



Prudential plc 2012 Half Year Results

Delivering 'Growth and Cash'

10 August 2012

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Prudential plc 2012 half year results

Agenda

Business Review

- Overview of results
- Business update

Tidjane Thiam

Financial Review

Nic Nicandrou

Outlook and Q&A

Tidjane Thiam

2012 half year financial headlines

A strong performance

Overview

Business
update

Growth

- Group new business profit £1,141m (H1 2011: £1,069m)
- Asset Management net inflows £5.4bn (H1 2011: £2.9bn)

Profitability

- IFRS operating profit £1,162m (H1 2011: £1,028m)
- EEV operating profit £2,109m (H1 2011: £2,147m)

Cash and Capital

- Net remittances from business units £726m (H1 2011: £690m)
- IGD surplus of £4.2bn, coverage of 2.7 times
- Interim dividend up 5.7% at 8.40 pence per share
- EEV shareholders' funds of £20.6bn, £8.06 per share (FY 2011: £19.6bn)



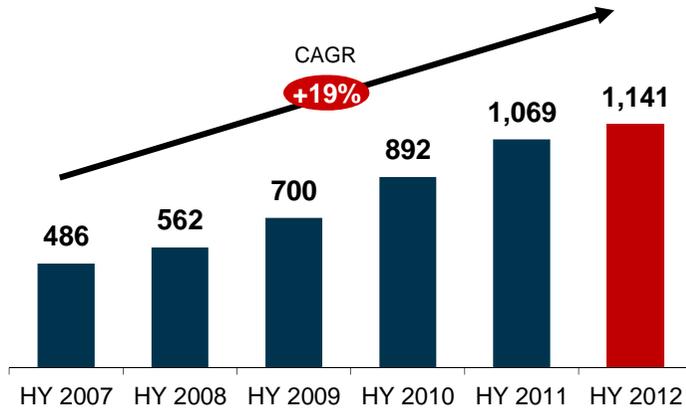
Group KPIs

A long-term track record of growth across our key metrics

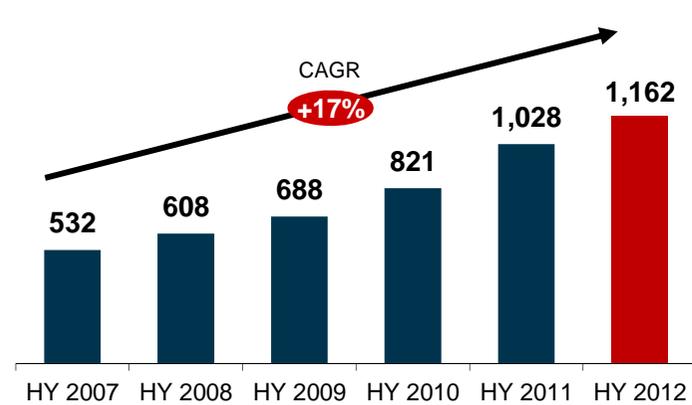
Overview

Business update

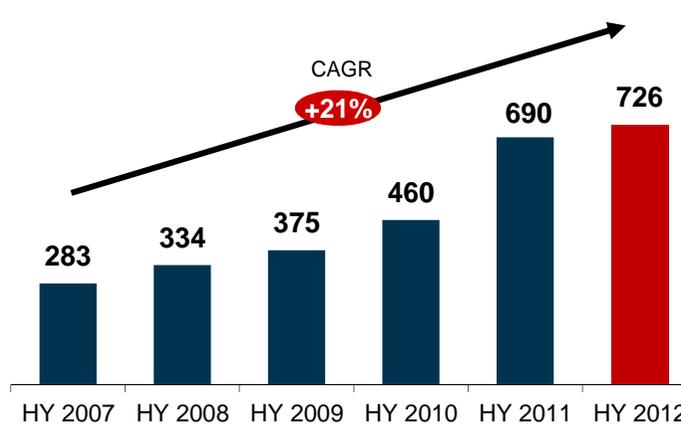
New business profit¹, £m



IFRS operating profit², £m



Net cash remittances, £m



¹ Excludes Japan and Taiwan agency.

² Comparatives adjusted for accounting policy improvements for deferred acquisition costs.



Macroeconomic environment

Managing through a challenging context

Overview

Business update

**Low interest rates
&
flat yield curve**

- Maintaining high IRR and payback period hurdles
- Managing the risks within the in-force book
- Diversifying the earnings sources (insurance income)

**Weak
economic
growth**

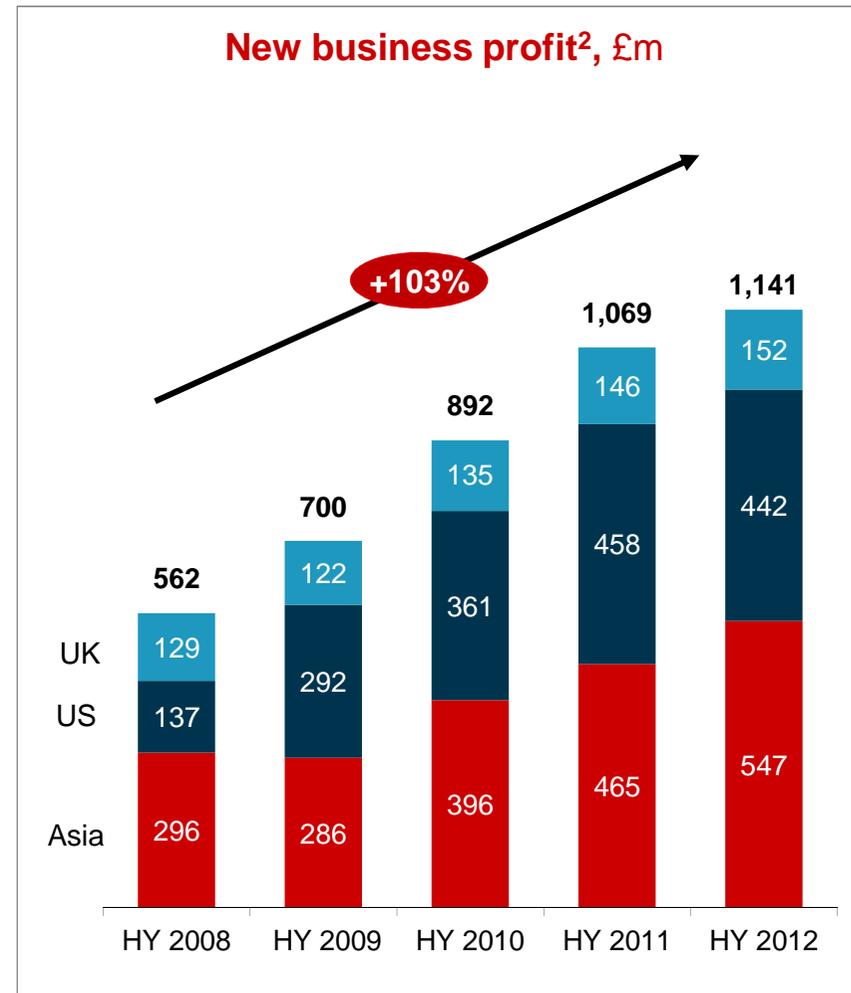
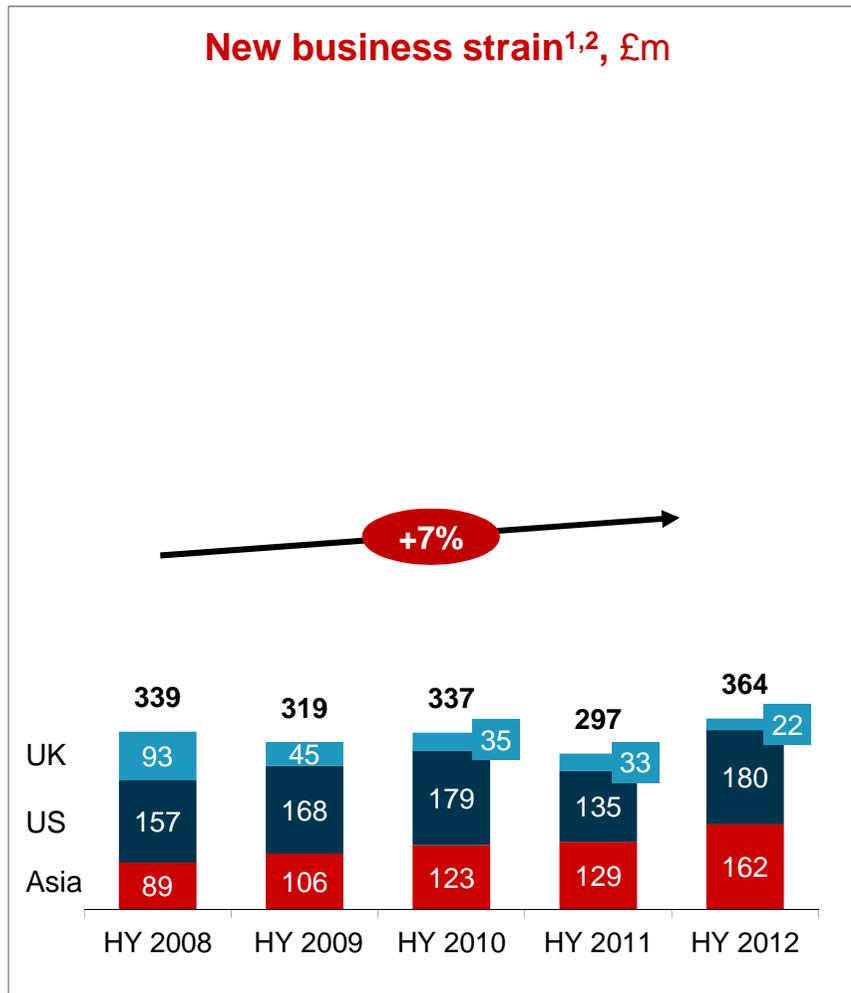
- Putting Asia at the heart of our strategy
- Benefitting from a strong 'Baby boomer' demographic shift
- Strong inflows in Asset Management

**Regulatory
challenge**

- Proactive engagement on Solvency 2 with all stakeholders
- Maintaining a robust capital position in light of the uncertainty

Returns on capital invested

Continuing disciplined capital allocation

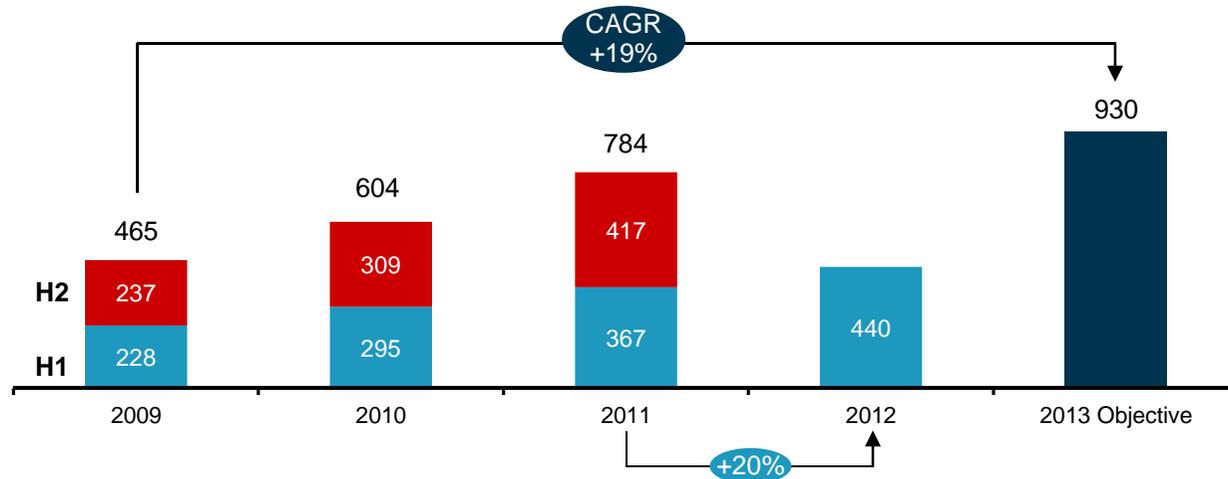


¹ Free surplus invested in new business.
² Excludes Japan and Taiwan agency.

2013 Growth and Cash objectives

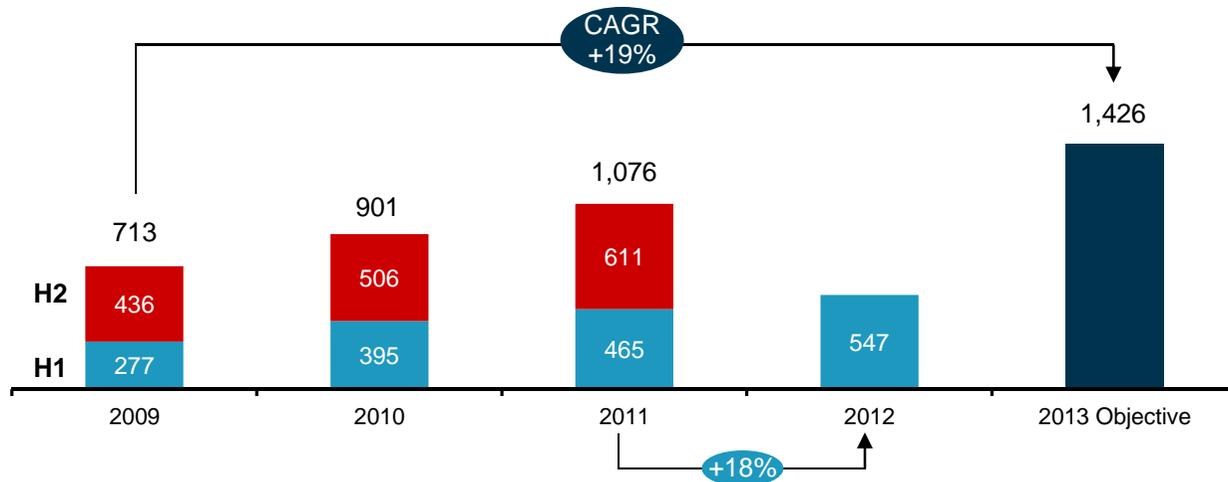
Growth – On track to 'Double Asia'

Doubling Asia Life and Asset Management IFRS operating profit^{1,2}, £m



1

Doubling Asia value of new business¹, £m



2

¹ The objectives assume current exchange rates and normalised economic environment consistent with the economic assumptions made by Prudential in calculating the EEV basis supplementary information for the half year ended 30 June 2010, is based on the current solvency regime and does not pre judge the outcome of Solvency II, which remains uncertain.

² Total Asia operating profit from long-term business and Eastspring Investments after development costs. The comparatives represents results as reported in respective periods and excludes adjustment for altered US GAAP requirements for deferred acquisition costs.

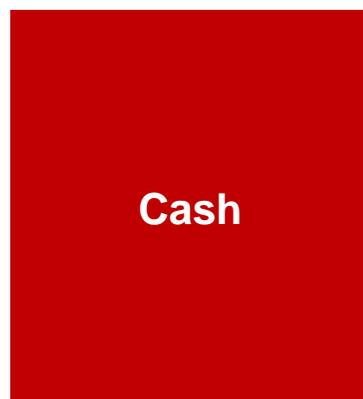
2013 Growth and Cash objectives

Cash – On track to deliver 2013 objectives

Overview

Business update

2013 Cash objectives, £m



£m	2009	2013 Objective ¹	HY 2012
Asia Net Remittance	40	300	126
Jackson Net Remittance	39	260 ²	247
UK Net Remittance	434 ³	350	230
Group Net Remittance (cumulative)	-	3,800	2,766

3

4

5

6

¹ The 2013 objectives assume current exchange rates and normalised economic environment consistent with the economic assumptions made by Prudential in calculating the EEV basis supplementary information for the half year ended 30 June 2010, is based on the current solvency regime and does not pre-judge the outcome of Solvency II, which remains uncertain.

² Jackson net remittance objective increased from £200m to £260m contingent on completion of REALIC acquisition.

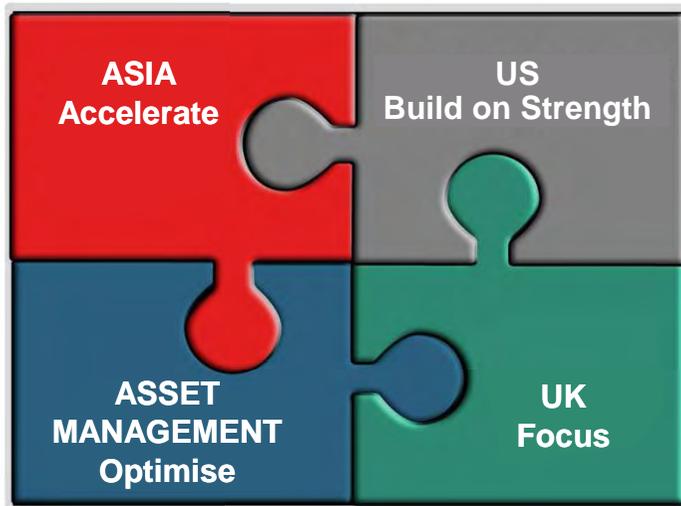
³ The net remittances from UK include £150m in 2009 arising from the pro-active financing techniques used to bring forward cash emergence of the in-force book during the financial crisis.

Strategy

Continuing to execute the Group strategy

Overview

Business update



Asia

- Driving growth in agency and bancassurance
- Greenfield entry into Cambodia

US

- Maintaining pricing, reserving and hedging conservatism
- Financially attractive bolt-on acquisition of REALIC

UK

- Focussing on areas of competitive advantage
- Completed financially attractive bulk annuity

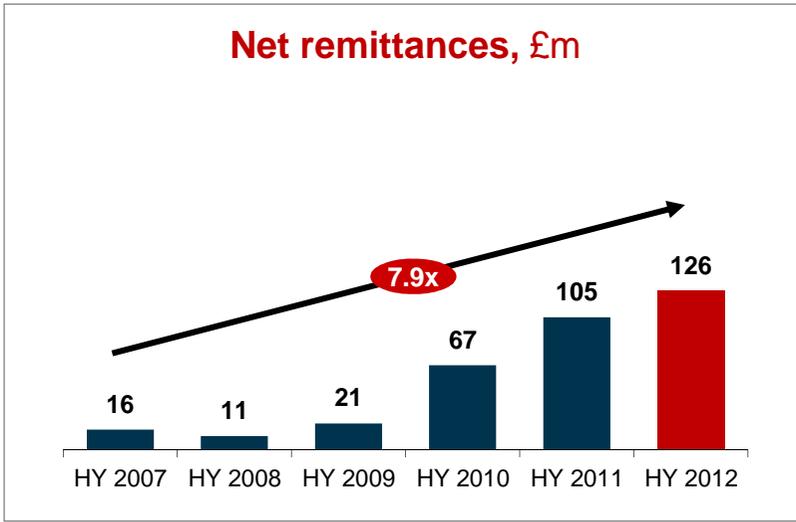
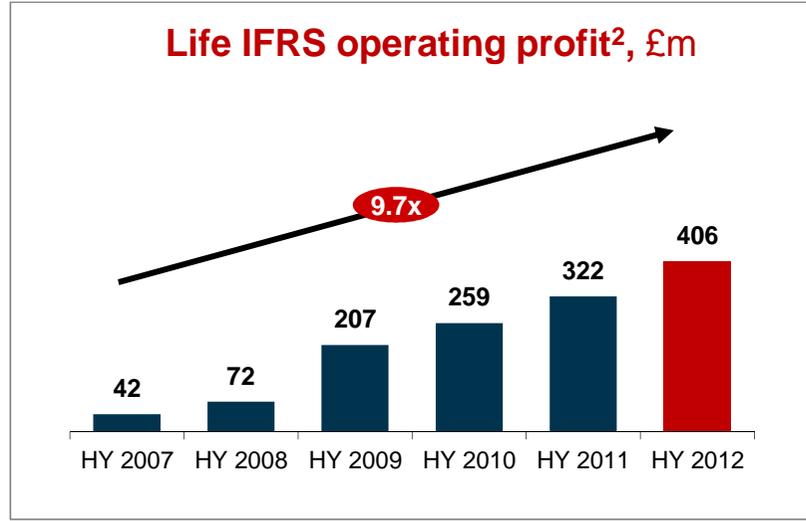
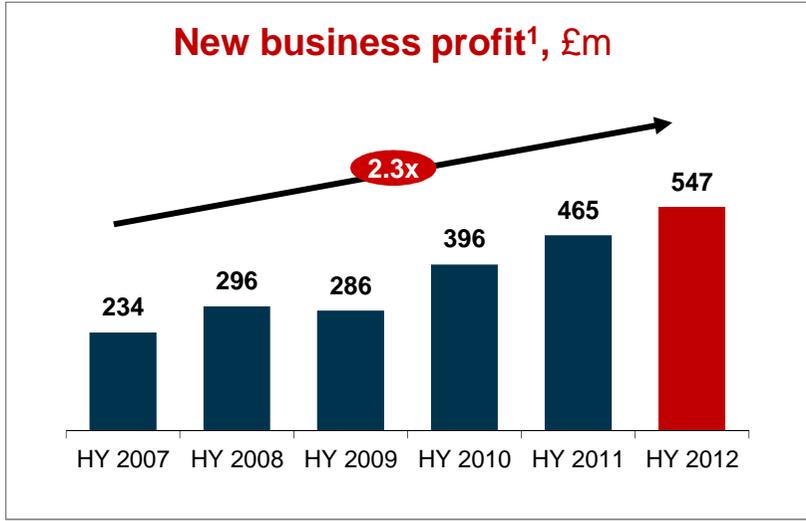
Asset Management

- M&G achieved #1 position in UK retail¹
- Investing in Eastspring to build out offshore business

¹ Measured by funds under management as at June 2012. Source: Investment Management Association.

Asia

Growing across ALL our key metrics



¹ Excludes Taiwan agency. 2007 excludes Taiwan.
² Net of development costs

Asia

Delivering our strategy

- Building out broad-based distribution
- Investing in our brand across the region
- Managing our product suite
- Maintaining financial and capital discipline
- Nurturing Government and regulatory relationships

Indonesia

- Expansion outside Jakarta: non-Jakarta now 50%
- Recruitment seminars: 30 cities, 30 times / month
- Expanded 10 e-learning facilities in cities ex-Jakarta

➤ *Leading agency salesforce: over 40% market share*

Hong Kong

- 'PRUmyhealth' campaign to drive critical illness sales
- Launched 'Elite' recruitment campaign
- Reactivation focus: special workshops for non-active managers and producers

➤ *Agency H&P mix over 30%*

Singapore

- Launched 'STAR' programme to drive higher conversion and activation rates
- Targeting HNWs: Launch of 'PRUvantage' portfolio
- Launched 'Yes You Can' initiative to drive productivity of lower tier financial advisors

➤ *APE productivity per agent best in the industry¹*

Malaysia

- Developing new locations across the country with a focus on 'Bumi'
- Campus recruitment programs
- 'Faculty of Takaful Business' to train and develop agency force

➤ *58% of new recruits are Bumi*
➤ *42% of total agents are Bumi; Largest in the market*
➤ *Market leader in takaful sales*

¹ Source: Life Insurance Association of Singapore

Bancassurance partners



- Deep penetration through over 14,500 branches
- Multiple partners, accessing all socio-economic classes (77 partners in total)
- Leveraging best practices across partnerships

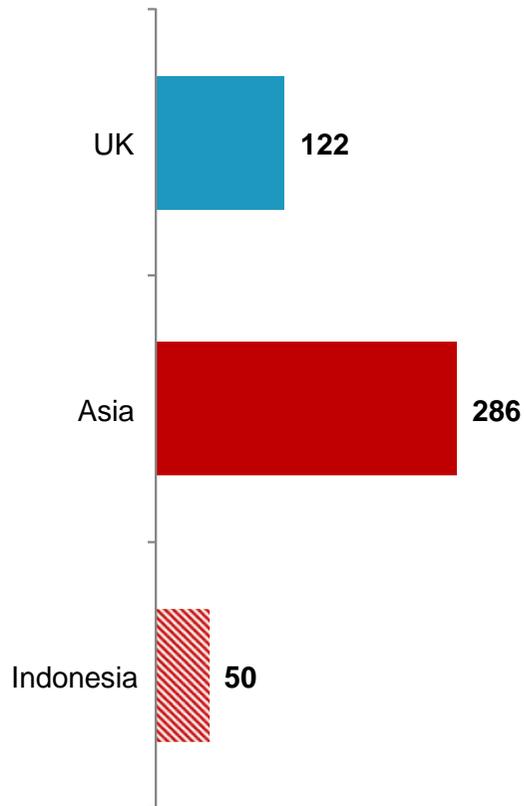
**SCB: 42% growth.
Philippines and Takaful launched.**

UOB: >100% growth.

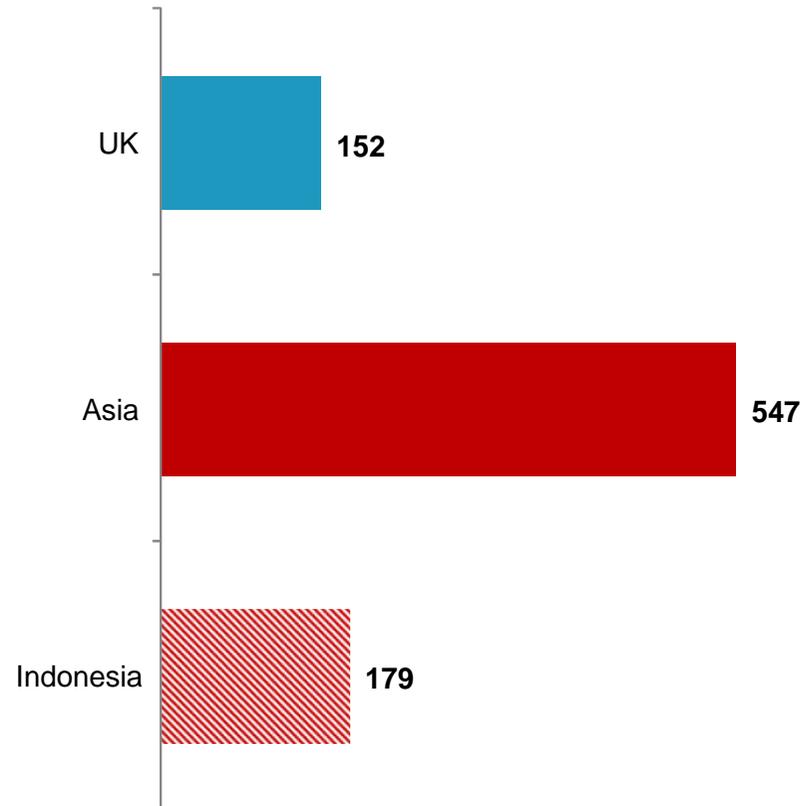
Asia

Delivering new business profit

New business profit – HY 2009¹, £m



New business profit – HY 2012¹, £m

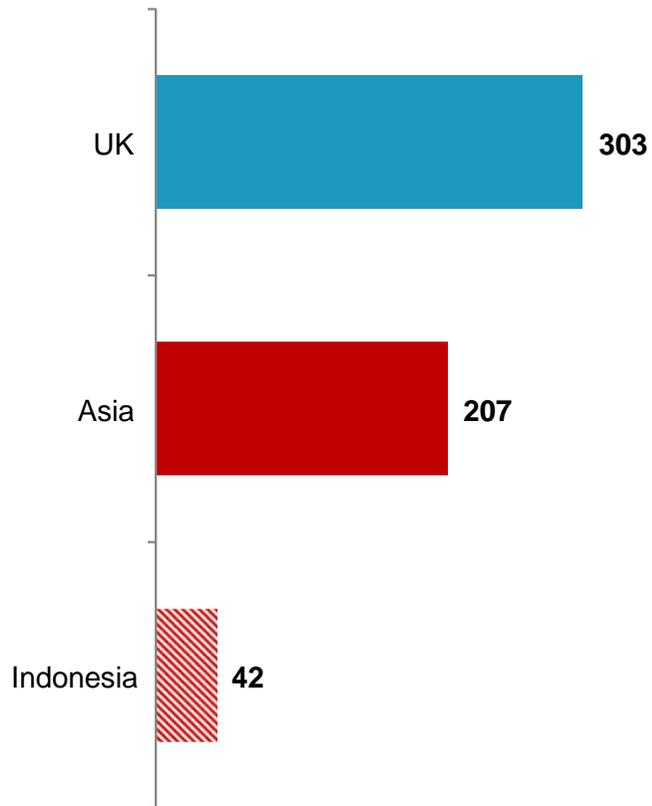


¹ Excludes Japan and Taiwan agency

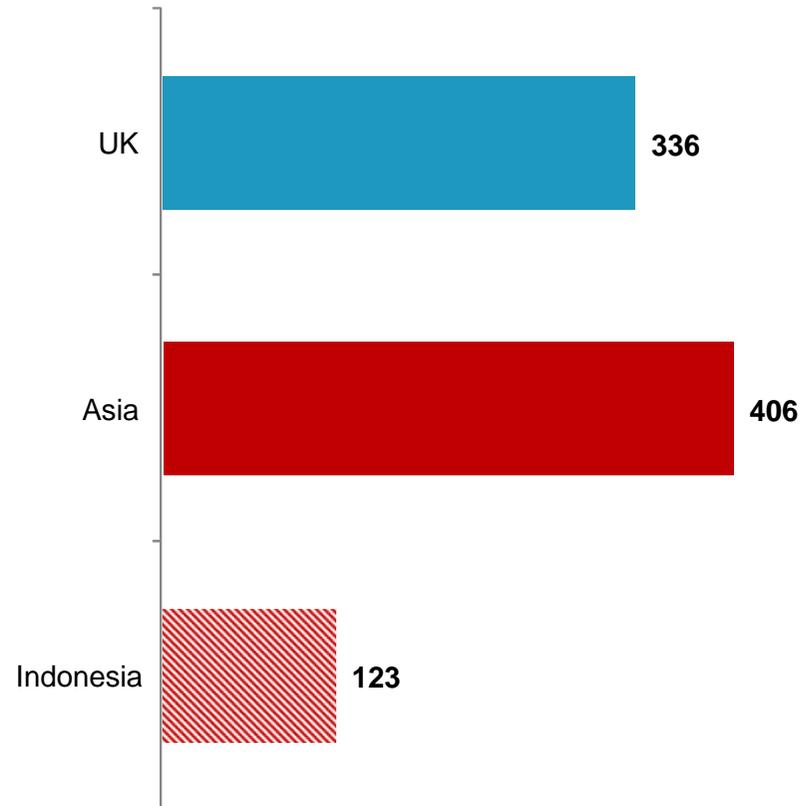
Asia

Delivering IFRS operating profit

Life IFRS operating profit – HY 2009¹, £m



Life IFRS operating profit – HY 2012¹, £m

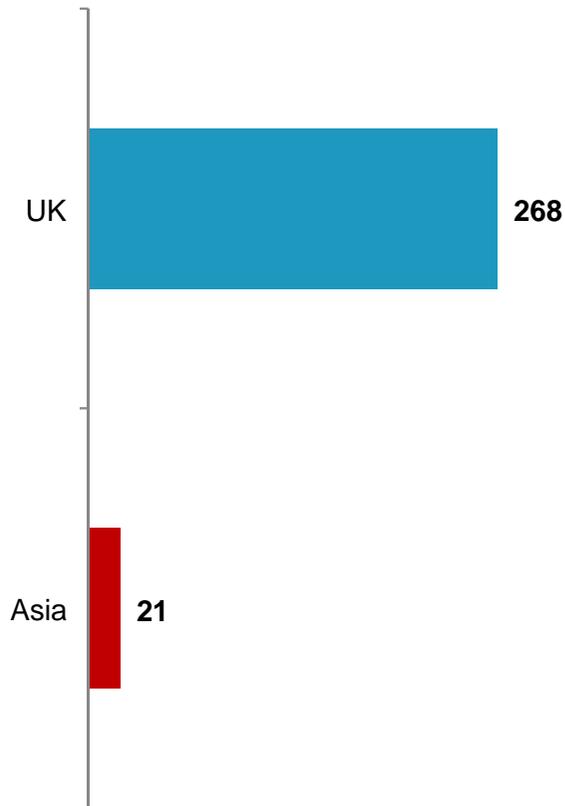


¹ Net of development costs

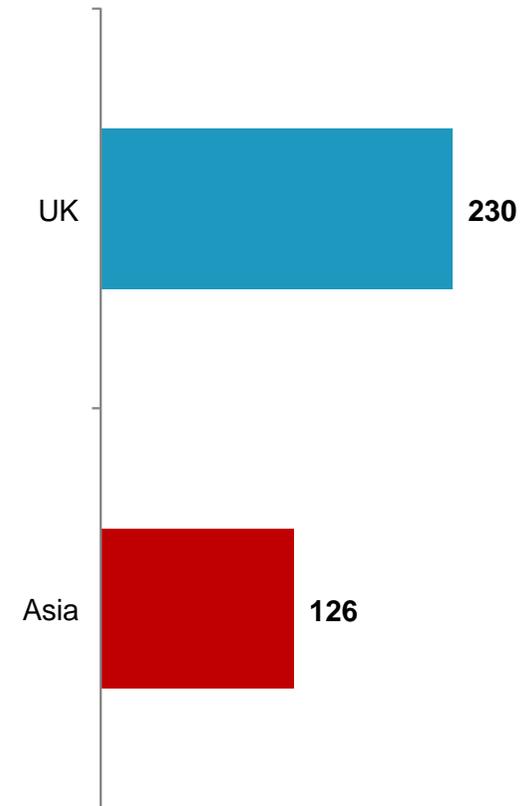
Asia

Delivering cash

Cash remittances – HY 2009, £m



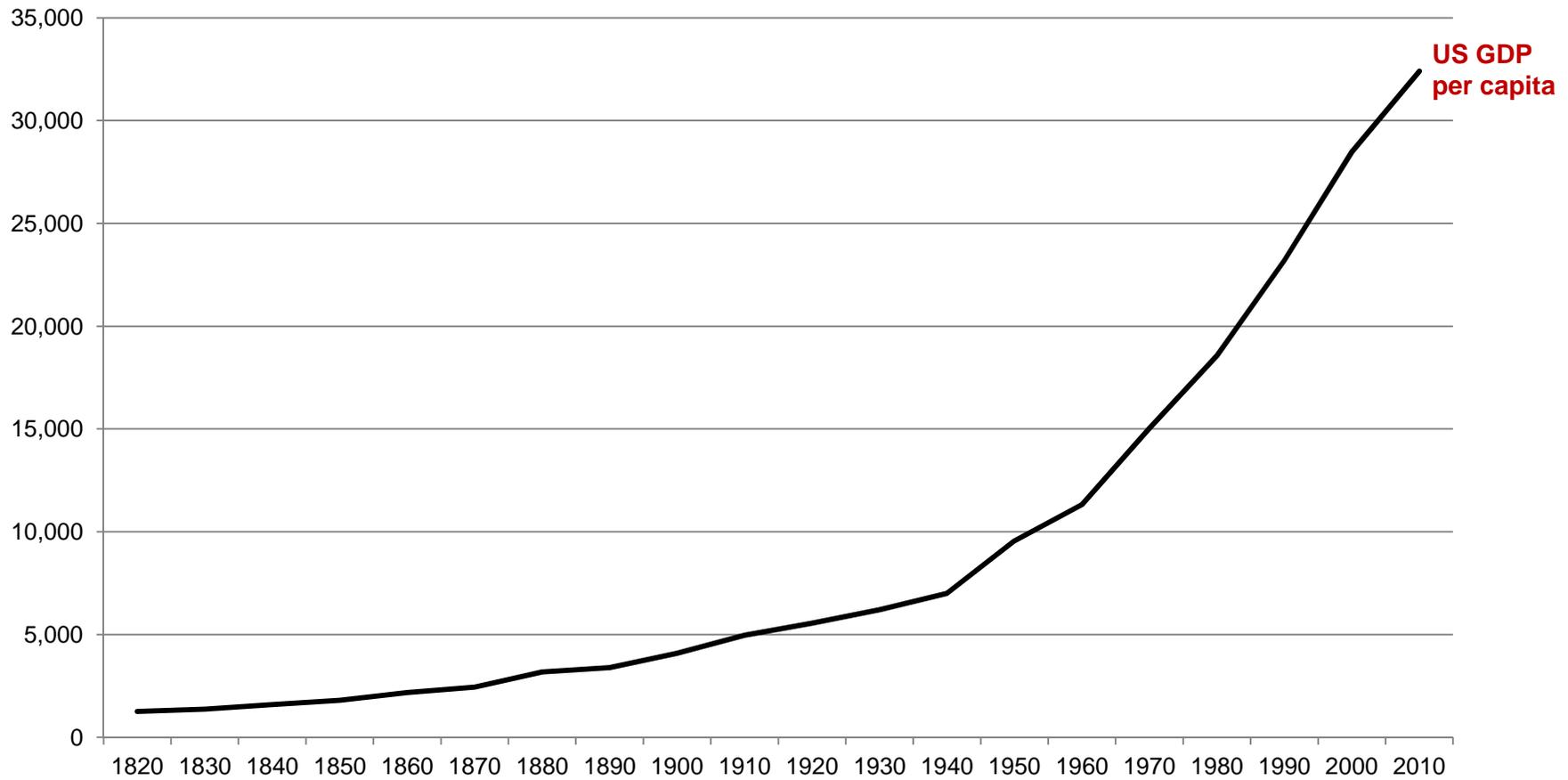
Cash remittances – HY 2012, £m



Asia

Long term opportunity

Evolution of US GDP per capita, 1990 US\$¹

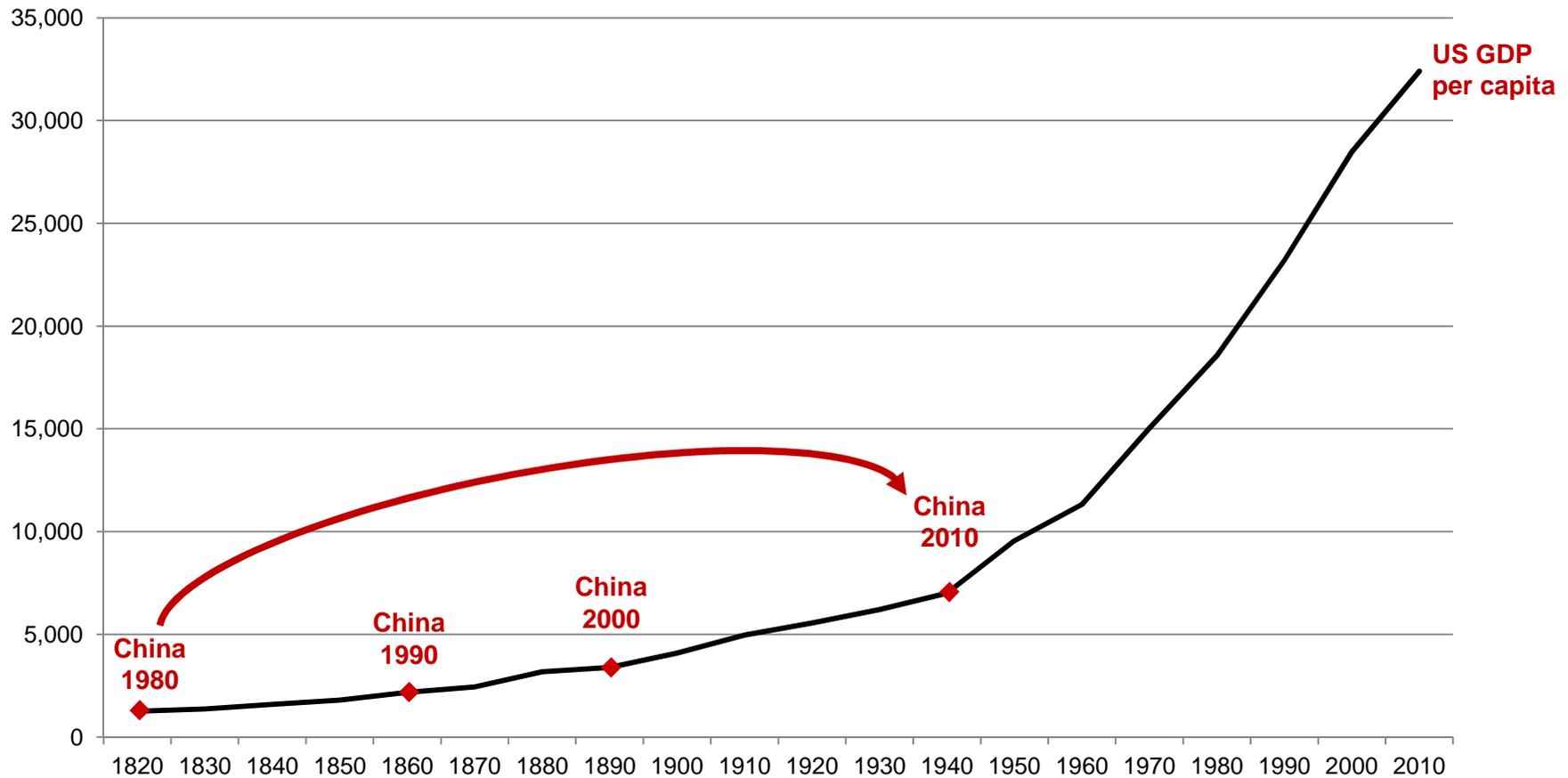


¹ Geary-Khamis dollar, based on purchasing power parities with 1990 as benchmark year - one 1990 dollar has the same purchasing power as the US dollar in 1990. Prudential estimates

