



PRUDENTIAL

PRUDENTIAL PLC

2004 INTERIM RESULTS



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GROUP CHIEF EXECUTIVE



PRUDENTIAL

JONATHAN BLOOMER

GOOD ALL-ROUND PERFORMANCE



STRONG START TO THE YEAR ACROSS THE GROUP

- UK insurance operations moving strongly forward
- An outstanding performance from M&G
- Focus on returns in US business
- Asia on track to meet full year growth targets
- Good numbers across the group*:
 - APE sales up 13%
 - achieved basis operating profit up 55%
 - MSB operating profit up 83%

*At constant exchange rates

GROUP FINANCE DIRECTOR



PRUDENTIAL

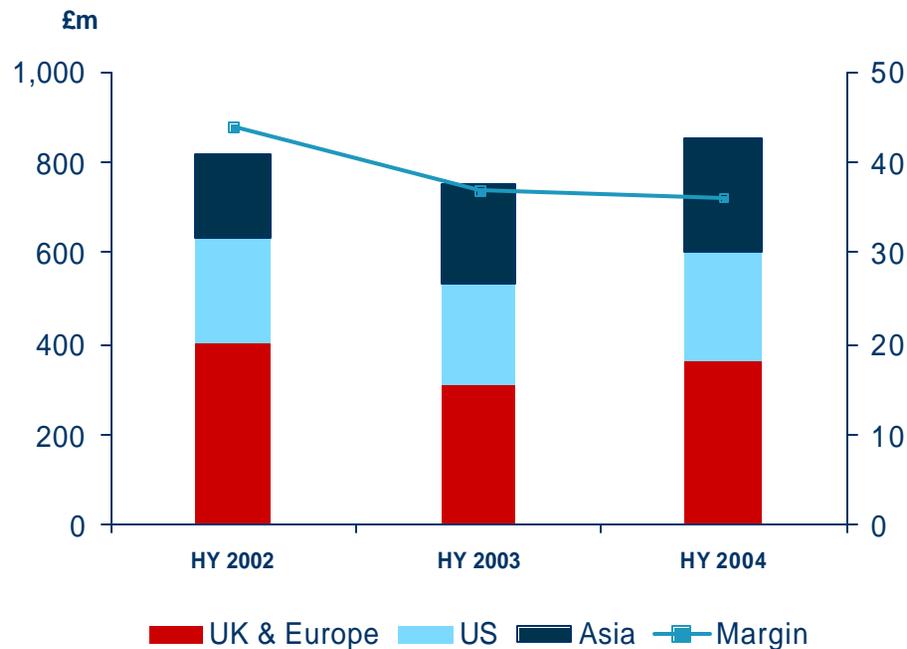
PHILIP BROADLEY

ACHIEVED PROFITS BASIS: NEW BUSINESS SALES, NBAP AND MARGINS

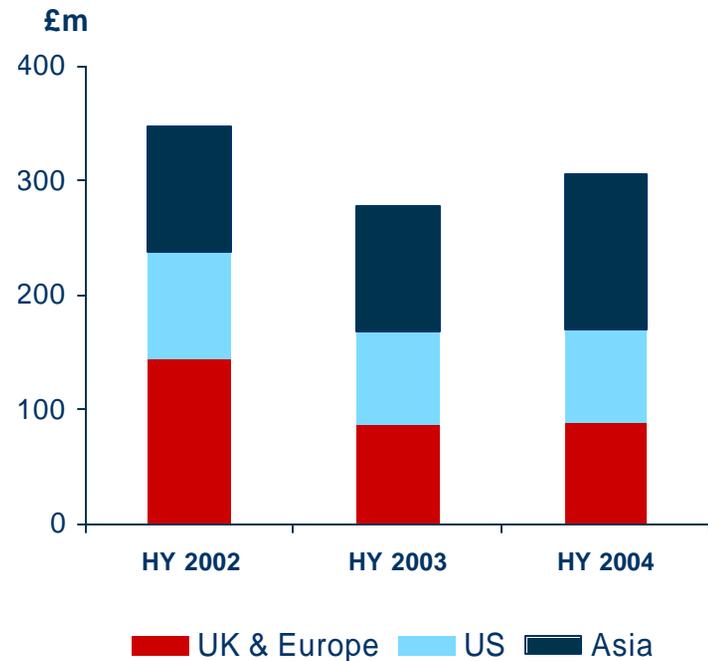


APE SALES UP 13%, NBAP UP 9%*

APE and Group Margin*



New Business Achieved Profits*



UK margin excludes DWP rebates written in SAIF
* At constant exchange rates

ACHIEVED PROFITS BASIS: UK AND EUROPE



	2004 HY £m	2003 HY* £m	04 vs 03 %
APE sales	361	313	15
NBAP margin⁽¹⁾	25%	27%	
NBAP	88	86	2
In-force			
Unwind	187	156	20
Change in operating assumptions	-	(50)	
Experience variances and other items	(35)	(18)	
Total in-force	152	88	73
Total AP operating profit	240	174	38

