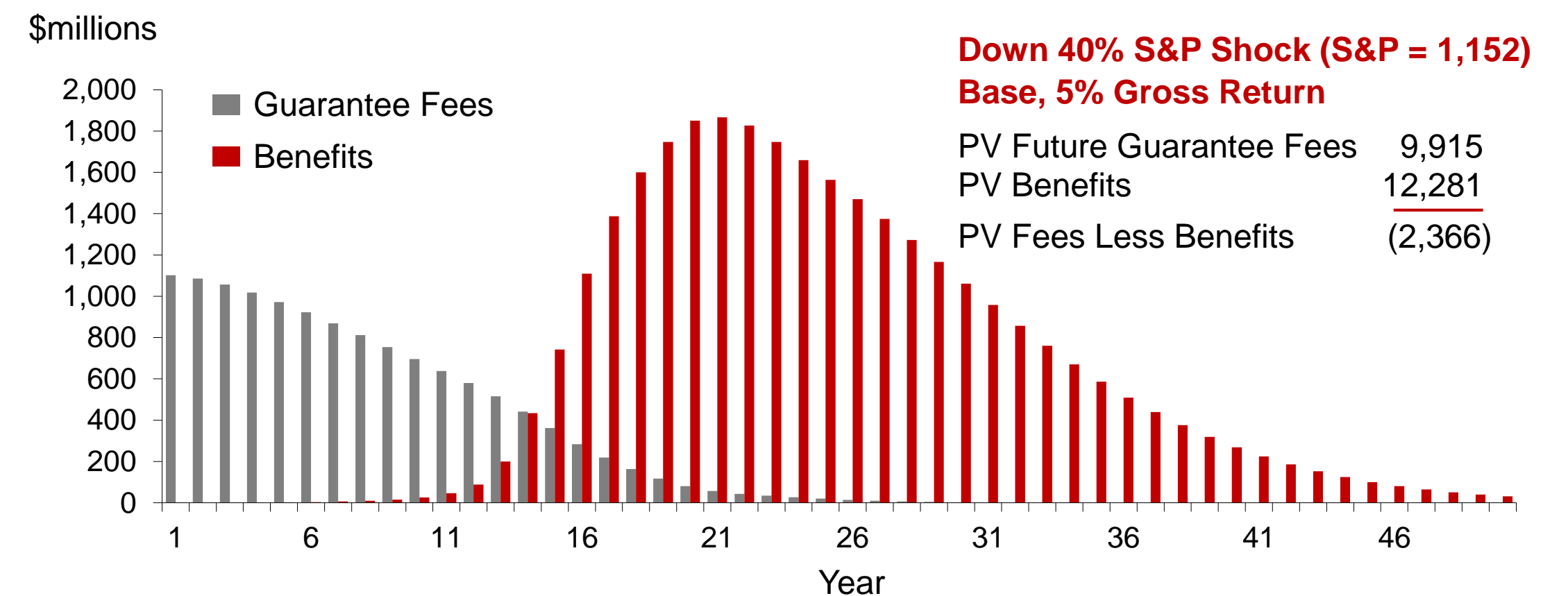
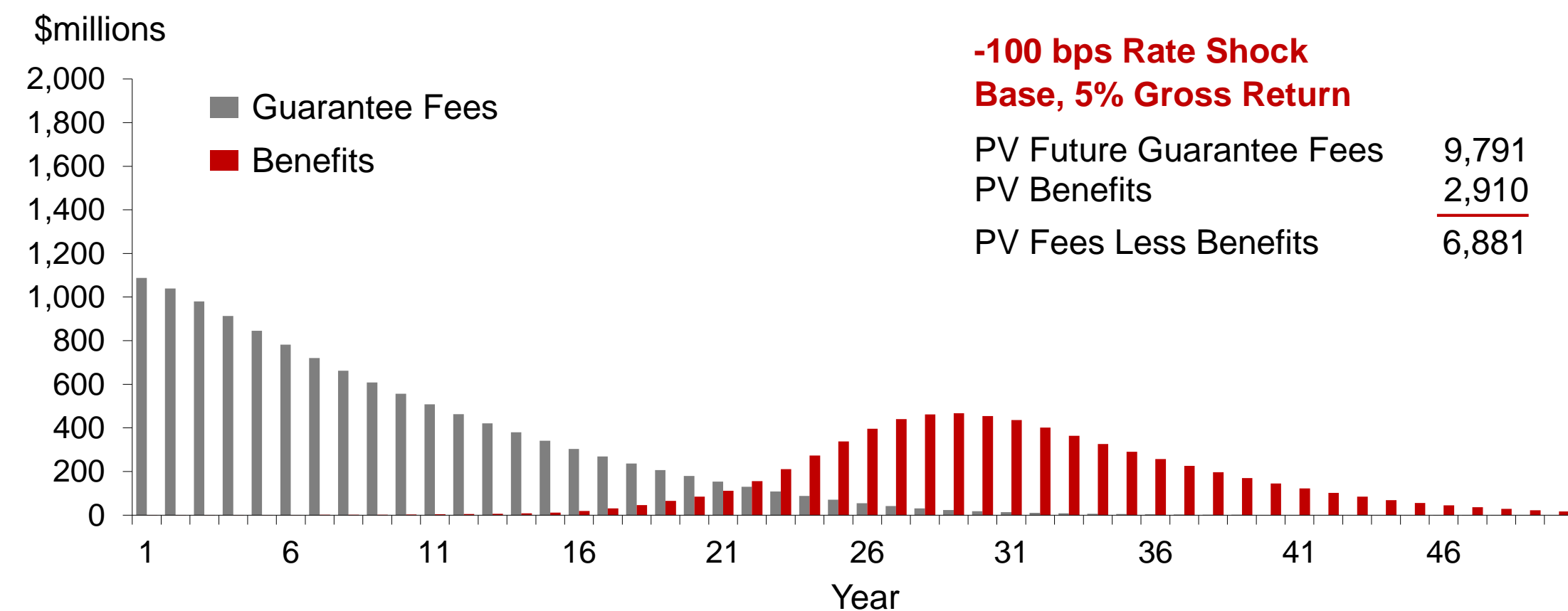
1 For life business, represents the undiscounted expected transfer of value of in-force business and required capital to free surplus as at FY14