Asia

Long term opportunity

Evolution of China GDP per capita 1980 - 2010, against the US GDP per capita, 1990 US\$¹

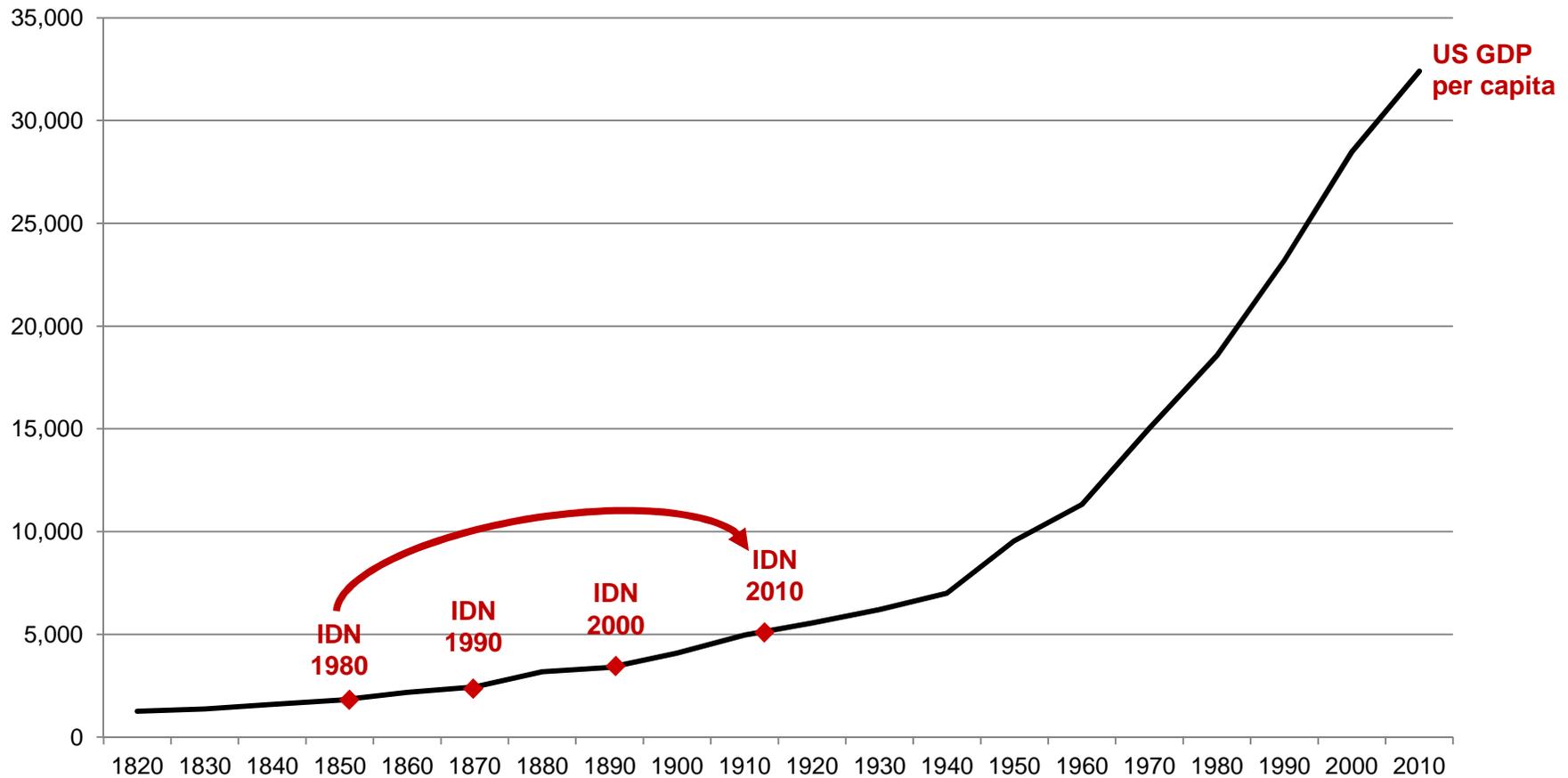


¹ Geary-Khamis dollar, based on purchasing power parities with 1990 as benchmark year - one 1990 dollar has the same purchasing power as the US dollar in 1990. Prudential estimates

Asia

Long term opportunity

Evolution of Indonesia GDP per capita 1980 - 2010, against the US GDP per capita, 1990 US\$¹

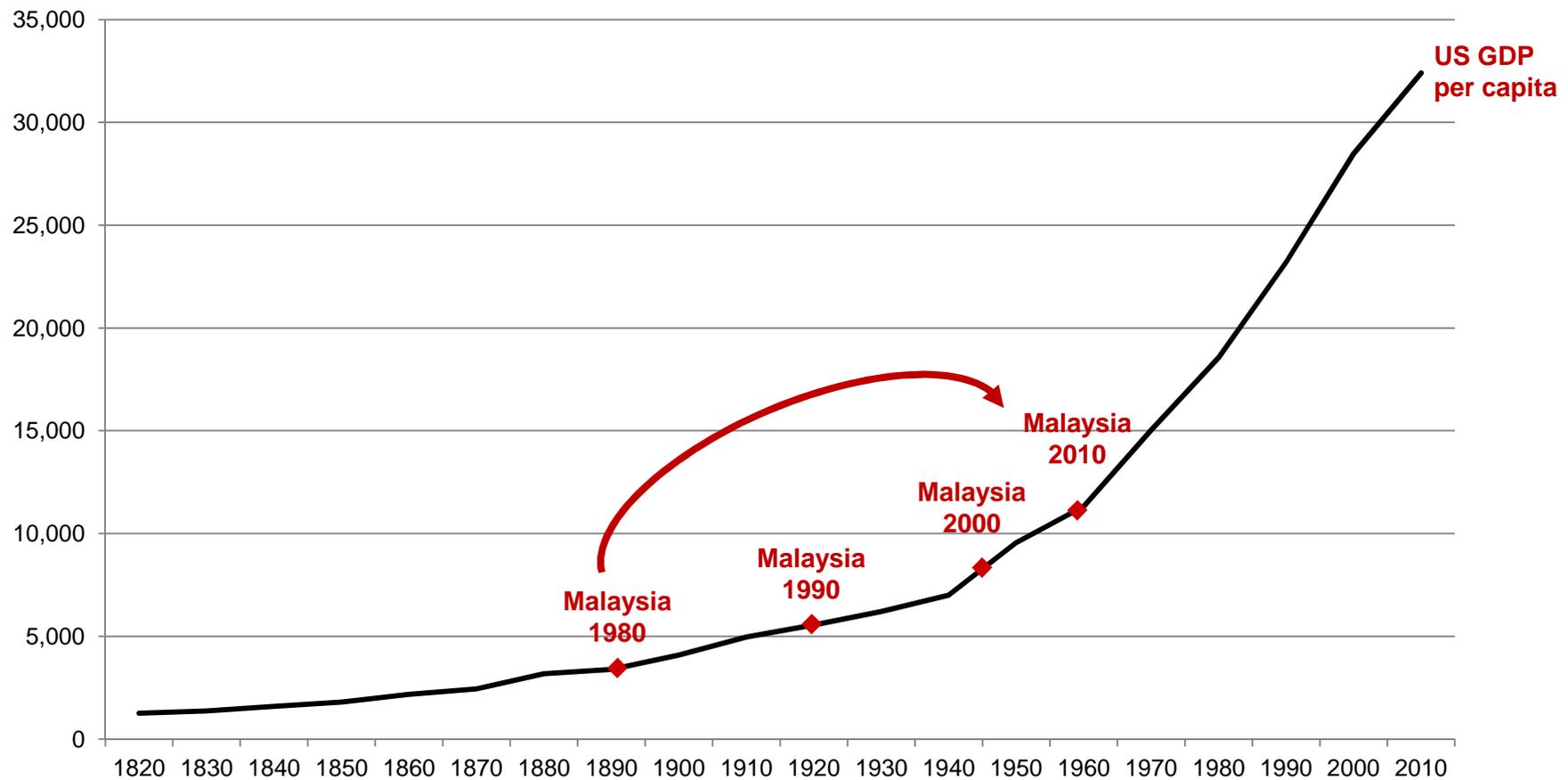


¹ Geary-Khamis dollar, based on purchasing power parities with 1990 as benchmark year - one 1990 dollar has the same purchasing power as the US dollar in 1990. Prudential estimates

Asia

Long term opportunity

Evolution of Malaysia GDP per capita 1980 - 2010, against the US GDP per capita, 1990 US\$¹

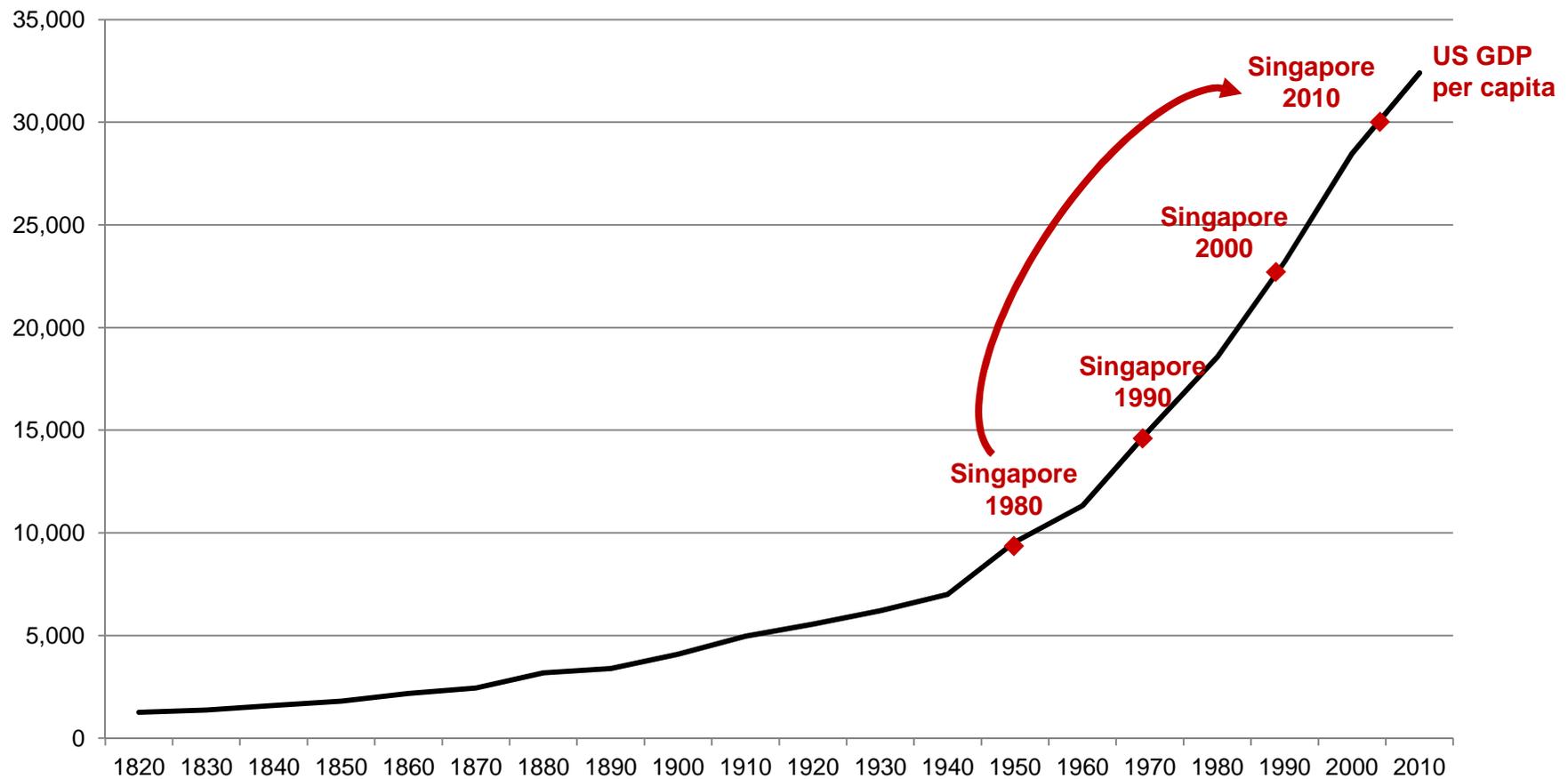


¹ Geary-Khamis dollar, based on purchasing power parities with 1990 as benchmark year - one 1990 dollar has the same purchasing power as the US dollar in 1990. Prudential estimates

Asia

Long term opportunity

Evolution of Singapore GDP per capita 1980 - 2010, against the US GDP per capita, 1990 US\$¹

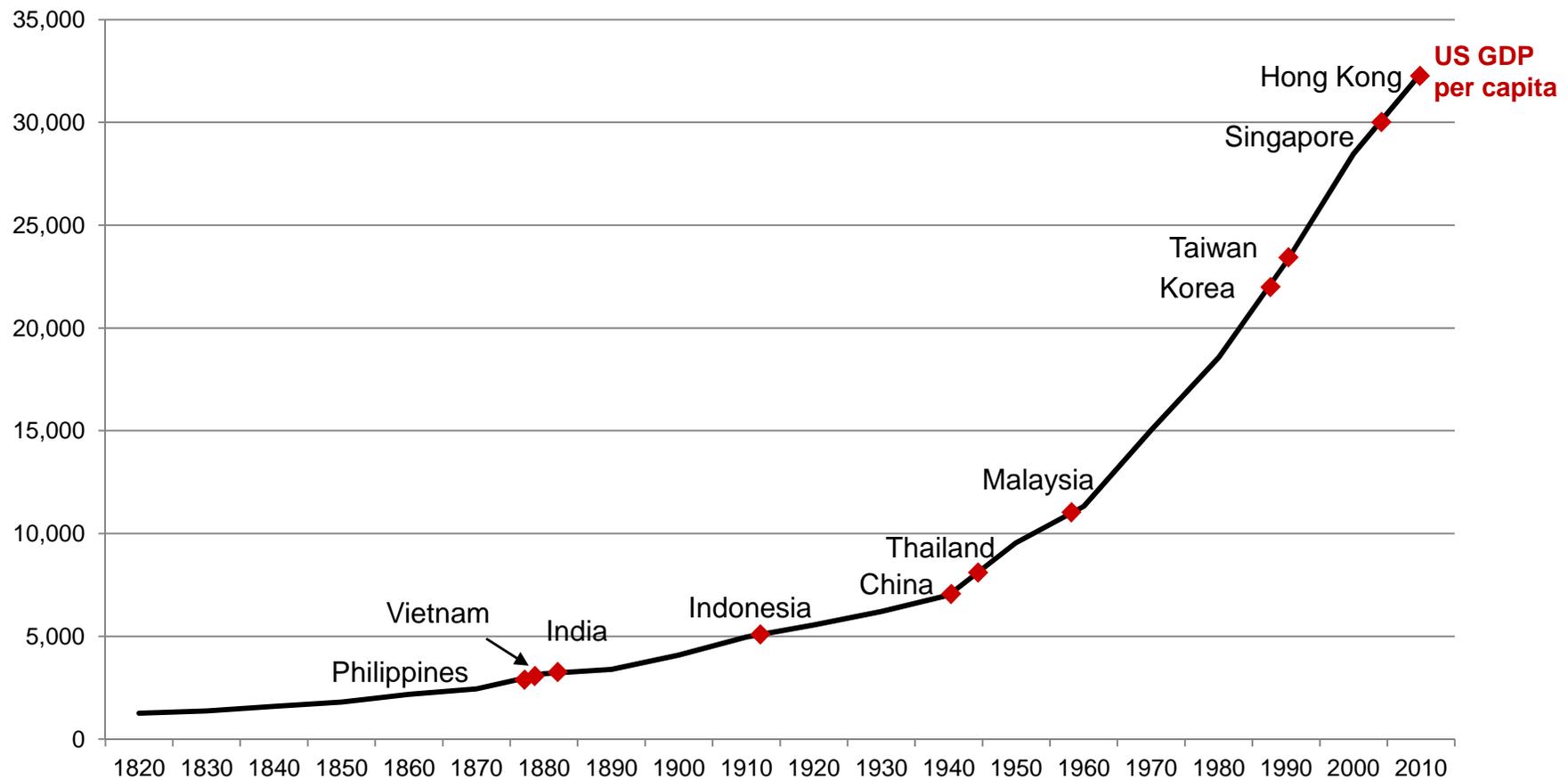


¹ Geary-Khamis dollar, based on purchasing power parities with 1990 as benchmark year - one 1990 dollar has the same purchasing power as the US dollar in 1990. Prudential estimates

Asia

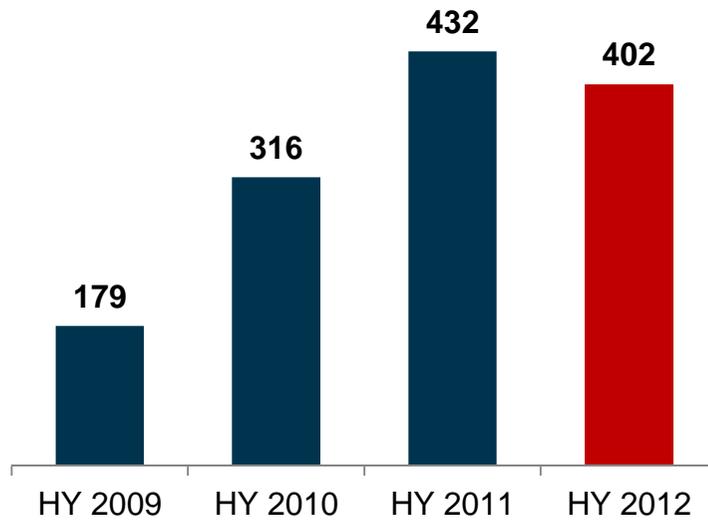
Long term opportunity

GDP per capita in 2010, against the US GDP per capita, 1990 US\$¹

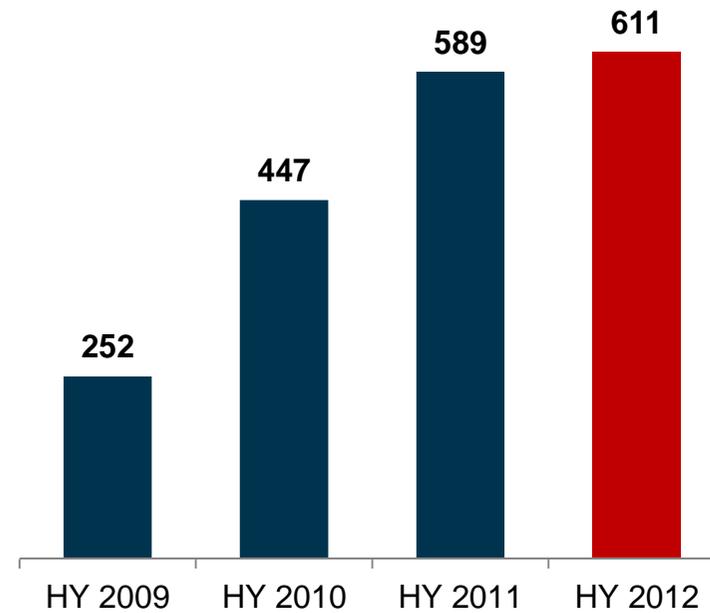


¹ Geary-Khamis dollar, based on purchasing power parities with 1990 as benchmark year - one 1990 dollar has the same purchasing power as the US dollar in 1990.
Source: Maddison project, Prudential estimates.

Variable Annuities NBP, £m

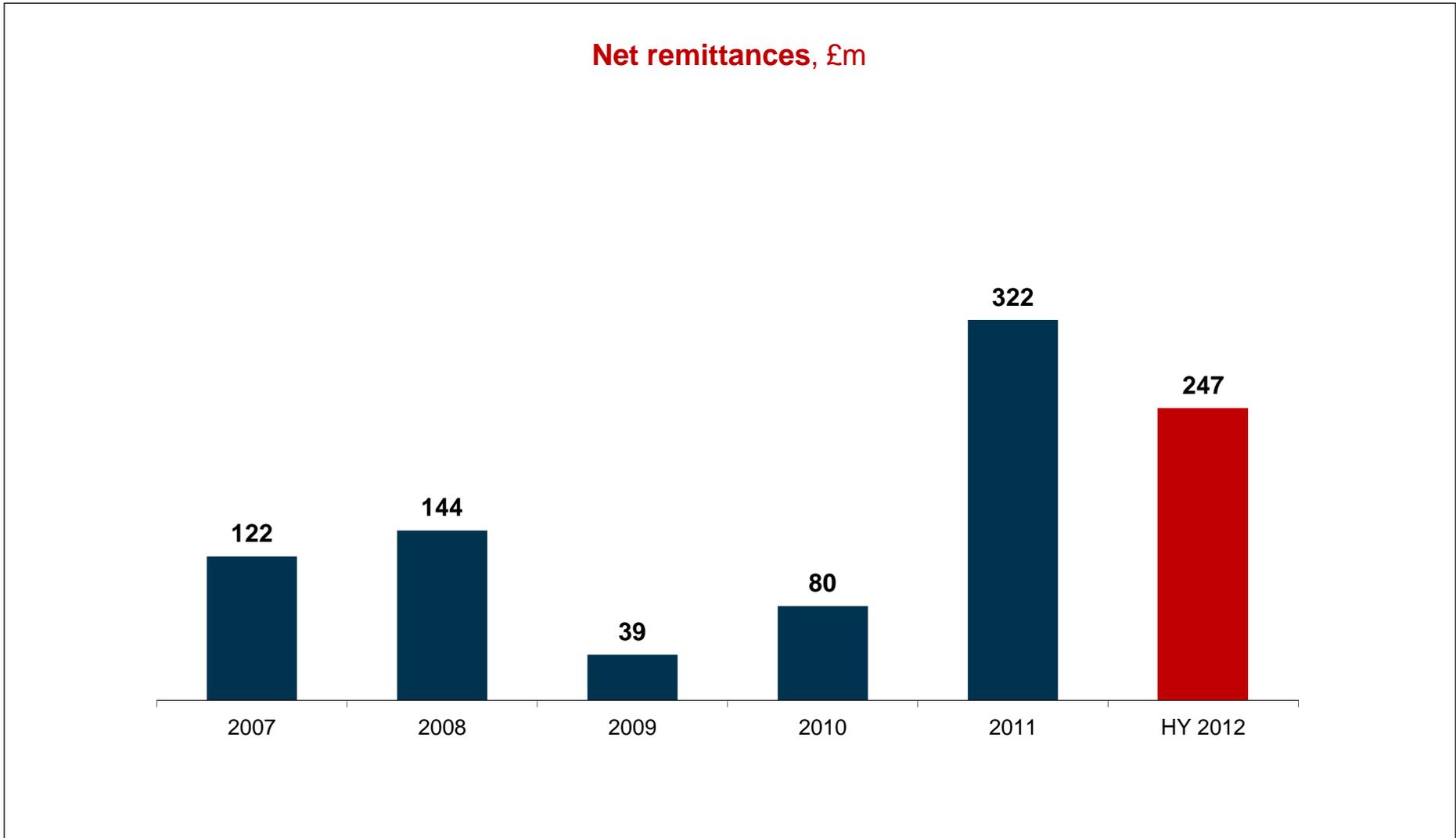


Variable Annuities sales, APE £m



Jackson

Delivering on our 2013 'Cash' objectives



Jackson

Bolt-on acquisition of REALIC

Overview

Business
update

Financially attractive

- Transaction IRR of over 20% and short payback period
- Immediate accretion to IFRS earnings per share
- Immediate uplift to EEV per share
- Scope for additional synergies as REALIC is transitioned to Jackson platform

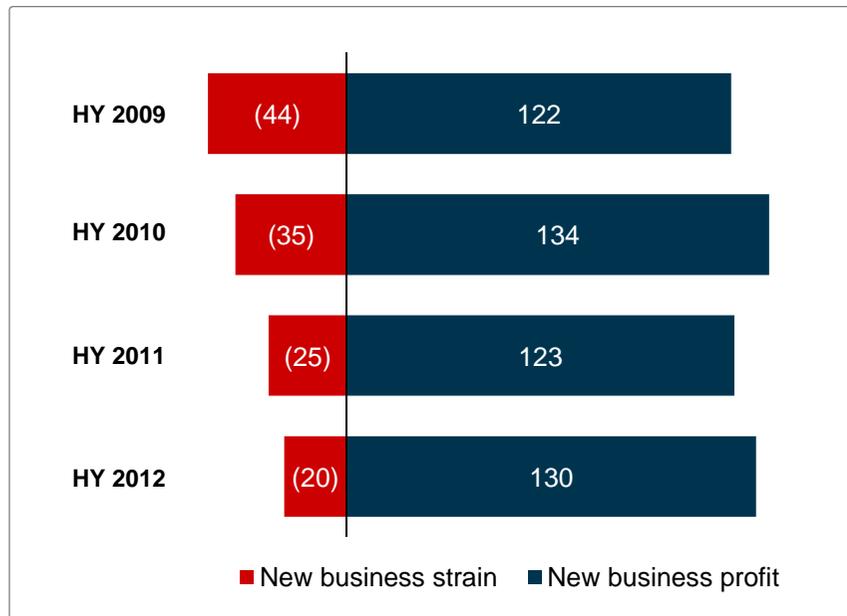
Strategically enhancing

- Addition of 1.5 million life policies and \$10bn of assets
- Diversifies the earnings sources (Insurance income)

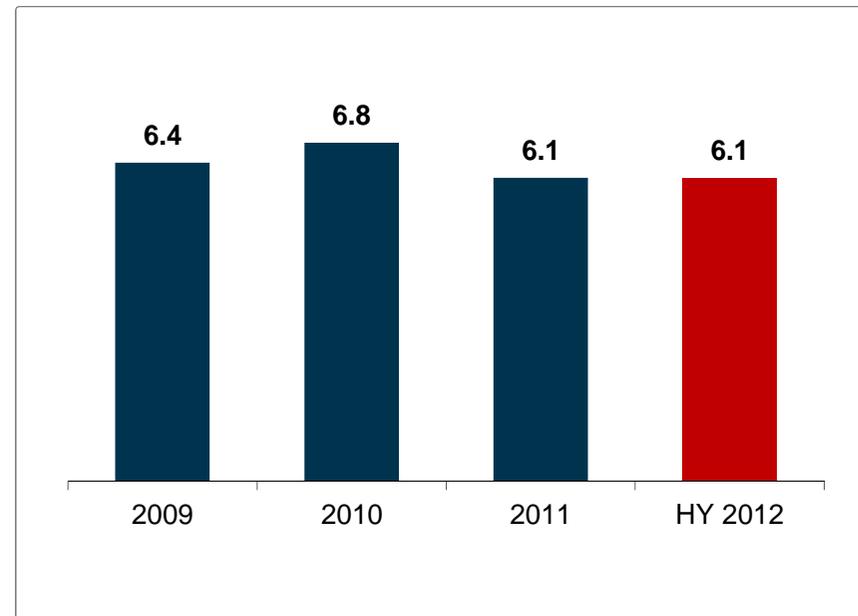
Increases 2013 'Cash' objective

- Jackson's 2013 dividend objective increased from £200m to £260m

Selective participation¹
New business profit, £m



Robust balance sheet strength
Inherited estate, £bn

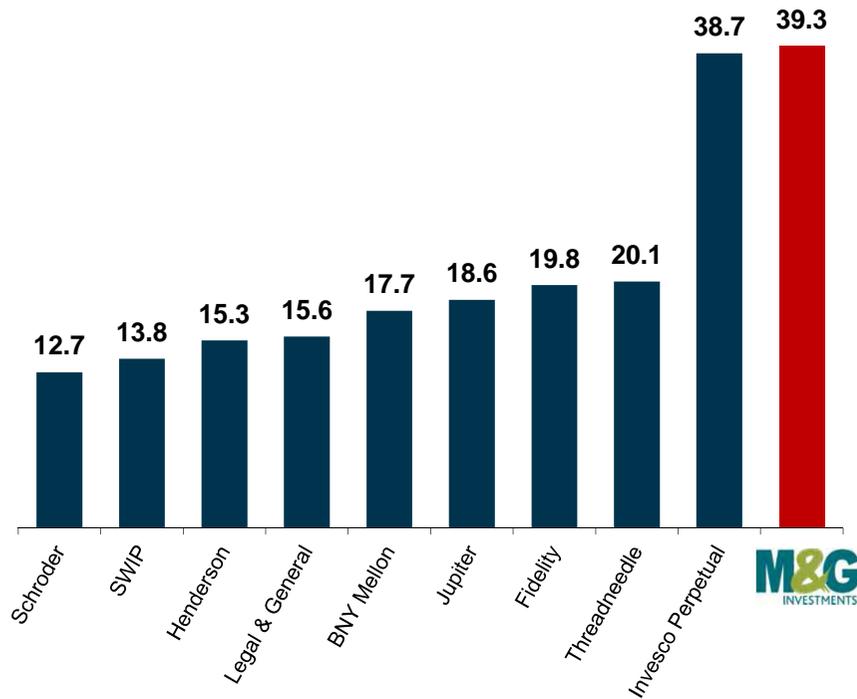


¹ Retail business only

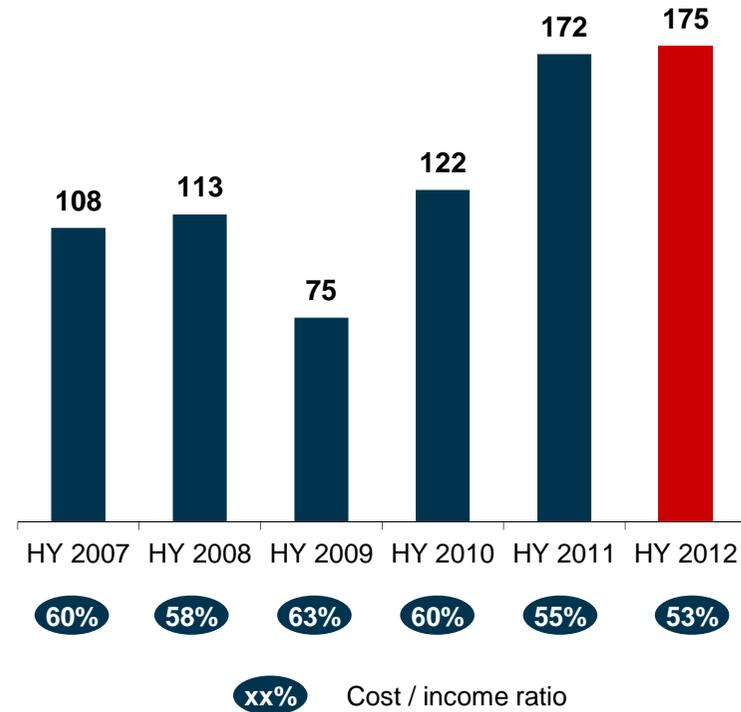
Asset Management

M&G achieved #1 position in UK retail

UK retail FUM¹, £bn



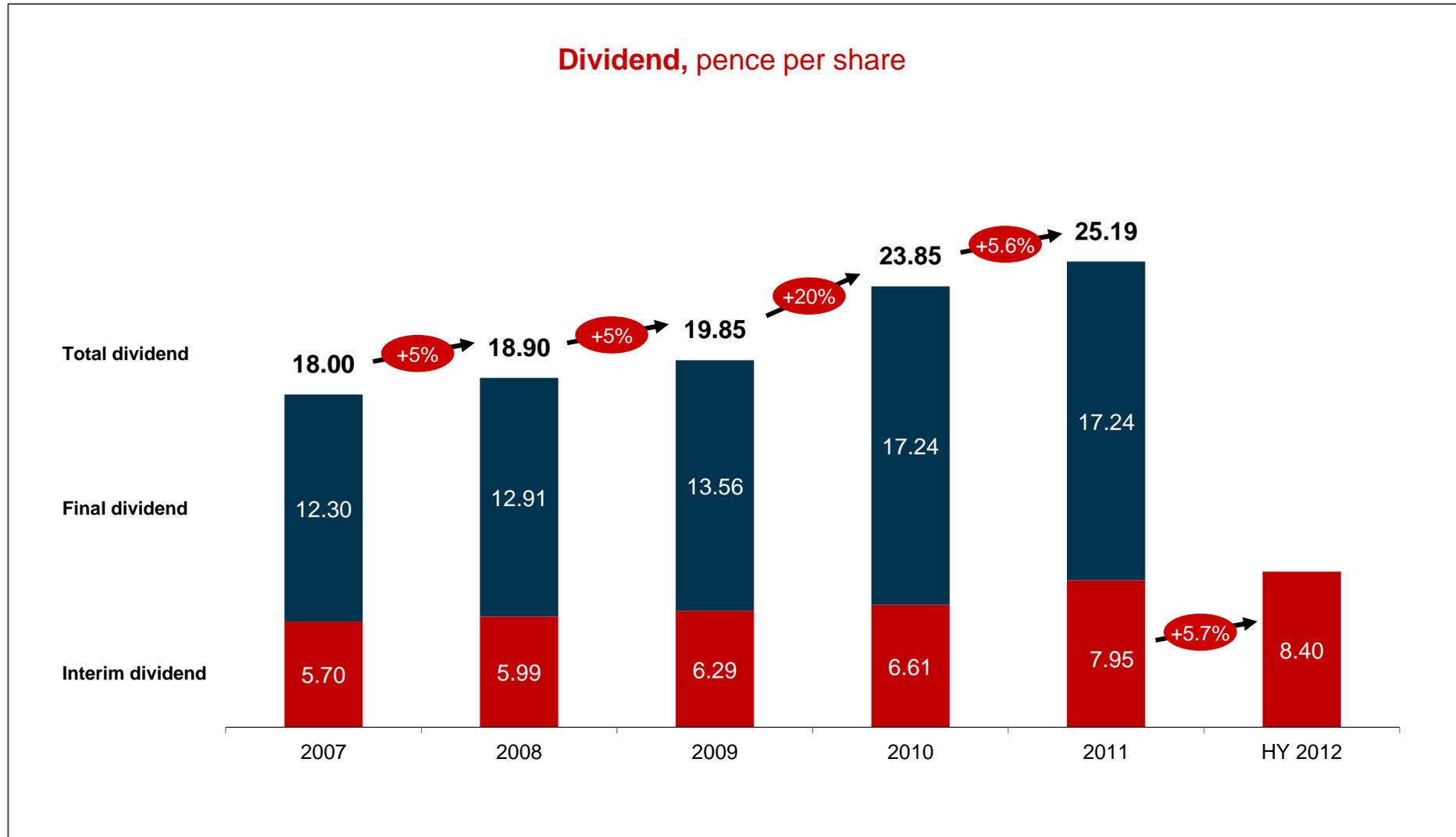
IFRS operating profit², £m



¹ As at end-of-June 2012. Source: Investment Management Association
² Excludes Prudential Capital

