



PRUDENTIAL PLC

2002 INTERIM RESULTS

This presentation may contain certain "forward-looking statements" with respect to certain of Prudential's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Prudential's control including among other things, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Prudential and its affiliates operate. As a result, Prudential's actual future financial condition, performance and results may differ materially from the plans, goals, and expectations set forth in Prudential's forward-looking statements.

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GOOD START TO MEETING “DOUBLING VALUE” TARGET



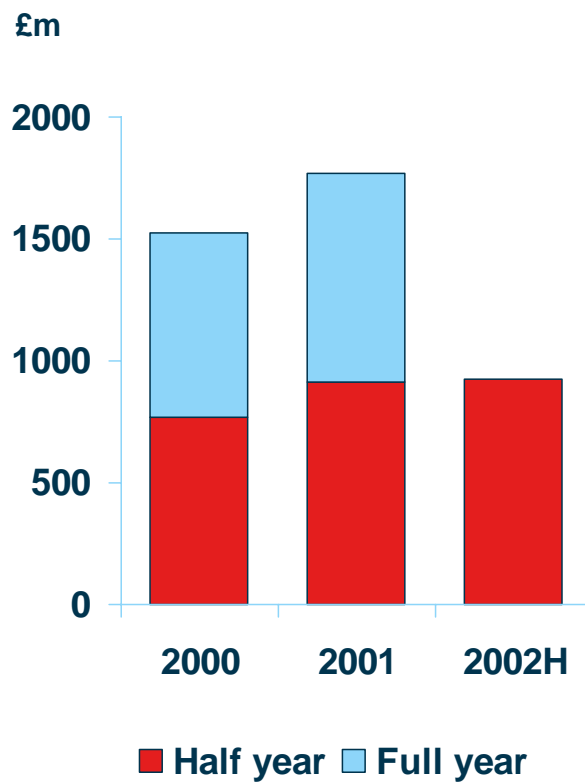
- 36% increase in total sales of £13.7bn
 - 2% increase in APE insurance sales to £926m
 - 50% increase in net sales of investment products to £826m
- 16% increase in new business achieved profits to £397m
- Dividend increased to 8.9p
- Clear benefits from
 - international diversification
 - AAA financial strength