Unhedged GMWB Cash Flows Remain Resilient

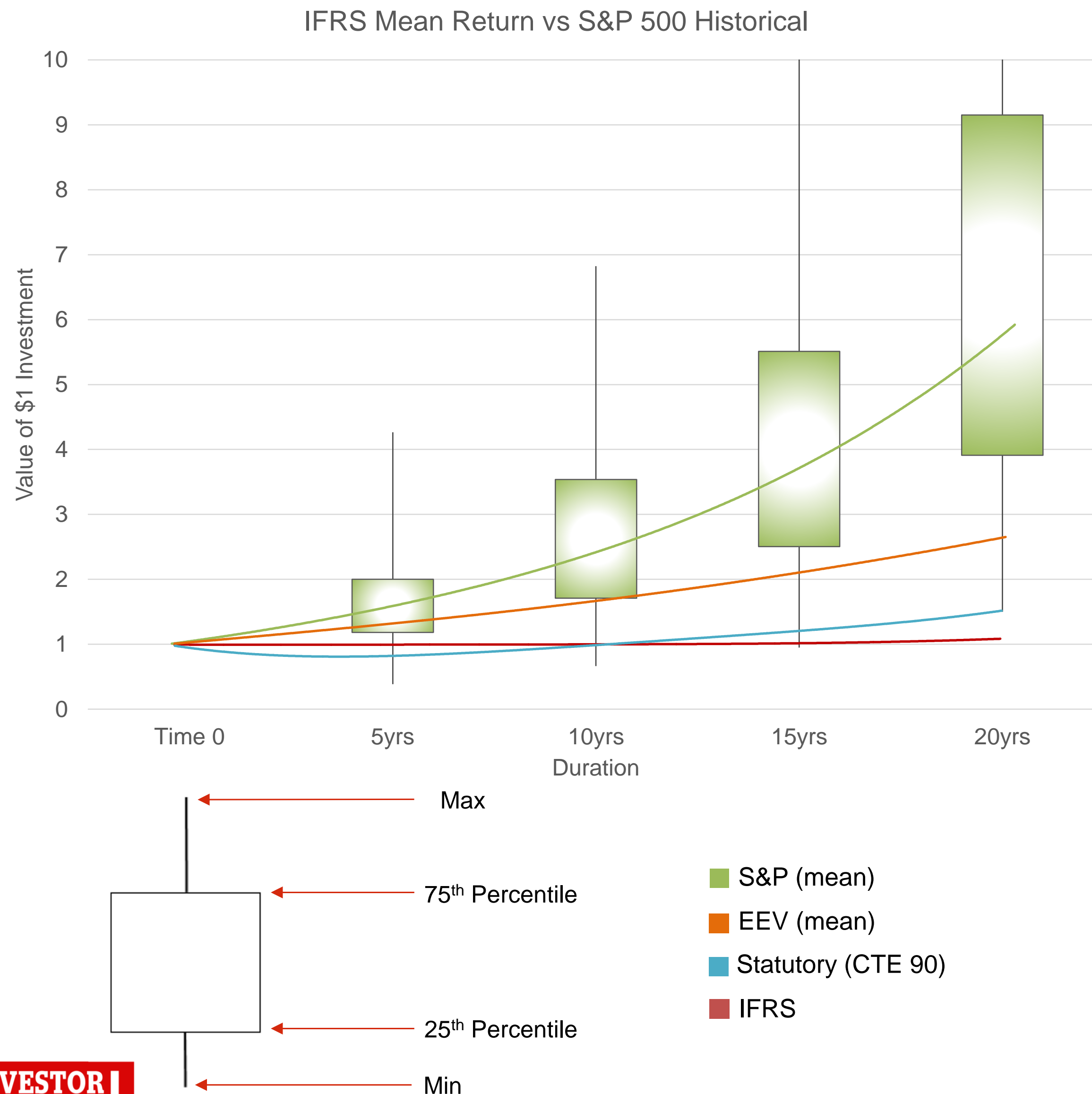


- Includes guarantee fees only
- Uses prudent best estimate assumptions (AG43, C3P2)
- 5% gross return is well below historical average market return
- Ignores guarantee fees collected to date as well as reserves
- PV of future GMWB fees exceeds PV of benefits over a wide range of market shocks
- Negative cash flow is far into future even in bad scenarios
- No material strain on liquidity in any given year