Dividend

Resilient and growing dividend



Prudential plc 2012 half year results

Agenda

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Delivering 'Growth and Cash'

HY 2012 builds on recent strong performance

Overview

Growth & Profitability

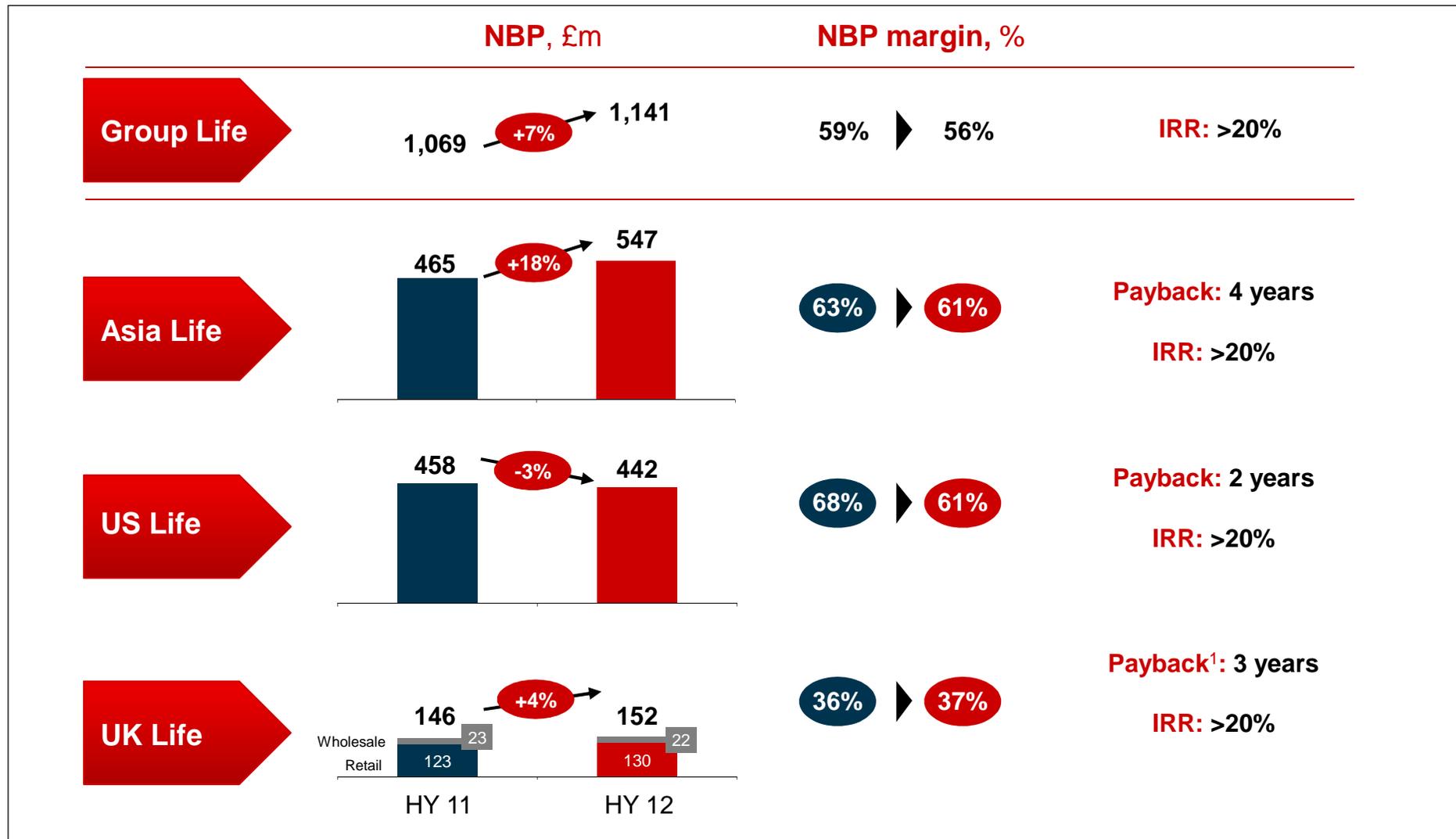
Cash & Capital

	£m	HY 12	HY 11	HY 12 vs. HY 11
Growth	New business profit	1,141	1,069	+7%
	IFRS operating profit¹	1,162	1,028	+13%
	EEV operating profit	2,109	2,147	-2%
	EEV per share (pence)	806	745	+8%
Cash	Net remittance	726	690	+5%
	Free surplus generation	1,039	1,093	-5%
	Dividend per share (pence)	8.40	7.95	+5.7%

¹ HY 2011 adjusted for the retrospective application of the new DAC policy.

Growth in value and volume

Balancing value creation and capital consumption

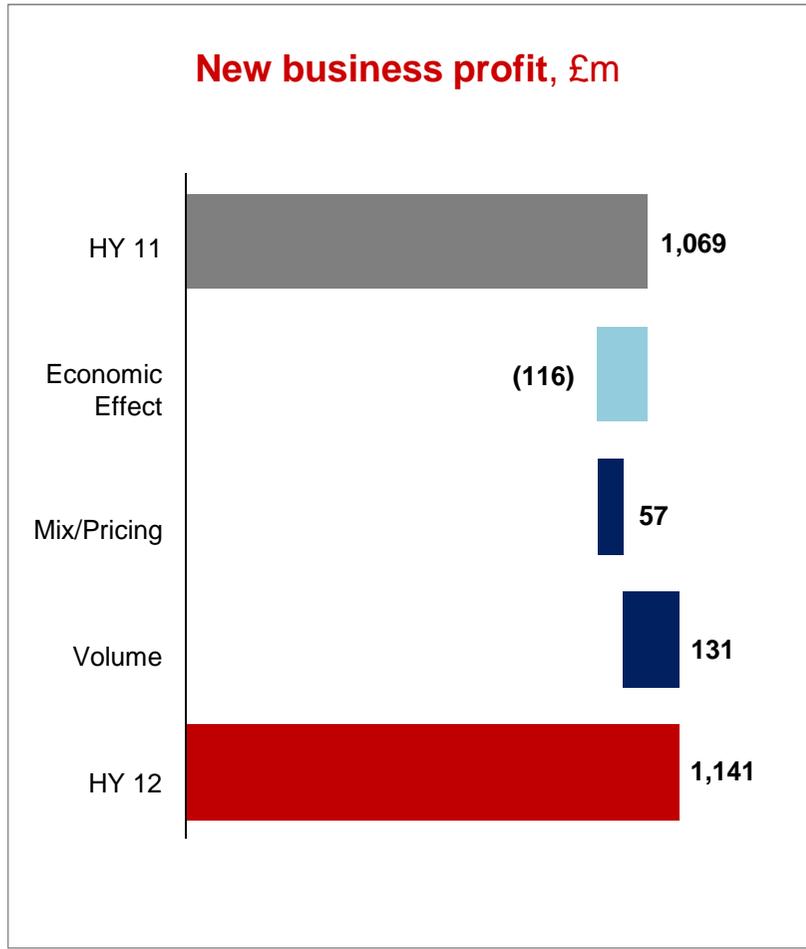


¹ Shareholder-backed business Payback: Expected period over which future undiscounted free surplus generation recoups initial new business investment.

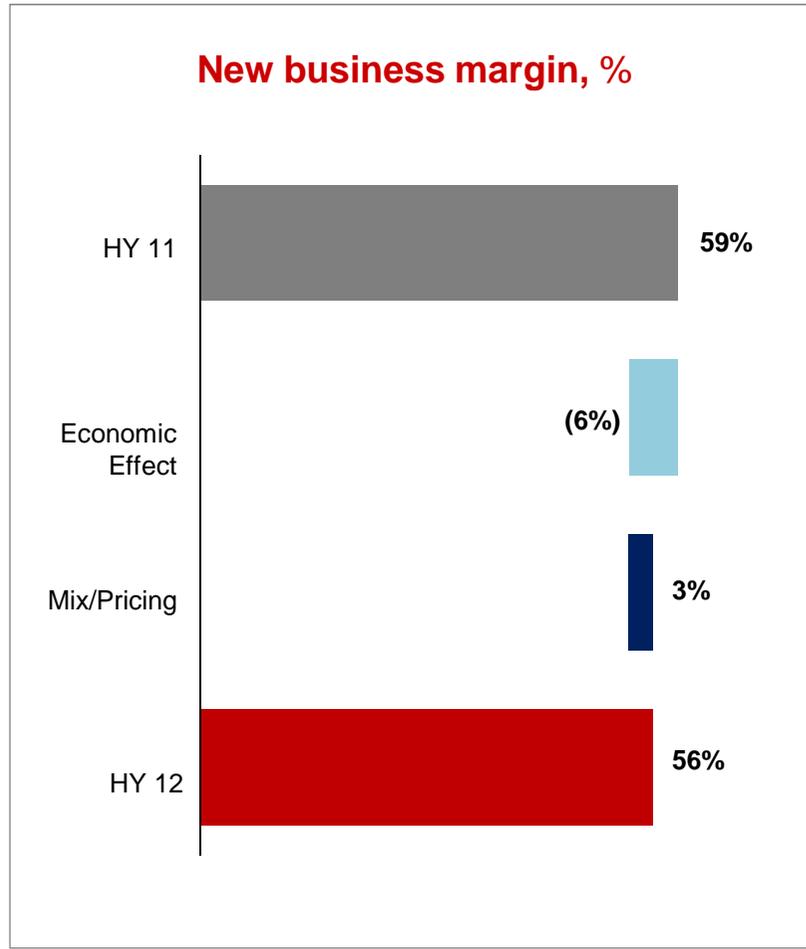
New business profit

Strong underlying progress

New business profit, £m



New business margin, %



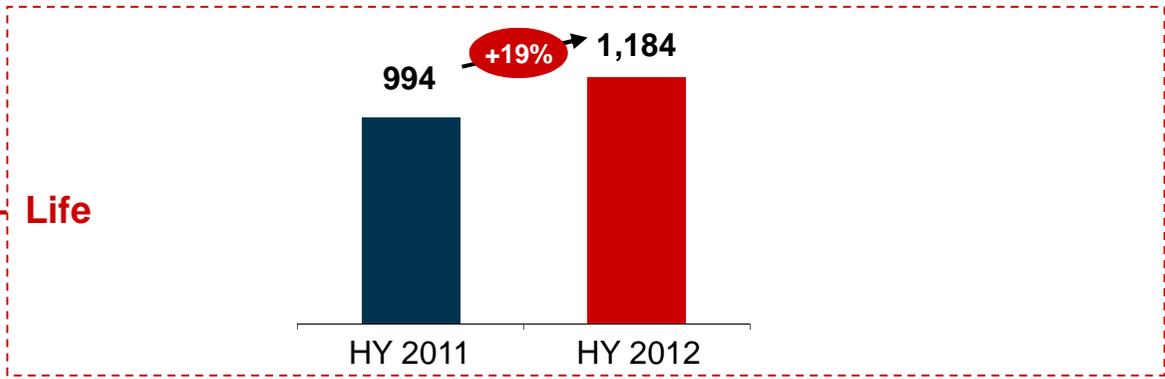
Profitability – IFRS

IFRS profits up 13%

IFRS operating profit¹, £m



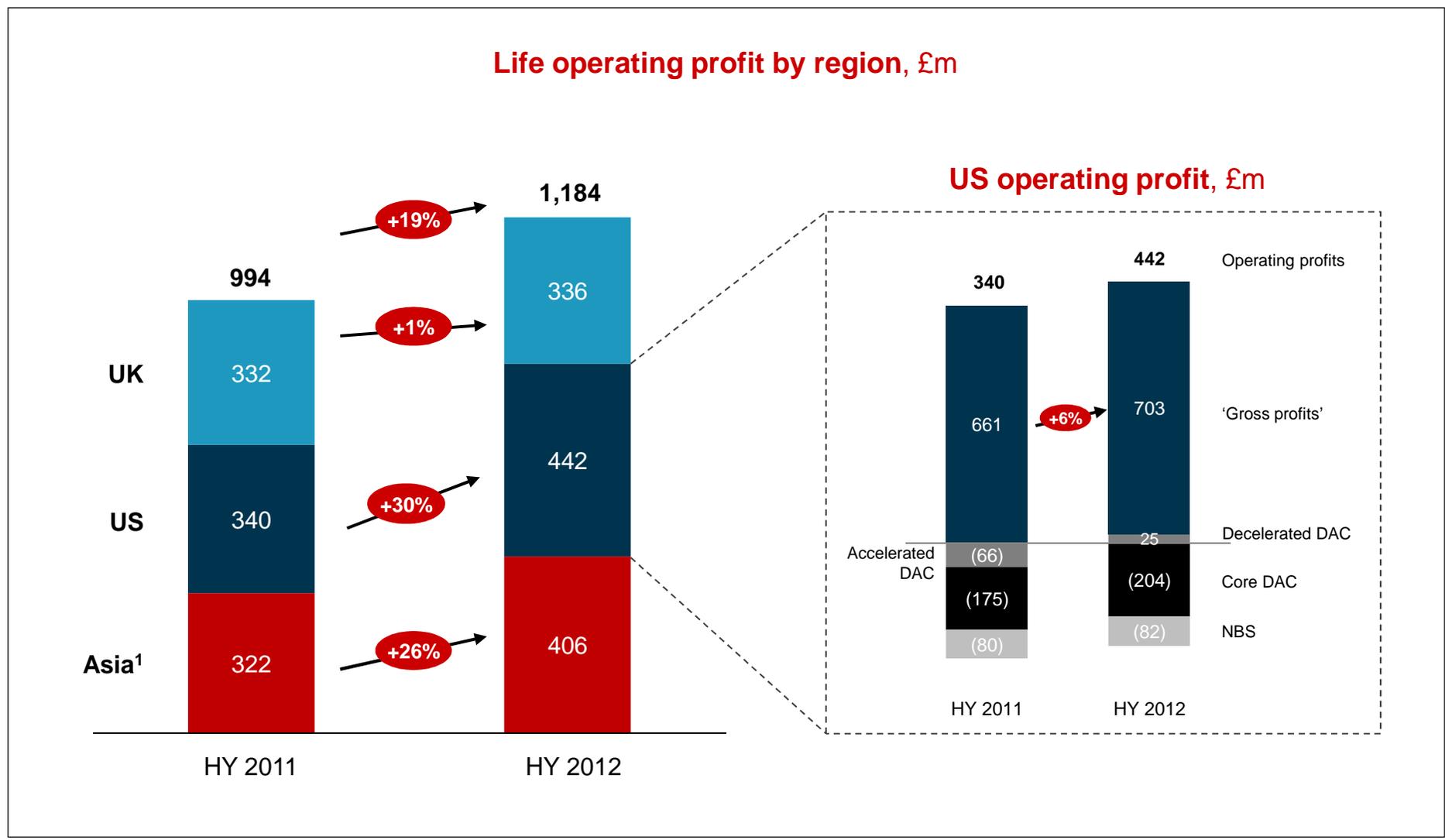
Life



¹ HY 2011 adjusted for the retrospective application of the new DAC policy.

Profitability – IFRS

Diversified Life earnings – Asia up 26%



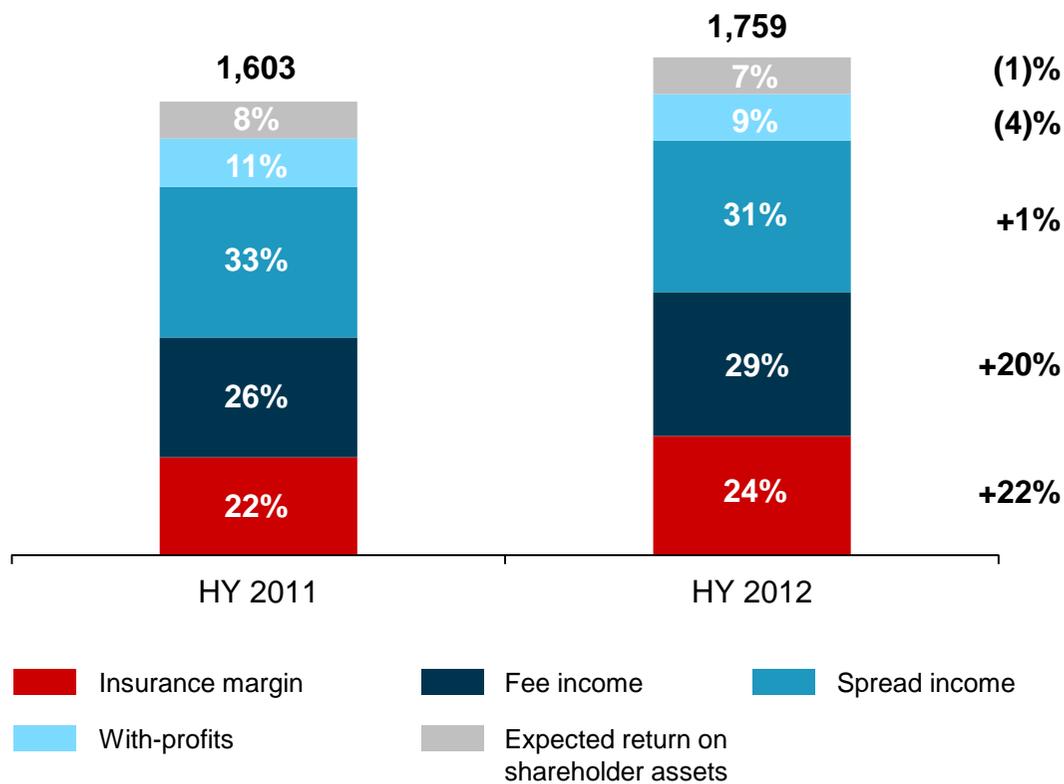
¹ Net of Asia development expenses (HY 11: £(2)m, HY 12: £(3)m).

Profitability – IFRS

Diversified and resilient Life earnings

IFRS operating income¹, £m

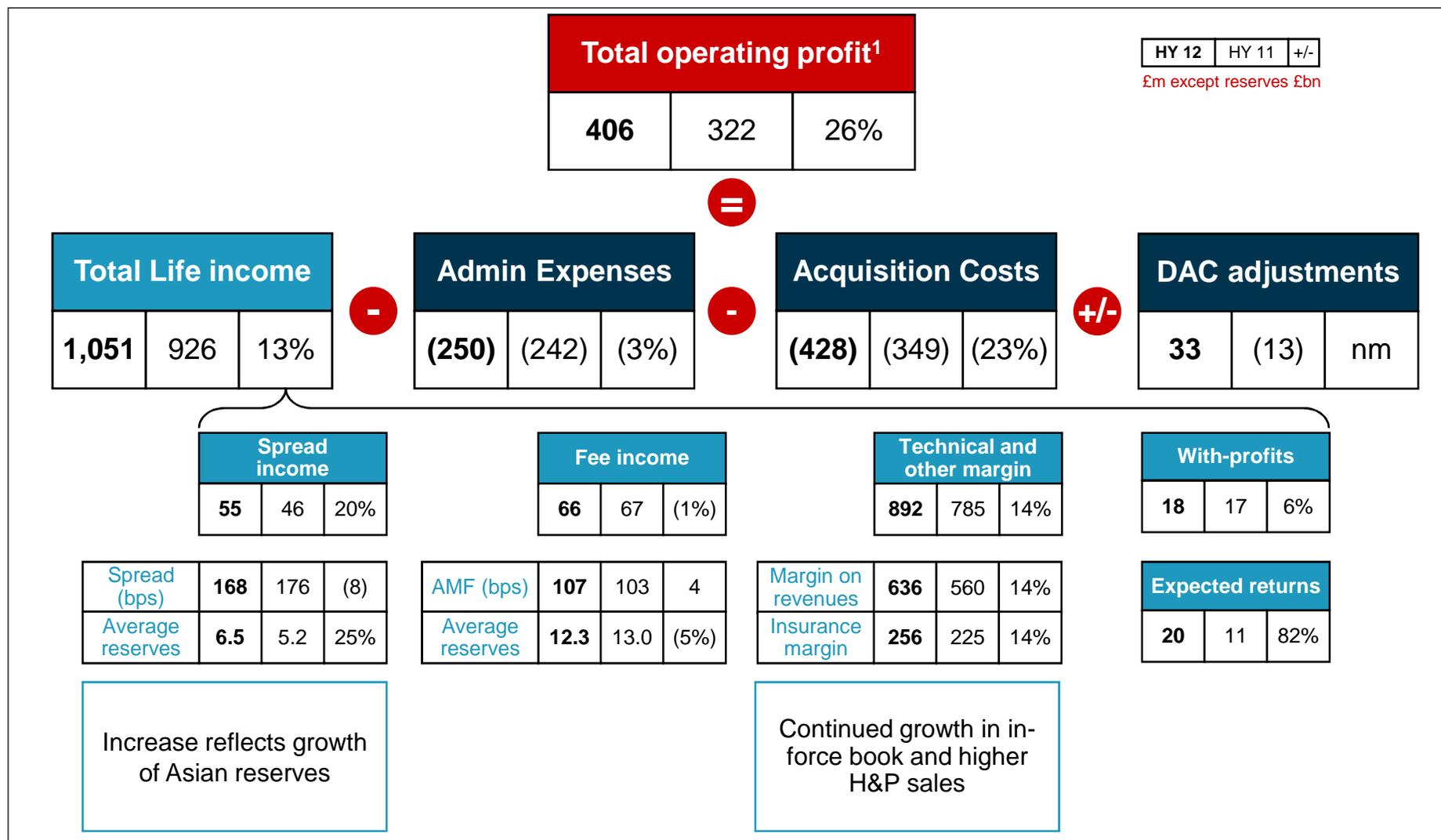
Growth %
HY 12 vs. HY 11



¹ Excludes margin on revenues, acquisition and administration expenses and DAC amortisation.

IFRS operating profit – source of earnings

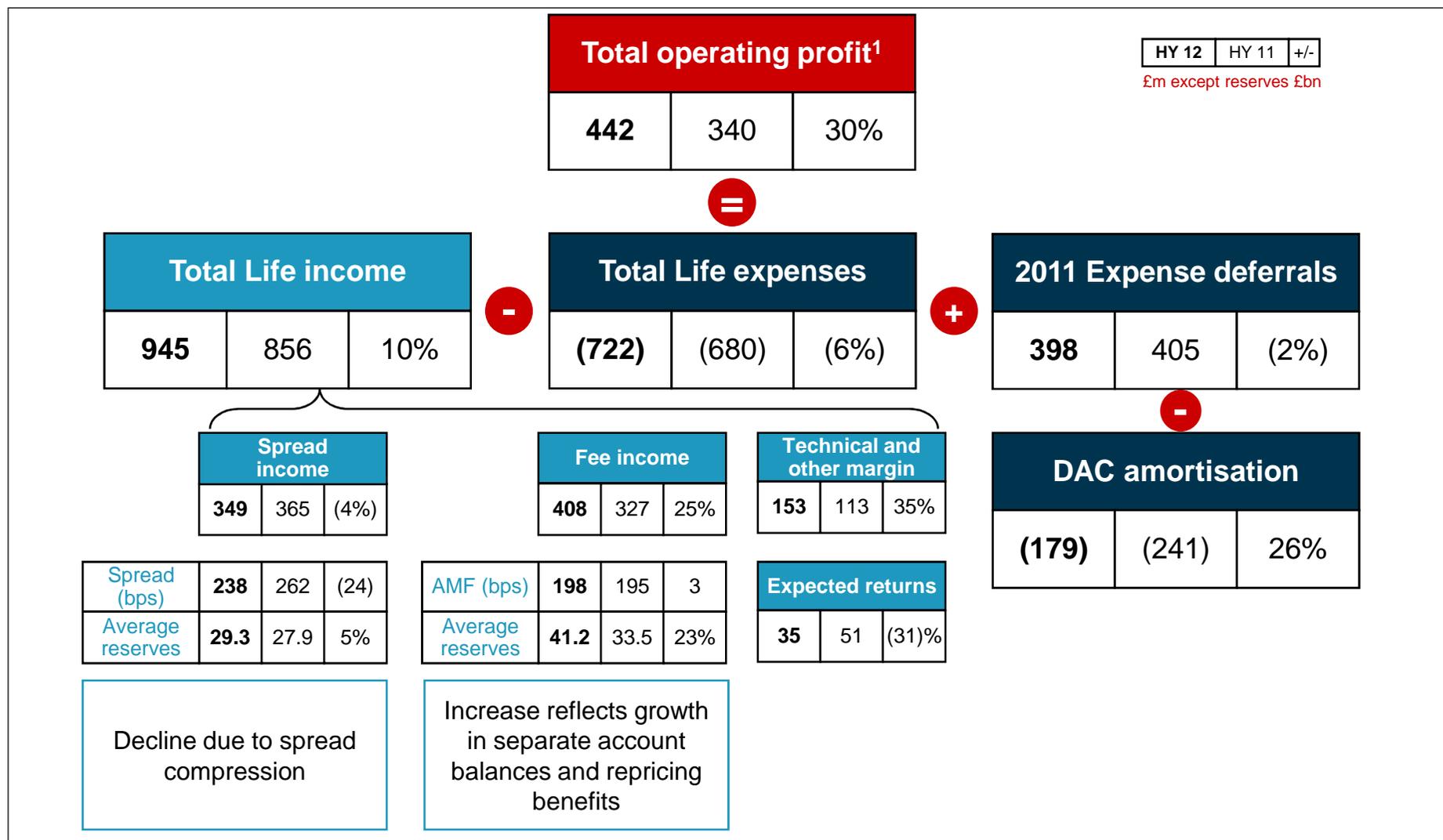
Life insurance - Asia



¹ HY 2011 adjusted for the retrospective application of the new DAC policy.

IFRS operating profit – source of earnings

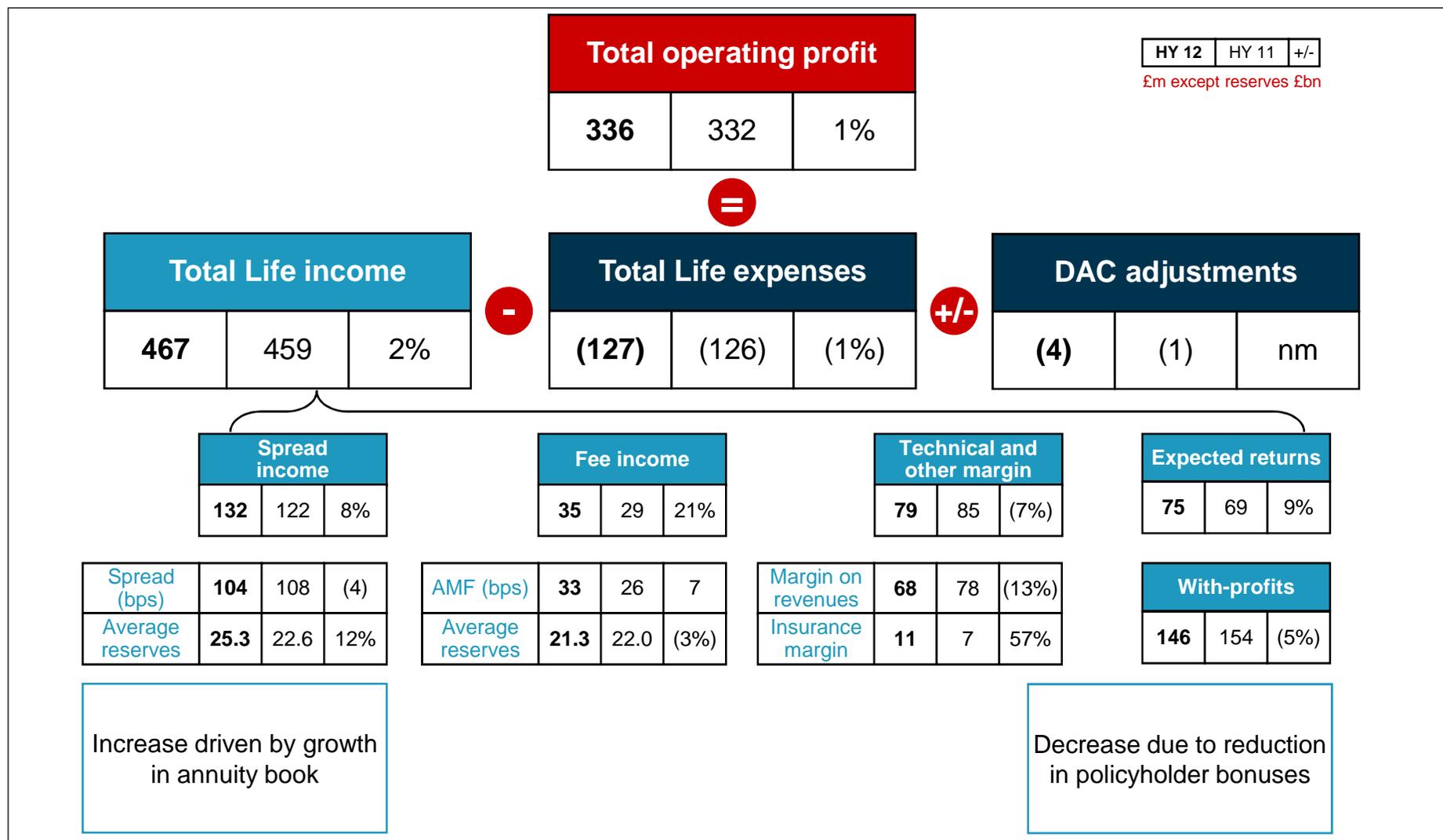
Life insurance - US



¹ HY 2011 adjusted for the retrospective application of the new DAC policy.

IFRS operating profit – source of earnings

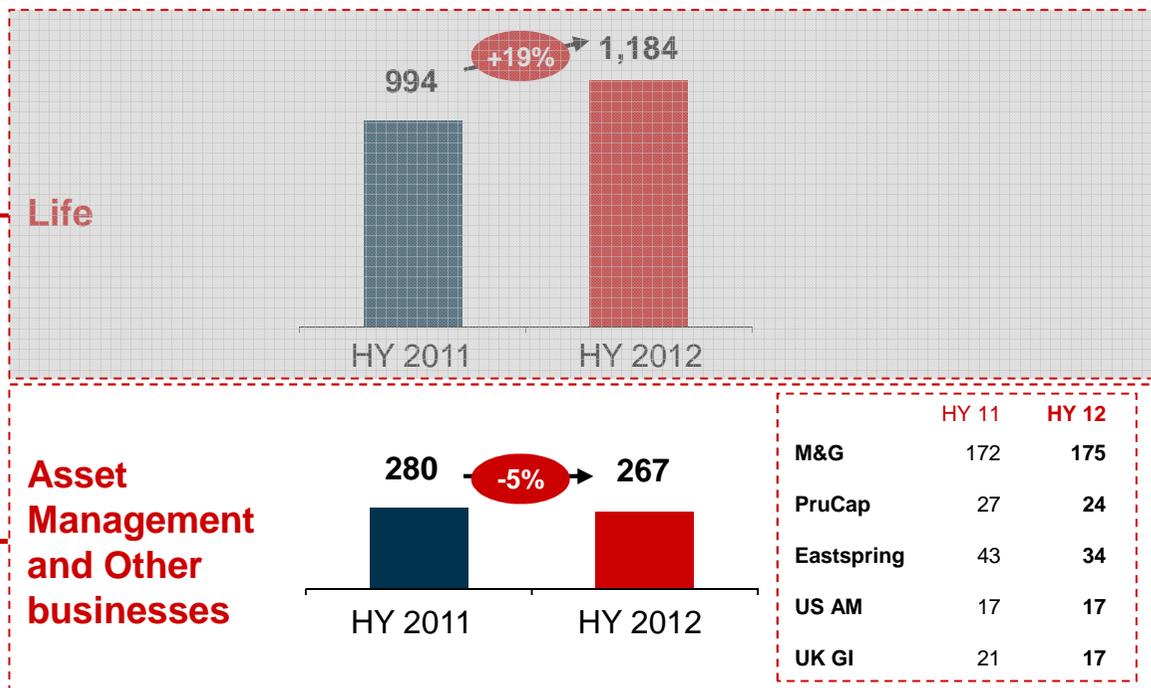
Life insurance - UK



Profitability – IFRS

IFRS profits up 13%

IFRS operating profit¹, £m



¹ HY 2011 adjusted for the retrospective application of the new DAC policy.