⁽¹⁾ UK margin excludes DWP rebates written in SAIF

*At constant exchange rates

ACHIEVED PROFITS BASIS: US

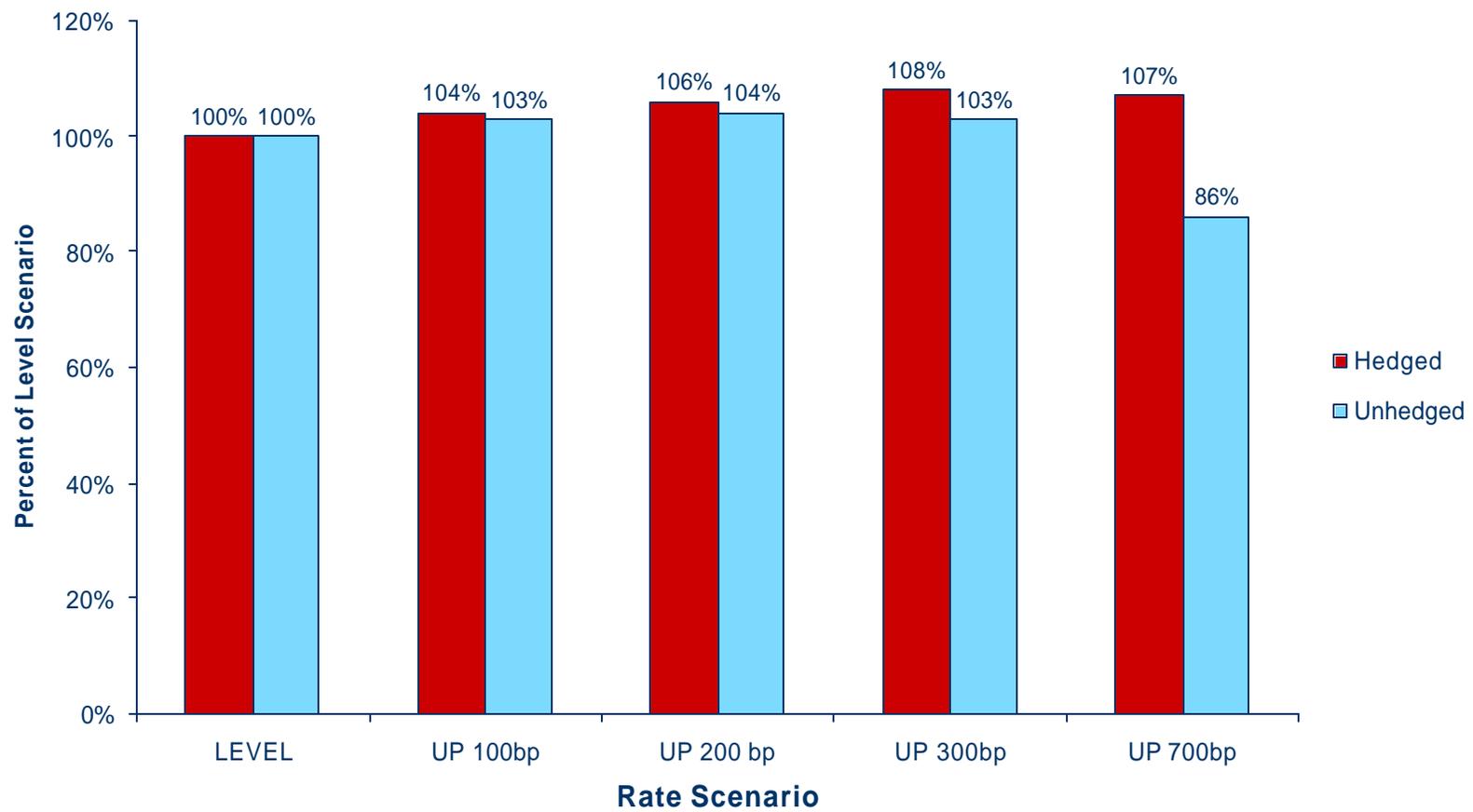


	2004 HY £m	2003 HY* £m	04 vs 03 %
APE sales	244	223	9
NBAP margin	34%	37%	
NBAP	82	83	(1)
In-force			
Unwind ⁽¹⁾	89	76	17
Change in operating assumptions	(3)	-	
Experience variances and other items	30	3	
Average realised losses in excess of RMR	(22)	(34)	
Total in-force	94	45	109
Total AP operating profit	176	128	38

⁽¹⁾ Includes return on JNL surplus assets (over target surplus)

*At constant exchange rates

SENSITIVITIES OF RELATIVE VALUE AT RISK



Includes new business

ACHIEVED PROFITS BASIS: ASIA



	2004 HY £m	2003 HY* £m	04 vs 03 %
APE sales	248	221	12
NBAP margin	54%	50%	
NBAP	135	110	23
In-force			
Unwind	65	49	33
Change in operating assumptions	(29)	-	