TOTAL NEW BUSINESS IN-FLOWS

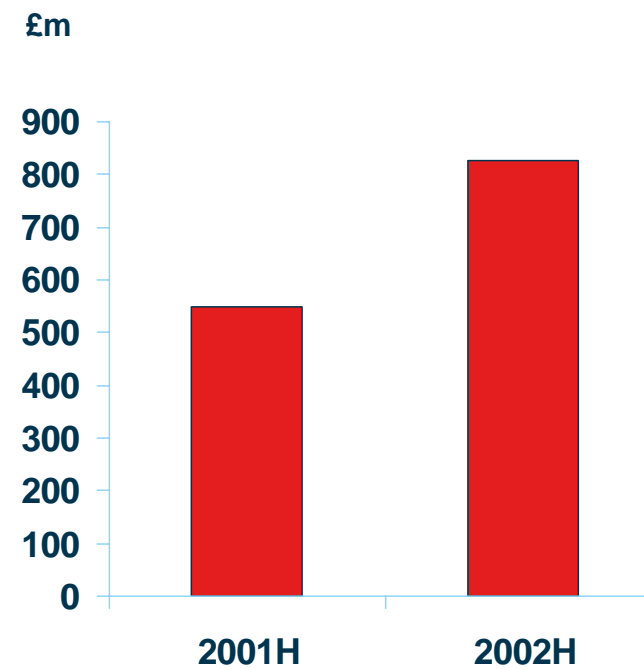


SALES OF £13.7BN IN FIRST HALF 2002

Insurance sales (APE) up 2%



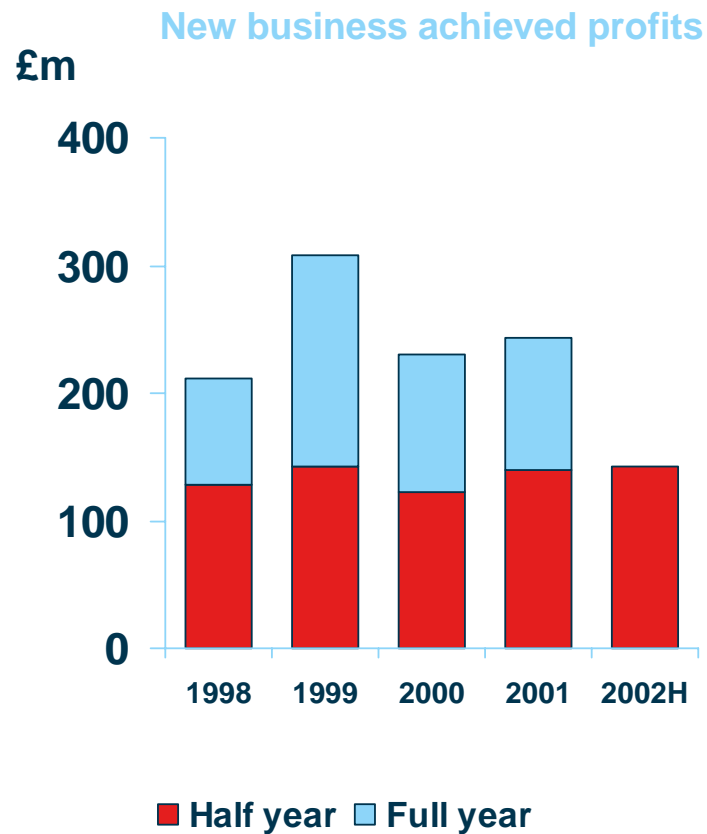
Net investment flows up 50%



ACHIEVED BASIS

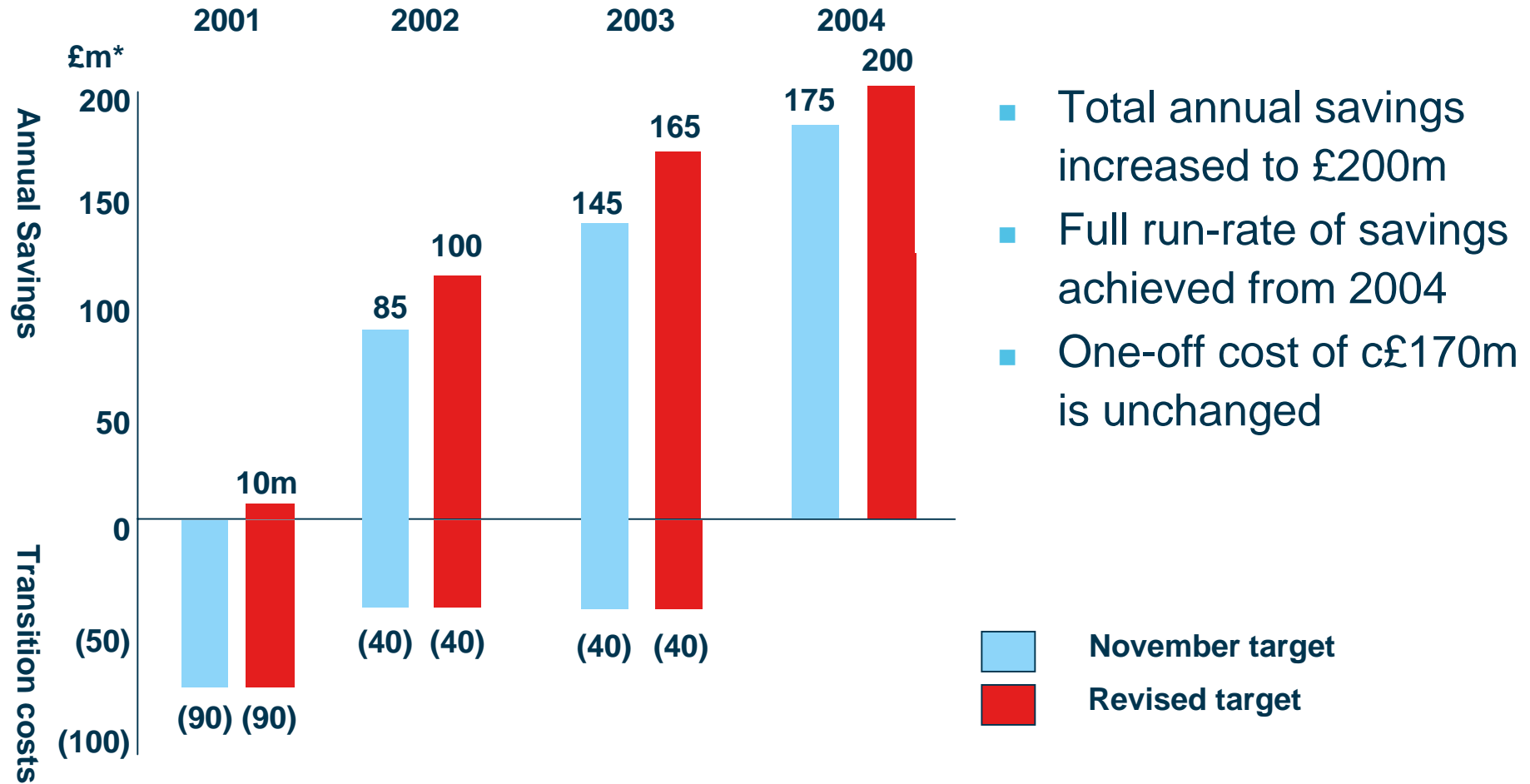


UK INSURANCE OPERATIONS NEW BUSINESS MARGIN INCREASES TO 36%



	2002H £m	2001FY £m
NBAP	142	243
APE	398	823
MARGIN	36%	30%

ADDITIONAL £25M OF ANNUAL SAVINGS IDENTIFIED AT NO EXTRA COST



*Measured in 2001 £

POSITIVE EARNINGS IMPACT FROM 2002

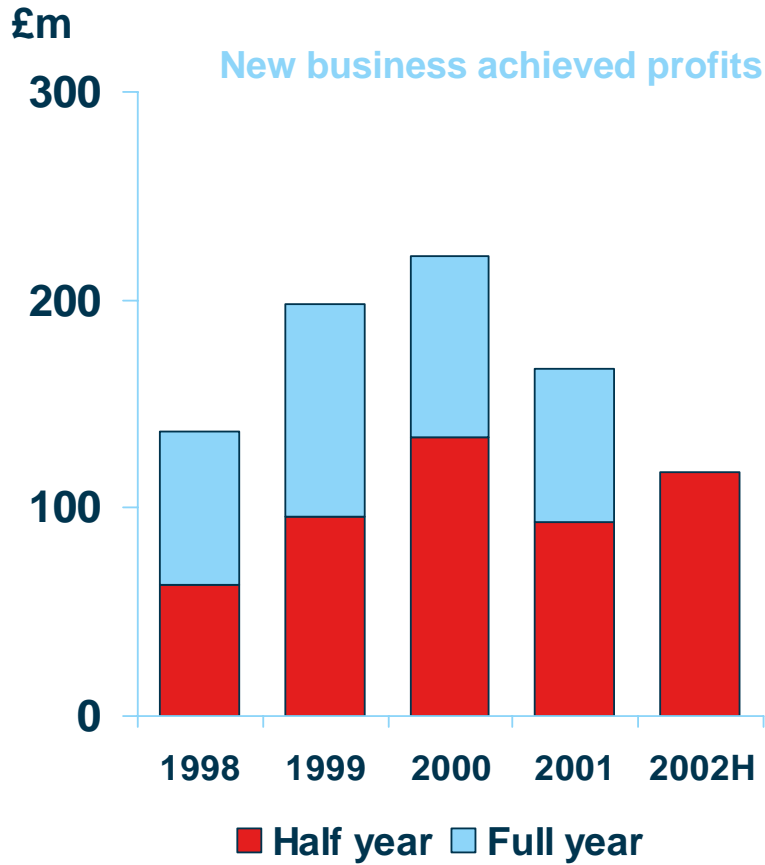


	2002		2003		2004	
	MSB £m	AP £m	MSB £m	AP £m	MSB £m	AP £m
November target: £175m	15	20	35	45	40	55
Revised target: £200m	20	25	40	50	50	65

