



PRUDENTIAL

PRUDENTIAL PLC

2004 Full Year Results

This statement 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, results, strategy and objectives. Statements containing the words “believes”, “intends”, “expects”, “plans”, “seeks” and “anticipates”, and words of similar meaning, are forward-looking. 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, and the performance of financial markets generally; the policies and actions of regulatory authorities, the impact of competition, 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; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate. This may for example result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. 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. Prudential undertakes no obligation to update the forward-looking statements contained in this statement or any other forward-looking statements it may make.

SIR DAVID CLEMENTI
CHAIRMAN

INTRODUCTION

A good performance throughout the group

- Strong set of results from across the Group
- Building value in each of our insurance and related fund management businesses
- Driving profitable growth within our capital means

PHILIP BROADLEY
GROUP FINANCE DIRECTOR

2004 FULL YEAR HIGHLIGHTS

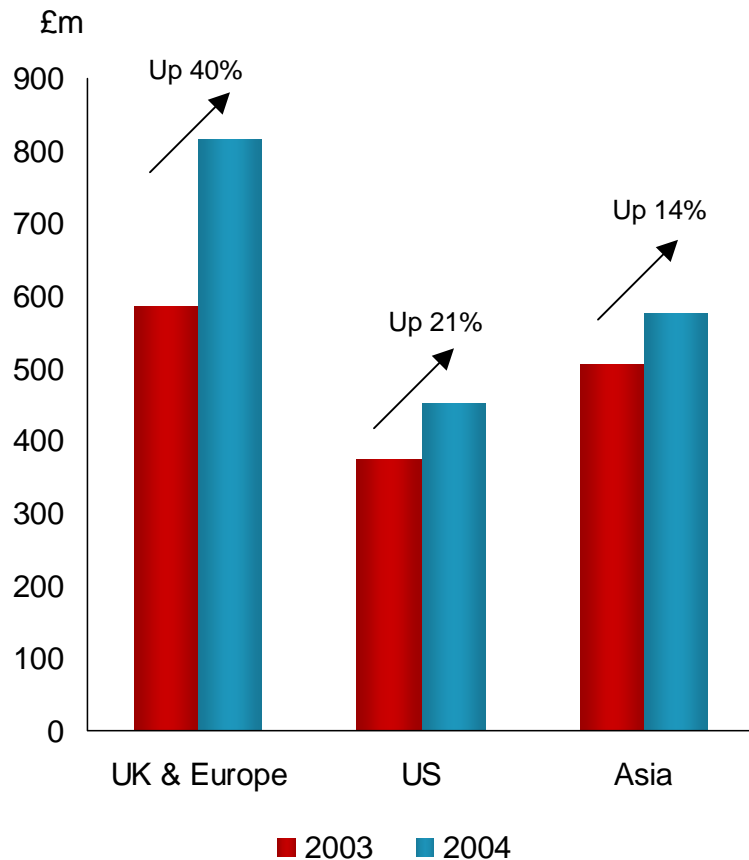
- APE sales increased 26% to £1,846m
- New business achieved profit increased 23% to £688m
- Total achieved basis operating profits increased 39% to £1,124m
- Total achieved basis profits before tax increased 82% to £1,521m
- Total MSB operating profit on continuing operations increased 49% to £603m

KEY THEMES

- APE sales
- New business margins
- In-force achieved profit
- Statutory profits
- Holding Company cashflow
- Returns on capital
- Shareholders' funds

APE SALES

Growth in all business units

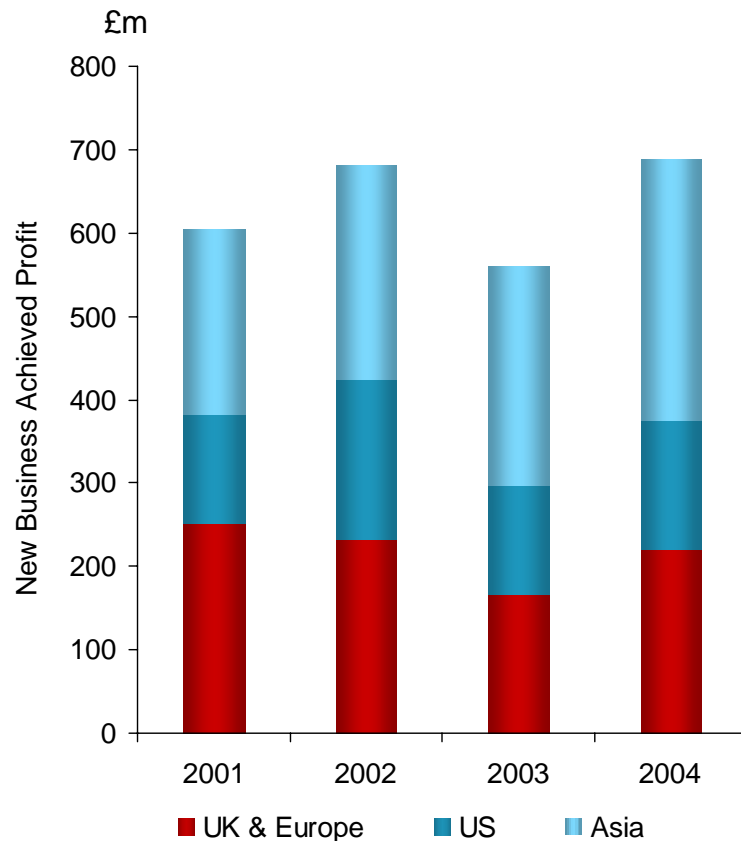


- Outperforming UK market (growth of 3% in 2004⁽¹⁾)
- Outperforming US market (growth of 3% in 2004⁽²⁾)
- Gross written premiums 19% higher than 2003 at £16.4bn
- Total funds under management increased 13% to £187bn in 2004