Experience variances and other items	4	(18)	
Total in-force	40	31	29
Total AP operating profit⁽¹⁾	175	141	24

⁽¹⁾ Excludes development expenses

* At constant exchange rates

ACHIEVED PROFITS BASIS: TOTAL ACHIEVED BASIS OPERATING PROFIT



	2004 HY £m	2003 HY* £m	04 vs 03 %
Total long-term business	591	443	33
Asia development expenses	(10)	(11)	
M&G	79	38	
Egg	(4)	(22)	
Asian fund management operations	10	2	
US broker dealer and fund management	(2)	(1)	
Other income and expenditure	(101)	(85)	
Operating profit	563	364	55

* At constant exchange rates

M&G: UNDERLYING PROFITS UP 55%



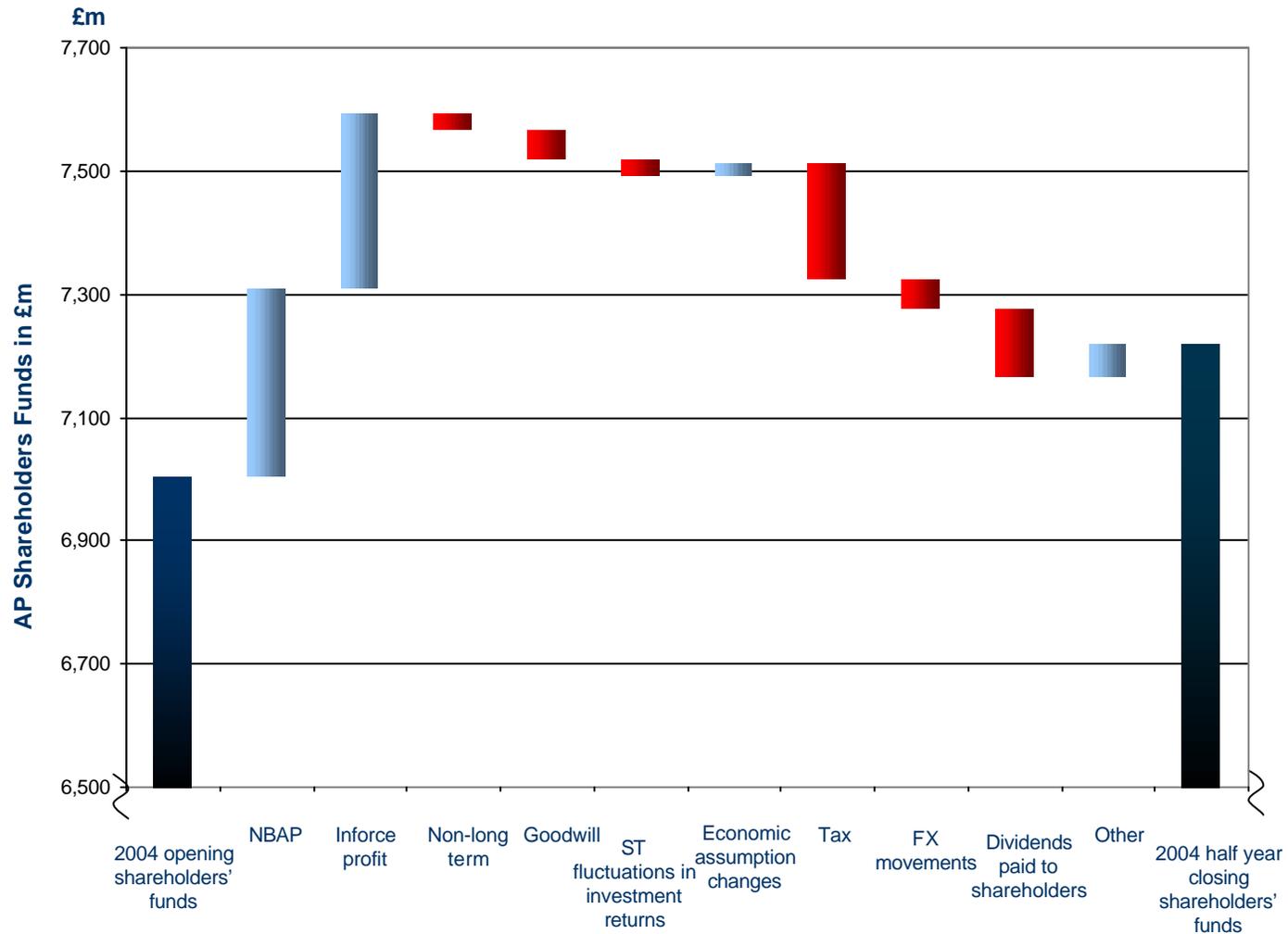
	2004 HY £m	2003 HY £m	2002 HY £m
Operating profit (before PRF* and carried interest)	59	38	33
Performance-related fees	1	-	1
Carried interest	19	-	-
Operating profit	79	38	34
Average FT All Share	2223	1857	2487