ACHIEVED BASIS



JACKSON NATIONAL LIFE NEW BUSINESS ACHIEVED PROFIT UP 26% ON PRIOR YEAR

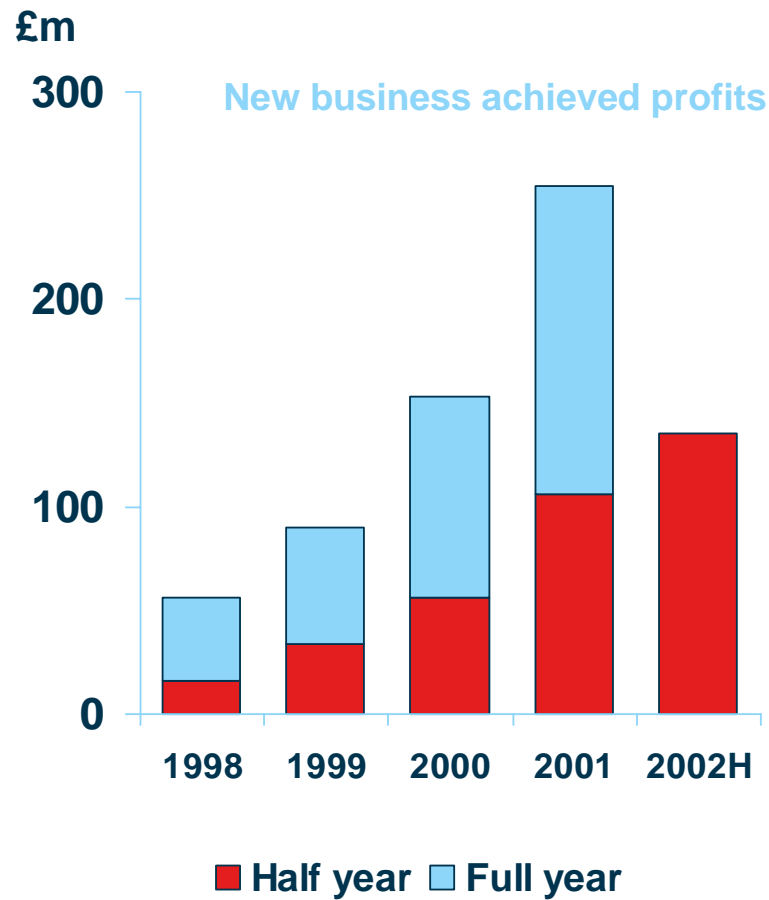


	2002H £m	2001FY £m
NBAP	117	167
APE	298	483
MARGIN	39%	35%

ACHIEVED BASIS



ASIA NEW BUSINESS ACHIEVED PROFIT UP 27% ON PRIOR YEAR

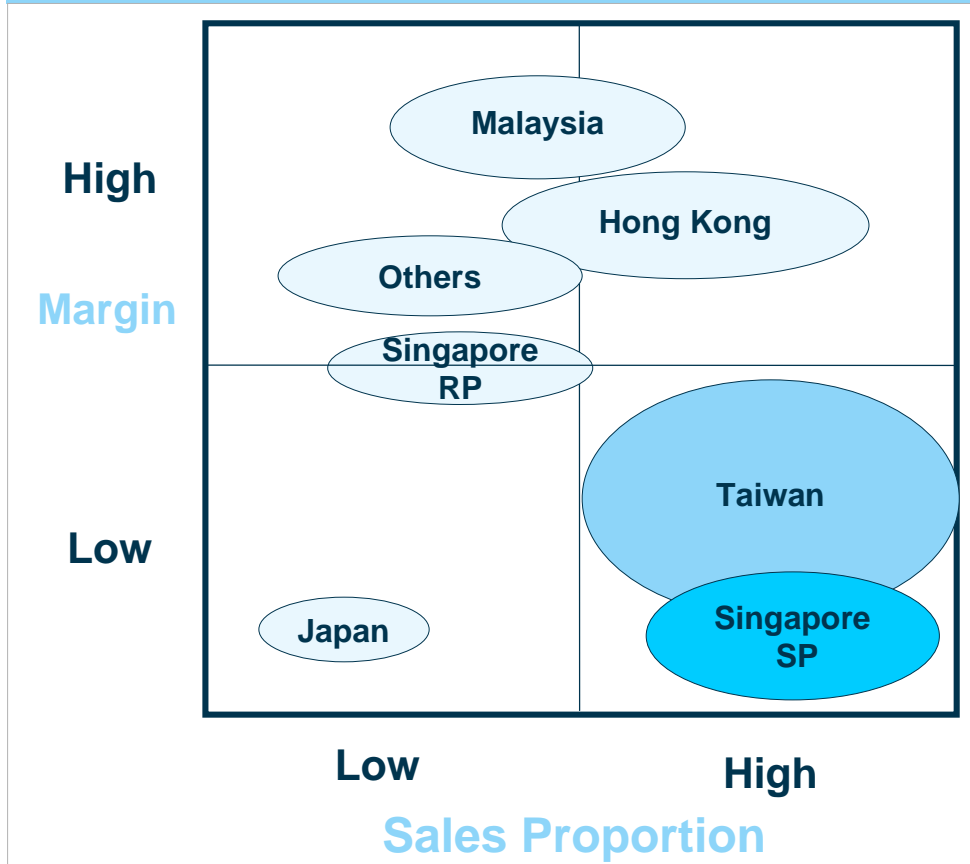


	2002H £m	2001FY £m
NBAP	135	255
APE	217	434
MARGIN	62%	59%

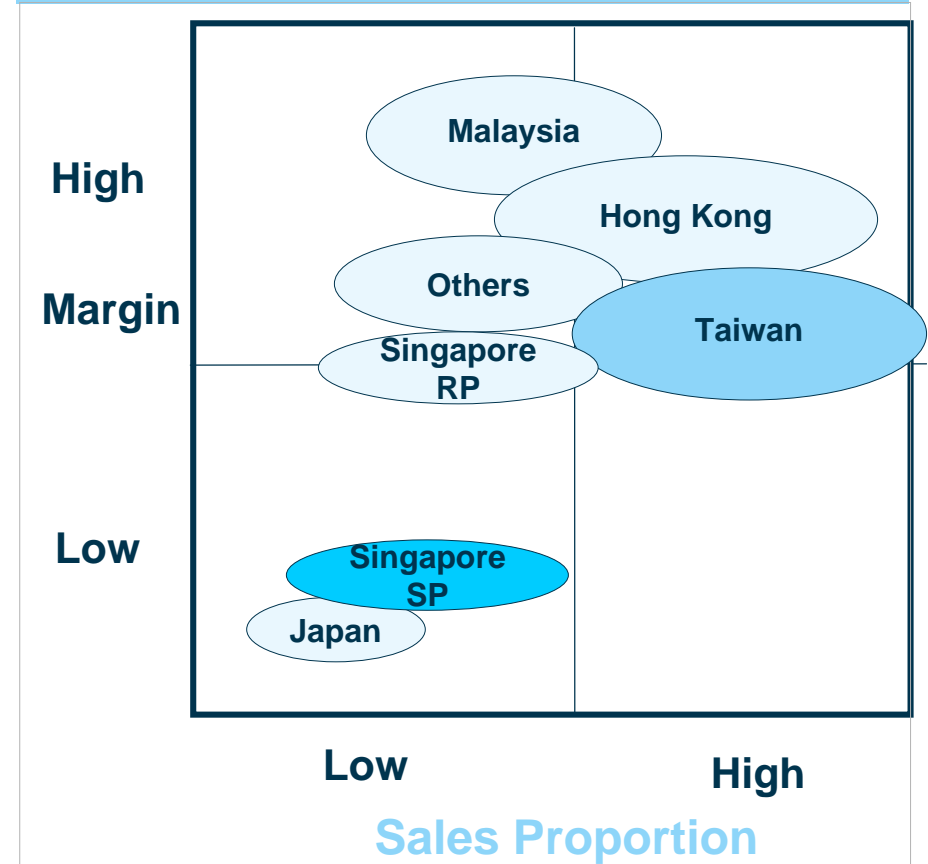
ASIA: MARGIN ANALYSIS



FY2001: 59%



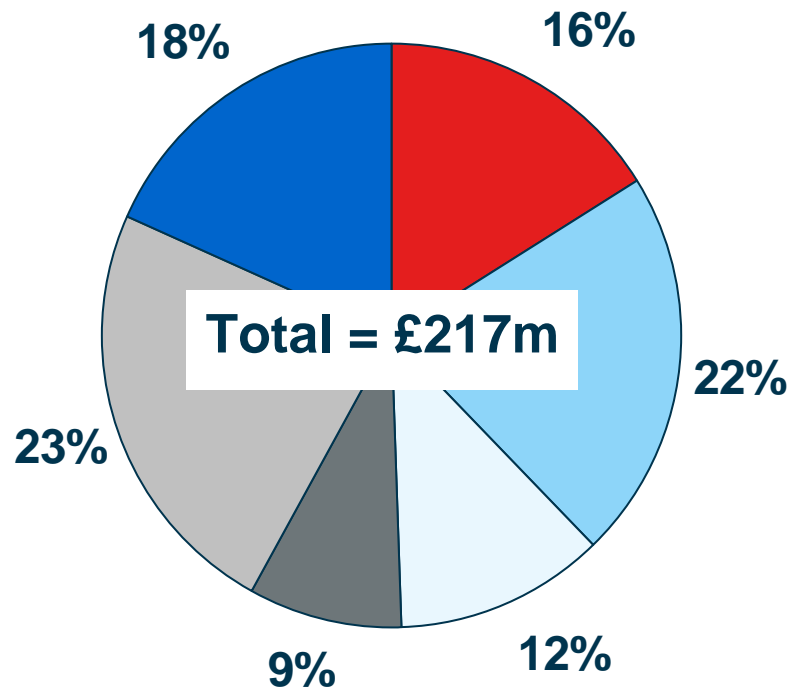
HY2002: 62%



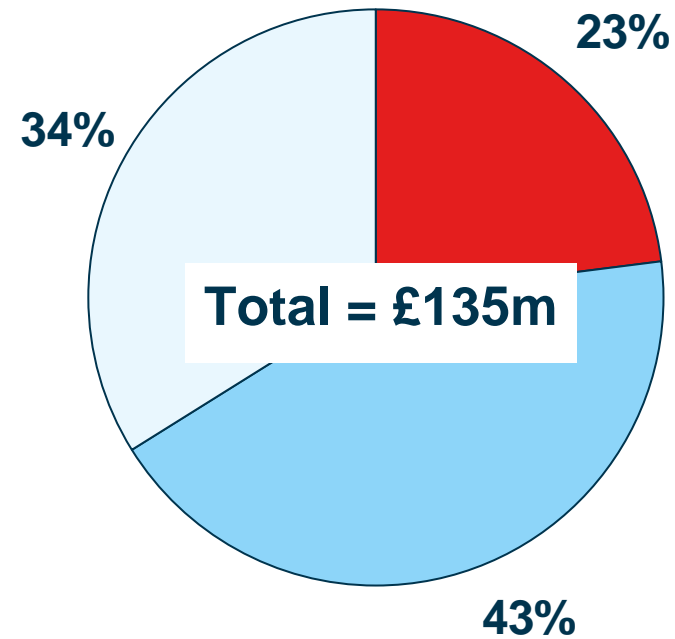
ASIA: WELL-DIVERSIFIED GEOGRAPHIC AND PRODUCT MIX