ACHIEVED BASIS: NEW BUSINESS PROFITS AND MARGINS

Strong growth, stable margins

VALUE ADDED BY NEW BUSINESS



NEW BUSINESS MARGINS

	2001	2002	2003	2004
UK ⁽¹⁾ and Europe (%)	30	29	27	27
US (%)	34	39	35	34
Asia (%)	64	59	52	54
Group (%)	39	40	38	37

Insurance sales only

- Overall margin broadly maintained by active management of product and distribution mix within business units and across geographies

NEW BUSINESS MARGINS: UK INSURANCE OPERATIONS

Managing product and distribution mix

	2001	2002	2003	2004
With-profit bonds (%)	54	48	41	41
B2B corporate pensions (%)	18	22	16	9
Individual annuities (%)	17	26	43	43
Bulk annuities (%)	40	30	56	46
OVERALL MARGIN (%)	30	29	27	27

- Overall margin maintained by actively managing product and distribution mix
- Having completed £200m cost saving programme, focus is maintained on capital management and achieving further cost efficiencies

NEW BUSINESS MARGINS: US

Spread maintained and cost efficiency

	2001	2002	2003	2004
Fixed annuity (%)	26	41	36	32
Variable annuity (%)	45	39	36	37
Other (%)	38	37	34	34
OVERALL MARGIN (%)	34	39	35	34

- Target spread of 175bps was exceeded in 2004
- Expense ratio reduced 2bps in 2004 and is expected to be maintained near these levels

NEW BUSINESS MARGINS: ASIA

Managing product and geographic mix

	2001	2002	2003	2004
OVERALL MARGIN (%)	64	59	52	54

- Management of product and country mix offsetting growth in lower margin markets of India and Korea
- Margins maintained in countries with increasing competition by our focus on profitability, while still growing new business premiums

IN-FORCE ACHIEVED PROFIT

Strong growth in in-force

	2003 Total £m	2004 Unwind £m	Assumption Changes and Variances £m	2004 Total £m
UK and Europe	193	330	(100)	230
US	44	139	22	161
Asia	67	122	(53)	69
TOTAL	304	591	(131)	460

- UK : strengthened persistency related to closed block of personal pensions policies
- US: favourable spread variance, benefit of legal settlement, improvement in credit quality
- Asia: assumption changes, as previously described, of £56m

UK PERSISTENCY

Assumption strengthened for pre-2001 closed DSF pension business

- Persistency experience on closed block of personal pensions business benefiting from conservation initiatives
- £66m pre-tax assumption charge
- Post-tax, assumption change represents around 1% of overall embedded value of the UK business
- Current experience allows use of current persistency assumptions for all products except closed personal pensions business

MODIFIED STATUTORY BASIS

Operating MSB up by 49%

	2003 £m	2004 £m
UK and Europe	256	305
JNL	128	196
Asia	77	126
M&G	83	136
Egg	55	43
Other	(194)	(203)
MSB Operating Profit	405	603

- Significant increase in statutory profits from UK annuity business
- JNL benefiting from improvements in fee income, lower credit losses and benefit of previously mentioned favourable litigation settlement
- Statutory profit in Asia continues to grow as the in-force book increases in scale
- Outstanding results from M&G include a number of favourable non-recurring items

HOLDING COMPANY CASHFLOW

	2003 £m	2004 £m
Cash remitted by business units		
• UK life fund transfer ⁽¹⁾	289	208
• UK: other dividends (including special dividend)	120	100
• JNL	48	65
• Asia	48	64
• M&G	84	84
TOTAL CASH REMITTED TO GROUP	586	521
Net interest paid	(127)	(144)
Dividends paid	(447)	(323)
Scrip dividends and share options	30	119
CASH REMITTANCES AFTER INTEREST AND DIVIDENDS	42	173
Tax received	77	34
Corporate activities	58	(31)
CASHFLOW BEFORE INVESTMENT IN BUSINESSES	177	176

HOLDING COMPANY CASHFLOW (cont.)

	2003 £m	2004 £m
Cashflow before investment in businesses	177	176
Capital invested in business units		
• UK and Europe	(28)	(189)
• JNL	0	0
• Asia ⁽¹⁾	(145)	(158)
Increase/(decrease) in cash	4	(171)
Rights Issue proceeds	0	1,021
INCREASE IN CASH	4	850

UK AND EUROPE

IRR of 12% achieved in 2004 with strong new business growth

	2004	Target 2007
Unit-linked bonds (%)	7	8
Corporate pensions (%)	3	15
Protection (%)	1	15
Annuities (%)	20	20
OVERALL POST-TAX IRR (%)	12	14

- Strong progress towards 2007 target
- Unit-linked bonds: performance ahead of plan
- Corporate pensions: take up of with-profit element was lower than expected
- Protection: strong start for new products
- Annuity IRR already at target

JACKSON NATIONAL LIFE

Above market returns

- IRR of 13% on new business in 2004
- Life of Georgia
 - IRR 13% after tax
 - payback within about 5 years
 - addition of 1.6 million life policies doubles total of life and annuity policies in-force, with unit cost advantages
 - achieves growth in life business which is not achievable organically
 - asset-liability diversification benefit
 - improved efficiency of life business
 - enhanced distribution

ASIA

Achieving IRR targets

Overall IRR target of 20%

- Asia's targeted IRR is at least 10% higher than risk discount rates in each country
- This overall target was exceeded for new business in 2004

TARGET MET OR EXCEEDED: Hong Kong, Singapore, Malaysia, China, India, Indonesia, Korea, Philippines, Vietnam, Taiwan