* Performance-related fees

ACHIEVED PROFIT SHAREHOLDERS' FUNDS



EMBEDDED VALUE PER SHARE OF 285p**



* At reported exchange rates

** Excluding goodwill

MODIFIED STATUTORY BASIS



MSB OPERATING PROFIT

	2004 HY £m	2003 HY* £m	04 vs 03 %
UK and Europe insurance operations	152	138	10
M&G	79	38	108
Egg	(4)	(22)	
UK and Europe operations	227	154	47
US operations	114	76	50
Asian operations	74	32	131
Asia development expenses	(10)	(11)	
Other income and expenditure	(101)	(85)	
Operating profit	304	166	83
Effective rate of taxation on operating profit**	30%	28%	

* At constant exchange rates

** At reported exchange rates

MODIFIED STATUTORY BASIS



MSB TOTAL PROFIT

	2004 HY £m	2003 HY* £m	04 vs 03 %
Operating profit	304	177	72
Amortisation of goodwill	(49)	(49)	
Short-term fluctuations in investment returns	27	72	
Total	282	200	41

* At reported exchange rates

HOLDING COMPANY CASHFLOW



PRUDENTIAL

	2004 HY	2003 HY
	£m	£m
UK life fund transfer *	208	286
Cash remitted by business units	100	66
Total cash remitted to group	308	352
Interest	(79)	(76)
Dividends	(214)	(341)
Cash remittances after interest and dividends	15	(65)
Tax received	0	40
Equity (scrip dividends and share options)	61	21
Corporate activities	(28)	44
Cashflow before investment in businesses	48	40
Capital invested in business units		
Asia	(88)	(82)
UK insurance operations	(28)	-
Other business units	-	(9)
(Decrease) in cash	(68)	(51)

*In respect of prior year bonus declarations

GROUP CHIEF EXECUTIVE



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JONATHAN BLOOMER

OPPORTUNITY TO BUILD ON STRONG START TO THE YEAR



CONTINUING MOMENTUM

- UK insurance operations
 - new products and distribution agreements
- Managing for returns in the US
 - focus on value and profits
- Asia on track to meet full year growth targets
 - profitable and sustainable growth across the portfolio