Profitability – IFRS

IFRS profits up 13%

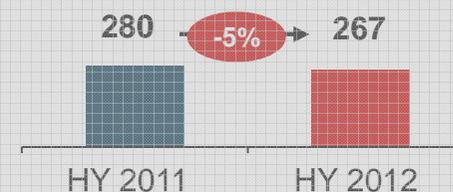
IFRS operating profit¹, £m



Life

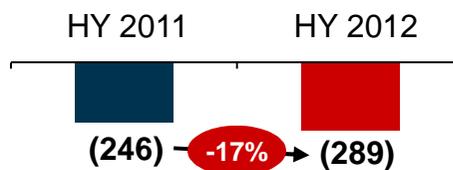


Asset Management and Other businesses



	HY 11	HY 12
M&G	172	175
PruCap	27	24
Eastspring	43	34
US AM	17	17
UK GI	21	17

Other income and expenses / restructuring

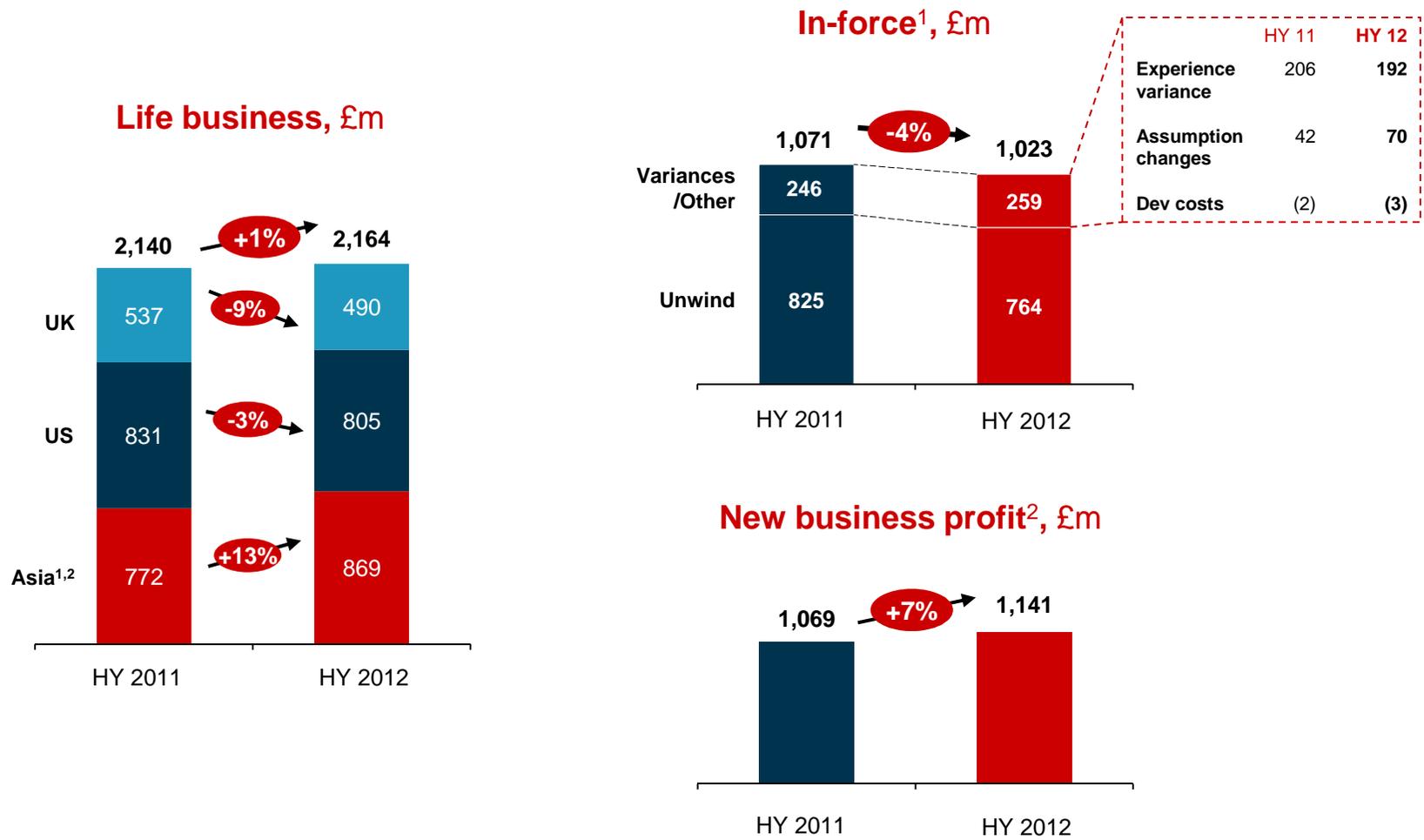


	HY 11	HY 12
Net Interest	(140)	(140)
Corporate/ RHO	(118)	(120)
Solvency II costs	(27)	(27)
Other/ Restructuring	(3)	(2)
RPI/CPI change	42	-

¹ HY 2011 adjusted for the retrospective application of the new DAC policy.

Profitability – EEV

Return on Embedded Value of 16%



¹ Net of Asia development expenses (HY 11: £(2)m, HY 12: £(3)m).
² Excluding Japan.

Equity shareholders' funds

Resilient and growing

Overview

Growth &
Profitability

Cash &
Capital

	IFRS Equity ¹		EEV Equity	
	£bn	EPS (p)	£bn	EPS (p)
After-tax operating profit	0.9	35	1.5	61
Investment variance ²	0.1	3	(0.1)	(4)
Profit for the period	1.0	38	1.4	57
Unrealised gain on AFS ³	0.2	8	0.0	0
Foreign exchange and other	(0.1)	(1)	(0.1)	(5)
Dividend	(0.4)	(17)	(0.4)	(17)
Retained earnings	0.7	28	1.0	35
Opening shareholders' equity	8.6	336	19.6	771
Closing shareholders' equity	9.3	364	20.6	806
Increase in shareholder equity⁴		+13%		+7%

¹ HY 2011 adjusted for the retrospective application of the new DAC policy.

² Includes non-operating profit.

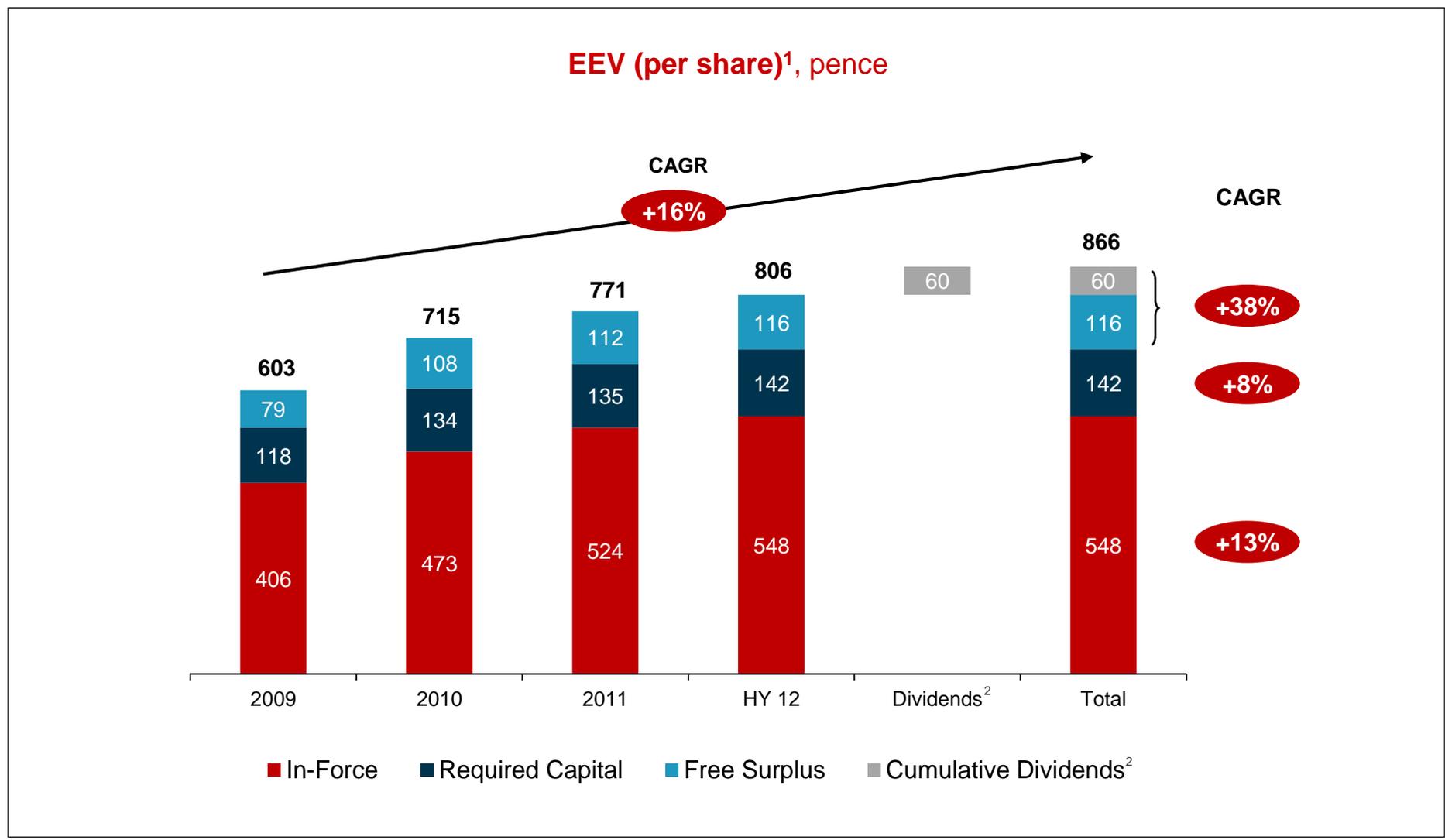
³ For IFRS relates to JNL fixed income portfolio accounted as available for sale. For EEV, represents mark to market movements on JNL assets backing surplus and required capital.

⁴ Adjusted for 2011 final dividend paid in the period.



Equity shareholders' funds

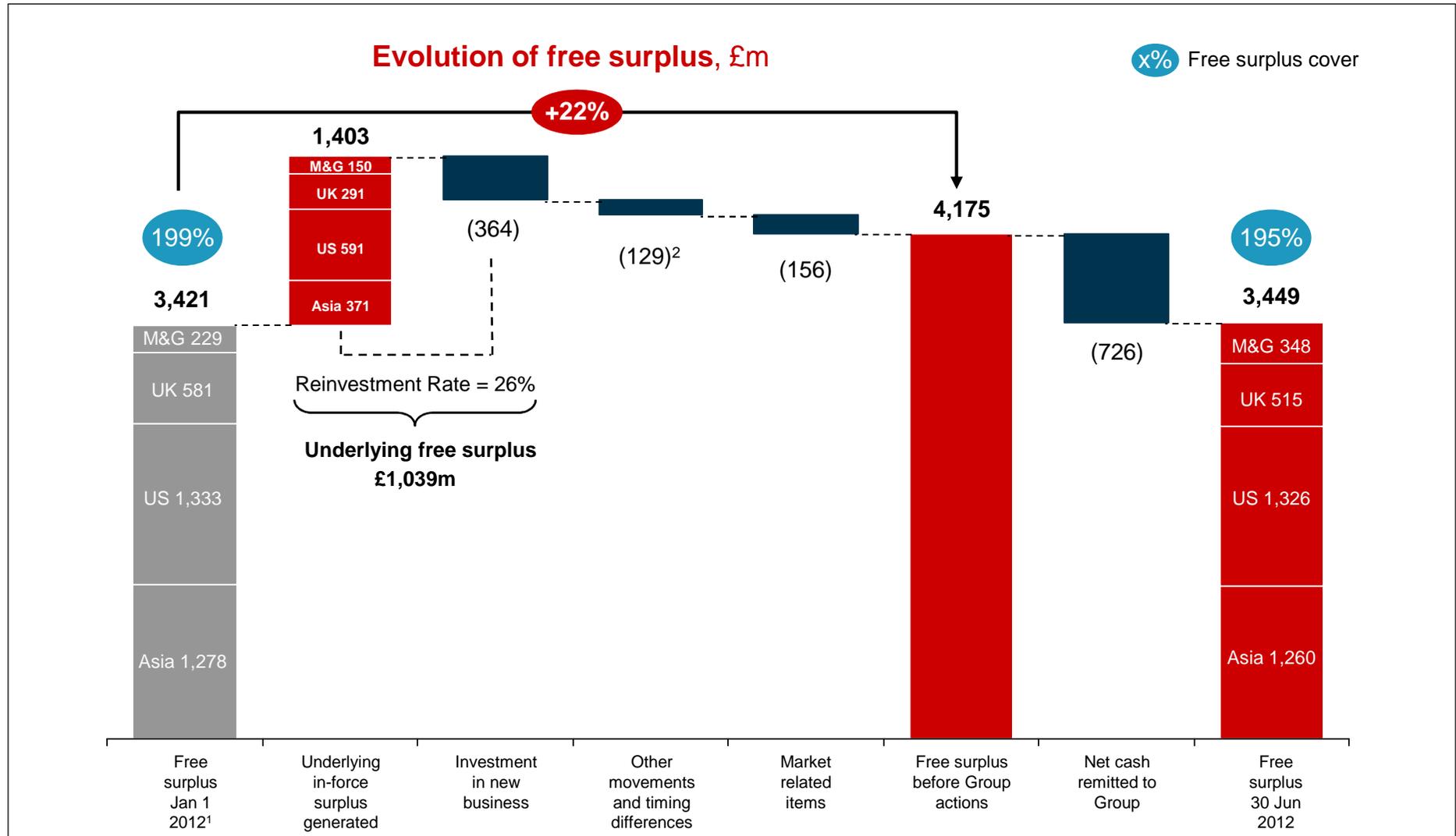
Resilient and growing



¹ Including goodwill attributable to shareholders.
² Total dividends paid since 1 January 2009 of 63p, less deduction for scrip.

Cash and capital generation

Free surplus stock



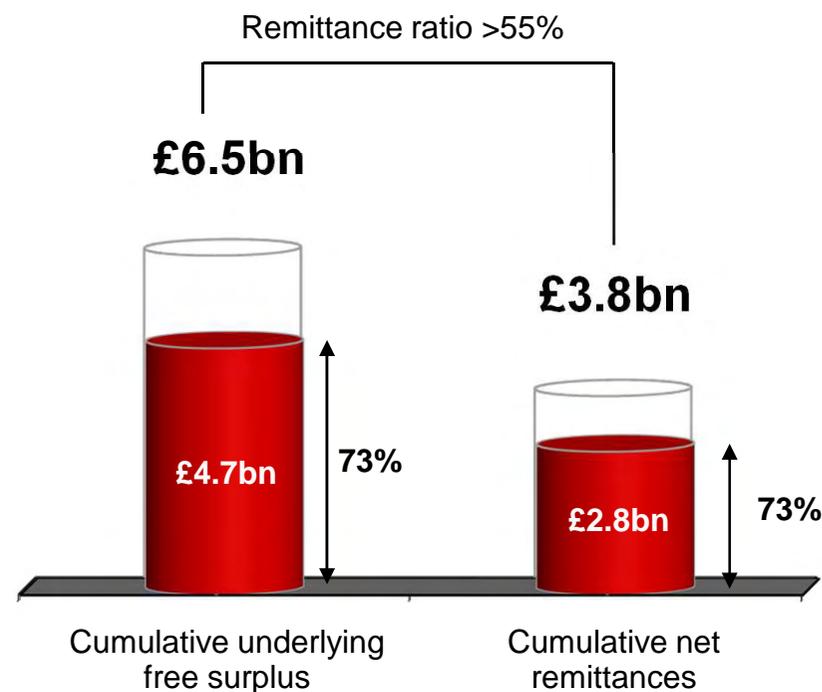
¹ Asia and US include asset management and UK includes GI commission.
² Includes gain of £42m as a result of the divestment of M&G's holding in PPMSA.

Cash and capital generation

Net remittances: 73% of Group objectives achieved

	HY 09 £m	HY 10 £m	HY 11 £m	HY 12 £m
UK with-profit	284	202	223	216
UK shareholder-backed	(16)	61	42	14
US	-	-	320	247
Asia	21	67	105	126
M&G ¹	86	130	- ²	123
Net remittances to group	375	460	690	726

Group objectives 2010-13, £bn



¹ Includes Prudential Capital.

² In 2011 M&G remitted its full year dividend in the second half of the year.

Balance sheet

Defensive positioning maintained



Maintained capital strength

- IGD surplus £4.2bn equivalent to a cover of c270%
- With-profits estate £6.1bn

Credit position improved

- UK: £2.1bn default provision maintained
- Unrealised gains on US debt securities of £2.5bn (FY 2011: £2.1bn).
US impairments of £25m in HY 2012

Strong liquidity position

- £1.2bn of central cash resources and £2.1bn of untapped liquidity facilities
- Next call date Dec 2014 for \$750m T1 perpetual bond

Continued balance sheet conservatism

- Variable annuity hedging remains robust
- Minimal direct shareholder exposure to PIIGS sovereign and bank debt

Jackson

Capital, hedging and policyholder behaviour



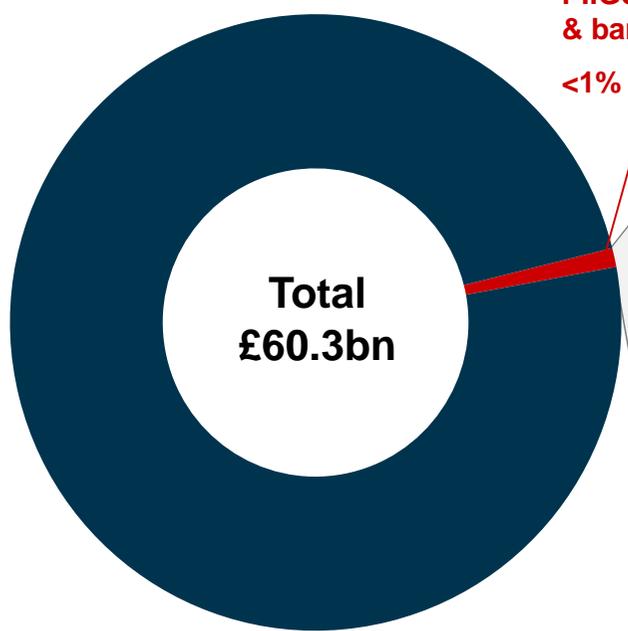
	Total adjusted Capital
	US\$bn
31 Dec 2011	3.9
Operating profit	0.5
Dividend	(0.4)
Reserves/Hedging	-
Other	0.1
30 Jun 2012	4.1

- Impact of market movements offset by hedging program
- Total adjusted capital excludes gains on interest rate swaps: \$649m at Jun 2012 (Dec 2011: \$474m)
- Earned guarantee fees of 120 bps per annum (c\$400m in HY 2012). Guarantee fees continue to be sufficient to cover cost of hedging
- Annual policyholder behaviour experience review in Q2 confirmed prudence of our assumptions
- Equities allocations remain below our 82% pricing assumption:
 - New business: 54% equities (versus 62% in HY 11)
 - In-force book: 63% equities (at end HY 12)
- Only 17% of book 'in the money' from issued levels at end H1

Balance sheet

Total PIIGS sovereign and bank debt of only £344m

Breakdown of the shareholder debt securities portfolio, %



Shareholder invested assets – PIIGS countries as at 30 June 2012, £m

	Sovereign		Bank debt				Total
		Institution	Senior	Tier I	Tier II	Covered	
Portugal	-	Banco Comercial Portugues Espirito Santo Financial Group	14	-	-	-	14
Ireland	-	Bank of Ireland	14	-	-	-	14
Italy	44	Intesa SanPaolo Unicredit	11	47	-	-	58
Greece	-	-	-	-	-	-	-
Spain	1	Banco Santander	10	3	42	137	192
Total	45		61	59	42	137	299

Total PIIGS sovereign & bank debt = £344m



Prudential plc 2012 half year results

Agenda

Business Review

Tidjane Thiam

Financial Review

Nic Nicandrou

Outlook and Q&A

Tidjane Thiam

Outlook



Q&A



A night-time photograph of the Statue of Liberty in New York City. The statue is illuminated and stands on the right side of the frame. In the background, the city skyline is visible with many skyscrapers lit up. The scene is viewed from under a bridge, with the bridge's structure visible at the top. A red banner with white text is overlaid at the top left.

INVESTOR CONFERENCE 2012

Venue: Trump Soho
New York, USA

28-29 November 2012

RSVP: investor.relations@prudential.co.uk

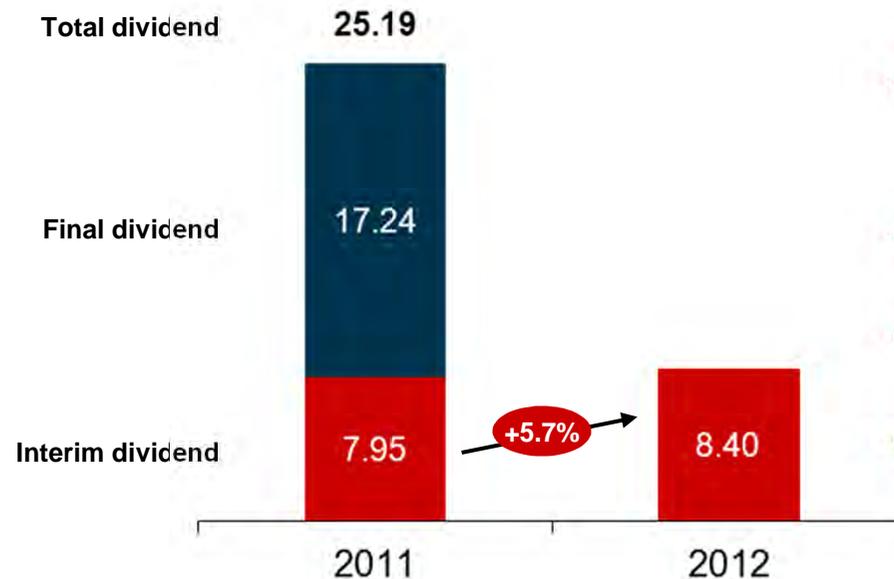
Appendix



Dividend

Interim dividend increased by 5.7%

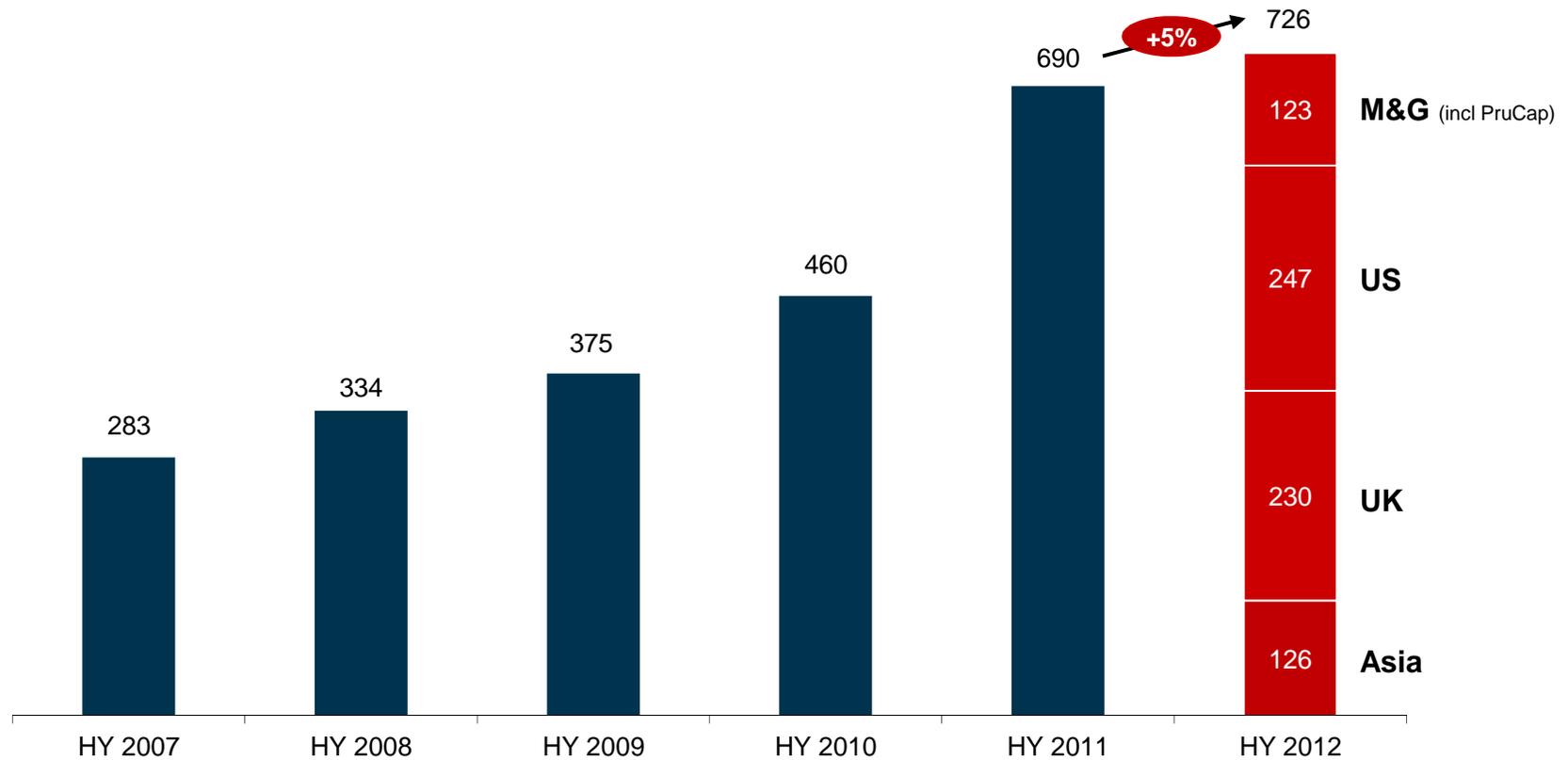
Dividend, pence per share



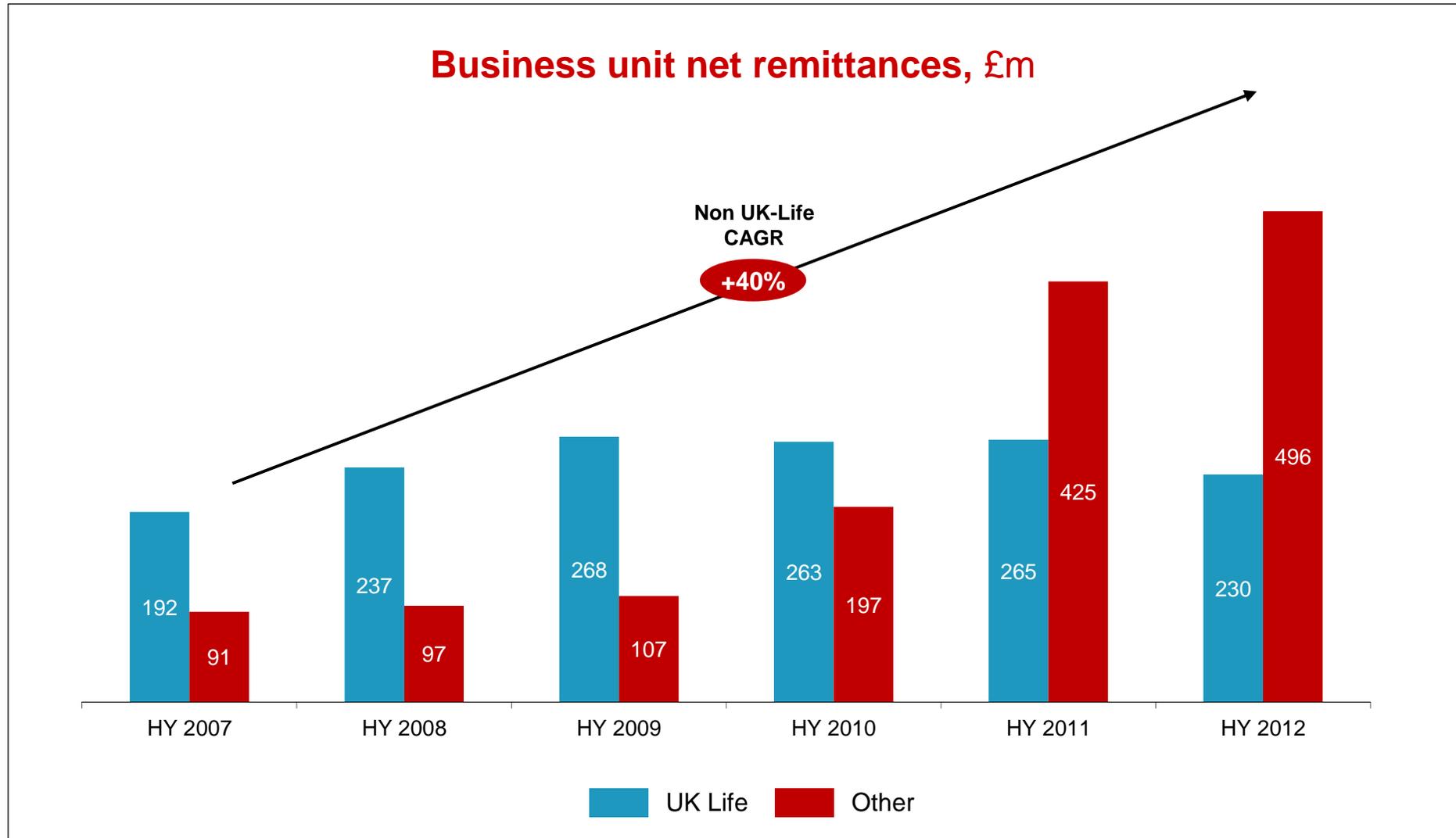
- Interim dividend increased by 5.7 per cent to 8.40 pence per share
- Ex-dividend date: 22 August 2012
- Record date: 24 August 2012
- Payment of dividend: 27 September 2012

Net cash remittances Group

Business unit net remittances, £m

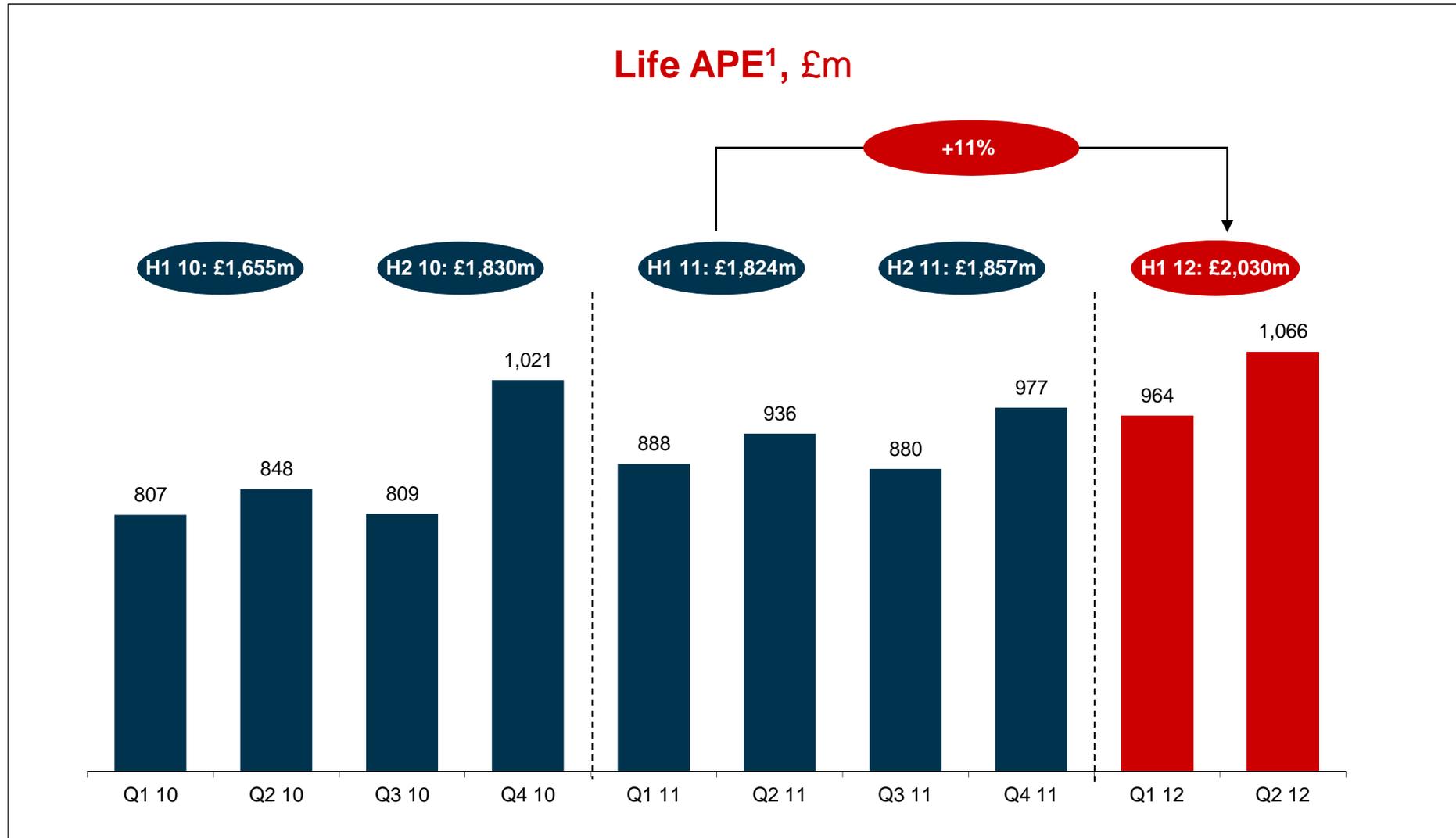


Net cash remittances UK and other



New business growth

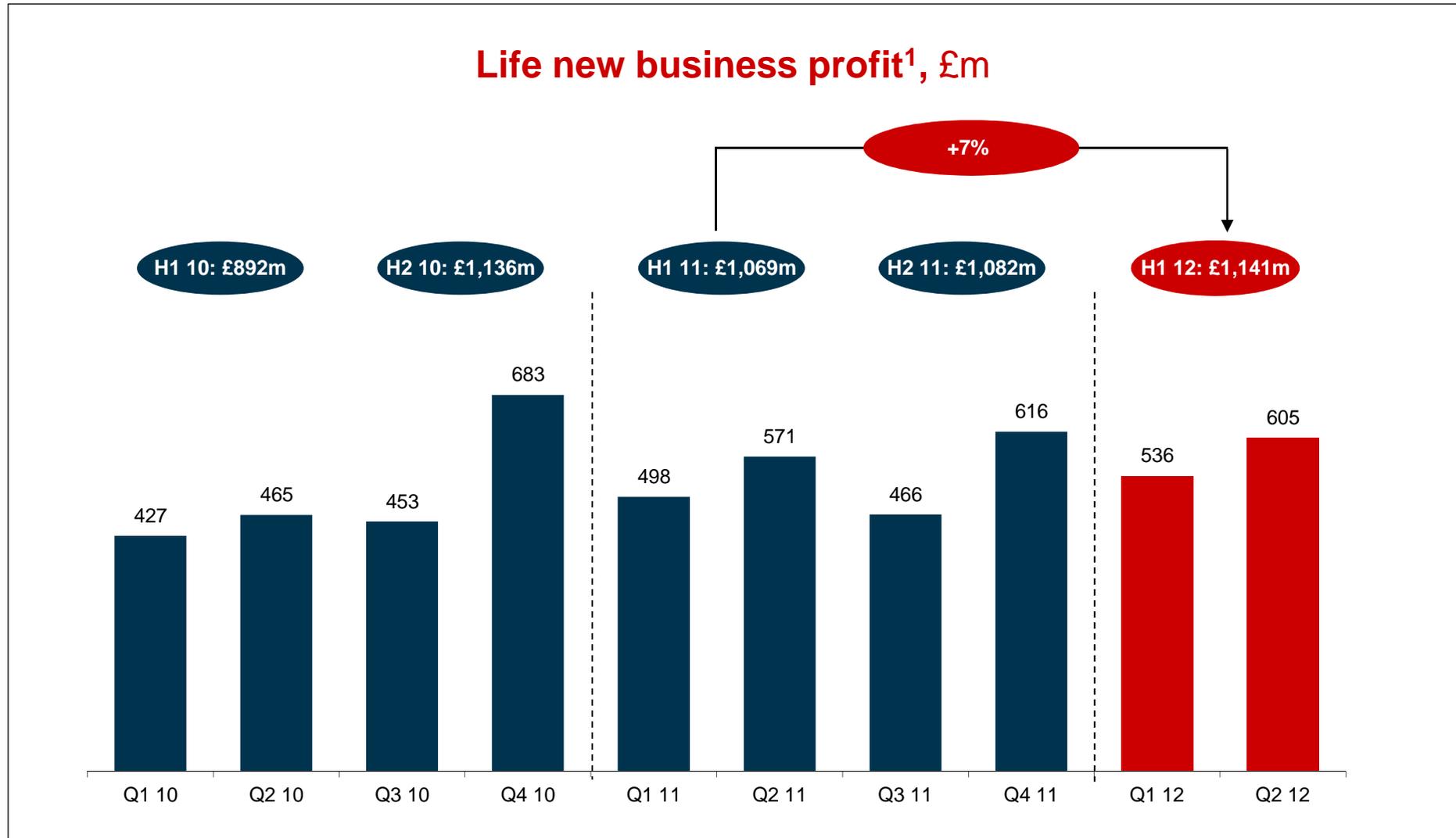
Group life APE



¹ Excluding Japan.