BELOW TARGET: Thailand, Japan

FINANCIAL GROUPS' DIRECTIVE

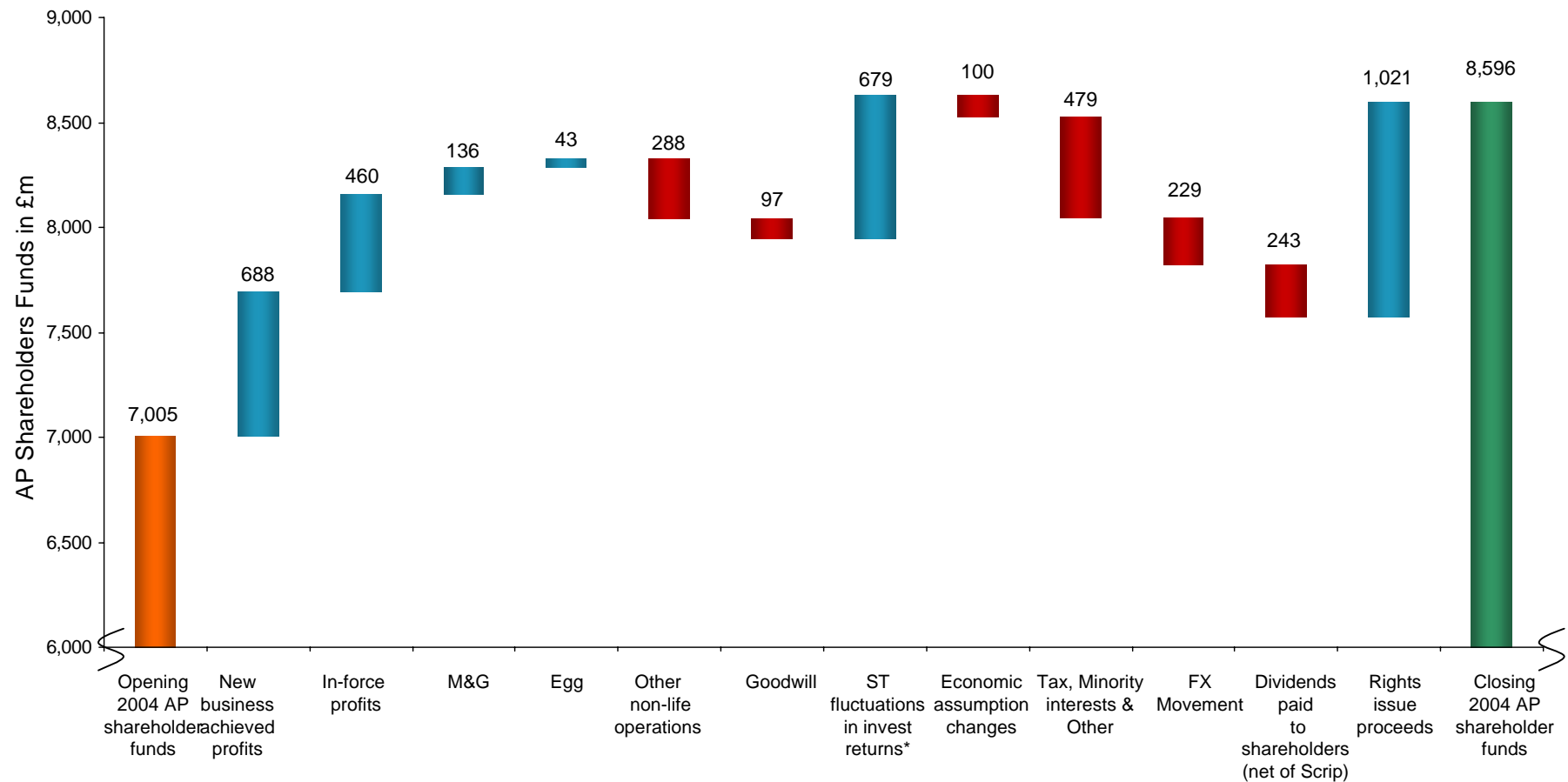
Applies a new, additional capital model to the Group

- An aggregation of capital positions of the Group's subsidiary operations less non-hybrid debt
- UK, US, Singapore and Hong Kong permitted to use existing regulatory models
- UK regulatory capital models applied to all other Asian markets
- No value can be attributed to shareholders' interest in UK life fund
- JNL's strong regulatory capital position supports other operations