A TIME OF CHANGE AND OPPORTUNITY

Market

- Environment beginning to stabilise
- Market is concentrating: will favour stronger players
- 1.5% price cap provides opportunity
- Clarity emerging on distribution
- Restoring consumer confidence is key

Prudential's position

- Undisputed financial strength
- Powerful product propositions
- Scale business with low cost base and efficient operations
- Net winners in changing distribution environment
- The industry's "biggest" brand

Clear beneficiary of market concentration

UK INSURANCE OPERATIONS



DIVERSIFIED DISTRIBUTION STRATEGY

	Business to Business	Intermediaries	Direct to Consumer	Partnerships
APE (H1 03)	£105m	£116m	£73m	£16m
APE (H1 04)	£113m	£141m	£63m	£40m
% of UK APE (H1 04)	32%	39%	18%	11%
Channel	Consulting Actuaries and Benefit Advisers	Retail IFAs	Direct Marketing	Banks, Distributors, Retail Brands
Product	Defined Benefit, Defined Contribution, AVC and Stakeholder Schemes, Bulk Annuities	With-Profit and Unit-Linked Bonds, Annuities, Protection	Individual Pensions, Annuities, Savings and Investments, Protection	Individual Pensions, Annuities, Savings and Investments, Protection

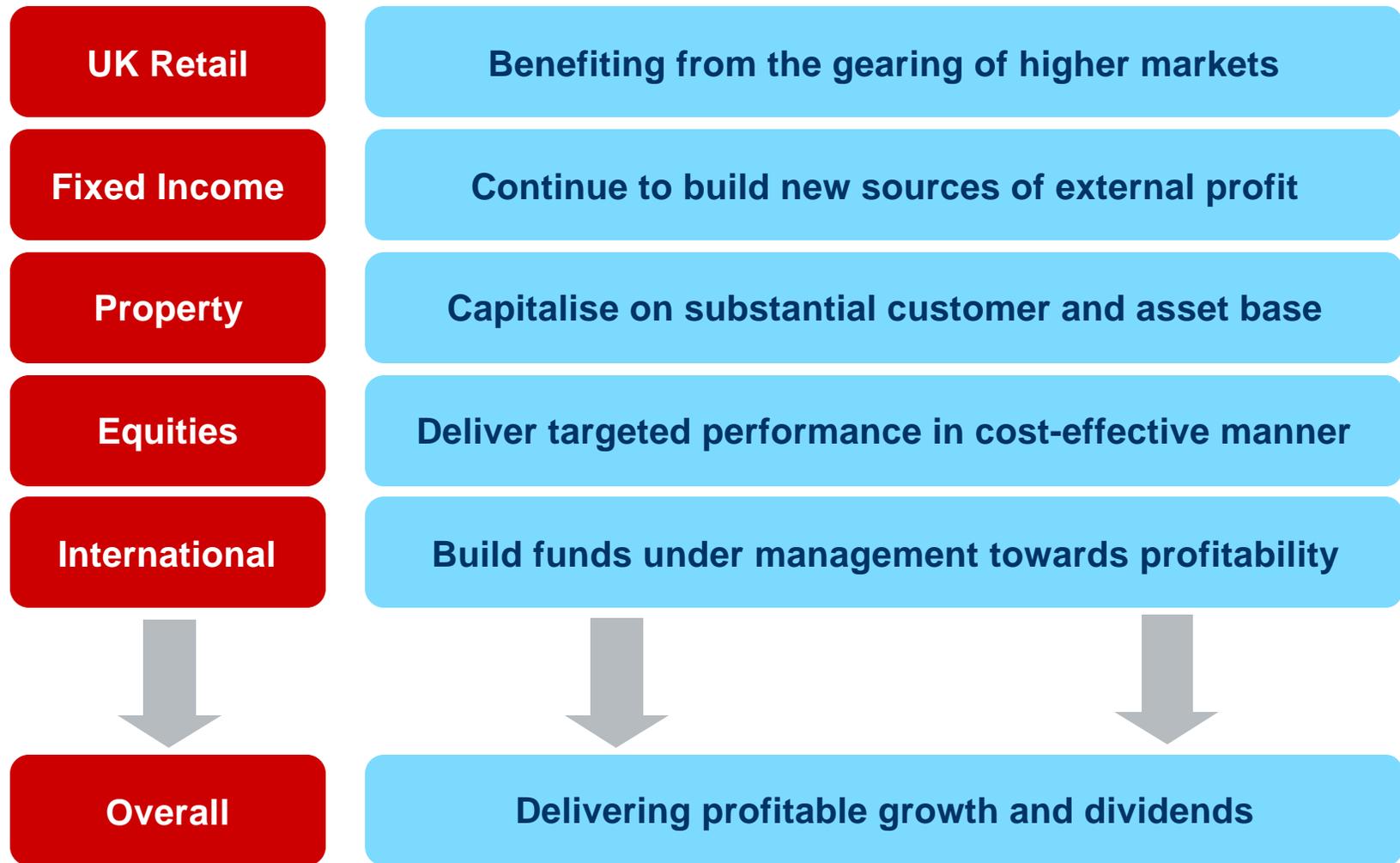
DIVERSIFYING THE PRODUCT PIPELINE



BUILDING MOMENTUM THROUGH PRODUCT INNOVATION

	2002	2003	2004	2005
Annuities	Flexible Income Drawdown Plan		2 Risk Management products for defined benefit pension schemes	