H12002 APE by country



H12002 NBAP by product type

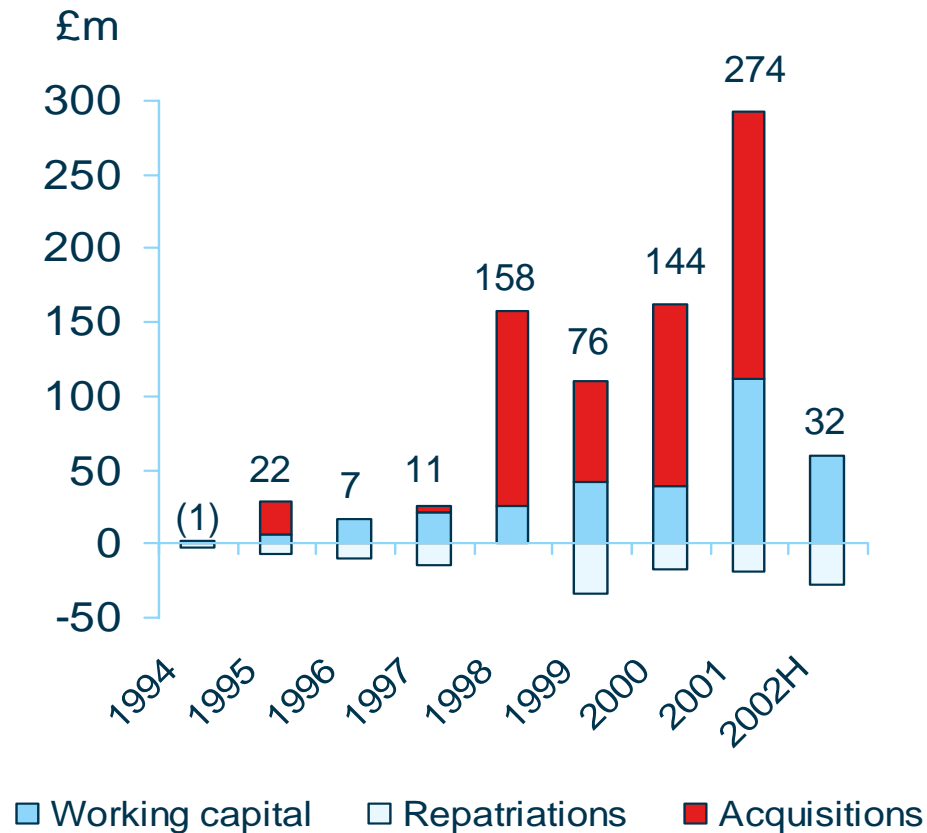


- Singapore AP
 Malaysia
 Hong Kong
 Traditional
 Linked
 Accident & Health
- Japan
 Taiwan
 Other

ASIA: CAPITAL FLOWS UPDATE



NET CAPITAL FLOWS



■ Total net capital 1994 to 30 June 02: £723m

ACHIEVED BASIS

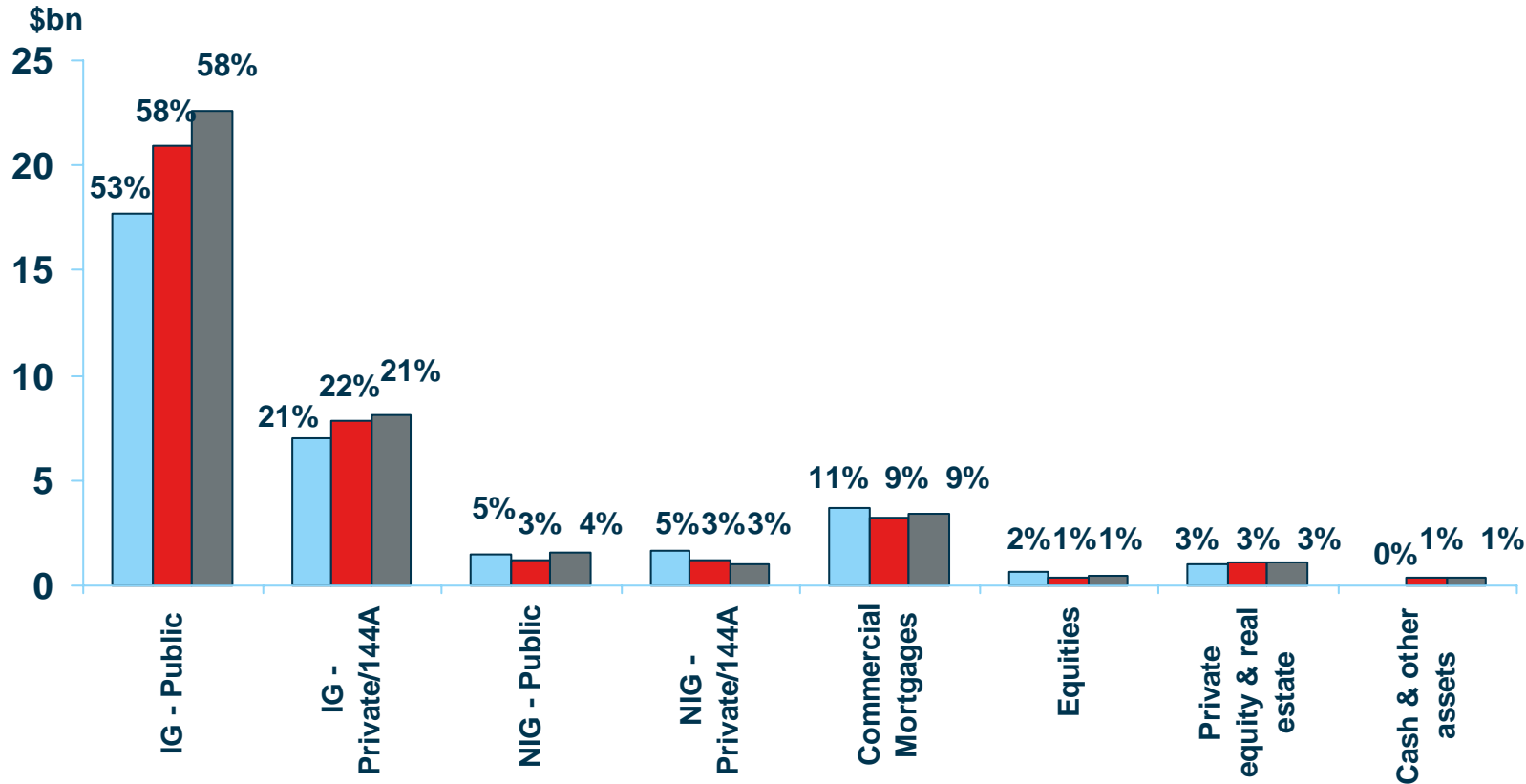


IN-FORCE RESULT

	UK & Europe £m	US £m	Asia £m	Total £m
Unwind of discount*	206	112	52	370
Jackson spread	-	(15)	-	(15)
Persistency	-	5	(5)	-
Change in assumptions	-	(56)	(5)	(61)
Average realised investment losses	-	(71)	-	(71)
Other items and experience variances	(14)	2	(8)	(20)
Total in-force - long term business	192	(23)	34	203
AP shareholders' funds (£bn)	3.5	2.6	1.2	7.3
Other operations (£bn)				0.7
Total AP shareholders' funds (£bn)				8.0

*Includes return on JNL surplus assets (over target surplus)

JACKSON NATIONAL LIFE INVESTED ASSETS MIX



■ 2000 ■ 2001 ■ 2002H

IG: investment grade - National Association of Insurance Commissioners 1-2

NIG: non investment grade - National Association of Insurance Commissioners 3-6

Notes: Statutory financial data, excludes leverage and policy loans.

ACHIEVED PROFITS BASIS RESULTS

	2002H £m	2001H £m
Operating profit (based on longer-term investment returns)		
■ New business	397	342
■ Business in force	203	401
Total long-term business	600	743
Development costs for long-term business	(16)	(21)
M&G	34	40
Egg	1	(63)
Broker dealer and fund management	10	11
Other income and expenditure	(86)	(68)
Underlying total operating profit	543	642
UK re-engineering costs	-	(24)
Operating profit from continuing operations	543	618
Discontinued UK general insurance operations	-	35
Operating profit before amortisation of goodwill	543	653

ACHIEVED PROFITS BASIS RESULTS

	2002H £m	2001H £m
Operating profit before amortisation of goodwill	543	653
Amortisation of goodwill	(49)	(47)
Short term fluctuations in investment return	(661)	(580)
Effect of change in economic assumptions	(22)	-
Merger break fee (net of related expenses)	-	338
Profit on sale of UK general insurance operations	355	-
Profit before tax	166	364
Operating earnings per share (p)		
Achieved profits basis	18.4p	23.4p

MSB OPERATING PROFIT

	2002H £m	2001H £m
UK - long term insurance	215	208
M&G	34	40
Egg	1	(63)
UK operations	250	185
US operations	150	220
Asian operations (pre development expenses)	16	22
European operations (pre development expenses)	3	2
Development expenses	(16)	(21)
Other income and expenditure	(86)	(68)
Underlying total operating profit	317	340
UK re-engineering costs	-	(13)
Operating profit from continuing operations	317	327
Discontinued UK general insurance operations	-	35
Operating profit before amortisation of goodwill	317	362