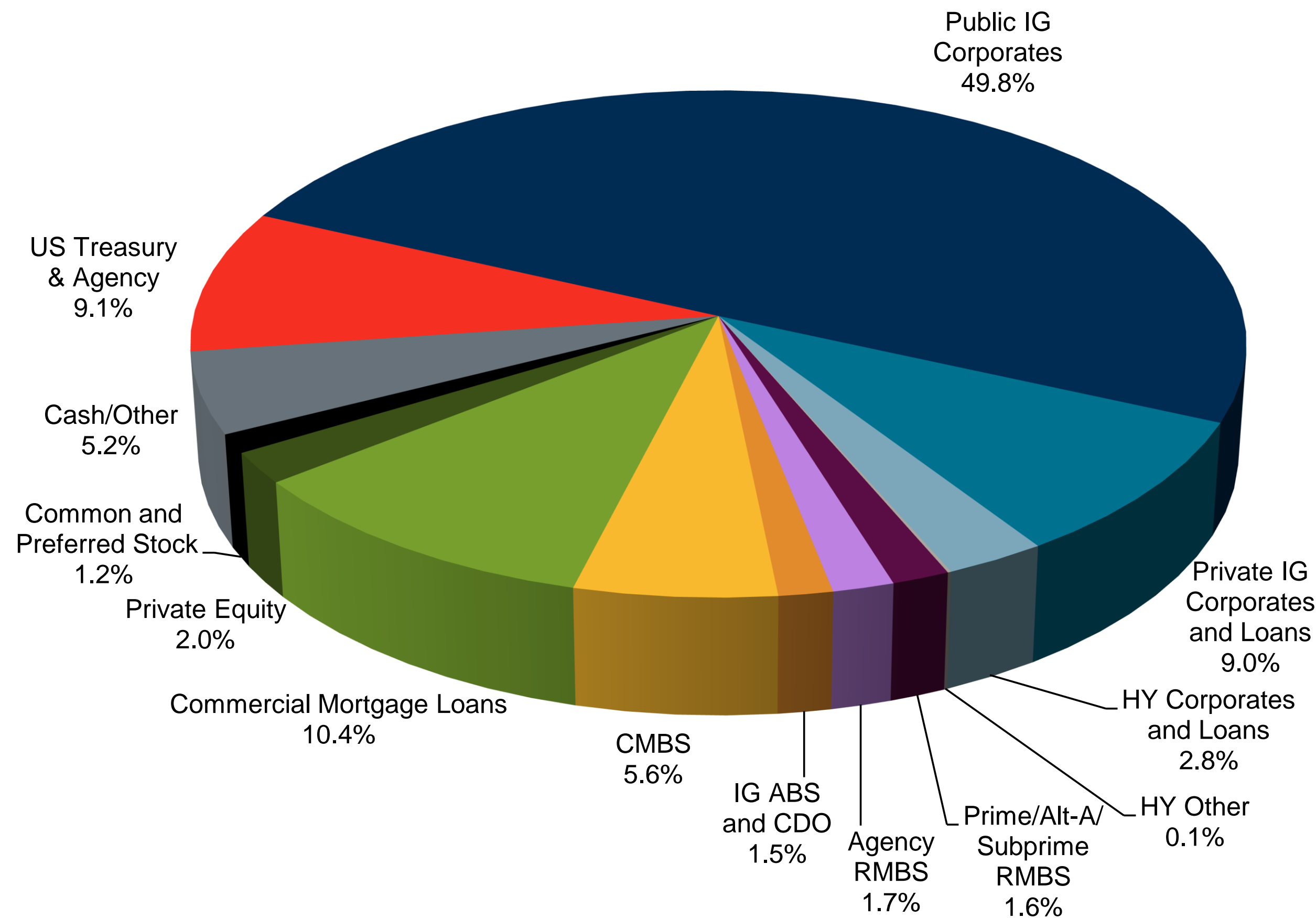
As of September 30, 2015

Reserves are Based on Conservative Return Assumptions



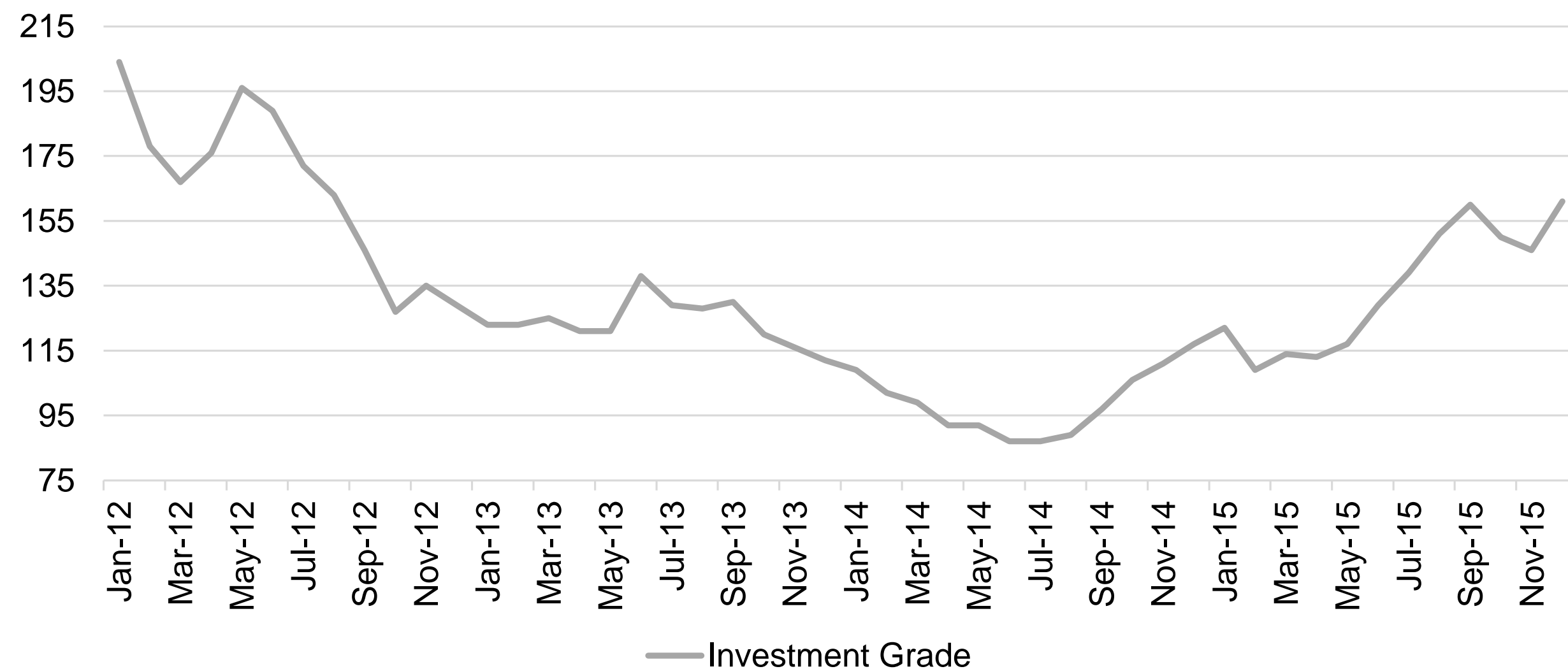
- All accounting bases assume 20-year equity market returns well below the mean returns posted by the S&P 500
- IFRS return assumptions are especially punitive. There has never been a 20-year period for the S&P with as weak a return profile as what is used in the mean IFRS scenario

Investment Portfolio is Defensively Positioned



- \$58.9 billion as of September 30, 2015
- Cash/Treasuries are over 10% of portfolio
- High Yield is significantly below benchmark with 70% BB
- Banking and finance sector has the largest underweighting
- Commercial mortgage portfolio has an average LTV of 58%