Investments	International Prudence Bond	Ideal Fund Range	Flexible Investment Plan Prospects Bond	PruFund Distribution Bond
Group Pensions		MPP Bulk S32	Corporate Pension Fund Range	
Regular Premium Individual Pensions				Individual Pensions proposition for multi-ties
Protection			Protection Enhancement PruHealth	Protection proposition for multi-ties
Isas			ISAs	
Other		Equity Release		

M&G: DELIVERING ON ITS STRATEGY



FOCUSING ON PROFITABLE GROWTH IN THE UK

- Profit in 2Q 2004; half year losses reduced to £4m from £23m
- UK profit of £35m despite increased competition and rising rates
- Almost 300,000 net new customers acquired
- Card balances have broadly maintained market share
- Personal loan sales totalled £1.1bn, up 60% on H1 2003
- Credit quality remains strong with card arrears levels still well below industry average

eggTM

FOCUSING ON VALUE CREATION

Market

- Increasingly competitive environment emphasising focus on costs
- Product features, including guarantees
- Move toward financial planning and advice
- Regulatory changes favouring the customer

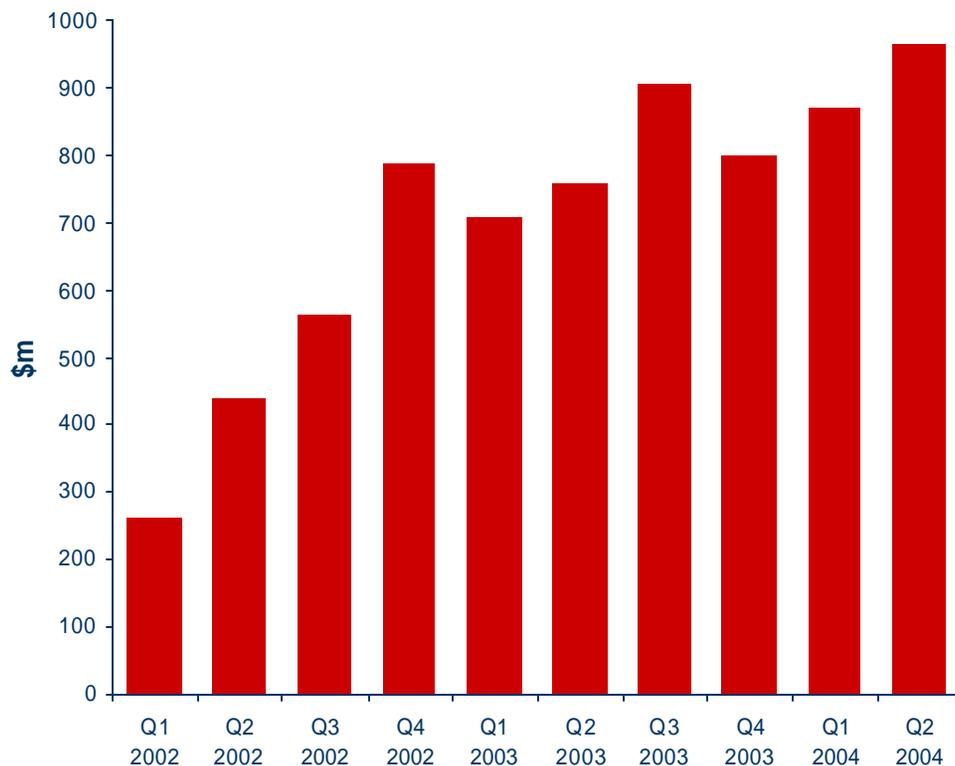
Prudential's position

- Low-cost, flexible infrastructure
- Innovative 'unbundled' product design
- Disciplined pricing
- Strong risk management
- Relationship-driven distribution model; developing fee-based platform