MODIFIED STATUTORY BASIS



	2002H £m	2001H £m
Operating profit before amortisation of goodwill	317	362
Amortisation of goodwill	(49)	(47)
Short term fluctuation in investment returns	(152)	(105)
Merger break fee (net of related expenses)	-	338
Profit on sale of UK general insurance operations	355	-
Profit before tax	471	548
Tax charge	(50)	(183)
Effective rate of tax on total profit	11%	33%
Operating earnings per share (p)		
Statutory basis	11.4p	13.1p
Dividend per share	8.9p	8.7p

HOLDING COMPANY FUNDS FLOW



INVESTING TO GROW THE BUSINESS

	2002H £m	2001H £m
Group operating PAT & minority interests	227	258
New share capital subscribed	19	26
Capital received from businesses	95	-
	341	284
American General Corporation merger break fee*	-	240
Capital received from UK general insurance operations	386	-
Acquisition of new businesses	-	(139)
Reinvestment in existing businesses	(146)	(167)
Dividends	(178)	(172)
	403	46
Timing differences and other items	(49)	(71)
Holding company net funds movement	354	(25)

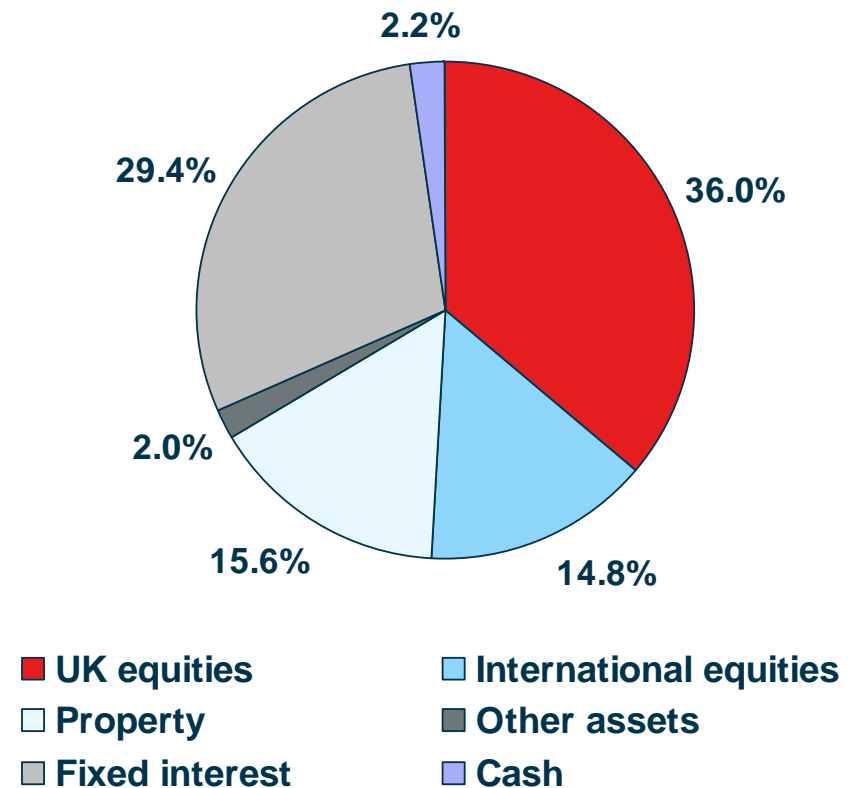
*net of related expenses and taxes

PRUDENTIAL ASSURANCE COMPANY REMAINS STRONG



- Form 9 ratio of 11%* at 30 June 2002
- No use of
 - future profits
 - subordinated debt
 - contingent loans
 - financial reinsurance
- Resilience scenario
 - fall in equity values 17%
 - fall in property values of 20%
 - rise in bond values of 8%

Asset mix at 30th June 2002



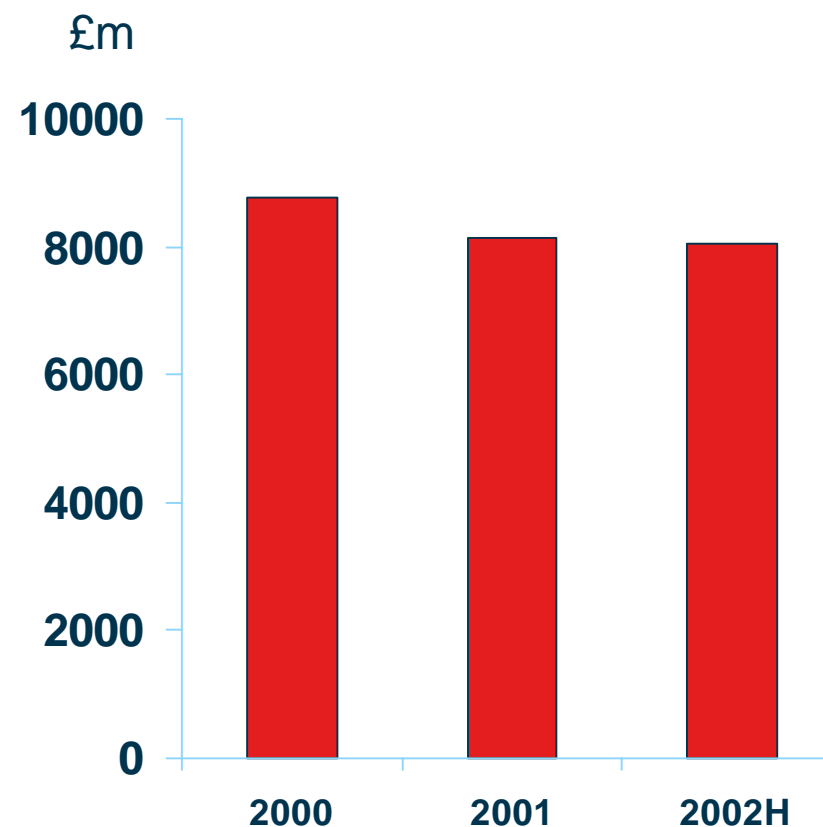
* incorporating the new FSA resilience rules of 28.6.02.

ACHIEVED PROFIT SHAREHOLDER FUNDS



- Achieved basis shareholder funds of £8.05bn (2001: £8.15bn)
- AP shareholder funds sensitivities:

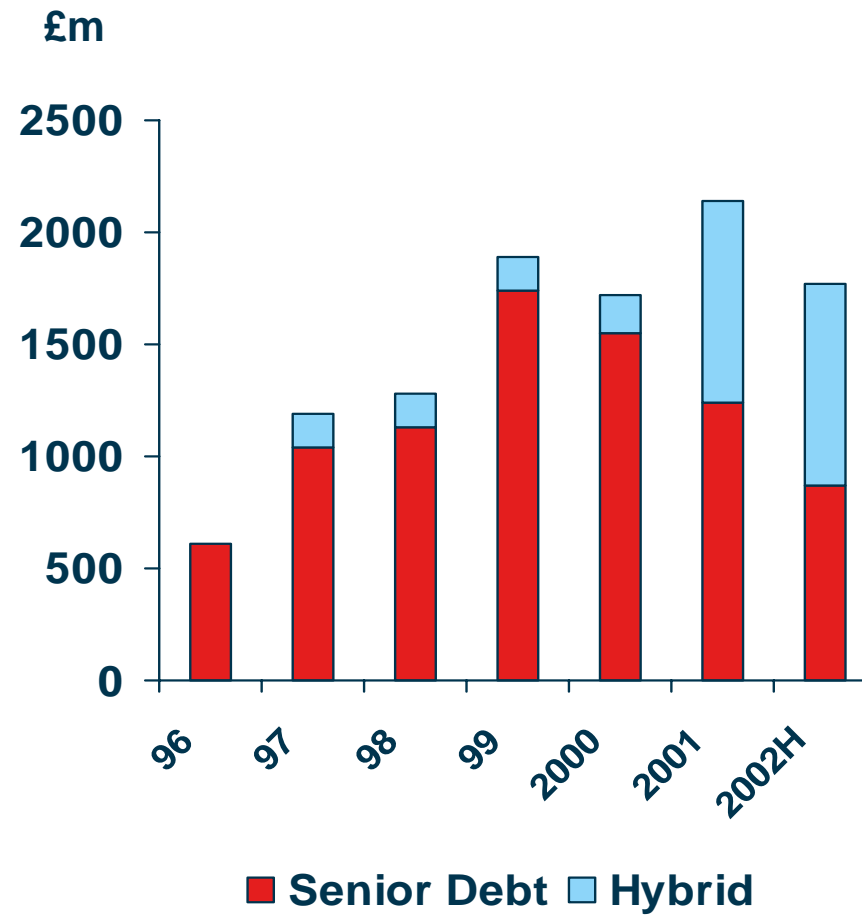
	Investment return £m	RDR £m
Increase in rates of 1%	779	(469)
Decrease in rates of 1%	(732)	562