ACHIEVED PROFIT SHAREHOLDERS' FUNDS

Growth in shareholders' funds

ANALYSIS OF MOVEMENT IN AP SHAREHOLDERS' FUNDS: 2003-2004



JONATHAN BLOOMER
GROUP CHIEF EXECUTIVE

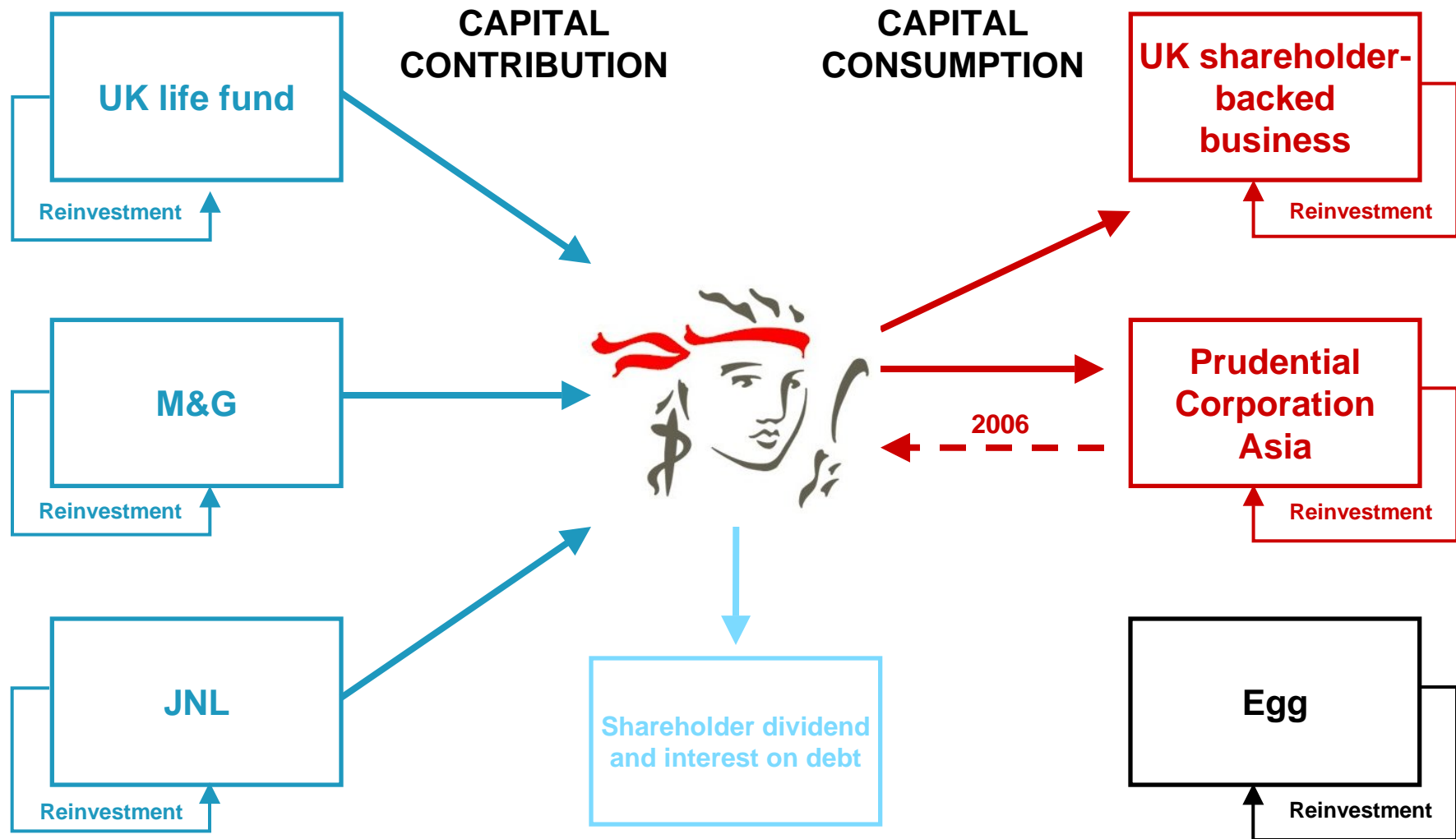
INTRODUCTION

A good performance throughout the Group

- Strong set of results from across the Group
- Building value in each of our insurance and related fund management businesses
- Driving profitable growth within our capital means

CAPITAL AND CASH FLOWS

Active management of capital



KEY 3 YEAR PLANNING ASSUMPTIONS

Expectations of stable markets over the medium-term

- Modest growth in savings market (UK and US)
- Nominal equity market returns of 8.5%
- Normalised level of credit losses
- Limited interest rate rises
- Stable regulatory environment
- Business mix consistent with plan

OPTIMISING RETURNS ON CAPITAL

Balancing risks and returns across the businesses

- Balancing risks and returns
- Each business has different capital characteristics and different risk profiles
 - JNL: returning cash to the group while funding its own growth
 - Asia: higher rates of return balance higher risks in the region
 - UK: changes in market have presented value creation opportunity
 - M&G: low capital requirements, remits profits to the Group
- Growth within our capital means

UK INSURANCE

Continued outperformance of the market

- UK business in shape
- Well-positioned to capitalise on changing environment
- Market conditions favour the larger players
- Regulatory capital changes bring pricing discipline
- Conclusion to government reviews removes uncertainty

UK INSURANCE

Diversified distribution strategy

	Business to Business	Partnerships	Direct to Consumer	Intermediaries
APE Sales (2004)	£223m	£206m	£75m	£267m
% of UK APE Sales (2004)	29%	27%	10%	34%
Channel	Consulting Actuaries and Benefit Advisers	Banks, Insurers, Retail Brands	Direct Marketing	Retail IFAs
2004 Product Focus	Group Pensions AVCs Bulk Annuities	Annuities Protection	Pension top-ups Annuities, Bonds Protection and Health	With-Profit and Unit-Linked Bonds, Annuities, Protection, Health, Corp pensions, AVCs

- Successful diversification of distribution channels: 14.5% of APE sales in 2004 through banks
- 25% of APE sales in 2004 from products launched in the last 3 years