Significant competitive advantage

FOCUS ON VALUE WHILE INCREASING SALES

Variable annuity premiums



- January 2002
 - launched Perspective II
- August 2003
 - doubled fees for GMDBs
 - reduced minimum interest rates for fixed option
- May 2004
 - priced to increase gross margin by 25bps

THE ASIAN OPPORTUNITY

Market

- More than half the world's population
- Consistently high GDP growth rates
- Highest savings rates in the world
- Minimal social security provision
- Cash and deposits are dominant asset class

Prudential's position

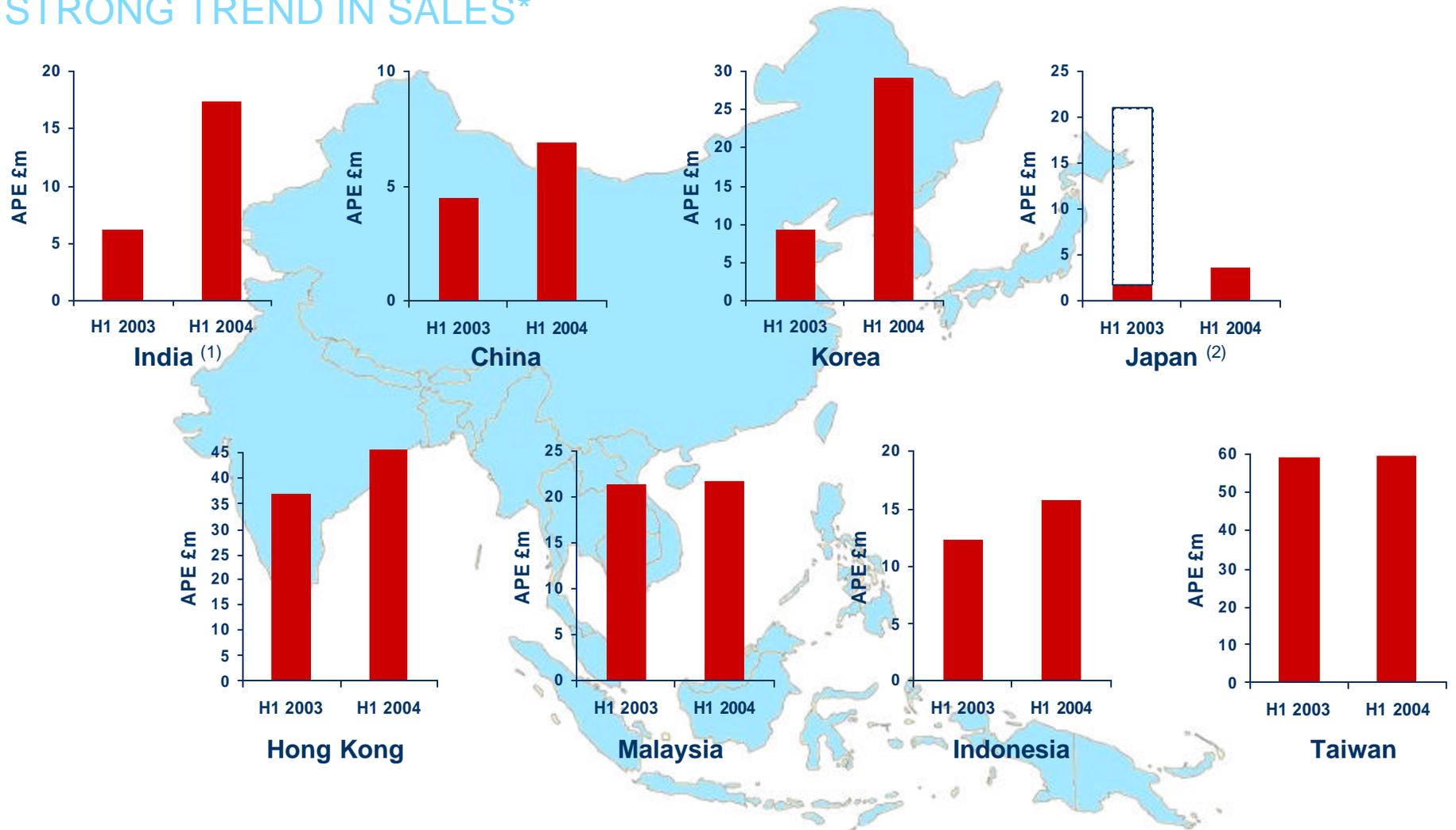
- Regional scale and leadership
- Strong brand and reputation
- Well-developed multi-channel distribution
- Impressive joint venture partners
- Centralising processing: product and systems development