Credit Spreads Wider in 2015



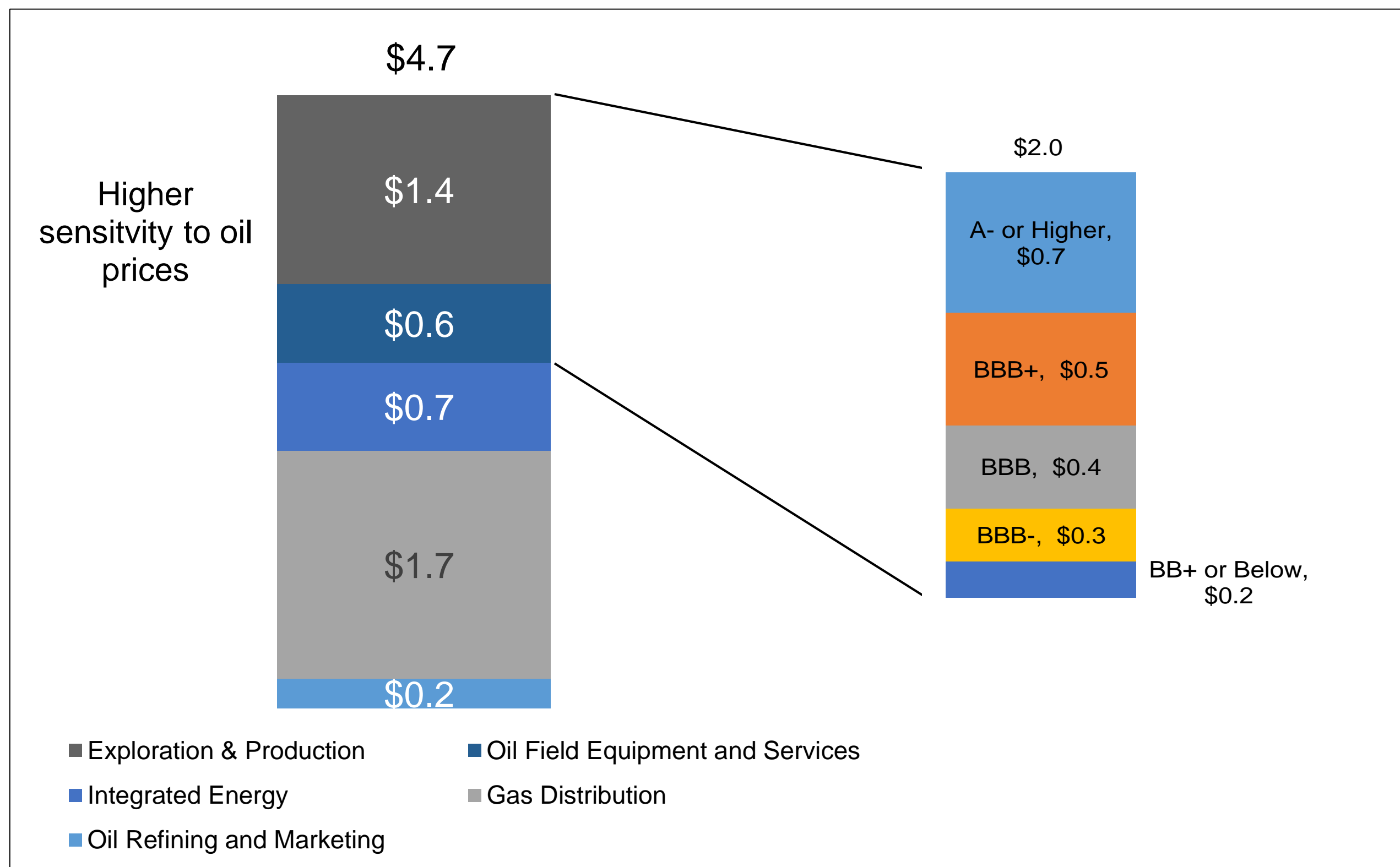
- Credit spreads widened in the 3rd quarter of 2015 and closed the year at similar levels
- Energy and the metals and mining sectors were the largest contributors to the changes