UK INSURANCE

Establishing strong multi-tie presence

CONFIRMED PANEL MEMBERS

Sesame



Bankhall



Tenet



Millfield



Barclays



Destini



Burns Anderson



EGG

Focused on delivering profitable growth

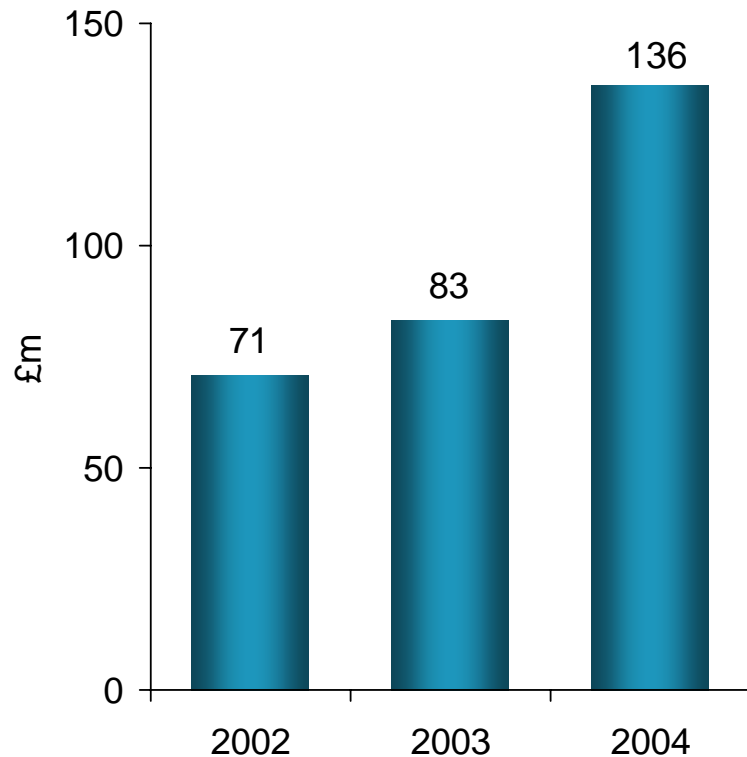
- Pursuing a UK strategy, focused on profitability and near-term delivery
 - a good UK performance in 2004
 - UK profit before tax of £74m
- Increasing success of cross-selling
 - strong brand awareness and attractive customer base
 - focus on customer, use of technology and product innovation
- Egg makes a positive contribution to the Group
 - capital restructuring
 - provides support to Group IGD position

eggTM

ASSET MANAGEMENT: M&G

Strong profit performance

OPERATING PROFIT⁽¹⁾

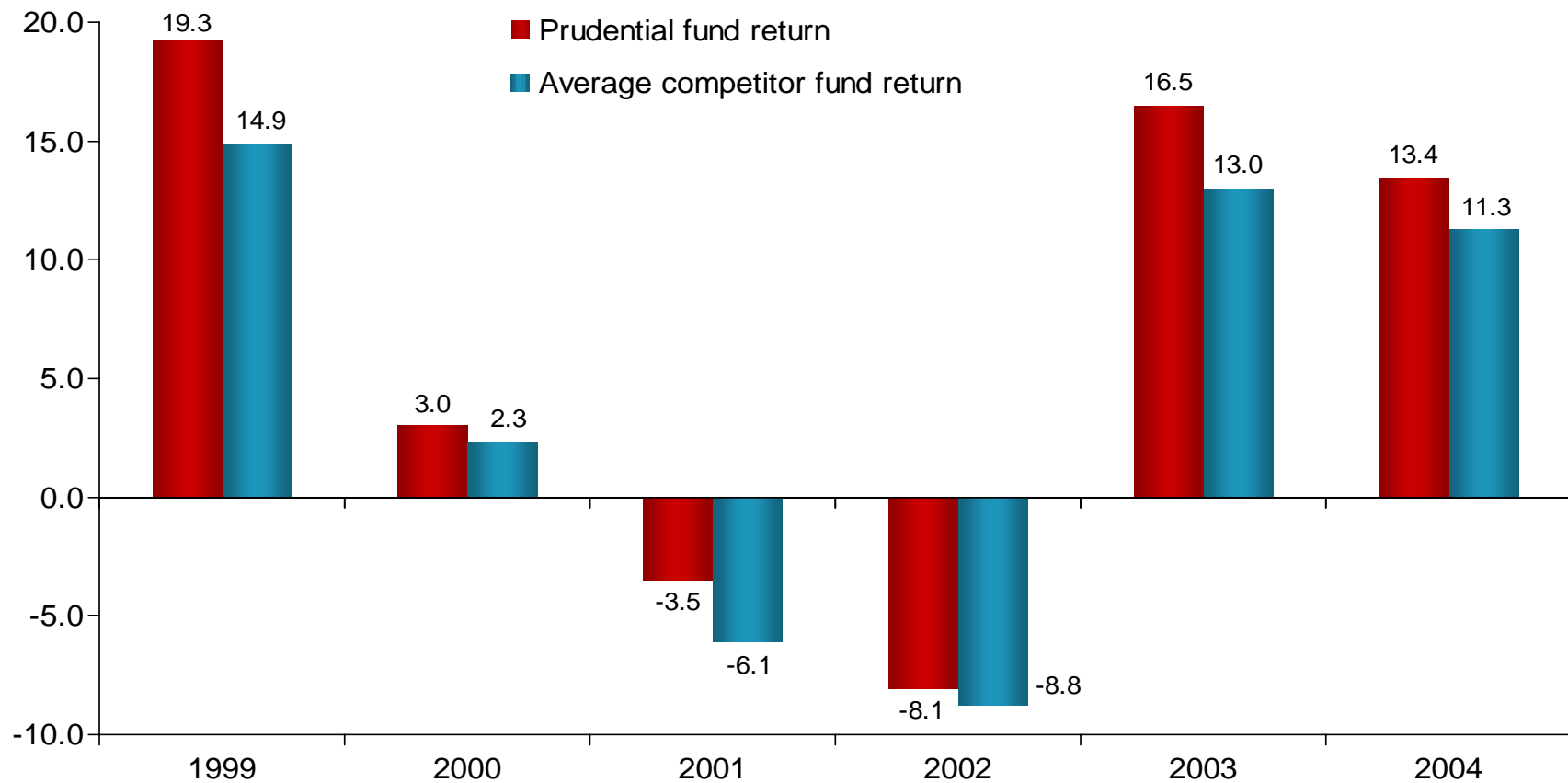


- £126bn FUM as at 31 December 2004
- Clear strategy for profitable growth, despite difficult markets
- Building retail; exited subscale businesses
- Provides the Group with alternative access to retail customer base
- Delivers high quality investment management to policyholders and investors
- Clear focus on costs
- Strong operating profit and dividends to Group