Strongly positioned to capitalise on regional growth

ASIA: LIFE INSURANCE OPERATIONS



STRONG TREND IN SALES*



* At constant exchange rates

(1) India at 26%

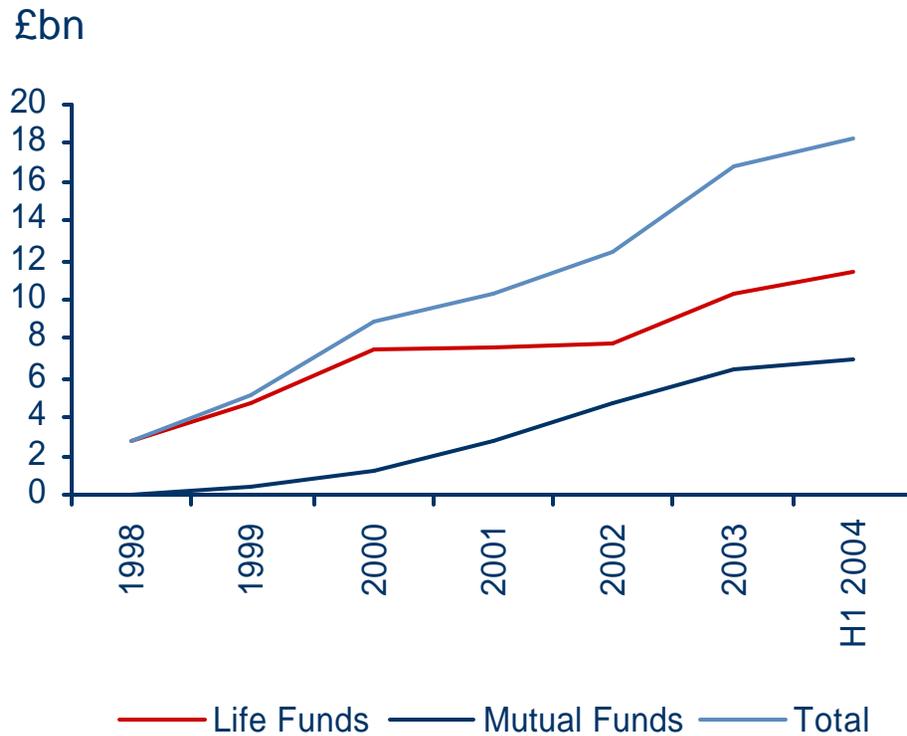
(2) Excluding discontinued sales channels

ASIA: FUND MANAGEMENT



RAPID GROWTH IN FUNDS UNDER MANAGEMENT

Funds Under Management



Top 5 rankings in mutual fund markets

India		<input checked="" type="checkbox"/>
Taiwan		<input checked="" type="checkbox"/>
Malaysia		<input checked="" type="checkbox"/>
Hong Kong		<input checked="" type="checkbox"/>
Japan		
Korea		
Singapore		

BUILDING MOMENTUM FOR THE SECOND HALF

- A good performance from each of the businesses
 - achieved basis operating profit up 55%
 - new business achieved profit up 9%
 - MSB operating profit up 83%
 - APE sales up 13%
- Momentum to continue in the second half
 - new products and distribution wins in the UK
 - focus on value and sales growth in the US
 - Asia on track for full year growth targets



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Questions