Energy Exposure



Impact of oil prices varies substantially by sub-sector

**Energy Portfolio by Sub-Sector - Total IFRS Book Value, in billions
September 30, 2015**



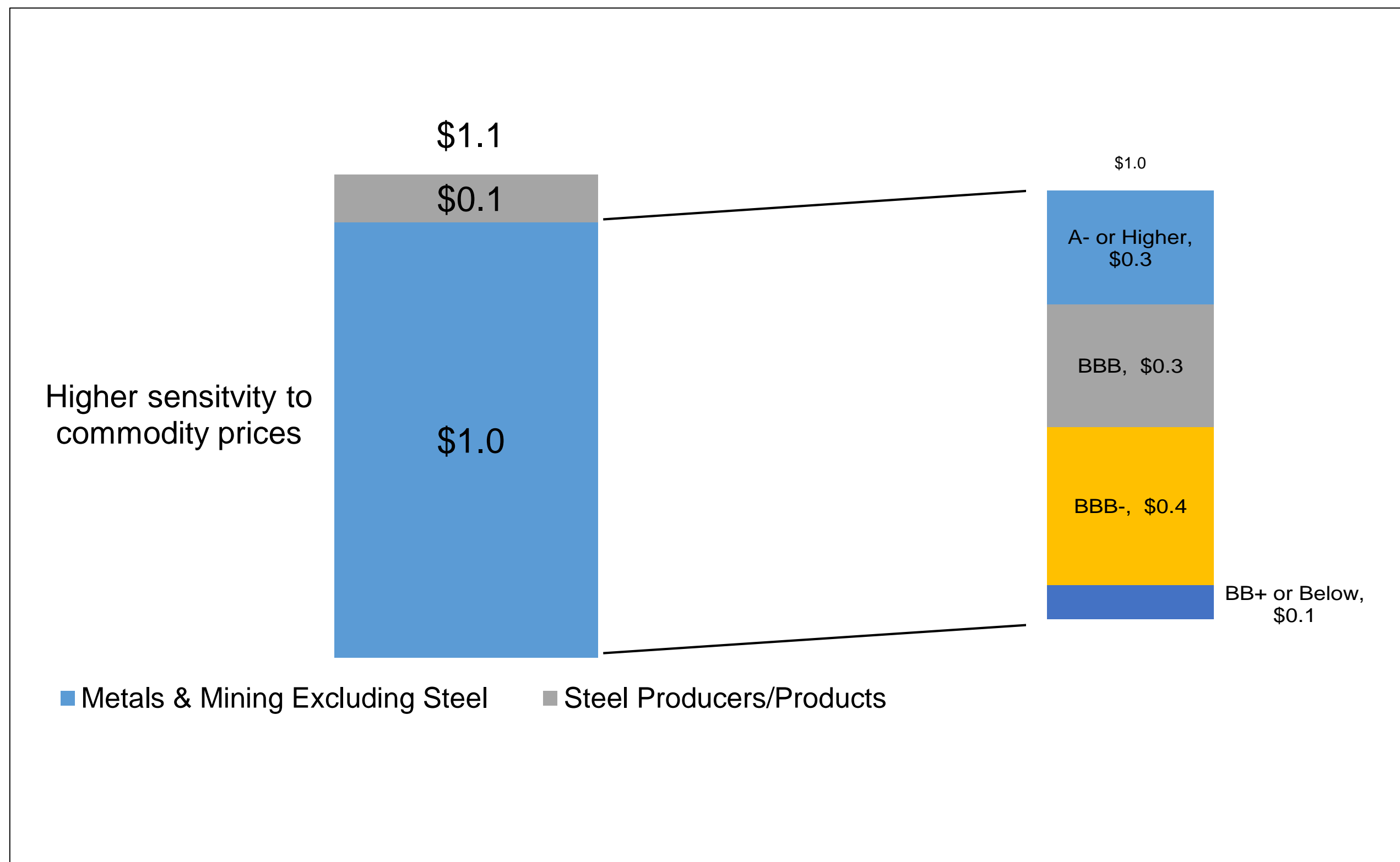
- Total energy portfolio of \$4.7bn
 - Market price of 101.3
- E&P and Services subsectors are the most sensitive to oil prices
 - Portfolio totaled \$2bn of book value
 - Market price of 98.3
 - Total unrealized loss in these two subsectors was \$64m
- Total non-investment grade energy exposure of \$282m
 - Unrealized loss of \$54m