ACTIVE MANAGEMENT OF BALANCE SHEET



SENIOR DEBT*

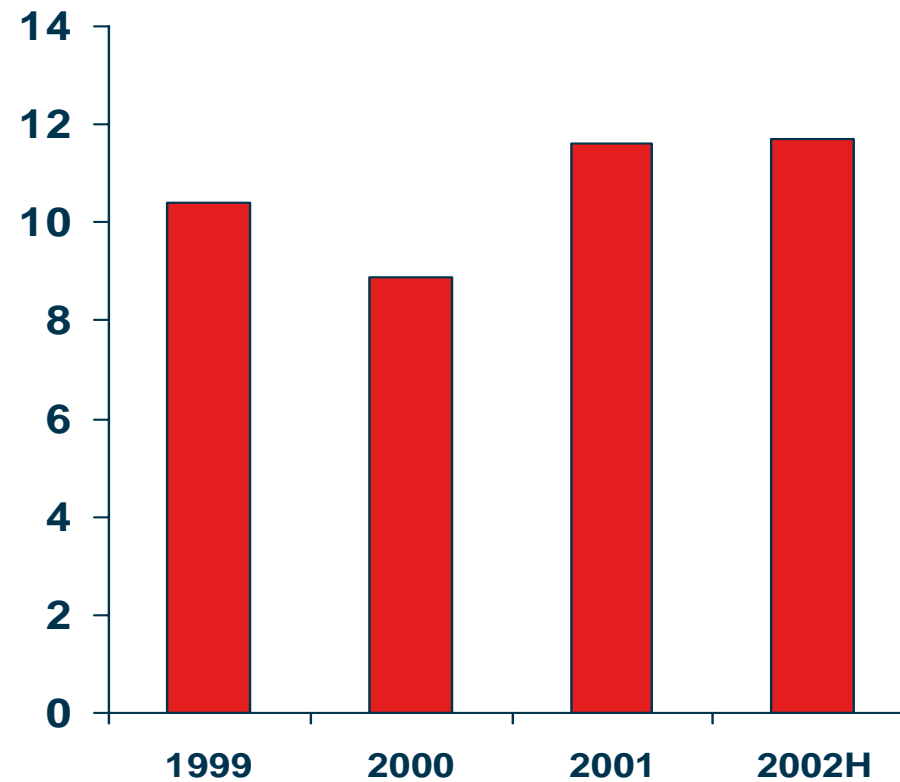


* Debt shown net of cash

ACTIVE MANAGEMENT OF BALANCE SHEET



INTEREST COVER*



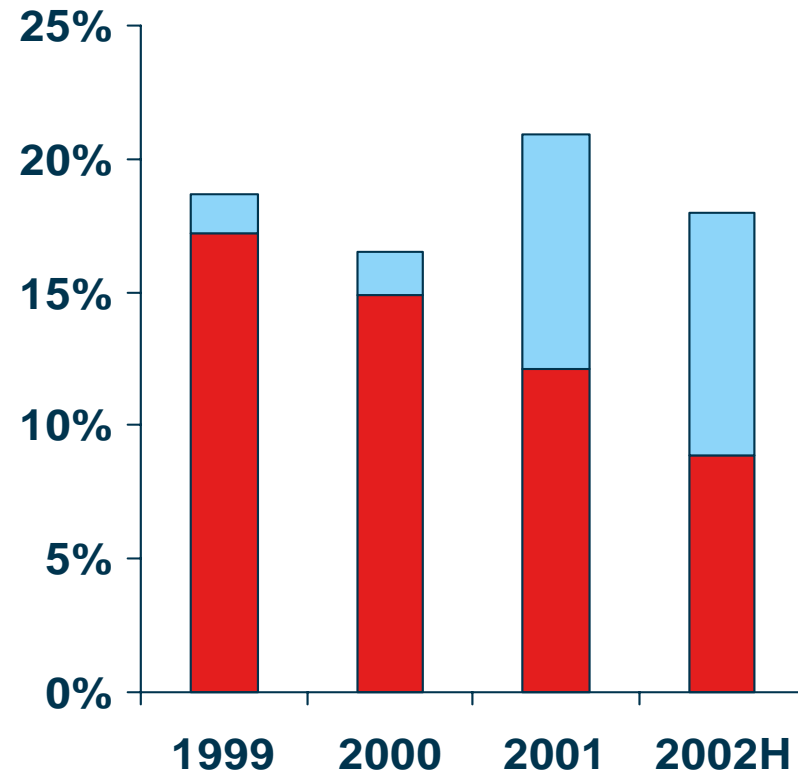
$$\frac{\text{Achieved Profits operating earnings before interest tax and amortisation of goodwill}}{\text{Interest on core and hybrid debt}}$$

ACTIVE MANAGEMENT OF BALANCE SHEET



- Strong interest cover maintained
- Managed reduction in senior debt
- Improved gearing
- Group balance sheet is managed actively to maximise efficient use of capital

GEARING*



■ Gearing = Senior debt / (senior debt + hybrid + APSHF)

■ Gearing = (Senior debt + hybrid) / (senior debt + hybrid + APSHF)