New business growth

Group life new business profit

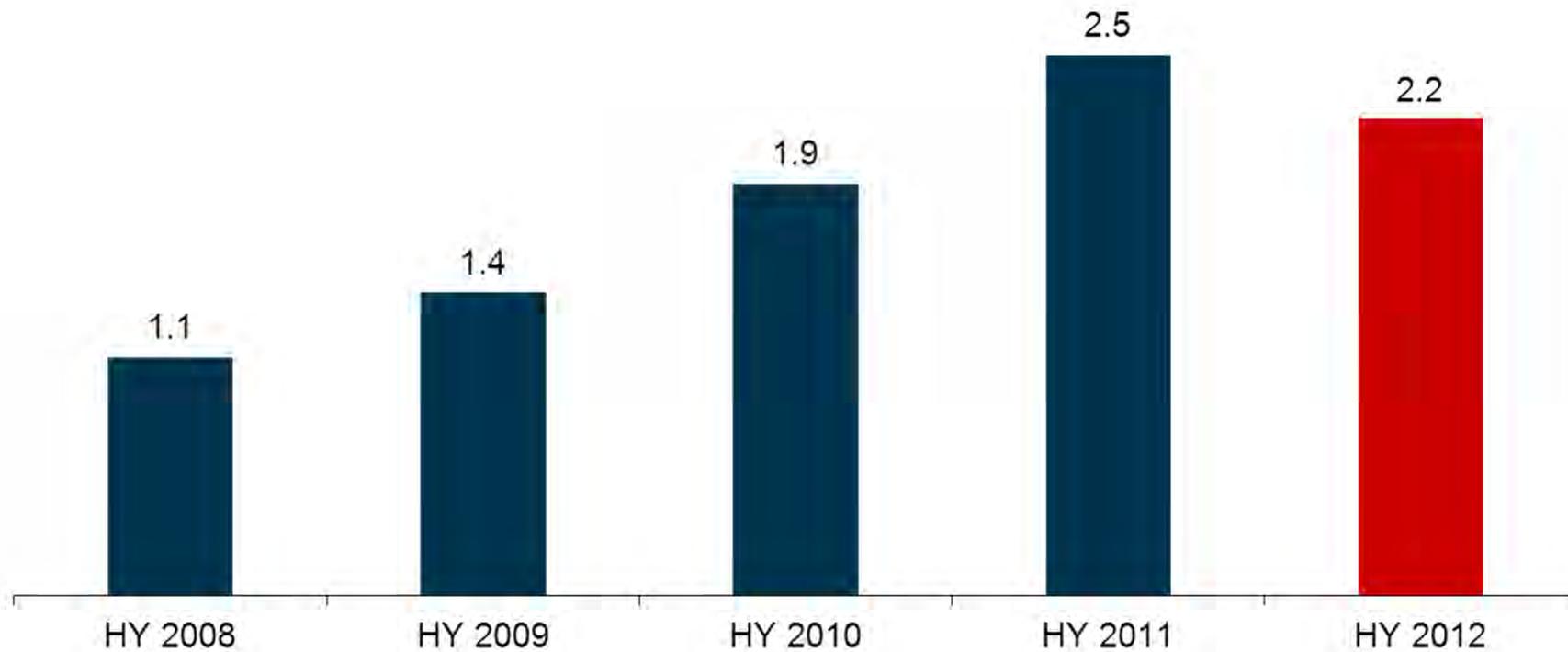


¹ Excluding Japan.

New business growth

Group life returns on new business investment

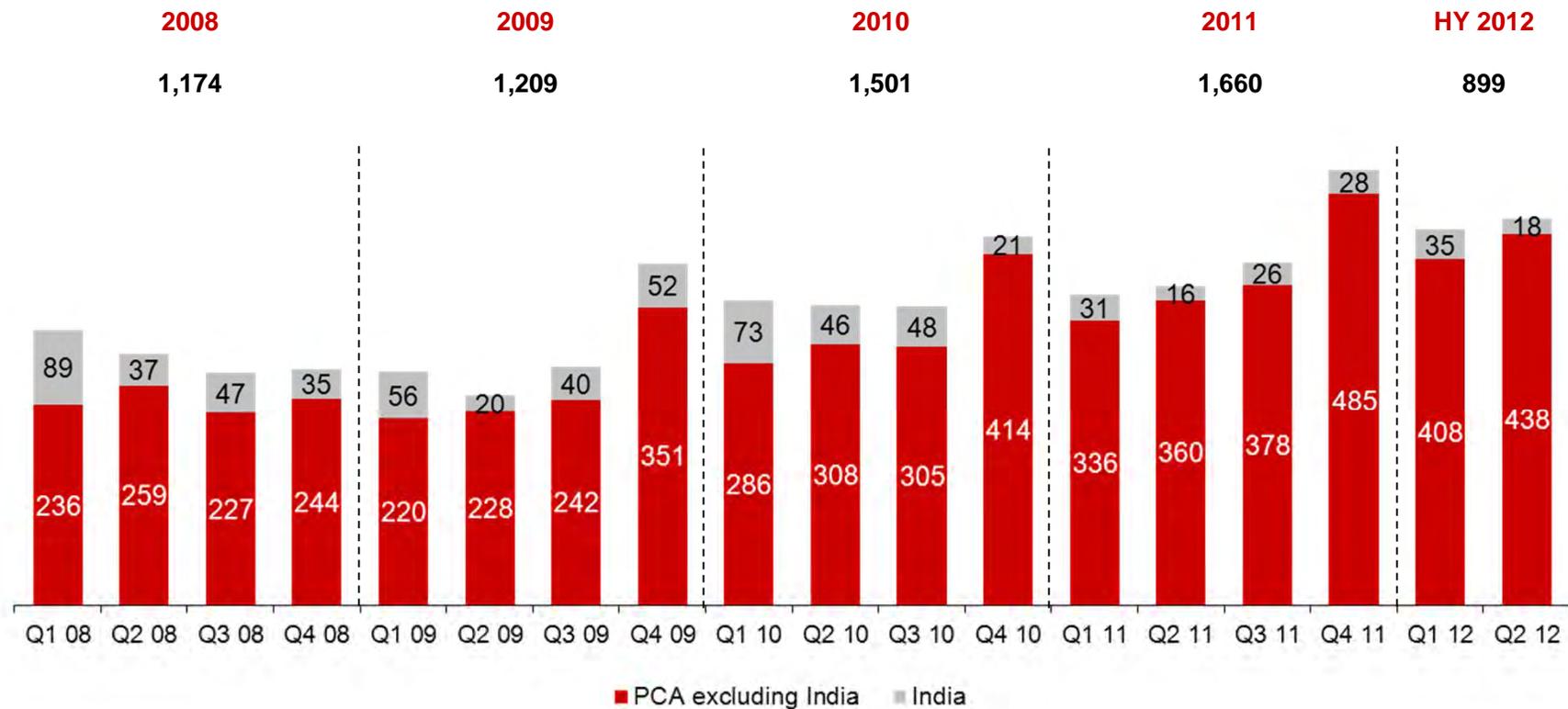
Post-tax new business profit per £ of new business strain¹



¹ Free surplus invested in new business; excludes Japan.

Asia Life APE by quarter

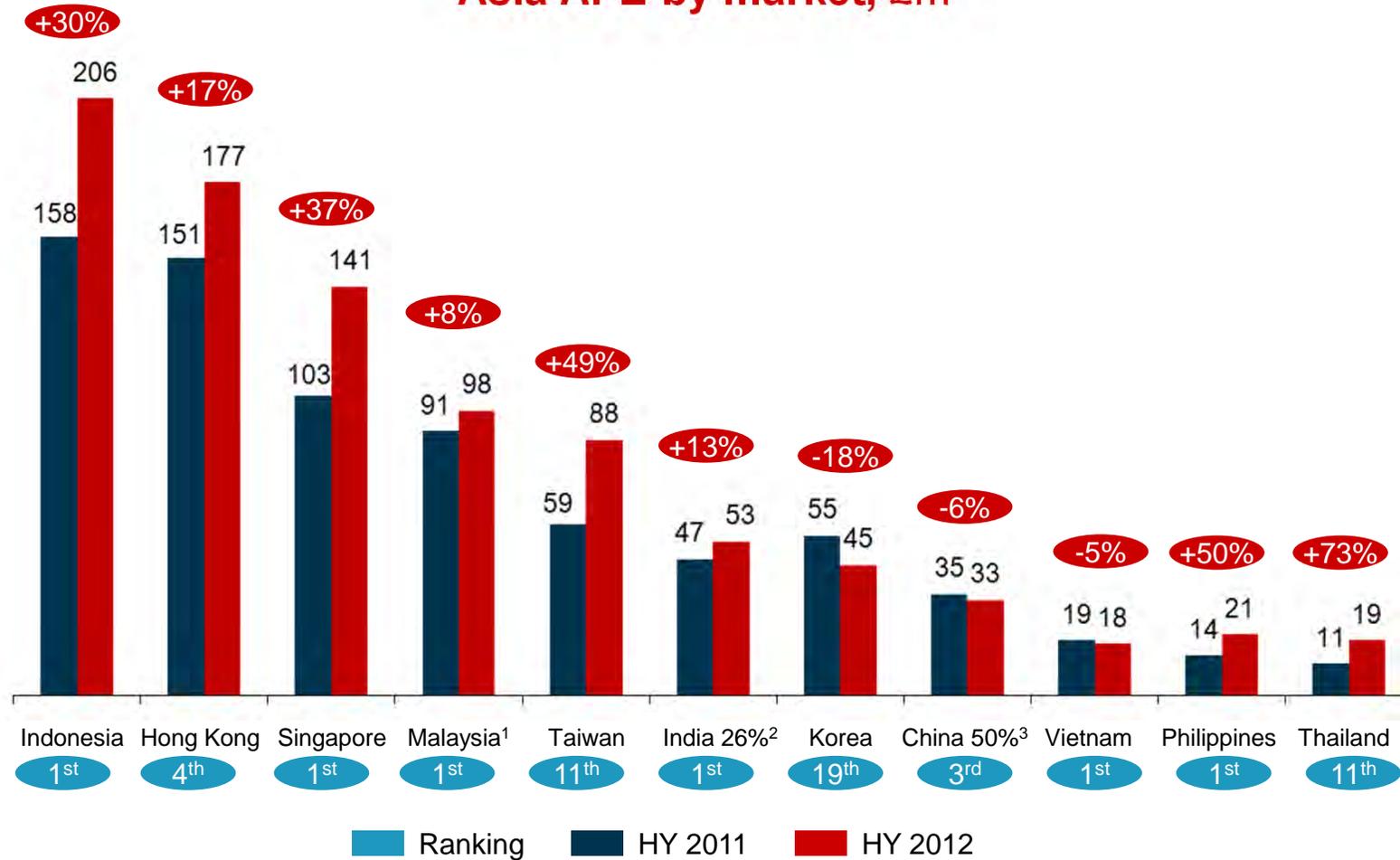
Asia APE¹ trend by quarter, £m



¹ Excludes Japan and Taiwan agency; prepared on an AER basis.

Asia Life APE by market

Asia APE by market, £m



¹ Includes Takaful sales @100%.

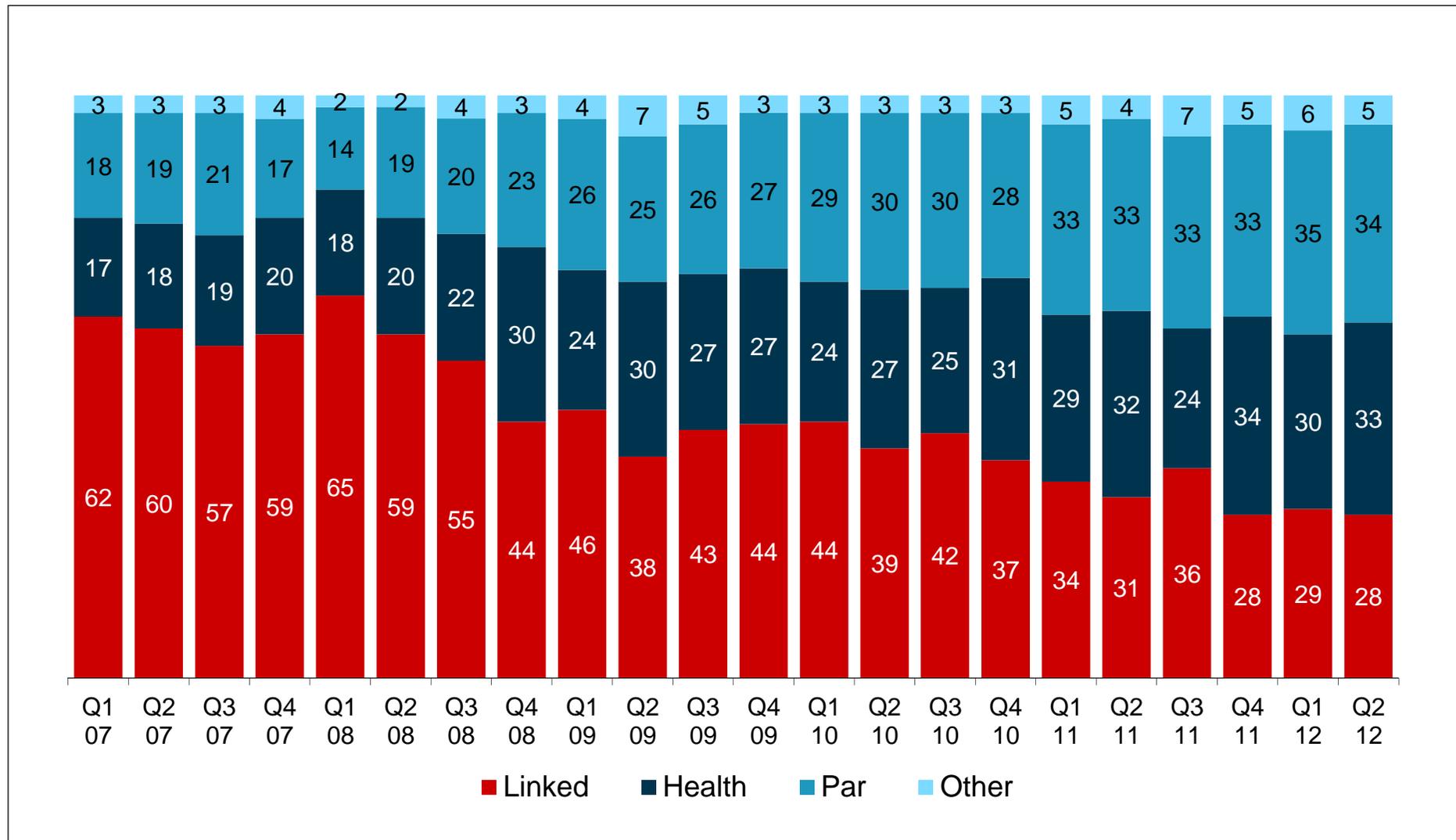
² Ranking amongst foreign JVs; market share amongst all insurers.

³ Ranking amongst foreign JVs, market share amongst all foreign and JVs.

Source: Based on formal (Competitors' results release, local regulators and insurance associations) and informal (industry exchange) market share data. Ranking based on new business (APE or weighted FYP depending on the availability of data).

Asia Life

APE sales by product - %



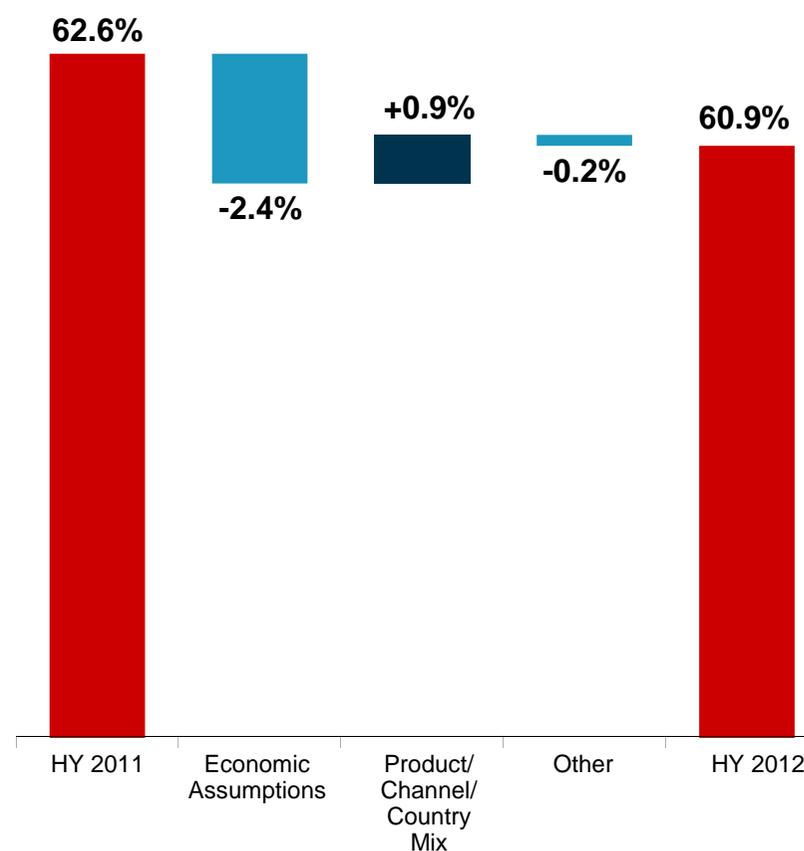
Asia Life

New business margins

New business margin by country as % of APE

	HY 2011	HY 2012
China	40%	41%
Hong Kong	72%	57%
India	21%	19%
Indonesia	76%	87%
Korea	41%	43%
Taiwan	26%	19%
Others	73%	70%
Total	63%	61%

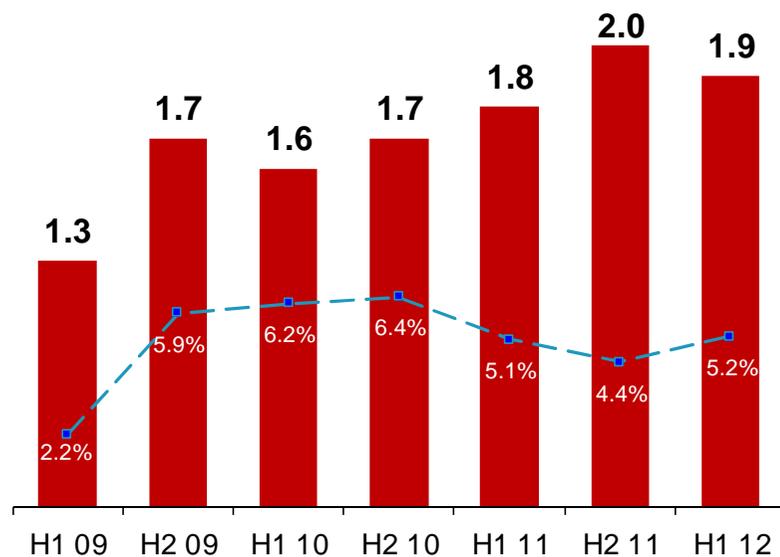
Analysis of movement in Asia New business profit margin, %



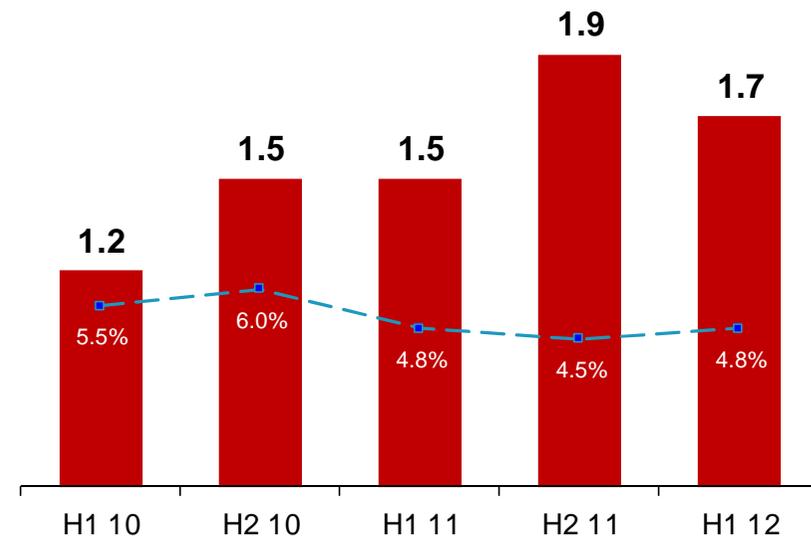
Asia Life

Net inflows and persistency

Asia Life inflows¹, £bn



Asia Life inflows (ex-India)¹, £bn



--- Surrenders/withdrawals as % of opening liabilities

¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums (after deducting insurance & other margins).

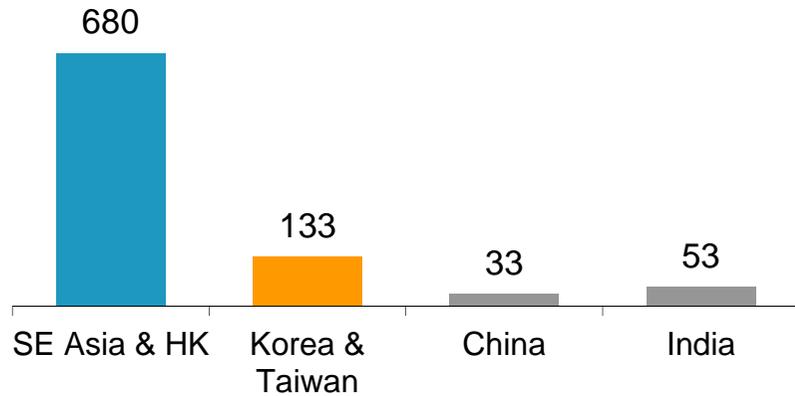
Asia Life

APE and NBP margin

APE HY 2012, £m

APE growth, HY 2012 vs. HY 2011

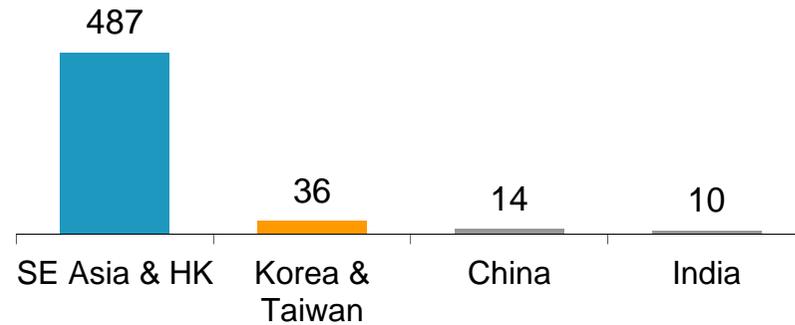
+24%	+17%	-6%	+13%
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New business profit HY 2012, £m

NBP margin, % of APE

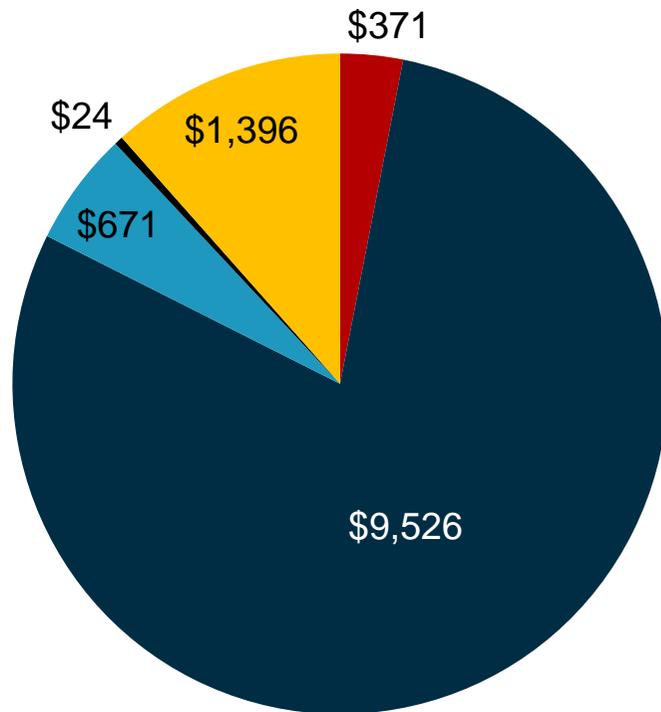
72%	27%	41%	19%
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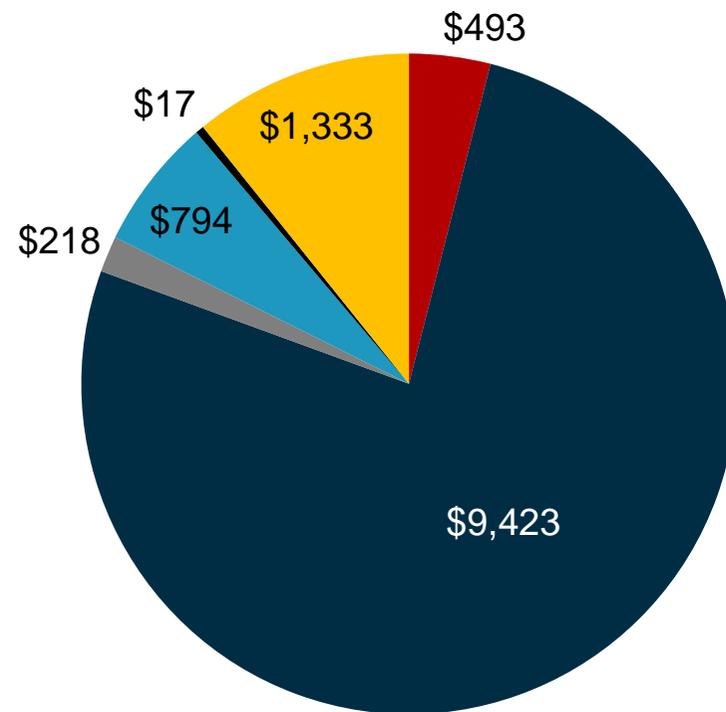
US retail sales and deposits HY 2012

Retail sales and deposits, \$m

HY 2011 = \$11,988m



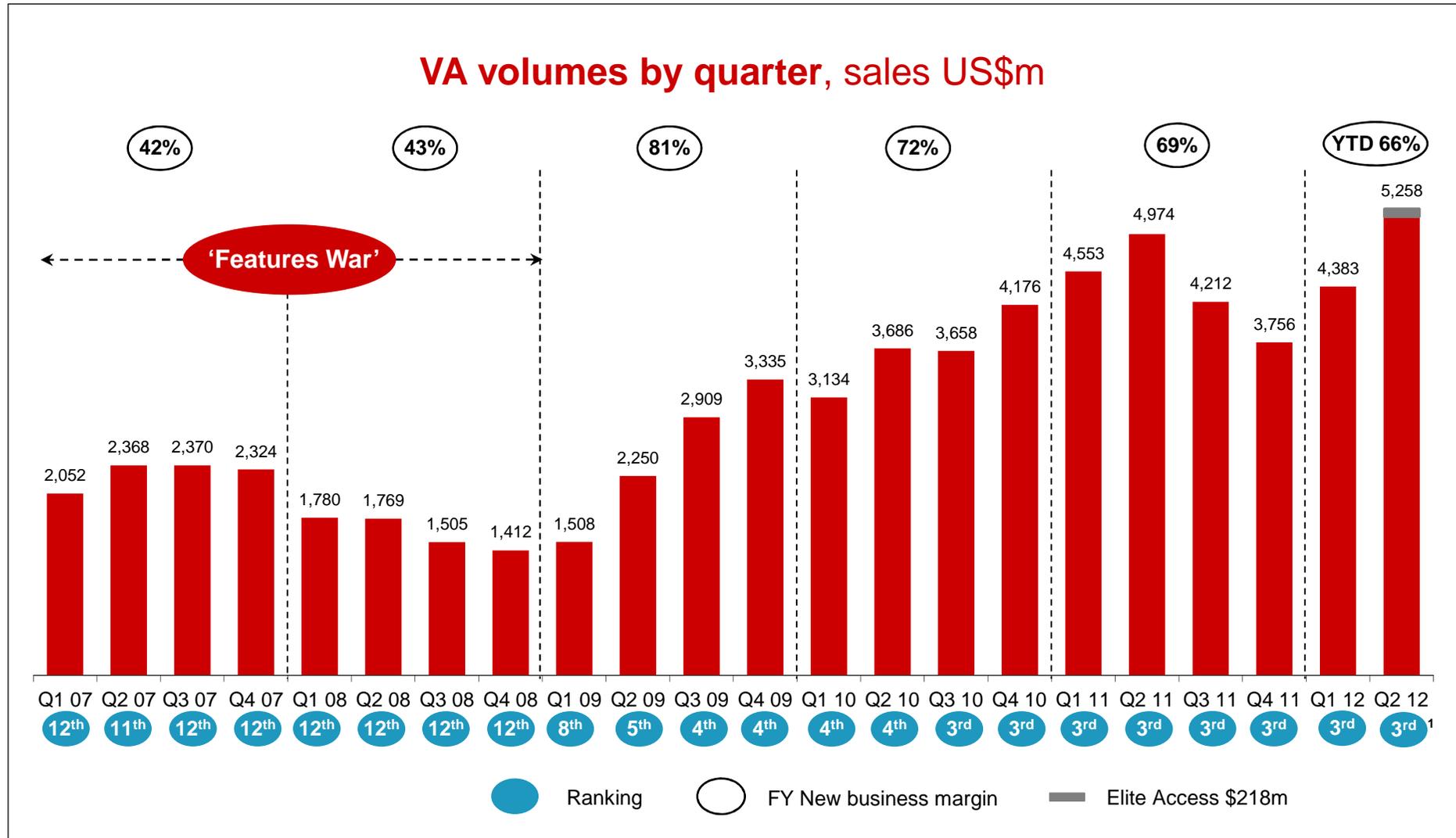
HY 2012 = \$12,278m



- Fixed Annuities
- Elite Access
- Life insurance
- Variable Annuities
- Index Annuities
- Curian

US Life

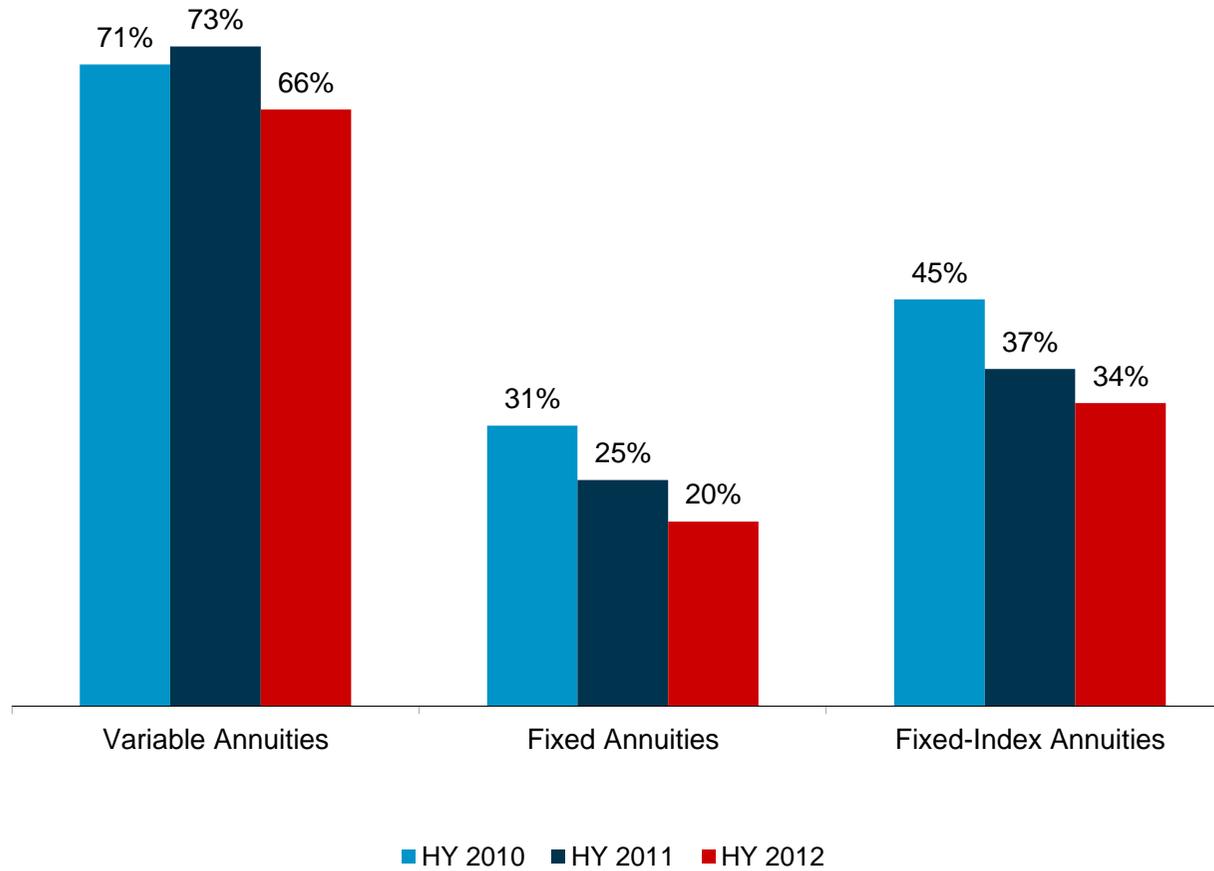
Variable annuities volumes



¹ Estimated.

US Life New business margin

New business margin – % APE

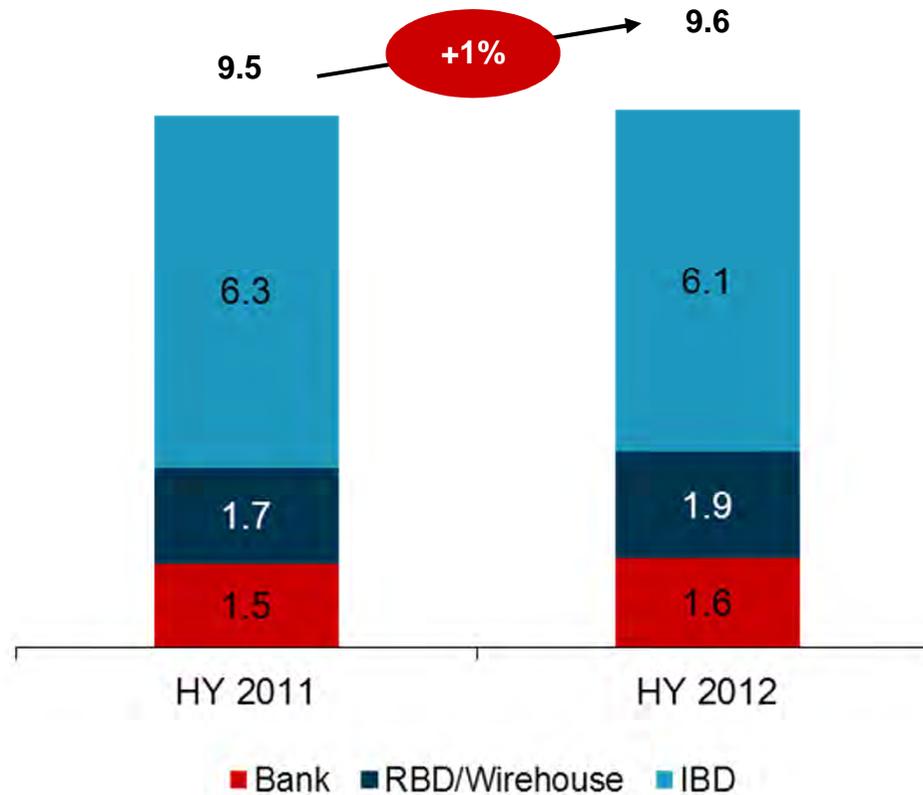


US Life

Variable annuity distribution

Variable annuity sales by distribution channel, US\$bn

HY 2012 includes \$0.2bn of 'Elite Access' sales



IBD: Independent Broker/Dealer, RBD: Regional Broker Dealer.

US IFRS profit

DAC impact on results

Impact on results of DAC amortisation, £m

	2011	HY 2011	HY 2012
Gross profits¹	1,313	661	703
New business strain²	(156)	(80)	(82)
DAC Amortisation			
- Core	(316)	(175)	(204)
- (acceleration) / deceleration	(190)	(66)	25
Operating result	651	340	442
Core as % of Gross profits	24%	26%	29%

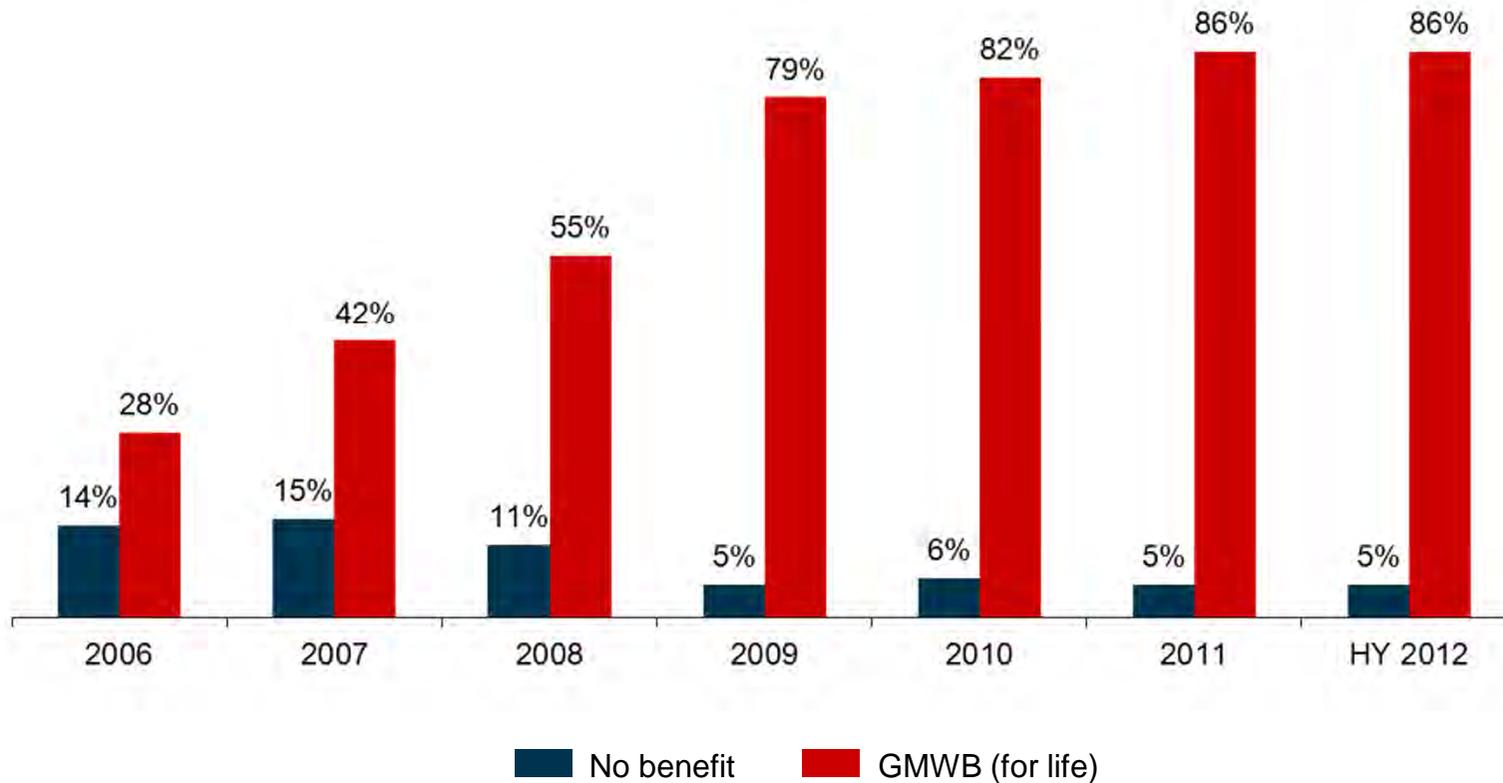
¹ Gross profits equals IFRS operating profit pre acquisition costs and pre DAC.