ASSET MANAGEMENT: STRONG INVESTMENT RETURNS

Good investment performance

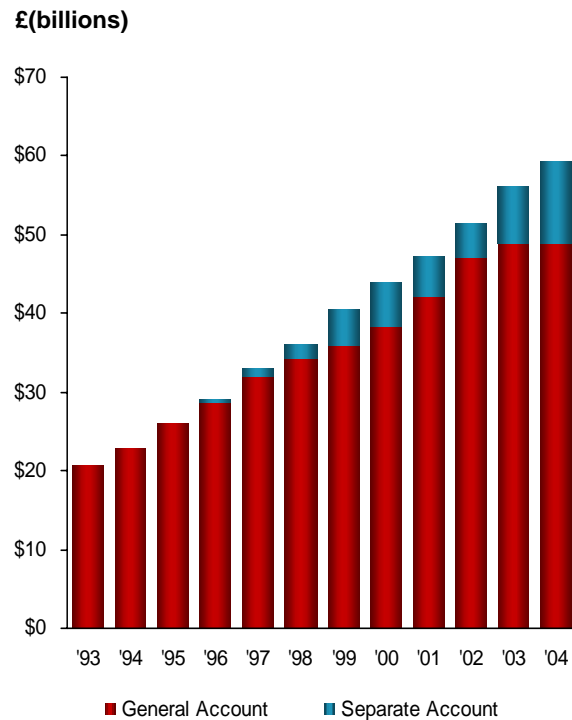
LIFE FUND INVESTMENT PERFORMANCE AGAINST COMPETITOR BENCHMARK OVER 6 YEARS



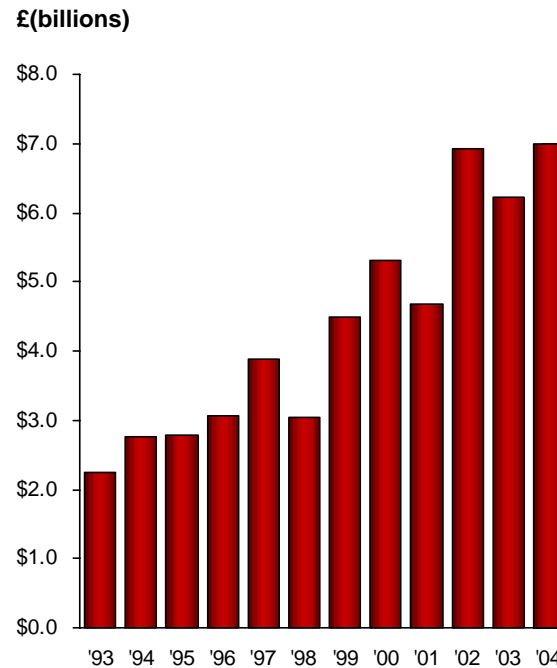
JACKSON NATIONAL LIFE

Consistent execution delivers consistent results

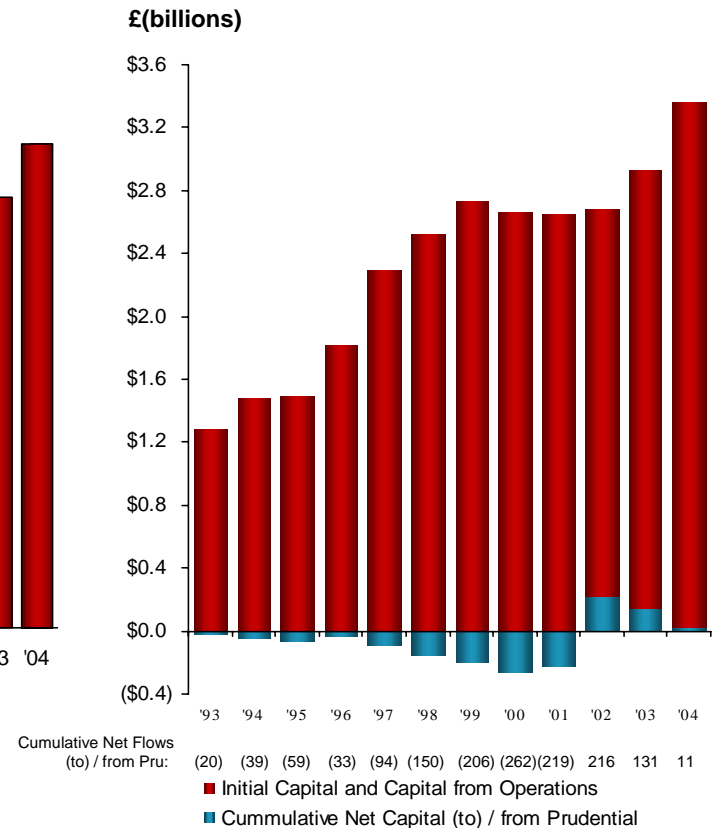
GAAP ASSETS



STATUTORY PREMIUMS



STATUTORY CAPITAL



JACKSON NATIONAL LIFE

Self-funding and net capital contributor to group

- One of the strongest track records of organic growth in the US insurance industry
- Continuing to build sales momentum
 - 90% of sales from products developed in the last 24 months
- Strong position across multiple distribution channels
- A sustainable model for future delivery

PRUDENTIAL CORPORATION ASIA

Building a high quality portfolio

- Proven track record of delivery
 - 26% APE and 34% FUM CAGR since 1994
 - sustainable margins above 50%
 - diversified across 12 markets
 - more than 130,000 agents and 40 distribution partnerships
- Capital plans assume sustainable strong growth and cash positive by 2006
- Driving operational efficiencies
- Strong management pool