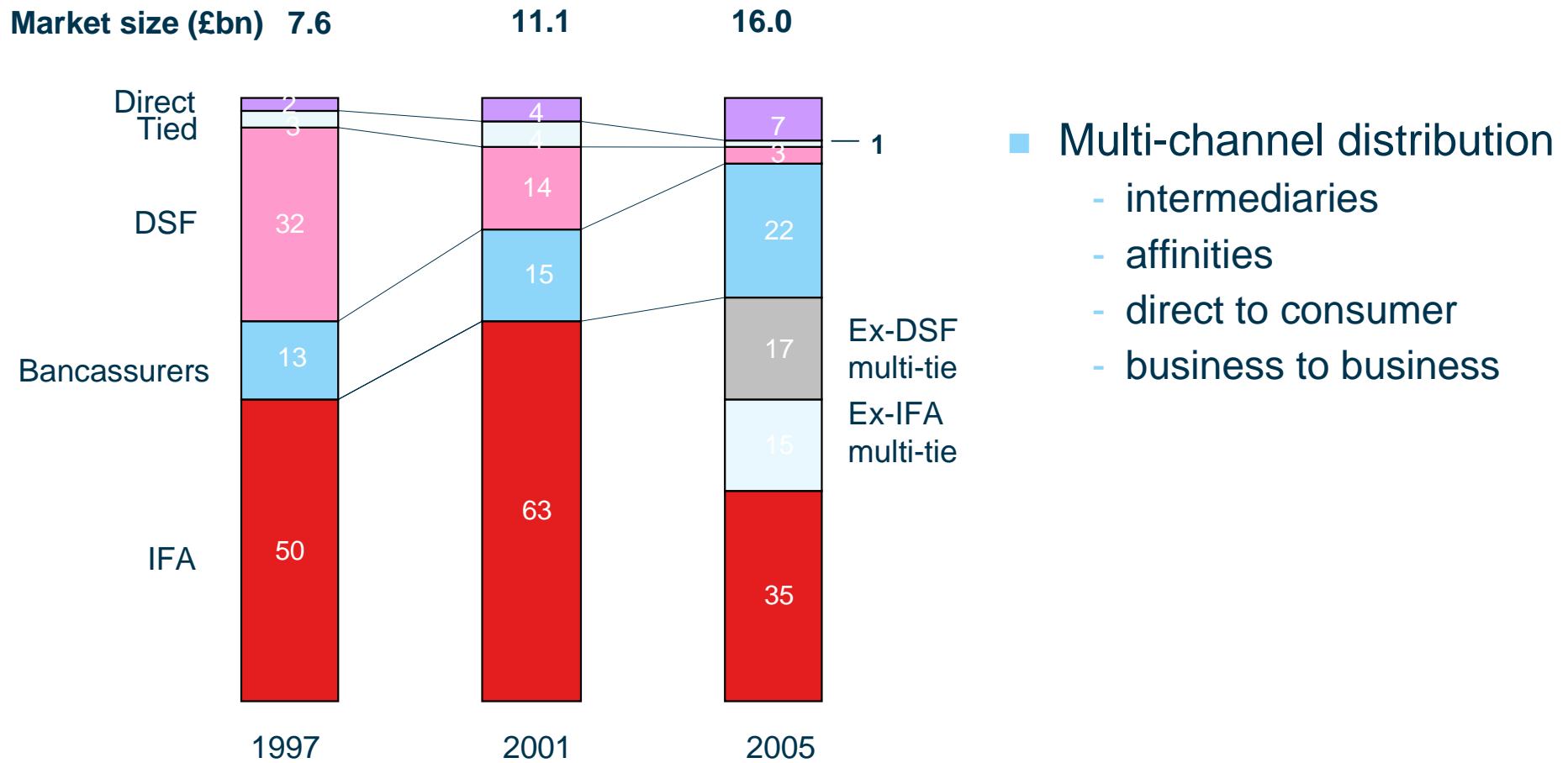
* Debt shown net of cash

- Government recognition of £27bn annual savings shortfall in the market
- Well-positioned in changing regulatory environment
 - Sandler
 - Pickering
- Leading position in key product areas where we add value and operate profitably
 - annuities
 - group pensions
 - investments

UK INSURANCE OPERATIONS



DISTRIBUTION UPDATE: CLEAR STRATEGY IN CHANGING ENVIRONMENT



Source: ABI

ABOVE AVERAGE PERFORMANCE IN DIFFICULT CONDITIONS

M&G's position out of top 40 fund managers

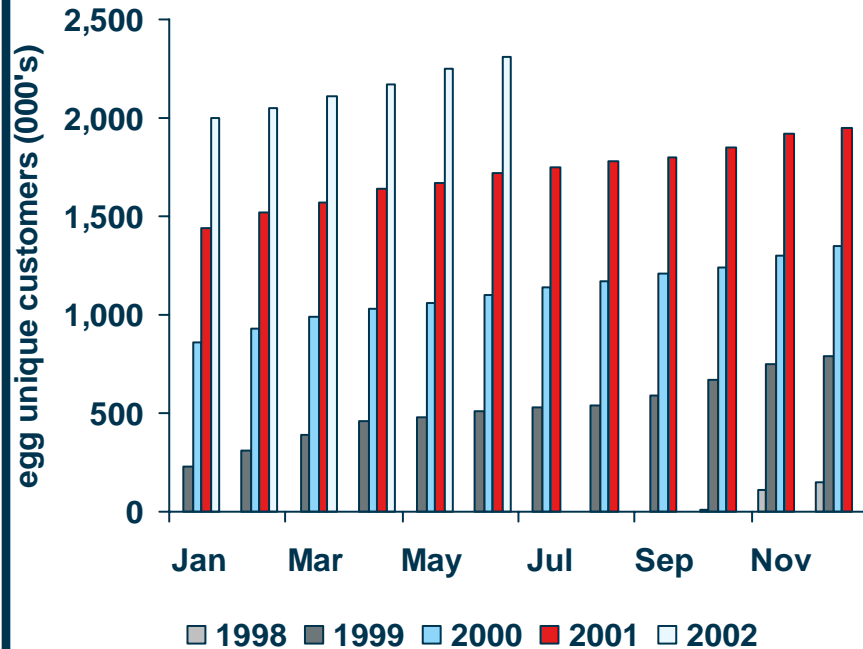


- Solid 2 year records now established and maintained
- Building on this base to improve key 3 year positions
- Strong individual performers within the fund range
- Another good performance for the Life fund

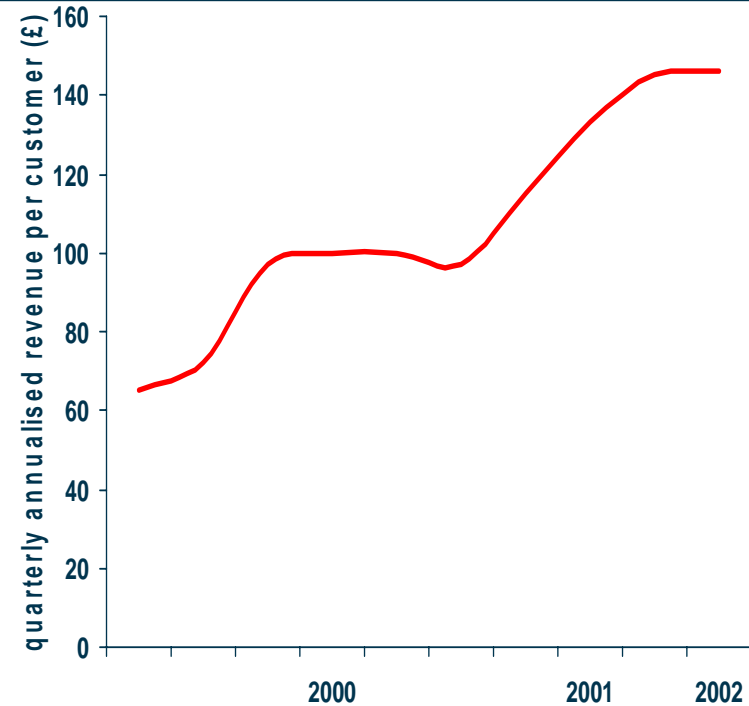
EGG: DELIVERING PROFITABLE GROWTH



customer growth



customer profitability



362,000 net new customers in H1 2002 (205,000 in Q2)

total Egg customers up to 2.31 million

revenue per customer continues to grow - up 10% in the half year



- Rigorous investigation of opportunities conducted
- Expected future low returns on capital
- Conclusion: not to pursue further development of European strategy
- Positioned for growth in French market
- On track for launch in H202
- Capitalising on huge potential European mutual fund market
- Sales commenced in Q102

- Leading player in its chosen markets
- Strong sales in a difficult environment
- Successful diversification of types of product sold and sources of sales
- Well below average cost structure
- Demographics remain very attractive

INNOVATIVE RESPONSE TO IRRATIONAL COMPETITIVE BEHAVIOUR

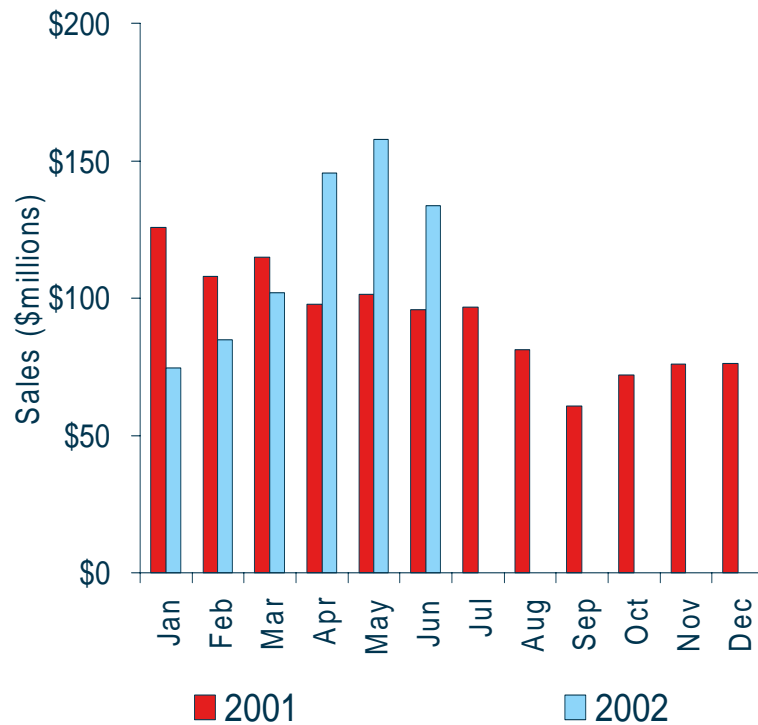


- Modular design allows selection of specific features
- Payment only for features chosen
- Advice-based sales process
- One of the lowest cost variable annuities in the industry
- Maintains pricing disciplines
- Less capital intensive