² Represents acquisition costs no longer deferrable following the adoption of altered US GAAP principles for deferred acquisition costs.

US Life

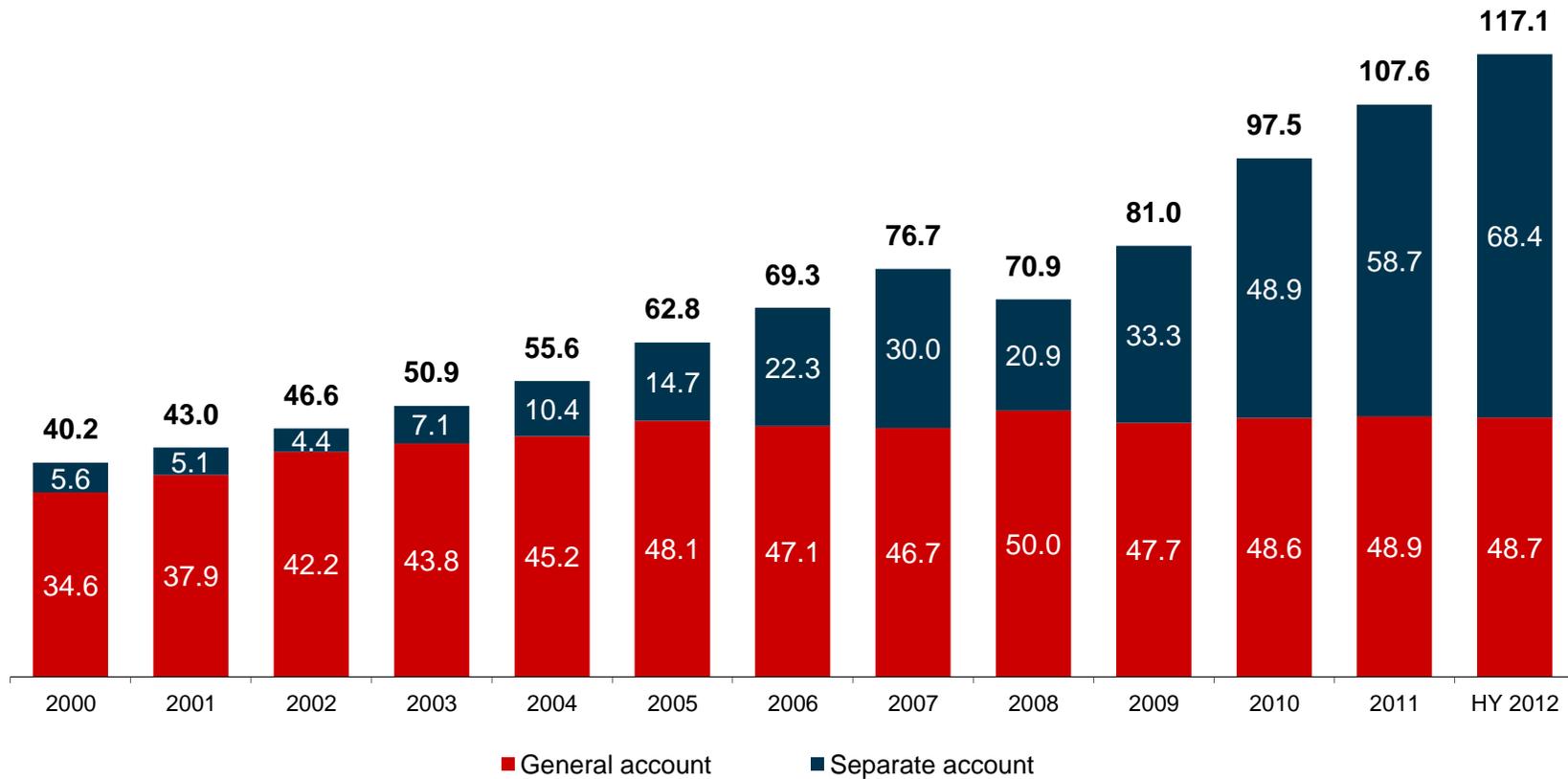
Policyholder behaviour

Optional benefits elected, % of initial benefits elected (New business)



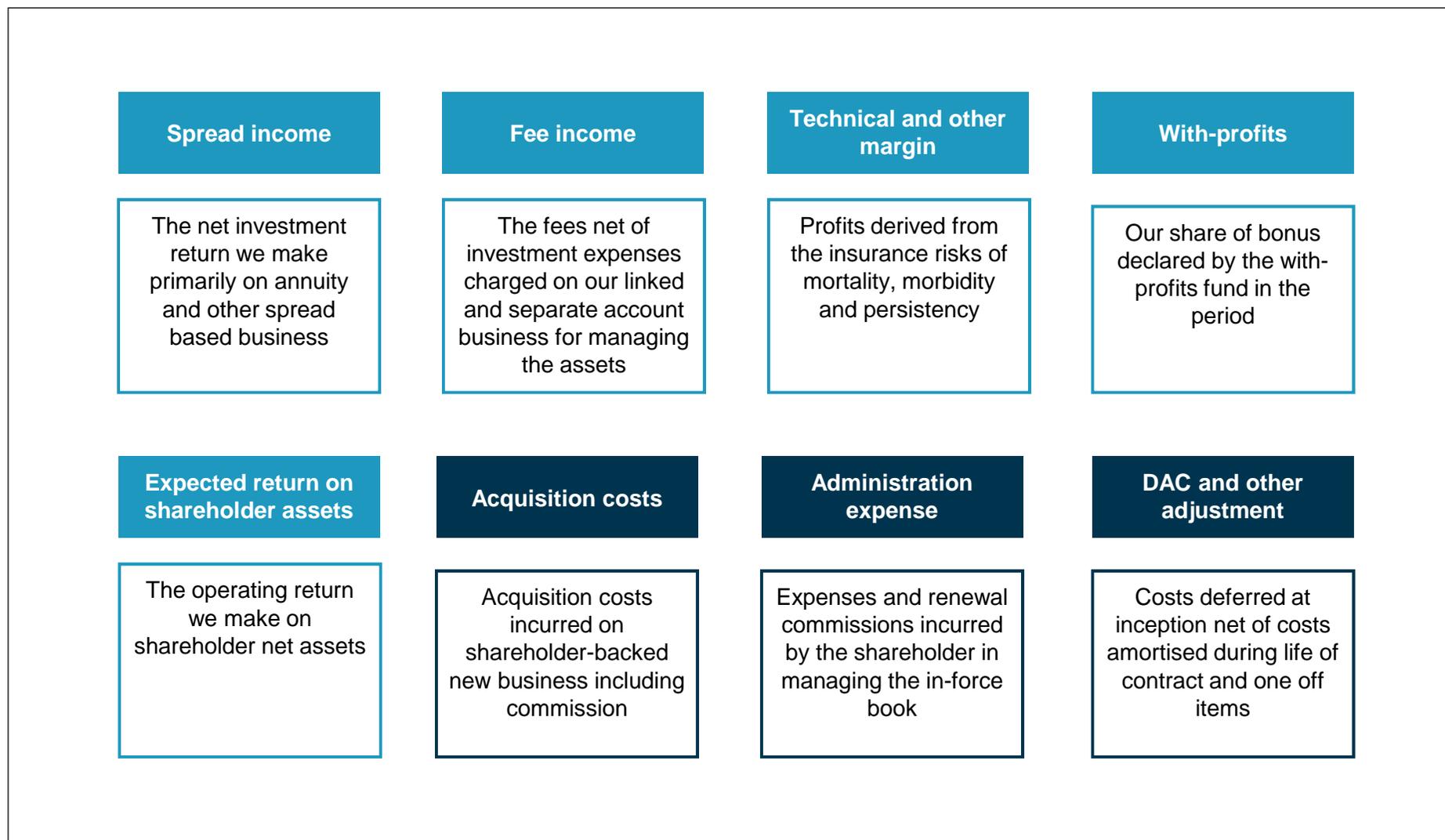
US Life Asset growth

Growth in statutory admitted assets, US\$bn



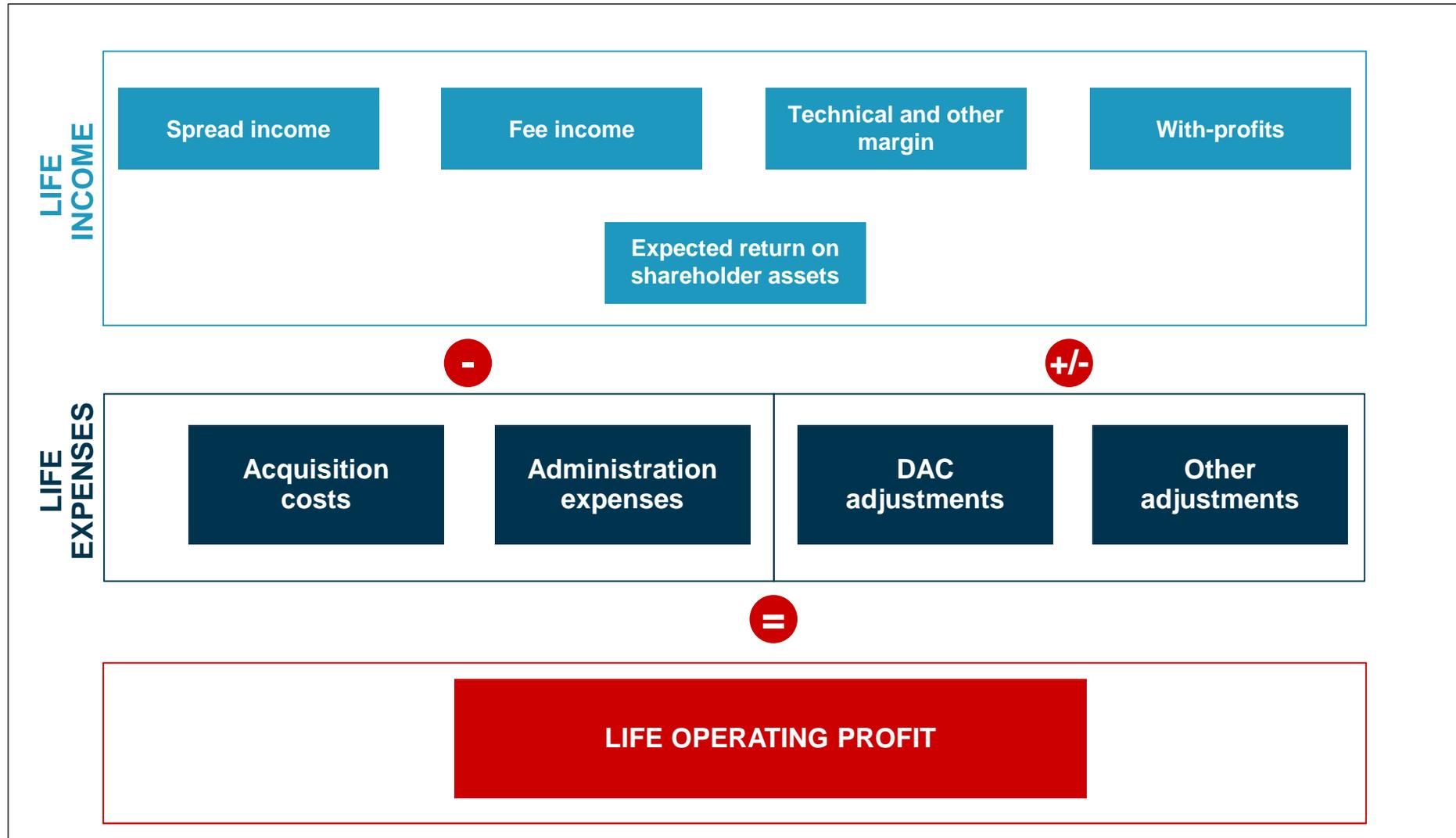
Life IFRS operating profit

Source of earnings



Life IFRS operating profit

Source of earnings



Life IFRS operating profit

Source of earnings – Group (1/3)

LIFE INCOME	Total Life income			<table border="1"> <thead> <tr> <th colspan="3">Source</th> </tr> <tr> <th>HY 2012</th> <th>HY 2011</th> <th>+/-</th> </tr> </thead> <tbody> <tr> <td>2,463</td> <td>2,241</td> <td>10%</td> </tr> </tbody> </table>			Source			HY 2012	HY 2011	+/-	2,463	2,241	10%
	Source														
HY 2012	HY 2011	+/-													
2,463	2,241	10%													
			£m												
-			+/-												
LIFE EXPENSES	Total Life expenses			DAC adjustments¹											
	(1,527)	(1,397)	(9)%	248	150	65%									
=															
			Total Life operating profit												
			1,184	994	19%										

¹ HY 2011 restated for DAC accounting adjustments.

Life IFRS operating profit

Source of earnings – Group (2/3)

				Source																																			
				HY 2012	HY 2011	+/-																																	
£m																																							
Total Life income			-	Total Life expenses																																			
2,463	2,241	10%		(1,527)	(1,397)	(9)%																																	
			+/-	DAC adjustments¹																																			
				248	150	65%																																	
<table border="0" style="width: 100%; text-align: center;"> <tr> <td colspan="2">Spread income</td> <td colspan="2">Fee income</td> <td colspan="2">Technical and other margin</td> <td colspan="2">With-profits</td> </tr> <tr> <td>536</td> <td>533</td> <td>1%</td> <td>509</td> <td>423</td> <td>20%</td> <td>164</td> <td>171</td> <td>(4)%</td> </tr> </table>							Spread income		Fee income		Technical and other margin		With-profits		536	533	1%	509	423	20%	164	171	(4)%																
Spread income		Fee income		Technical and other margin		With-profits																																	
536	533	1%	509	423	20%	164	171	(4)%																															
<table border="1"> <tr> <td>Spread (bps)</td> <td>175</td> <td>191</td> <td>(16)</td> </tr> <tr> <td>Average reserves (£bn)</td> <td>61.1</td> <td>55.7</td> <td>10%</td> </tr> </table>		Spread (bps)	175	191	(16)	Average reserves (£bn)	61.1	55.7	10%	<table border="1"> <tr> <td>AMF (bps)</td> <td>136</td> <td>124</td> <td>12</td> </tr> <tr> <td>Average reserves (£bn)</td> <td>74.8</td> <td>68.4</td> <td>9%</td> </tr> </table>		AMF (bps)	136	124	12	Average reserves (£bn)	74.8	68.4	9%	<table border="1"> <tr> <td>Margin on revenues</td> <td>704</td> <td>638</td> <td>10%</td> </tr> <tr> <td>Insurance margin</td> <td>420</td> <td>345</td> <td>22%</td> </tr> </table>		Margin on revenues	704	638	10%	Insurance margin	420	345	22%	<table border="1"> <tr> <td>Bonus (bps)</td> <td>35</td> <td>37</td> <td>(2)</td> </tr> <tr> <td>Average reserves (£bn)</td> <td>94.1</td> <td>92.7</td> <td>2%</td> </tr> </table>		Bonus (bps)	35	37	(2)	Average reserves (£bn)	94.1	92.7	2%
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<table border="1"> <tr> <td colspan="3">Expected returns</td> </tr> <tr> <td>130</td> <td>131</td> <td>(1)%</td> </tr> </table>							Expected returns			130	131	(1)%																											
Expected returns																																							
130	131	(1)%																																					

¹ HY 2011 restated for DAC accounting adjustments.

Life IFRS operating profit

Source of earnings – Group (3/3)

Source		
HY 2012	HY 2011	+/-

£m

Total Life expenses		
(1,527)	(1,397)	(9)%

Acquisition costs ¹		
(972)	(900)	(8)%

Administration expenses ¹		
(555)	(497)	(12)%

APE²	2,030	1,824	11%
Acquisition cost ratio	48%	49%	(1) ppt

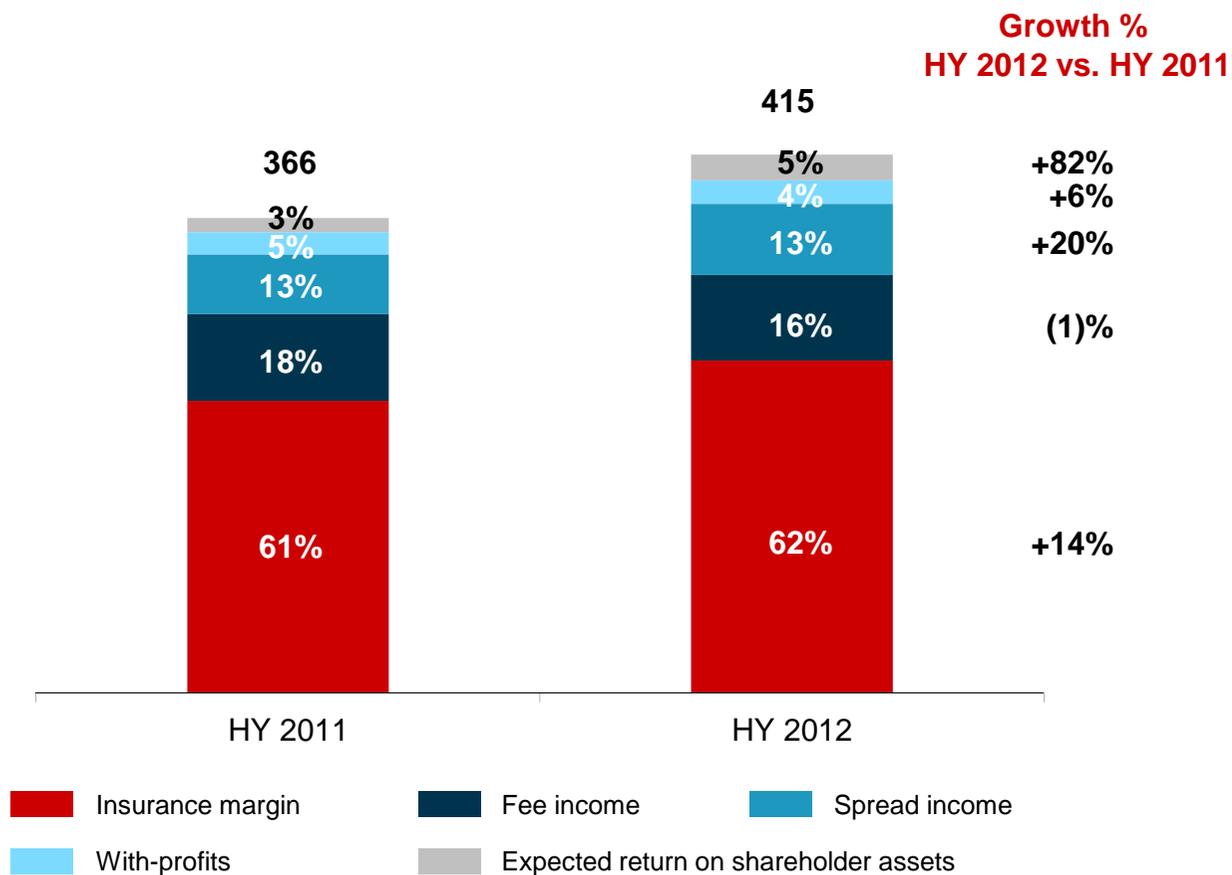
Admin expense ratio (bps)	82	80	2
Average reserves (£bn)	135.9	124.1	10%

¹ Relate to shareholder-backed business only. HY 2011 restated for DAC accounting adjustments.

Life IFRS operating income – Asia

Sources of income

Asia IFRS operating income¹, £m

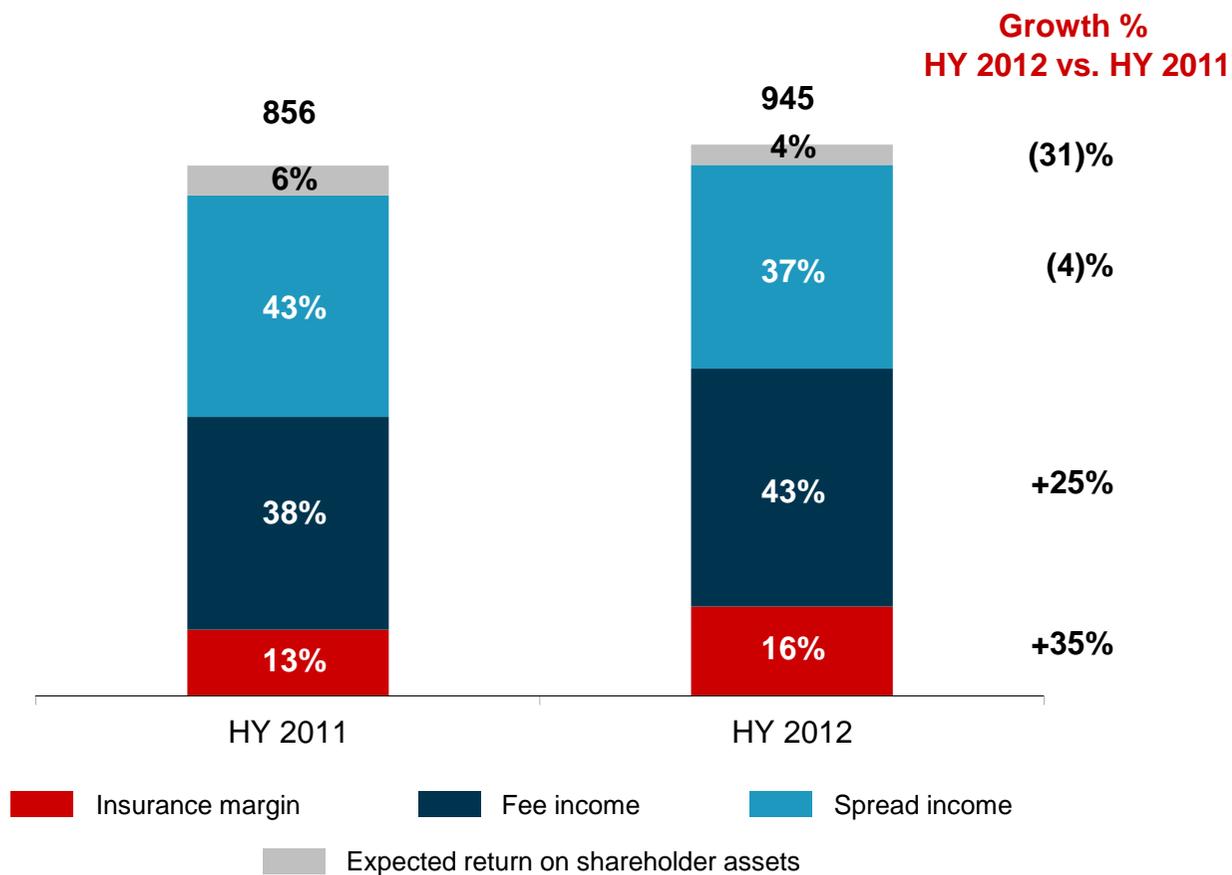


¹ Excludes margin on revenues, acquisition and administration expenses and DAC adjustments.

Life IFRS operating income – US

Sources of income

US IFRS operating income¹, £m



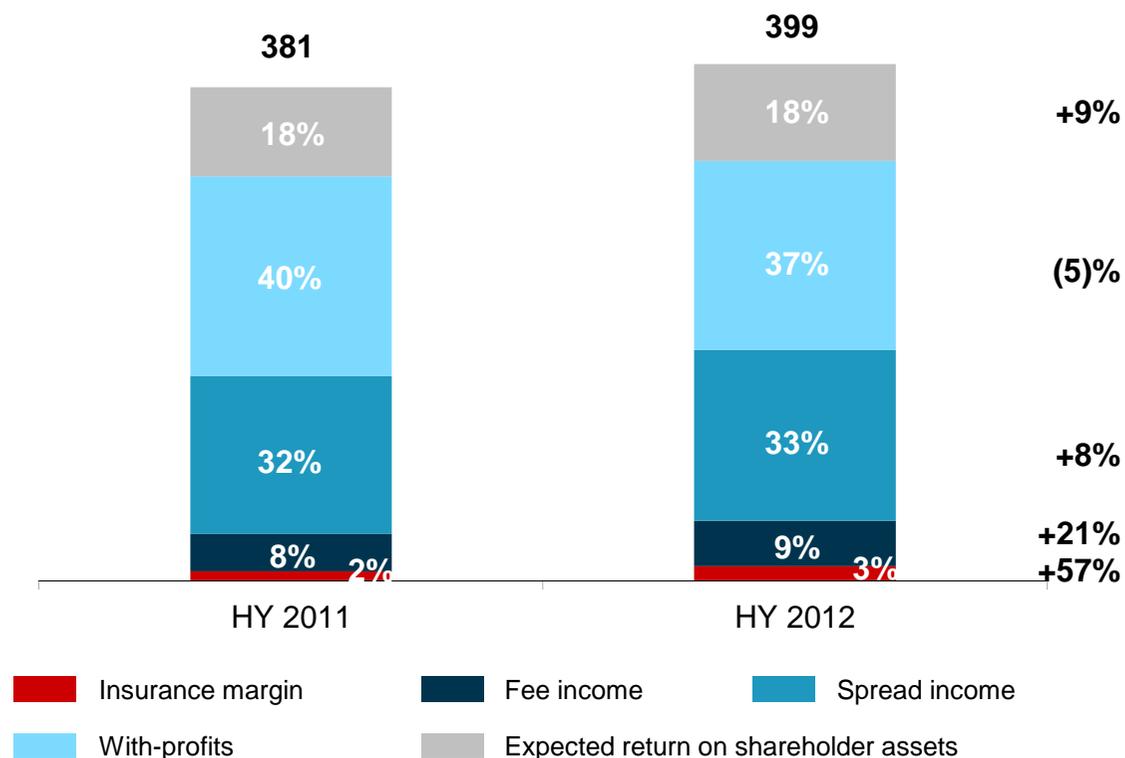
¹ Excludes margin on revenues, acquisition and administration expenses and DAC amortisation.

Life IFRS operating income – UK

Sources of income

UK IFRS operating income¹, £m

Growth %
HY 2012 vs. HY 2011

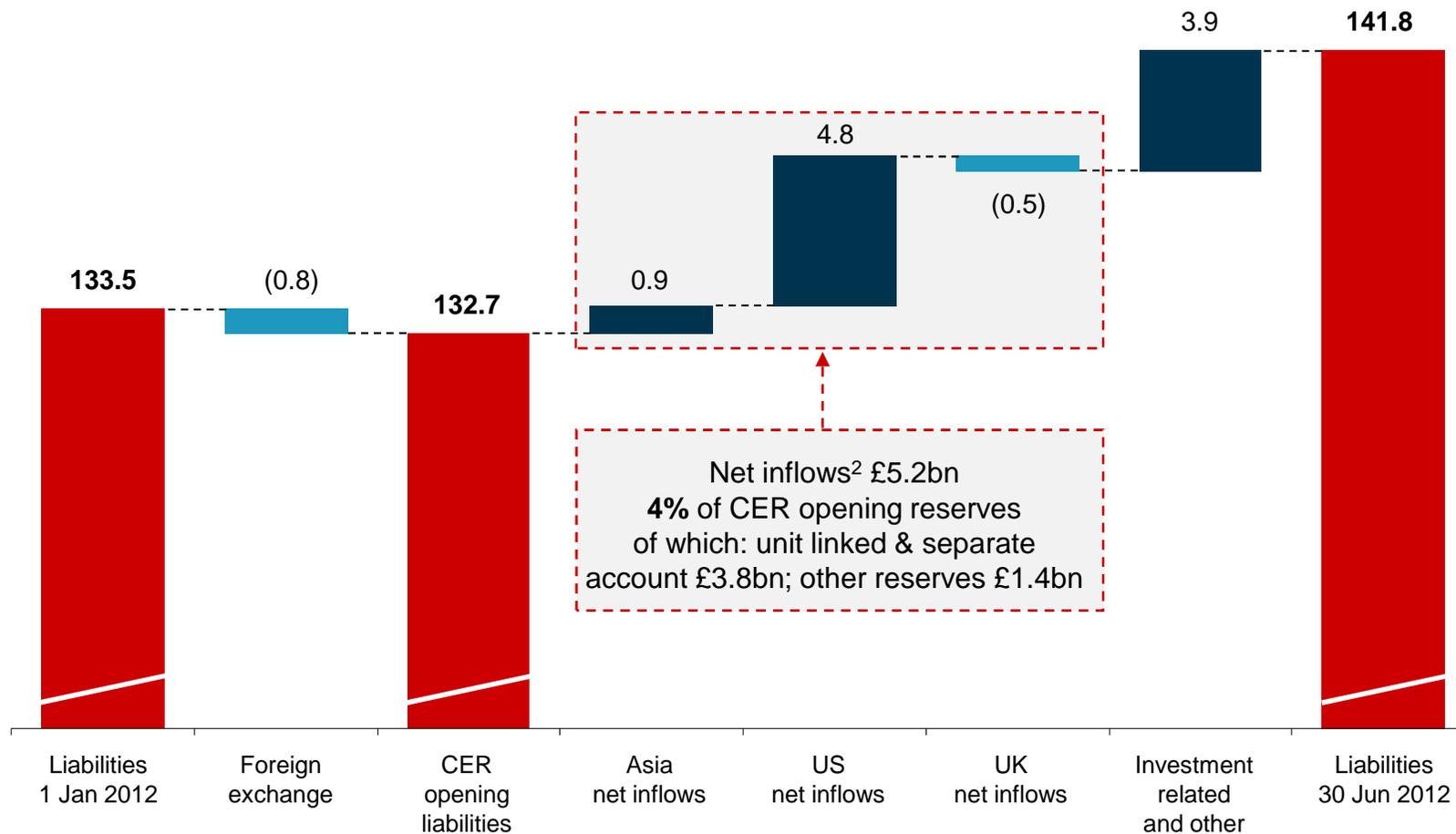


¹ Excludes margin on revenues, acquisition and administration expenses and DAC amortisation.

Policyholder liabilities

Shareholder backed business – Group

Policyholder liabilities¹ roll-forward, £bn

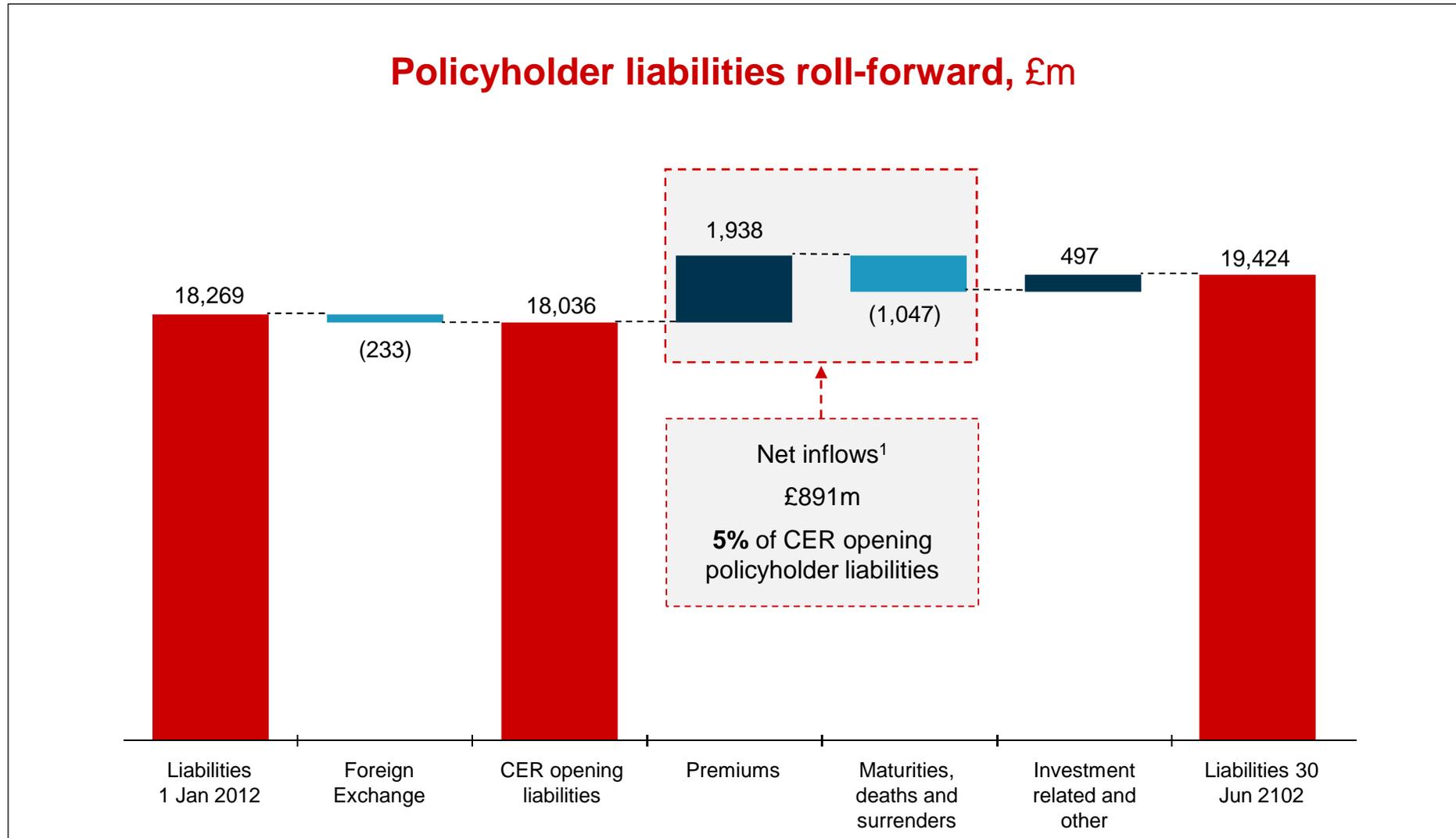


¹ Shareholder-backed business.

² Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.