TOP 5 MARKET RANKINGS

Insurance ⁽¹⁾

China*
Hong Kong
India
Indonesia
Malaysia
Philippines
Singapore
Vietnam

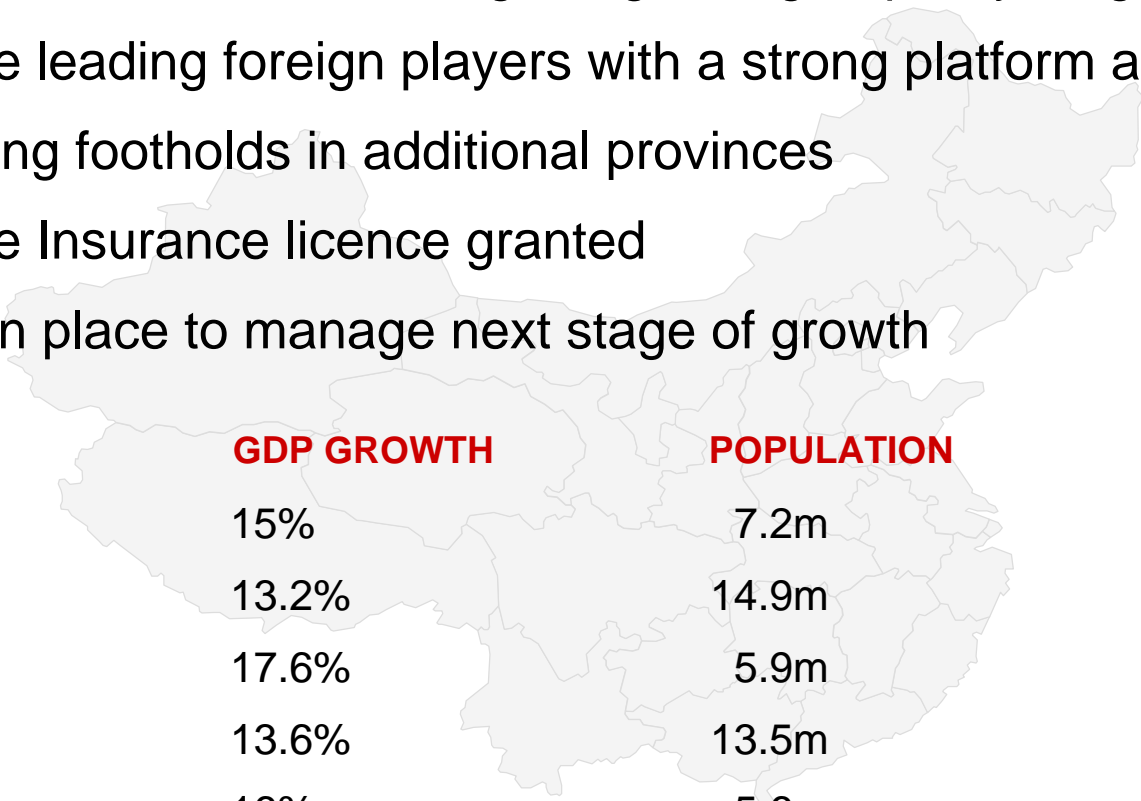
Funds ⁽²⁾

India
Hong Kong
Malaysia

PRUDENTIAL CORPORATION ASIA

Rapidly-expanding opportunity in China

- Positioned to meet the challenge of growing a quality long-term business
- One of the leading foreign players with a strong platform after only 4 years
- Establishing footholds in additional provinces
- Group Life Insurance licence granted
- Platform in place to manage next stage of growth



CITY	GDP GROWTH	POPULATION	STATUS
Guangzhou	15%	7.2m	Operational
Beijing	13.2%	14.9m	Operational
Suzhou	17.6%	5.9m	Operational
Shanghai	13.6%	13.5m	Opening Q2 05
Foshan	16%	5.6m	Licence granted
Dongguan	20%	6.4m	Licence granted

BUILDING A SUSTAINABLE AND PROFITABLE BUSINESS

UK

Building on strong position to take advantage of market opportunity

US

Competitive position and low cost base driving profitable growth

ASIA

A high quality portfolio of businesses

ASSET MANAGEMENT

Superior capability delivering value for customers and investors

Capital allocated to maximise sustainable value creation



BUILDING A SUSTAINABLE AND PROFITABLE BUSINESS

Focus on delivery

- Strong set of results from across the Group
- Building value in each of our insurance and related fund management businesses
- Driving profitable growth within our capital means
- In 2005, our focus is on delivery:
 - in the UK, building towards 14% total IRR and delivering above-market growth
 - in the US, self-financing above-market growth and delivering \$150m to Group
 - in Asia, delivering 20%+ IRR, increasing growth, maintaining strong margins
 - overall, delivery of sales, profits and returns on capital