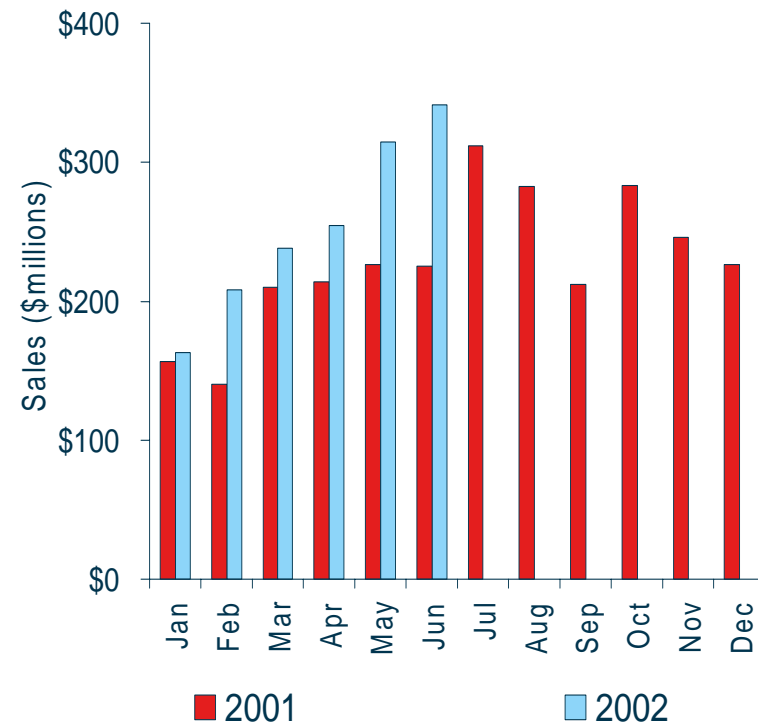
PROMISING TREND IN VARIABLE AND FIXED ANNUITY SALES



**Variable annuities:
Successful launch of Perspective II**



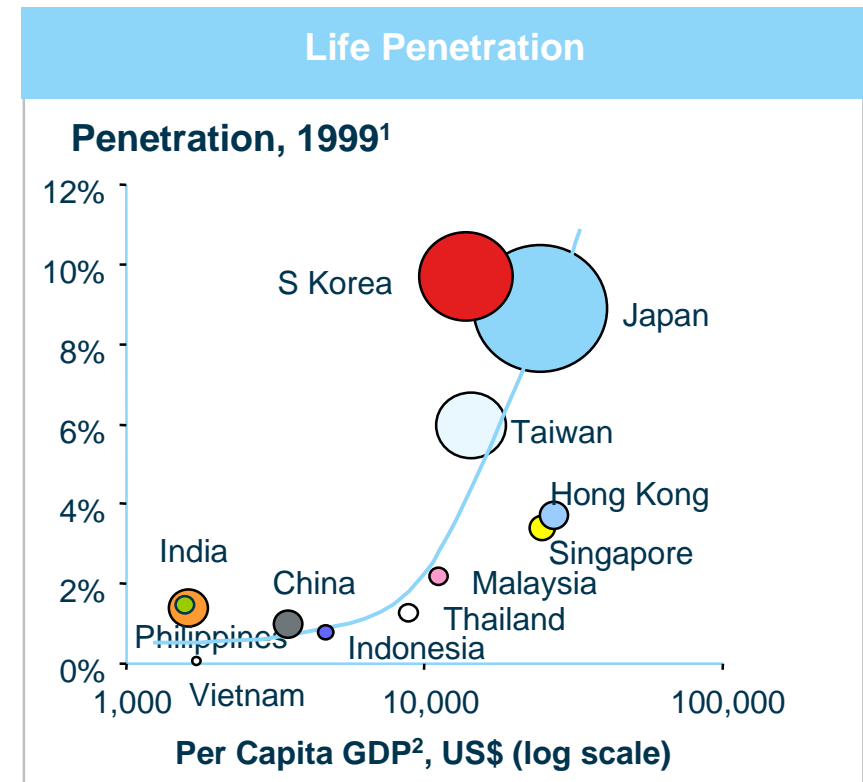
**Fixed annuities:
Continued strong growth**



ASIA: TREMENDOUS LONG-TERM POTENTIAL



- Regional economies showing signs of recovery
 - structurally stronger than 97/98 crisis
- Compelling demographics remain
 - vast populations with emerging middle classes
 - low levels of state-sponsored benefits
 - increasing urbanisation



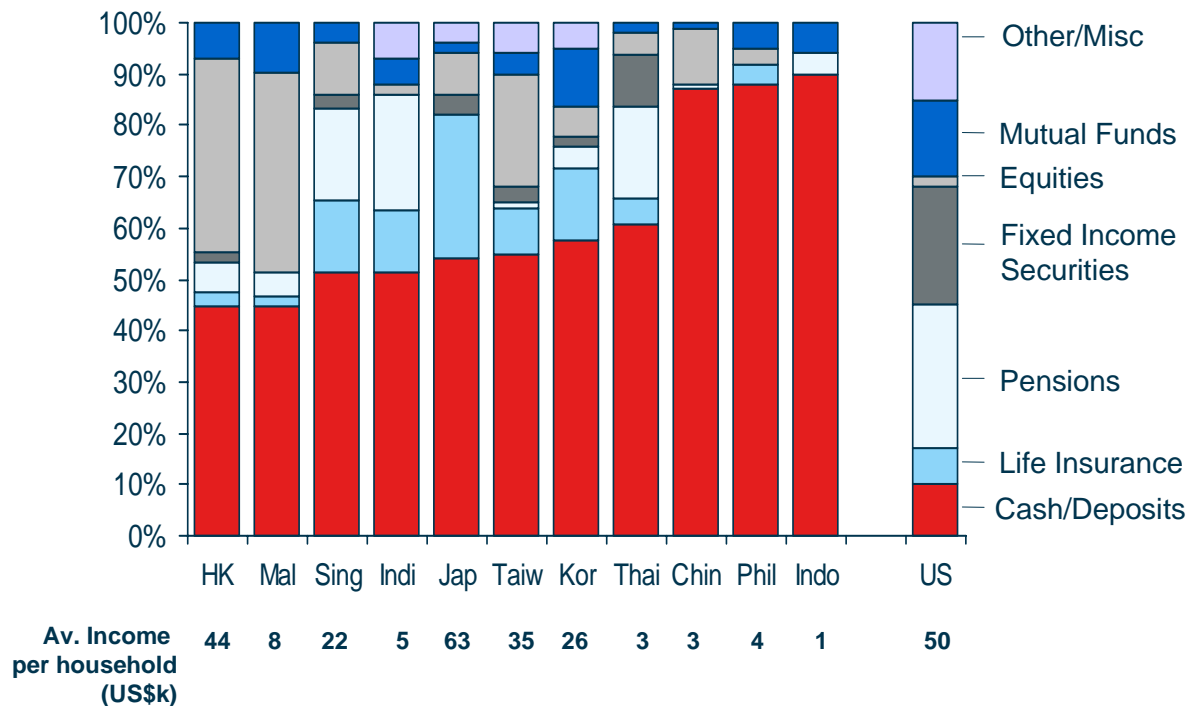
1. Source: Swiss Re; 2. Source: CIA

● = \$1bn in new business premiums

UNIQUE OPPORTUNITY FOR MEDIUM AND LONG TERM SAVINGS



Percent of holdings by asset class



The opportunity:

- existing levels of wealth
- strong long-term economic growth projections
- high personal savings rates
- affinity for deposits now changing

STRONG TRACK RECORD OF DELIVERY



- Established operations continuing to grow strongly
- Building scale in North Asia and Greater China
- Leveraging expertise to build greenfield operations rapidly
- Continuing to upgrade distribution and introduce innovative products
- Managing life portfolio for sustained profitability
- Increasing scale and profitability of mutual fund operations



- Internationally-diversified retail financial services business
- AAA financial strength
- Resources to deliver continued growth in sales and profits
- Focus on profitability and return on capital
- Good start towards doubling value of the group

PRUDENTIAL PLC

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