Policyholder liabilities

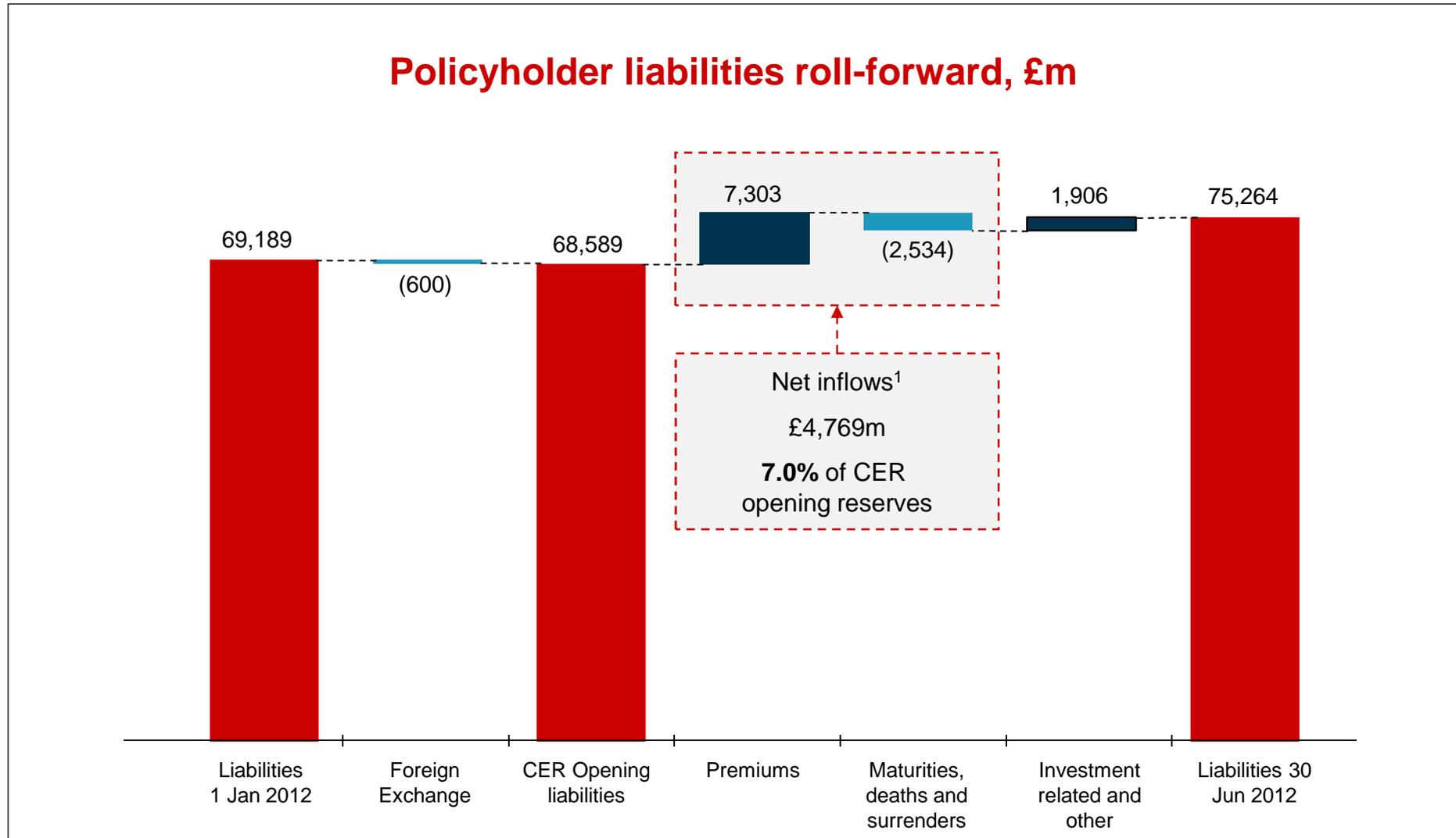
Shareholder backed business – Asia



¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.

Policyholder liabilities

Shareholder backed business – US

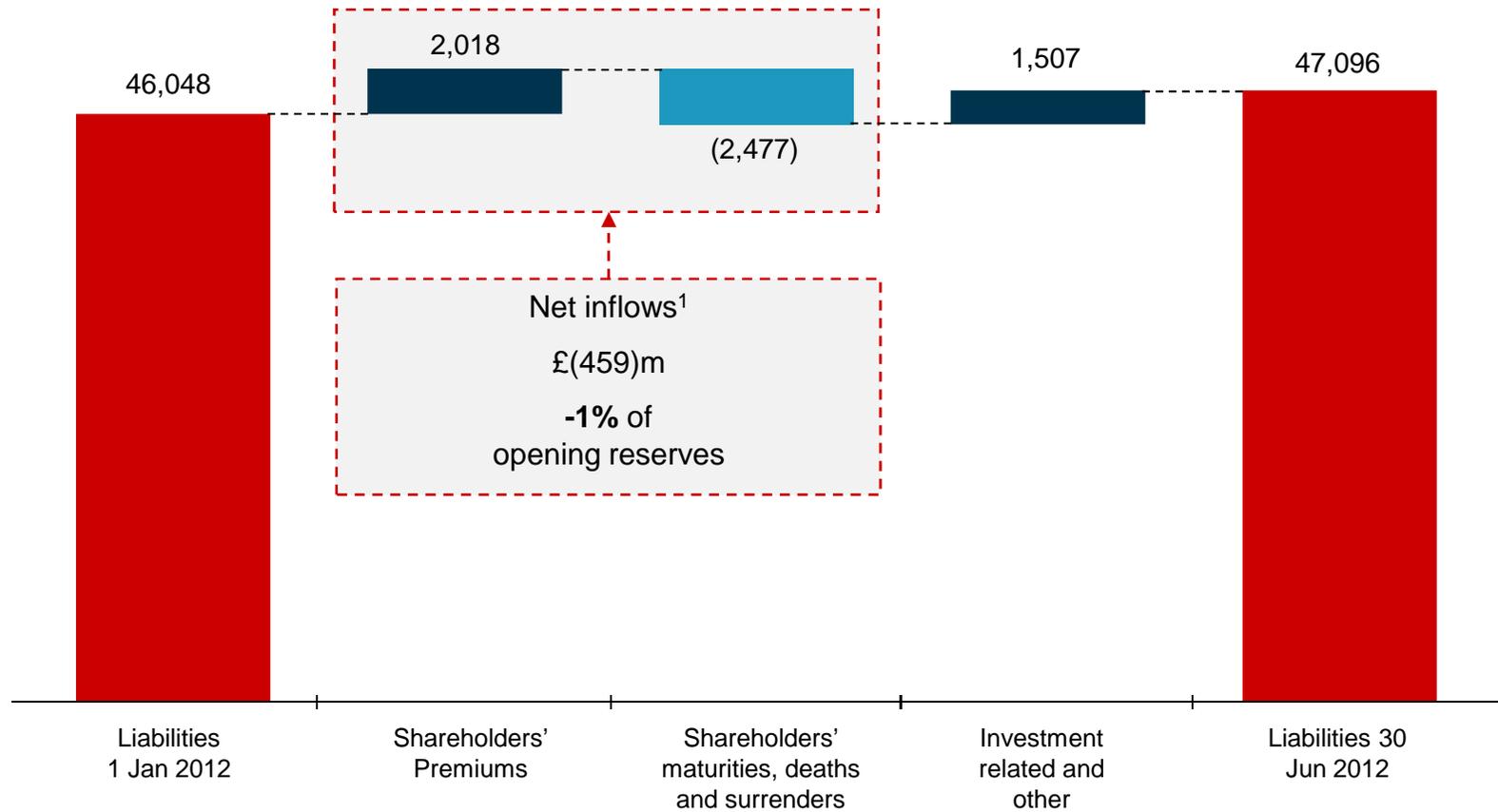


¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.

Policyholder liabilities

Shareholder backed business – UK

Policyholder liabilities roll-forward¹, £m

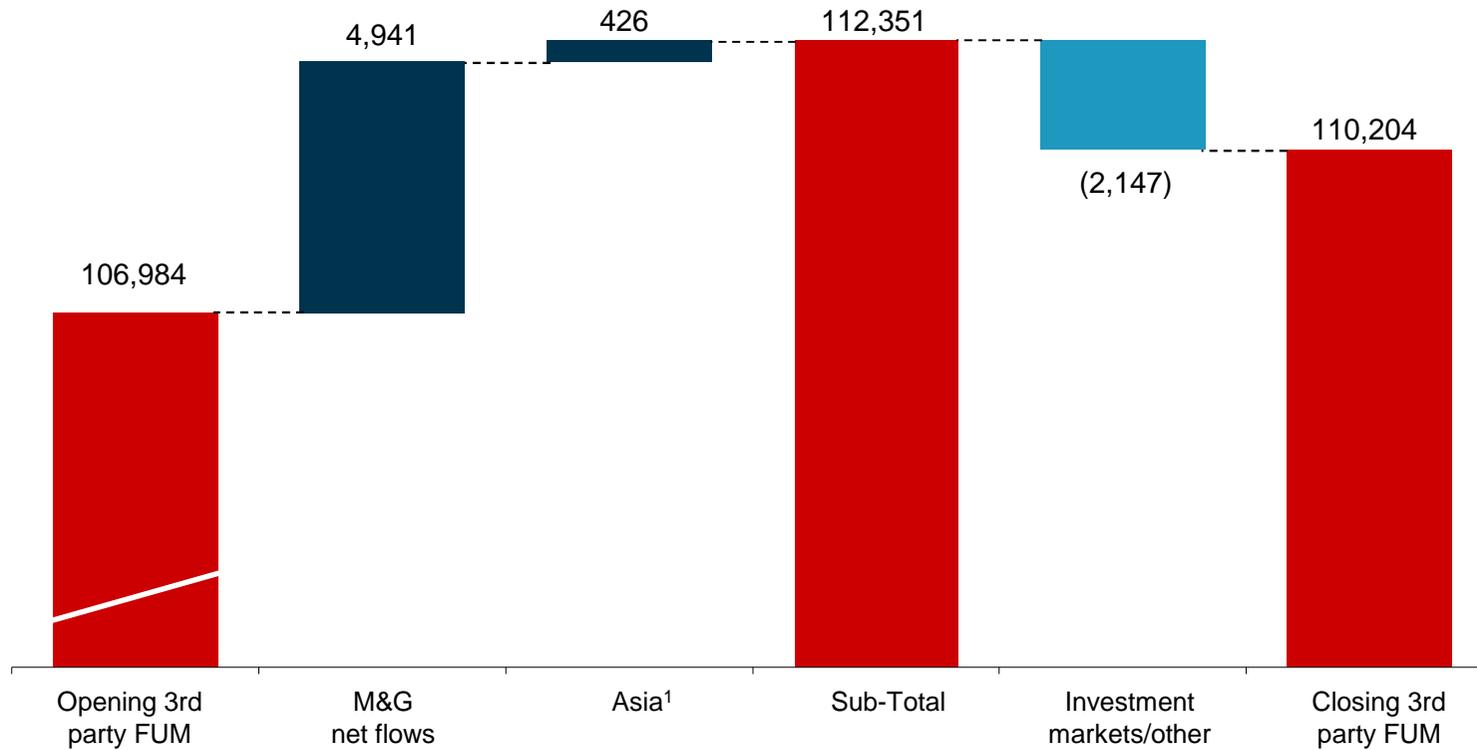


¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.

Asset management

Group 3rd party net-inflows

Asset Management movement in 3rd party FUM¹, £m

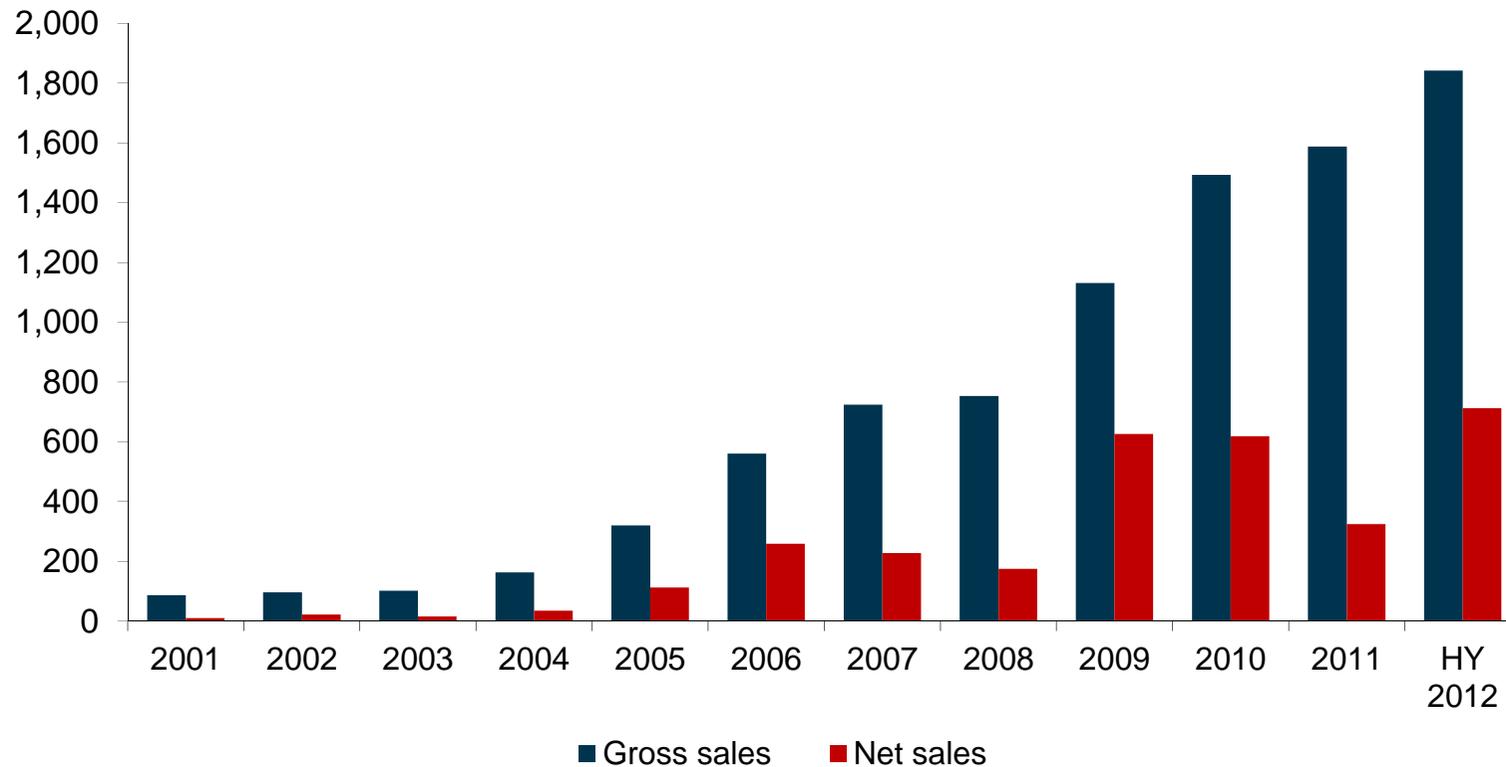


¹ Excludes Asia MMF and PPMSA.

Asset Management

M&G net retail sales

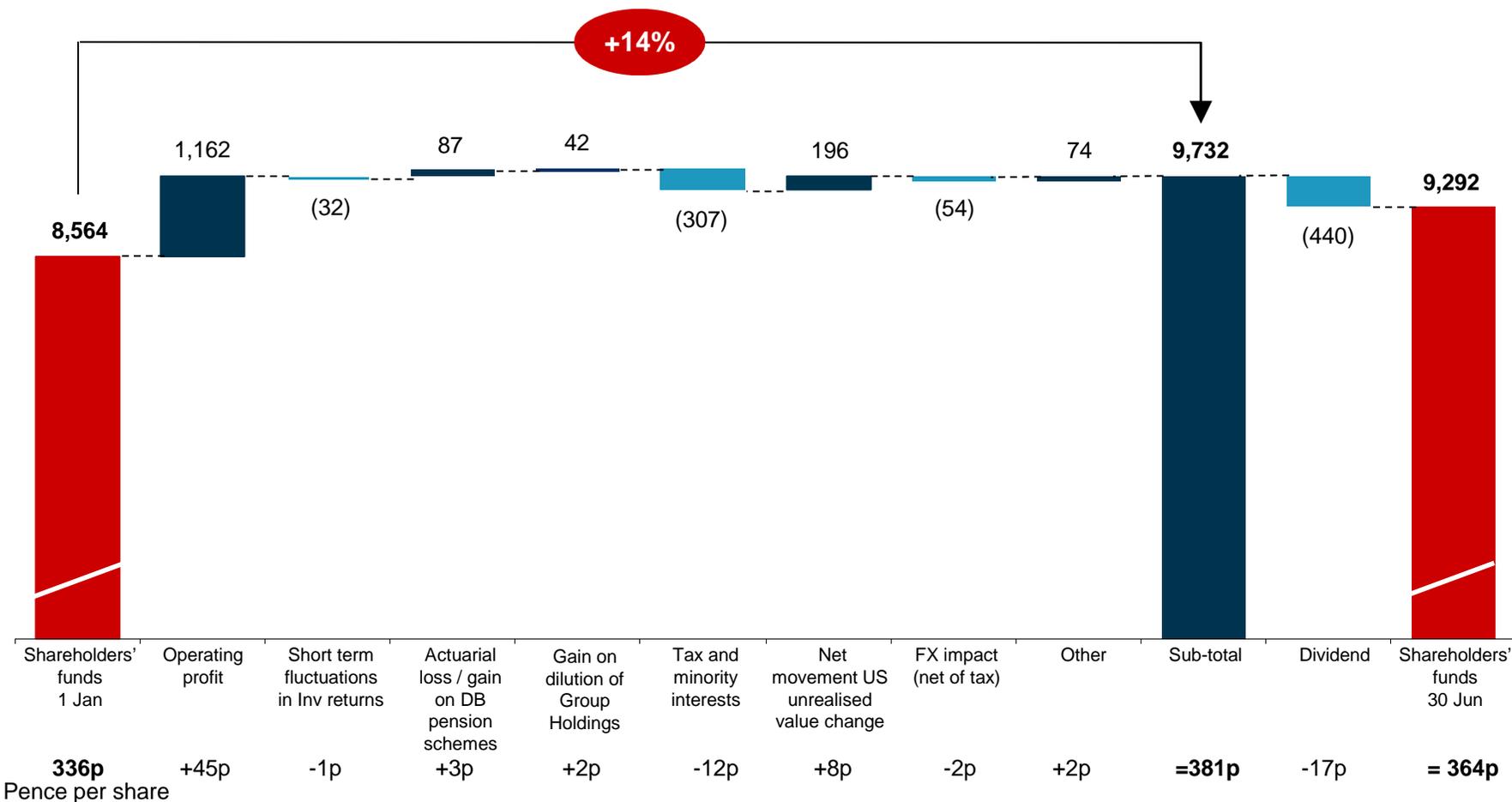
Average monthly gross and net retail sales, £m



IFRS shareholders' funds

HY 2012 movement

Analysis of movement in IFRS shareholders' funds, £m



Note: No. of shares in issue 31 Dec 2011: 2,548m, 30 Jun 2012: 2,556m; movement in pence per share has been applied on a pro-rata basis.

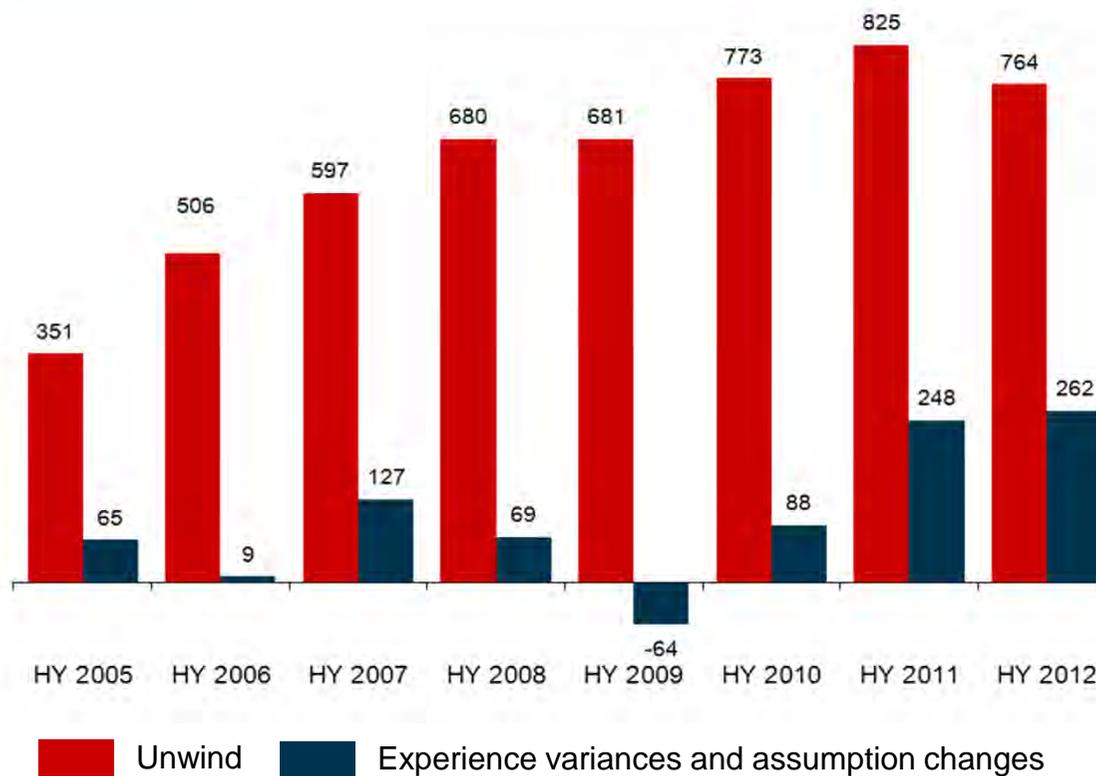
EEV operating profits

Life operating variances – Group

Group Life operating variances, £m

% of experience variances and assumption changes over opening EEV¹

0.8%	0.1%	1.1%	0.5%	(0.4)%	0.6%	1.4%	1.3%
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¹ Opening EEV of Life operations, excluding goodwill.

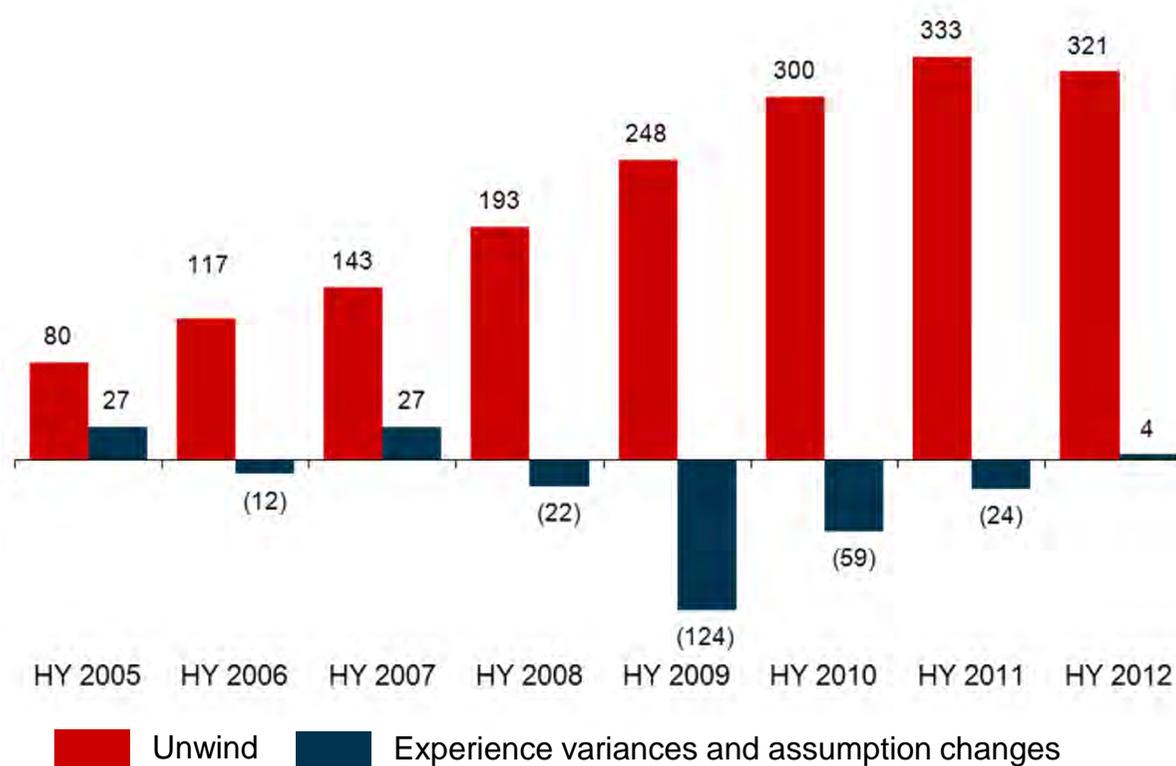
EEV operating profit

Life operating variances – Asia

Asia Life operating variances, £m

Experience variances and assumption changes as a % of opening EEV1

0.3%	(0.6)%	1.9%	(0.3)%	(2.4)%	(1.0)%	(0.3)%	0.0%
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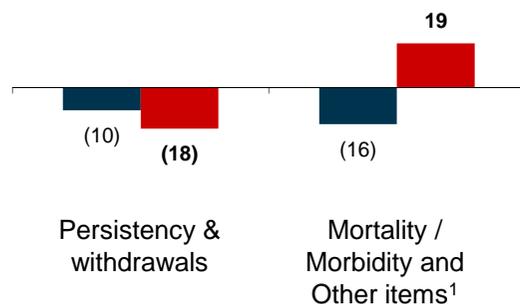
¹ Opening EEV of Life operations, excluding goodwill.



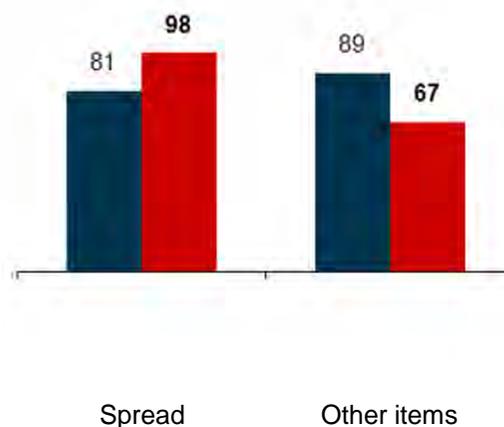
EEV operating profit

In-force performance

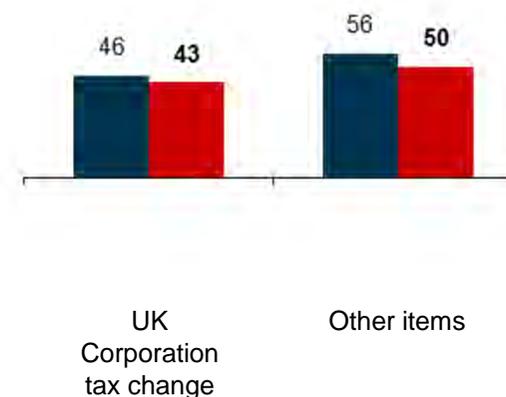
Asia in-force¹, £m (up 5% to £322m)



US in-force, £m (down 3% to £363m)



UK in-force, £m (down 14% to £338m)



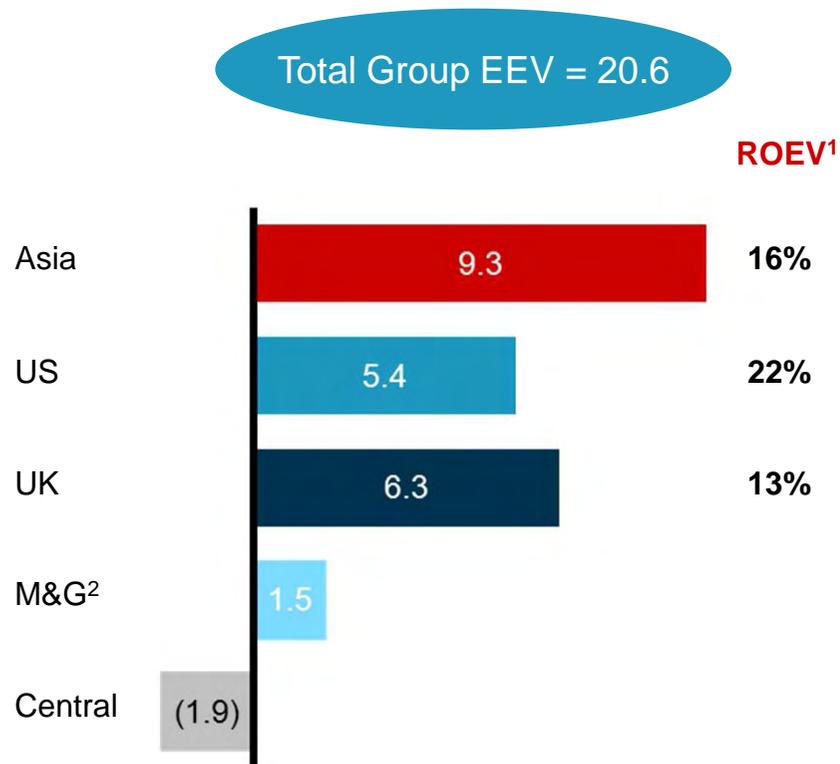
■ HY 2011 ■ HY 2012

¹ Net of Asia development expenses (HY 11: £(2)m, HY 12: £(3)m).

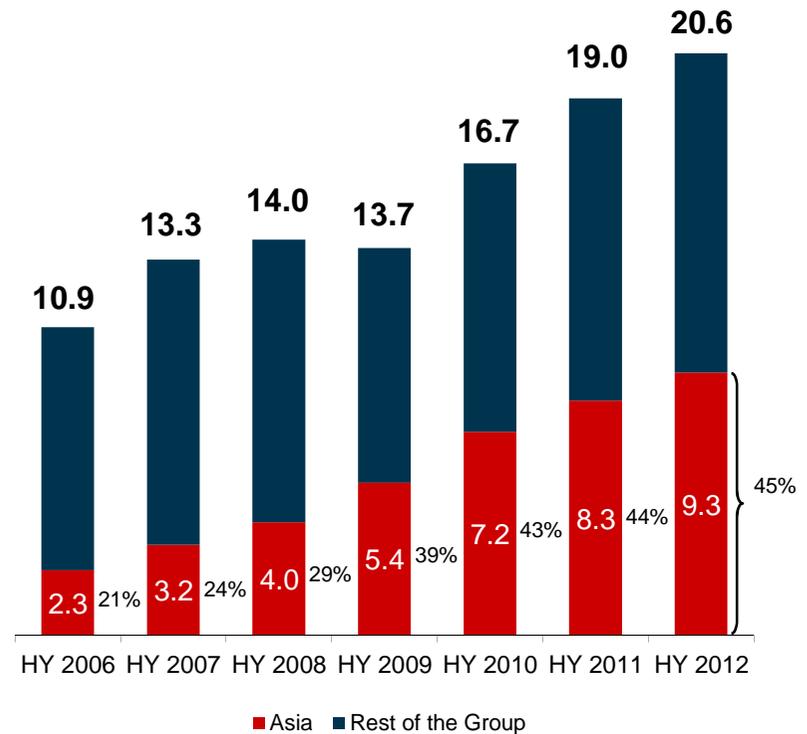
EEV shareholders' funds

Geographic split

Geographical split June 2012, £bn



EEV shareholders' funds, £bn

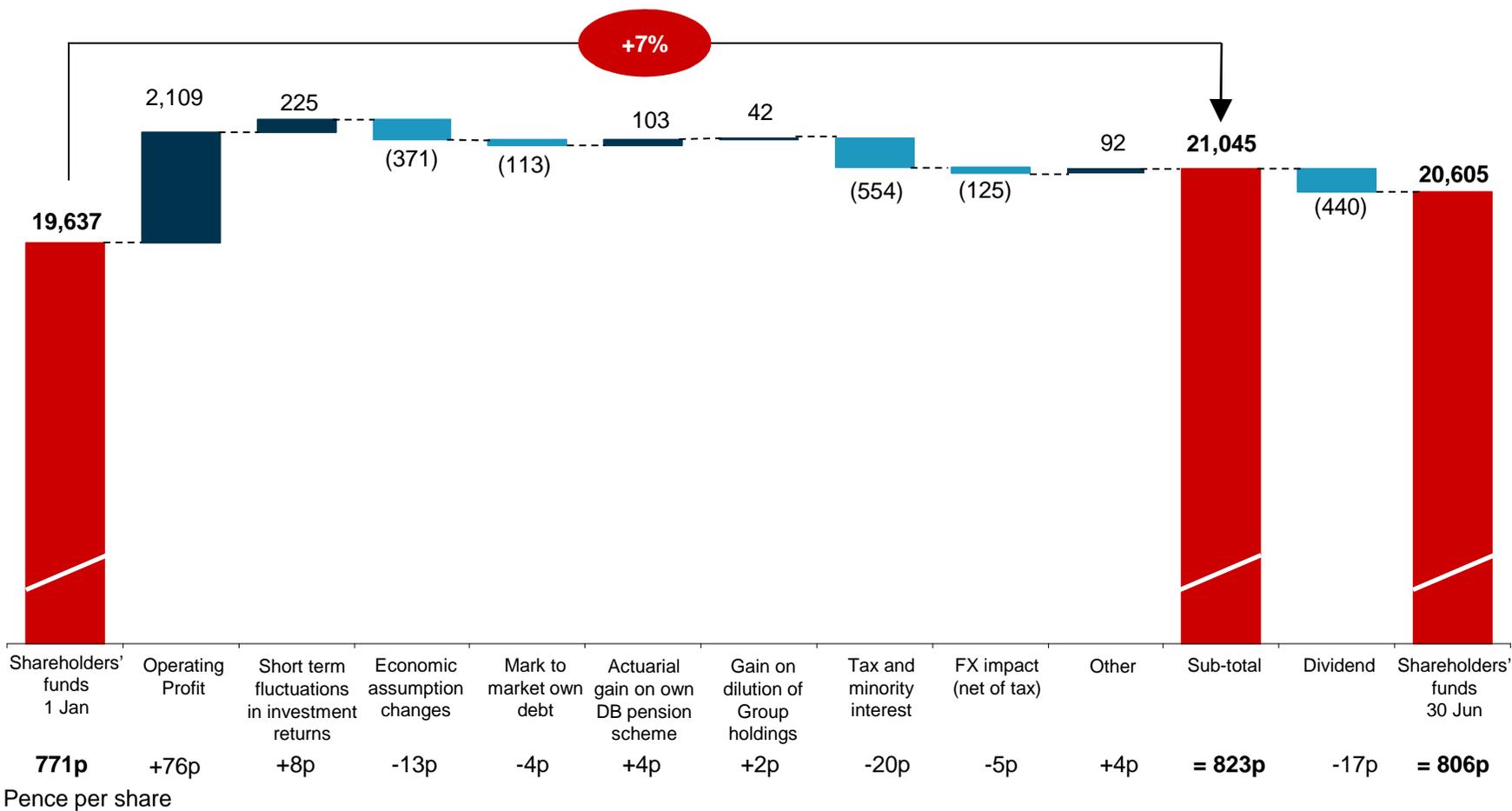


¹ ROEV is based on opening shareholders' funds.
² Including acquired goodwill.

EEV shareholders' funds

HY 2012 movement

Analysis of movement in EEV shareholders' funds, £m

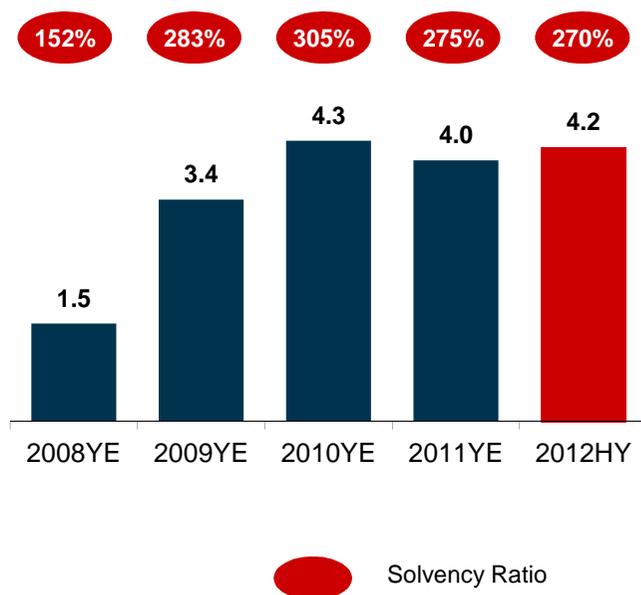


Note: No. of shares in issue 30 Jun 2012: 2,556m, 31 Dec 2011: 2,548m; movement in pence per share has been applied on a pro-rata basis.



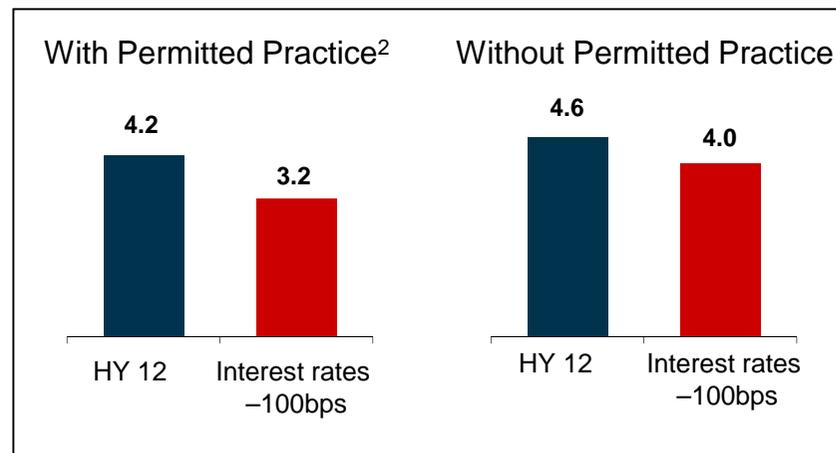
IGD capital Base and sensitivities

IGD surplus, £bn



IGD sensitivity analysis¹

20% fall in equity markets	£(550)m
40% fall in equity markets	£(750)m
10x expected defaults	£(650)m
100bps fall in interest rates	



¹ All sensitivities measured as at 30 June 2012. The 40% fall in equity markets assumes a 20% immediate fall followed by a 20% fall over the next 20-trading days.