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QUESTIONS

Prudential plc 2004 Full Year Results



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APPENDIX

Prudential plc 2004 Full Year Results

M&G: PROFIT PROGRESSION

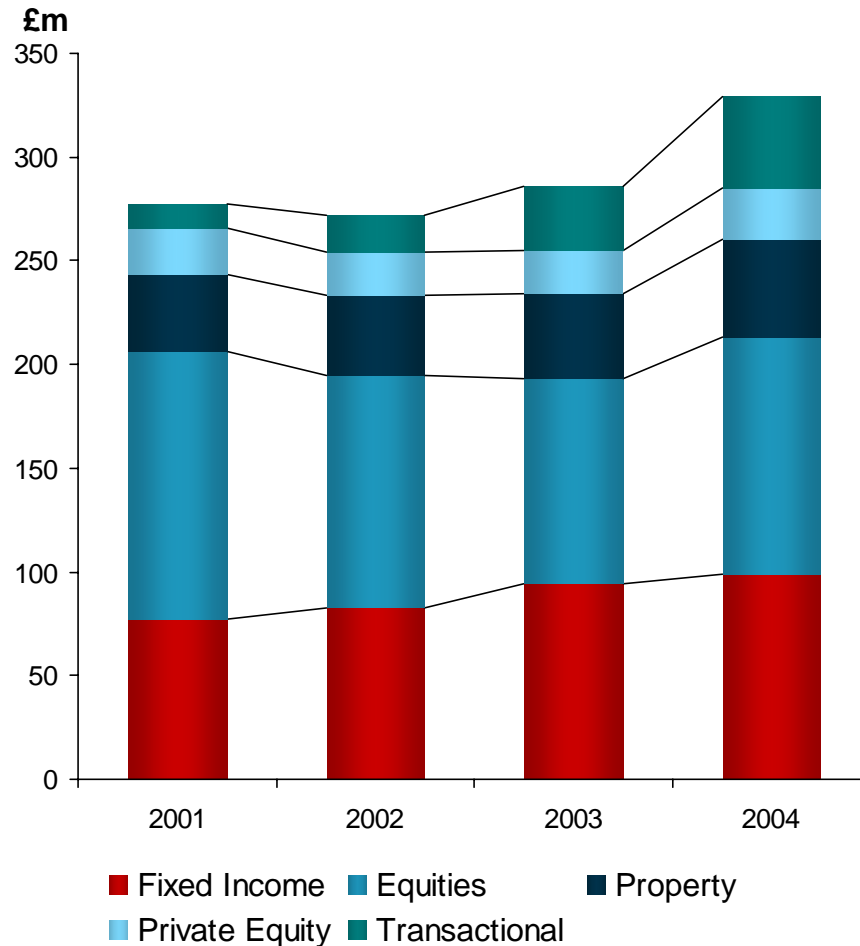
Underlying profits more than doubled at similar market levels

	2002 £m	2003 £m	2004 £m	02-04 % change
Underlying profit	49	70	110	124%
PRF	20	8	6	
Carried interest	2	5	20	
Profit before tax	71	83	136	92%
Average FTAS	2221	1978	2250	1%

M&G: REVENUE PROGRESSION

Sharp increase in last two years

EXTERNAL REVENUE DISCLOSURE

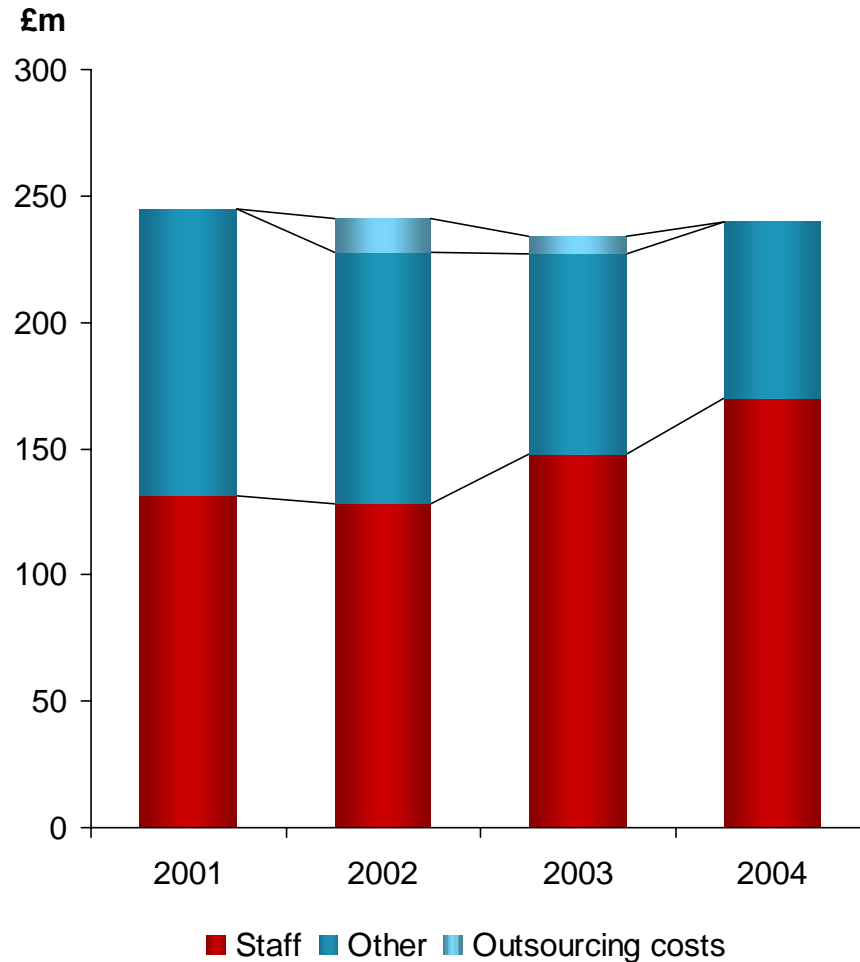


- Diversification by asset class
- Net inflows
 - Reflects investment performance and capabilities
- Increased retail and pooled fees
- Market levels
- New sources of revenue
 - Over £40 million of income from new activities begun since the start of 2000

M&G: COST PROGRESSION

Held flat over last four years

EXTERNAL COST DISCLOSURE



- Devolved structure
 - Ownership of costs by the business
 - Rapid response to market conditions
 - We have become better at saying no
- Exit from subscale / non-core businesses
 - Outsourcing to IFDS
- But continued to invest in areas where immediate returns have been available

TRANSFORMATION OF UK & EUROPE BUSINESS

Increasing proportion of shareholder-backed business