Metals & Mining Exposure



The majority of metals and mining exposure is investment grade

**Metals and Mining Portfolio - Total IFRS Book Value, in billions
September 30, 2015**



- Total metals and mining portfolio of \$1.1bn
 - Market price of 91.2
 - Market price of steel sector was 100.9
- Non-steel subsector is more sensitive to commodity prices
 - Portfolio totaled \$1bn of book value
 - Market price of 90.1
 - Total unrealized loss in this sector was \$81m
- Total non-investment grade metals and mining exposure of \$114m
 - Unrealized loss of \$11m

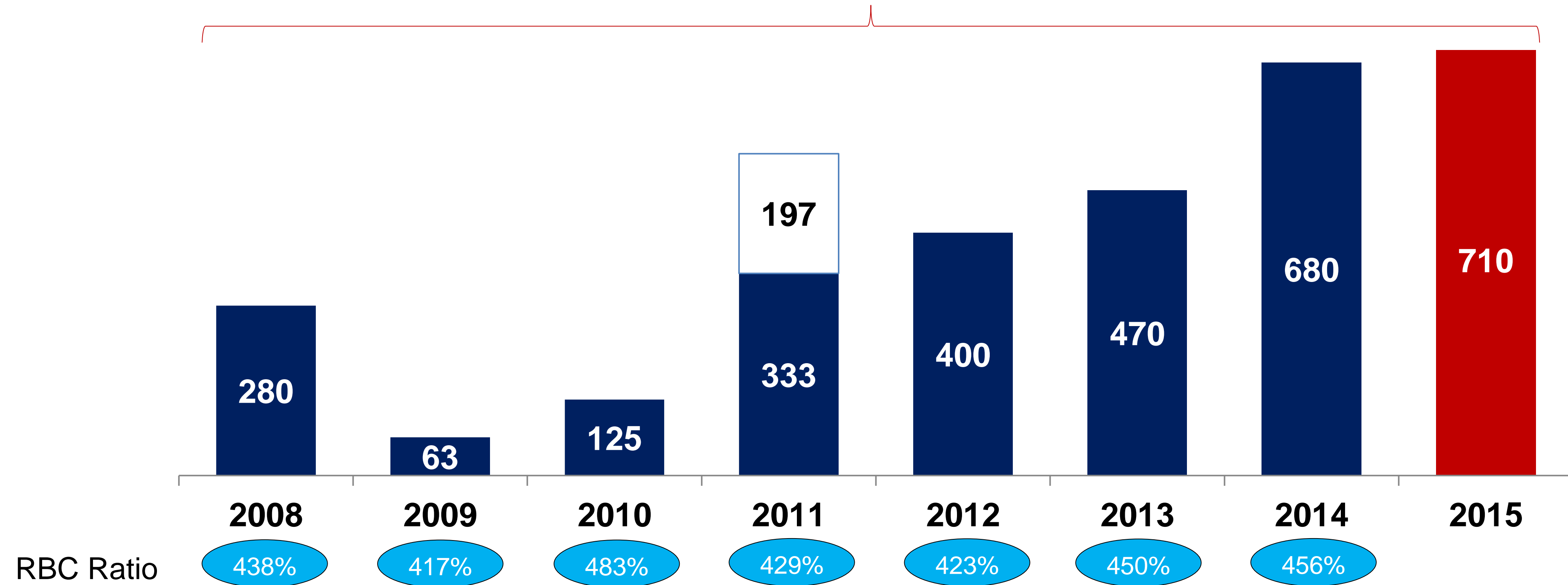


Continued High Level of Remittances

Cumulative cash remittances, \$m

2008-2015

\$3,258m



Net remittances in 2011 include \$197m representing release of excess surplus to the group

Summary



- Jackson has a long history as an industry leader
- Advisor-focused distribution model with the largest, most skilled, and most productive wholesaling network
- Best-in-class customer service at industry leading expense ratios
- Consistently stable financial strength ratings and capital generation
- Prudent pricing and product design
- Proven track record as a life insurance closed block consolidator
- History of product innovation and thought leadership

Protecting the retirement of millions of Americans