² The current regulatory permitted practice used by Jackson values all interest rate swaps at book value rather than fair value.

IGD capital Movement during the period

IGD capital – movement in 2012 (£bn)

IGD surplus 31 December 2011	4.0
Net capital generation	0.9
Market movement impact	(0.1)
2011 Dividend payment (final)	(0.4)
External financing and other central costs (net of tax)	(0.2)
IGD surplus 30 June 2012	4.2

Invested assets

Group overview

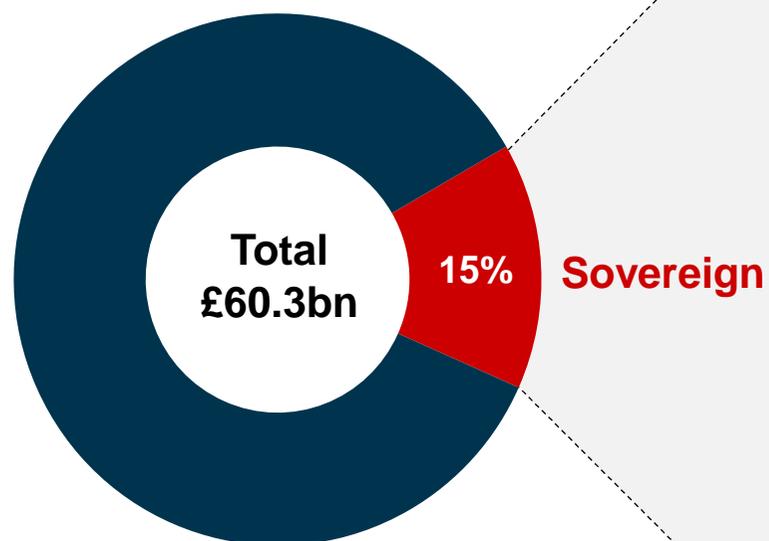
Breakdown of invested assets – HY 2012, £bn

	Total Group	PAR Funds	Unit-Linked	Shareholders					Total
				Asia Life	US Life	UK Life	Other		
Debt securities	128.3	58.9	9.1	6.0	27.1	25.3	1.9	60.3	
Equity	90.5	23.4	66.0	0.8	0.3	0.0	0.0	1.1	
Property Investments	10.8	8.6	0.7	0.0	0.0	1.5	0.0	1.5	
Commercial mortgage loans	6.2	1.3	0.0	0.0	3.6	1.3	0.0	4.9	
Other loans	3.8	1.6	0.0	0.4	0.6	0.0	1.2	2.2	
Deposits	12.4	8.8	1.4	0.5	0.2	1.4	0.1	2.2	
Other Investments	8.3	4.7	0.1	0.3	2.6	0.4	0.2	3.5	
Total	260.3	107.3	77.3	8.0	34.4	29.9	3.4	75.7	

Invested assets

Group shareholder exposures – Sovereign debt

Breakdown of the shareholder debt securities portfolio, %



SH sovereign exposures by regions & ratings¹, £m

	US	UK	Europe	Asia	Other	Total
AAA	-	3,323	463	144	-	3,930
AA-BBB	2,365	-	103	1,942	24	4,434
Below BBB	-	-	-	774	4	778
Total	2,365	3,323	566	2,860	28	9,142

Europe by key countries, £m

	Germany	“PIIGS”	Other	Total
Europe	463	45	58	566

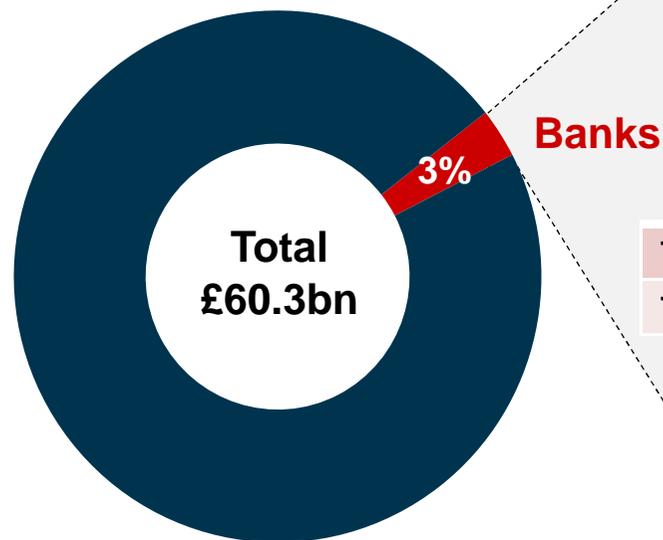
	Portugal	Italy	Ireland	Greece	Spain	Total
PIIGS	-	44	-	-	1	45

¹ Includes Credit Default Swaps.

Invested assets

Group shareholder exposures – hybrid bank debt

Breakdown of the shareholder debt securities portfolio, %



Exposure to Tier 1 and Tier 2 hybrid bank debt, £m

	US	UK	France	Germany	“PIIGS”	Other Eurozone	Other	Total
Tier 1	1	101	30	-	3	66	229	430
Tier 2	382	618	58	1	98	99	339	1,595

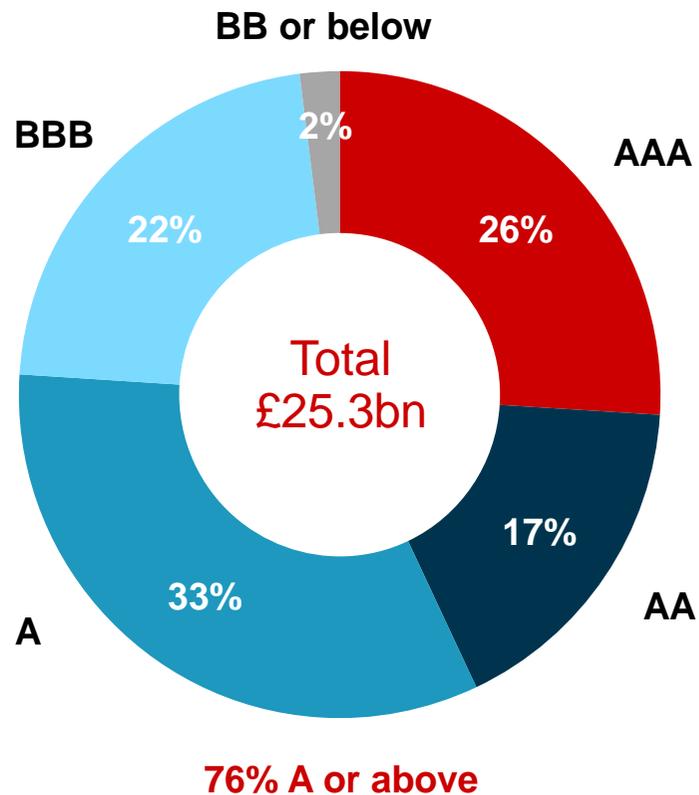
¹ Includes Credit Default Swaps.



Invested assets

UK asset quality – credit reserve

UK shareholder debt securities portfolio by rating¹



Strength of the £2.1bn credit reserve

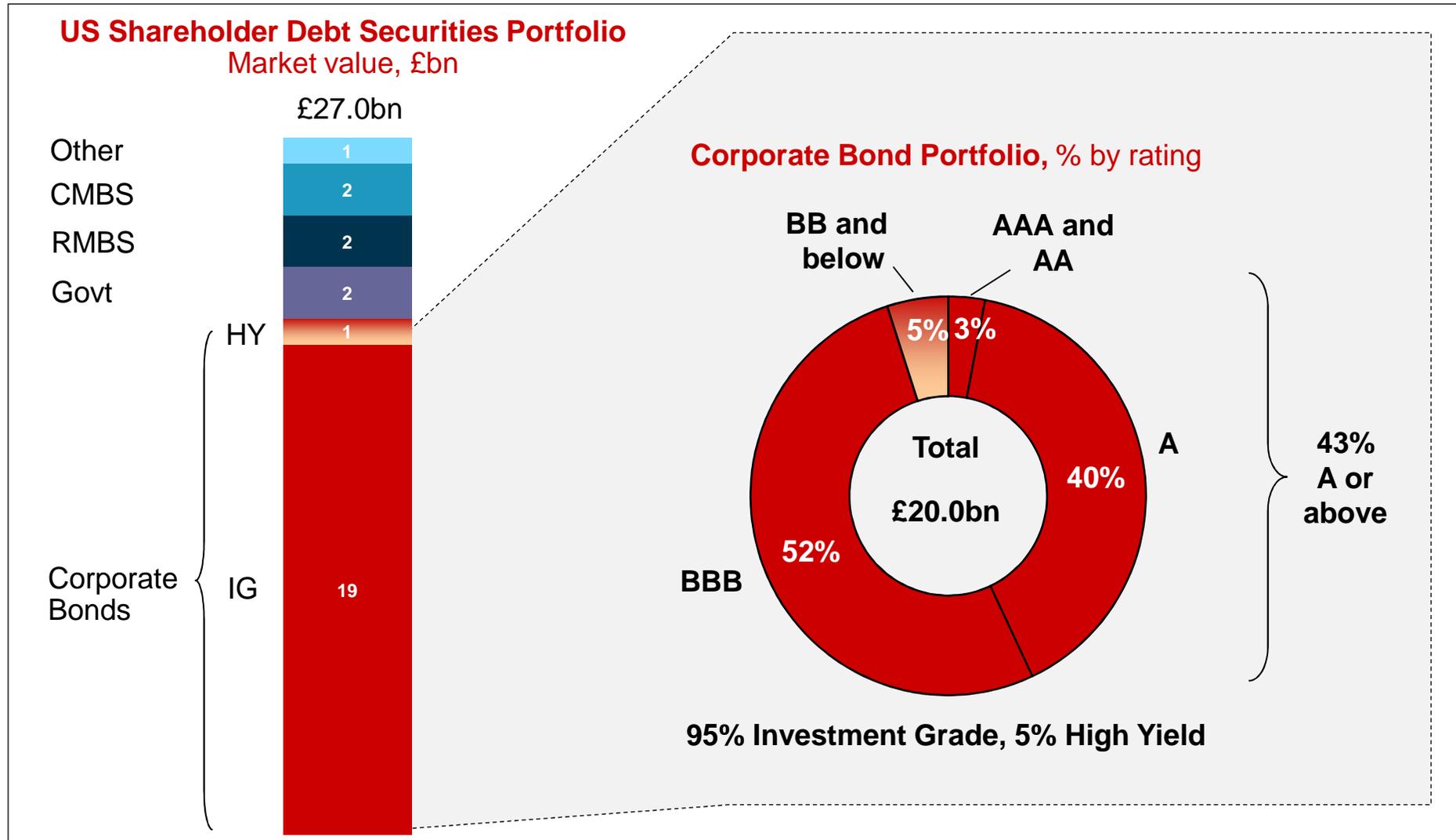
- No defaults of shareholder-backed debt securities
- Continued sale of financial subordinated debt holdings
- Allowance for credit risk as at 30 June 2012 materially in line with prior year²
 - Pillar 1 (IGD) 66 bps (FY 2011: 66 bps)
 - IFRS 43 bps (FY 2011: 42 bps)
- Pillar 1 and EEV assumptions equivalent to 35% of current spread over swaps (FY 2011: 33%)²

¹ Ratings from different agencies aggregated for presentational purpose. Also includes internal ratings.

² For Prudential Retirement Income Limited (PRIL).

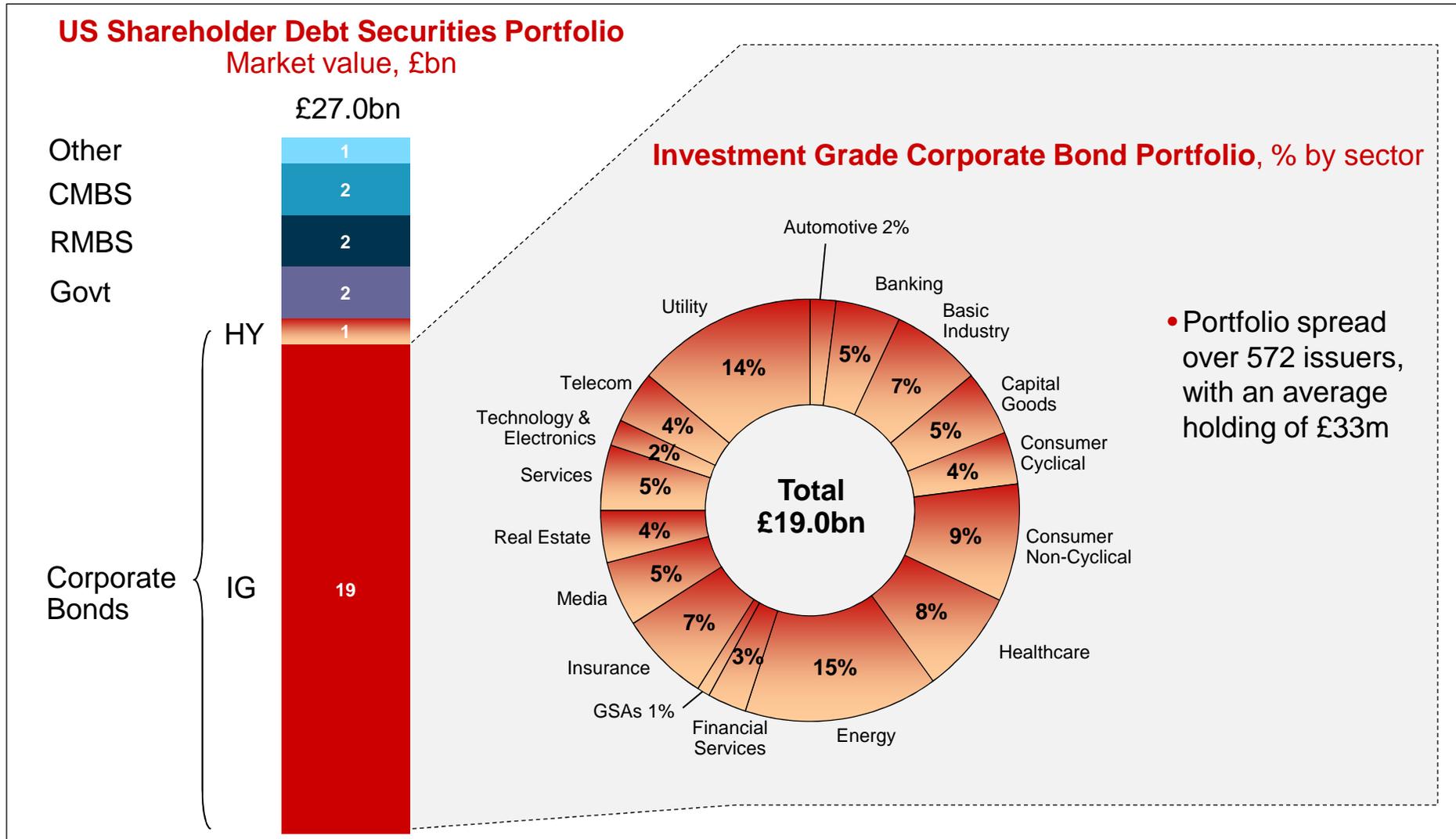
Invested assets

US asset quality – corporate debt portfolio (1/3)



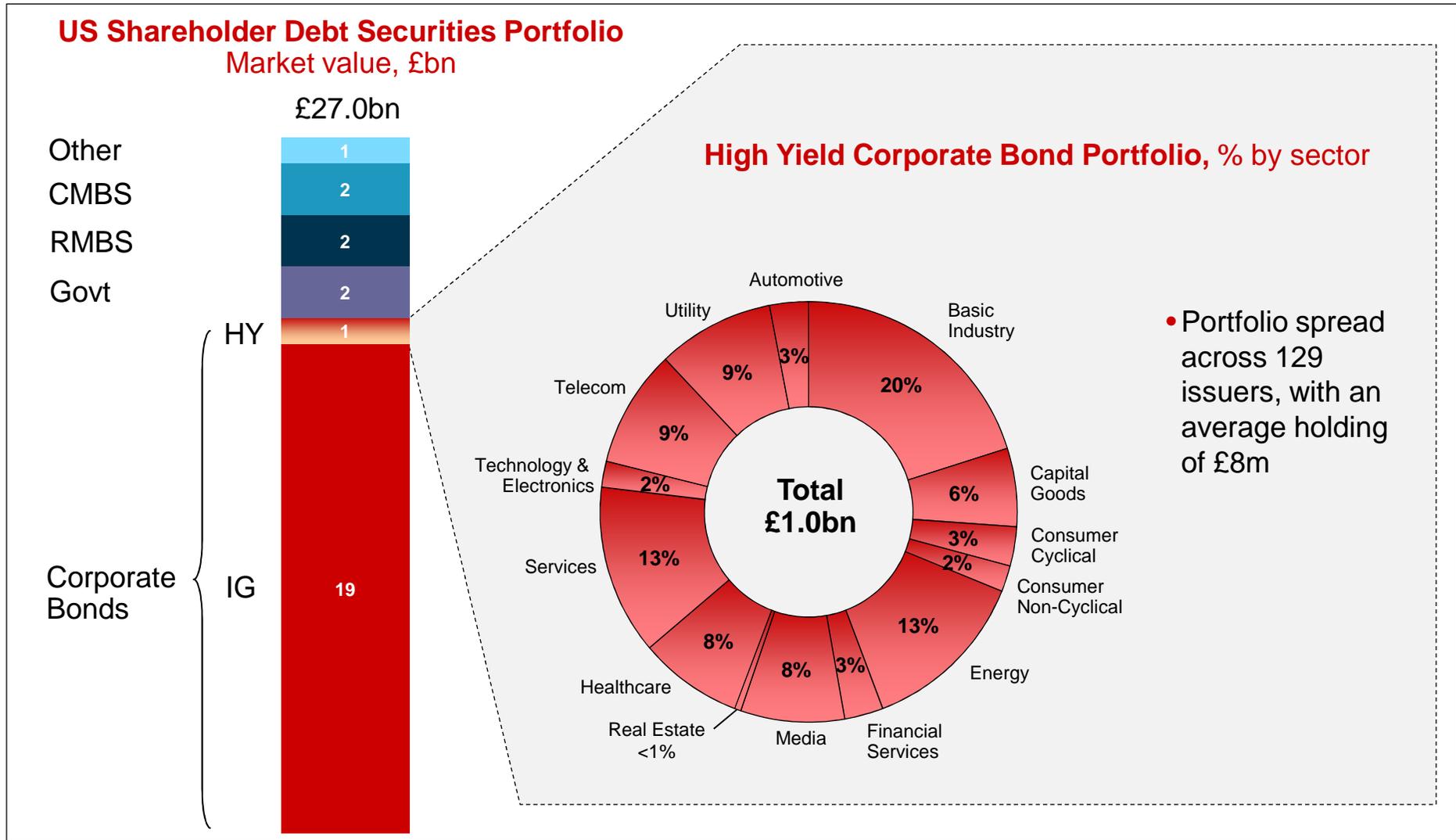
Invested assets

US asset quality – corporate debt portfolio (2/3)



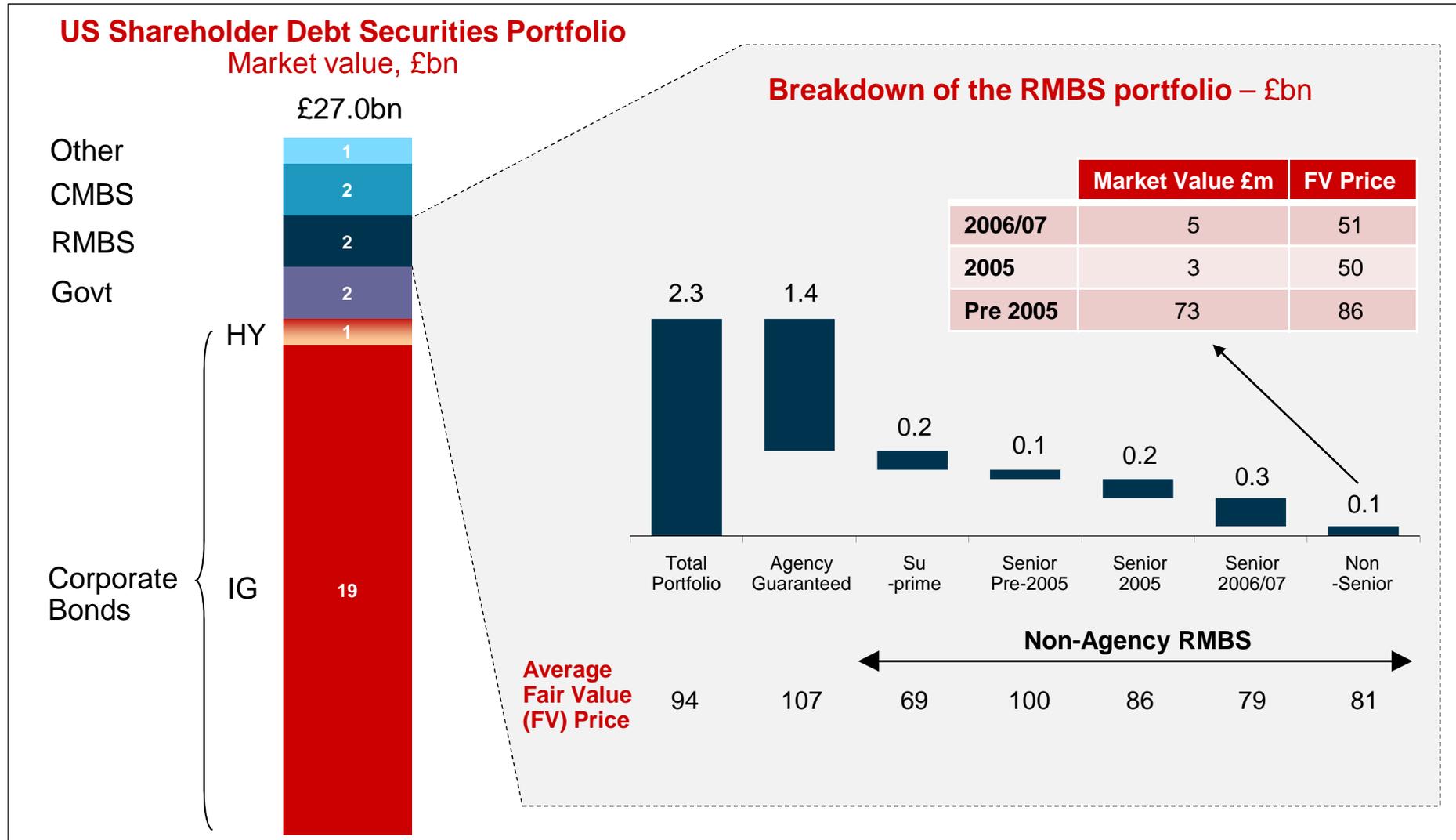
Invested assets

US asset quality – corporate debt portfolio (3/3)



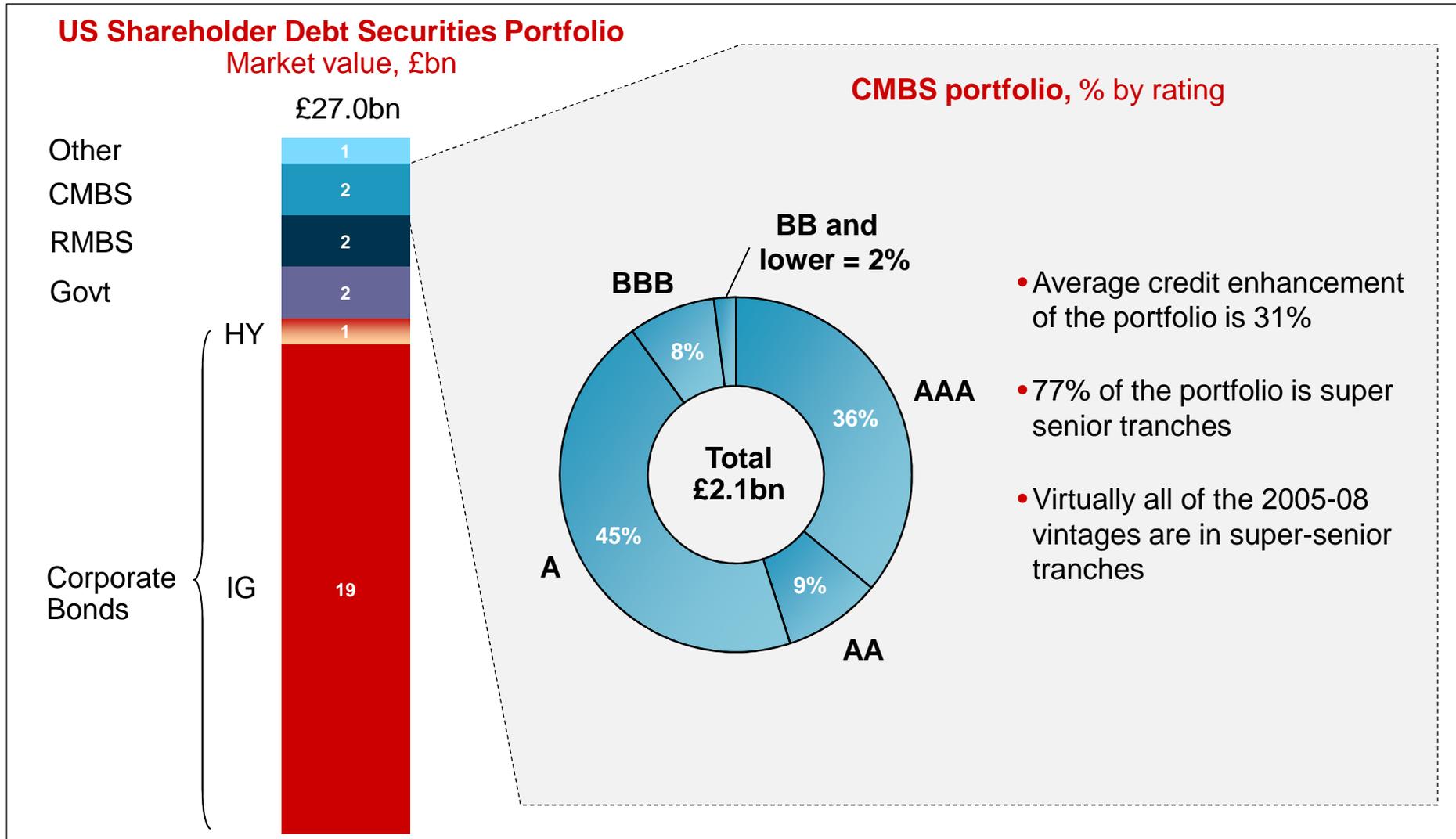
Invested assets

US asset quality – RMBS portfolio



Invested assets

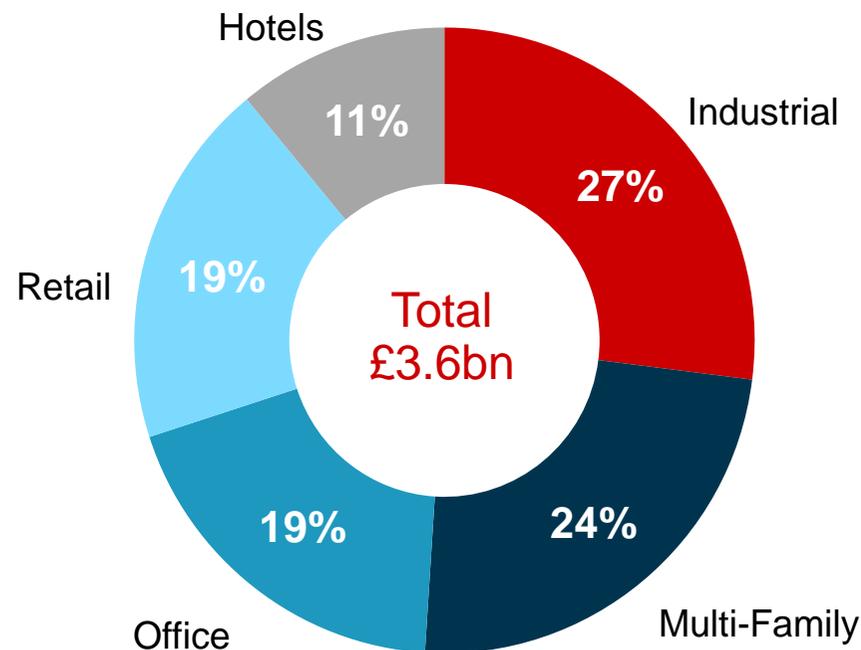
US asset quality – CMBS portfolio



Invested assets

US asset quality – commercial mortgage loan portfolio

Breakdown by property type, %

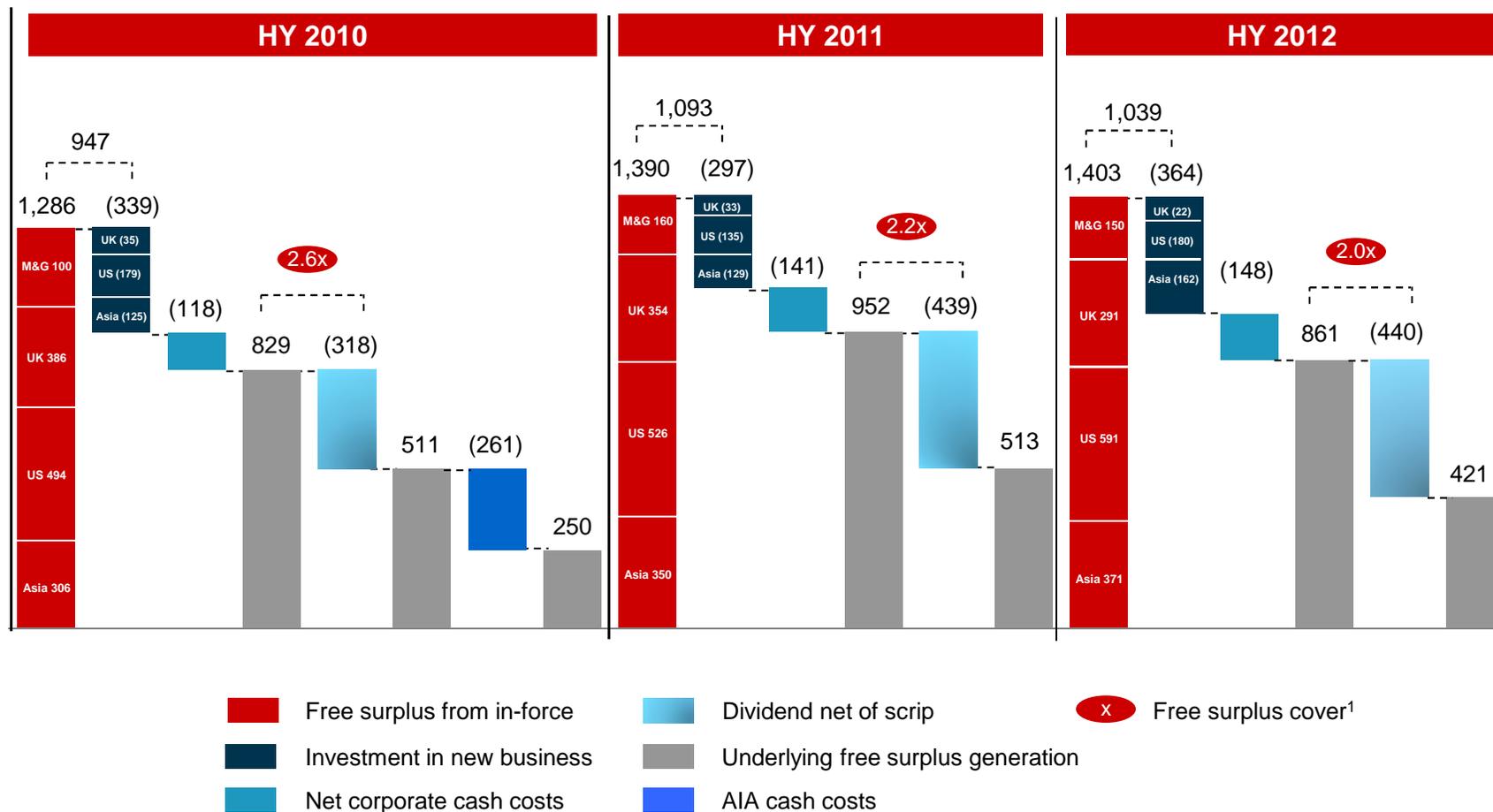


- High level of diversification
 - Average loan size of £6.6m
 - Spread across property type
 - Geographic diversification
- Strong underwriting discipline
 - Portfolio performing well in current environment
 - Current average LTV of 66%
 - Problem loan balances at 30 June 2012
 - Loans with restructured terms £84.1m
 - No loans are 90+ days delinquent
 - No write downs during H1 2012
 - £0.3m reduction of specific reserves

Cash and capital

Underlying free surplus

Underlying free surplus generation, £m

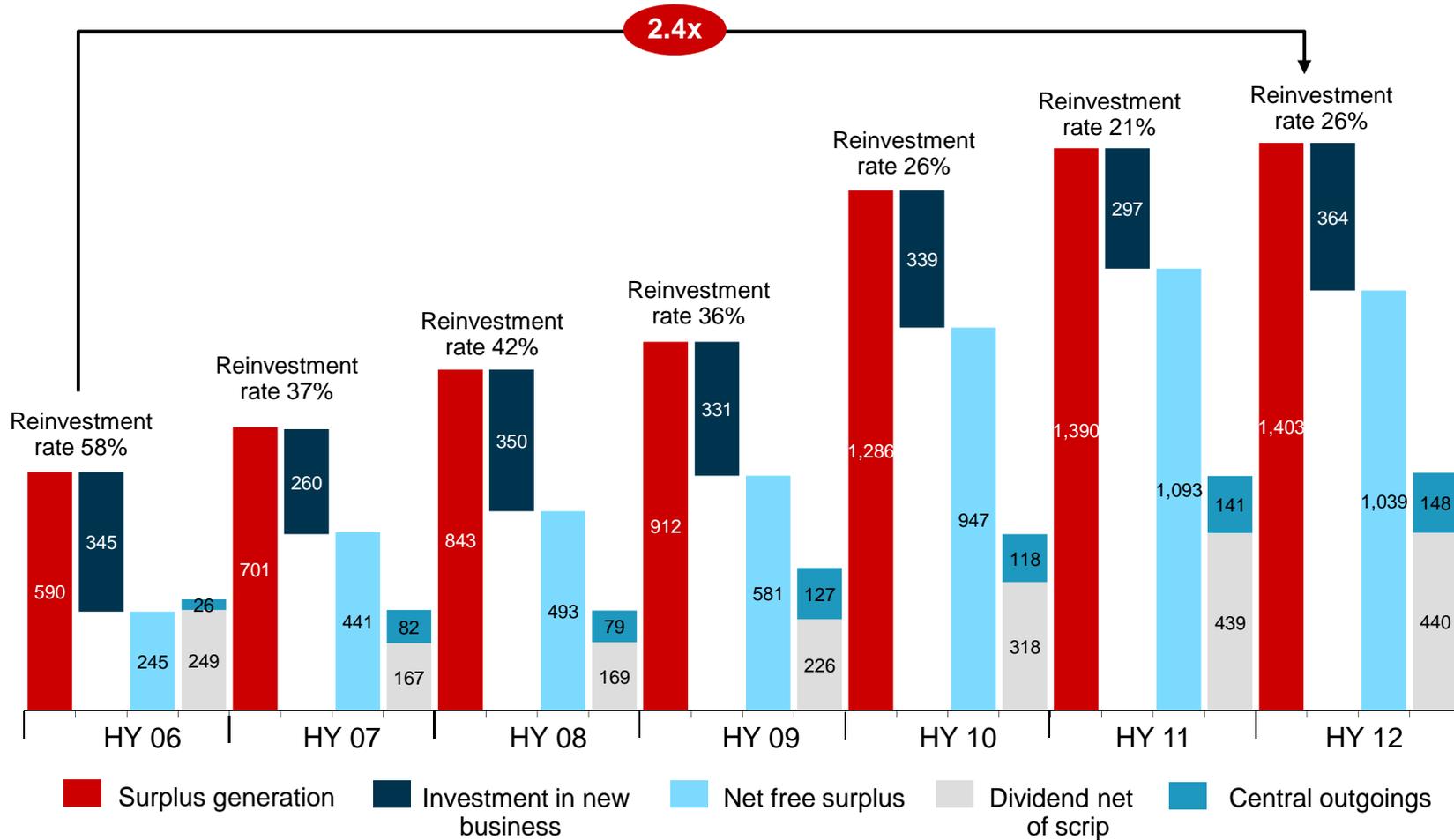


¹ Ratio of Operating underlying free surplus generated by life and asset management businesses net of investment of new business and corporate cash costs to cash dividend paid in the period.

Cash and capital

Free surplus generation

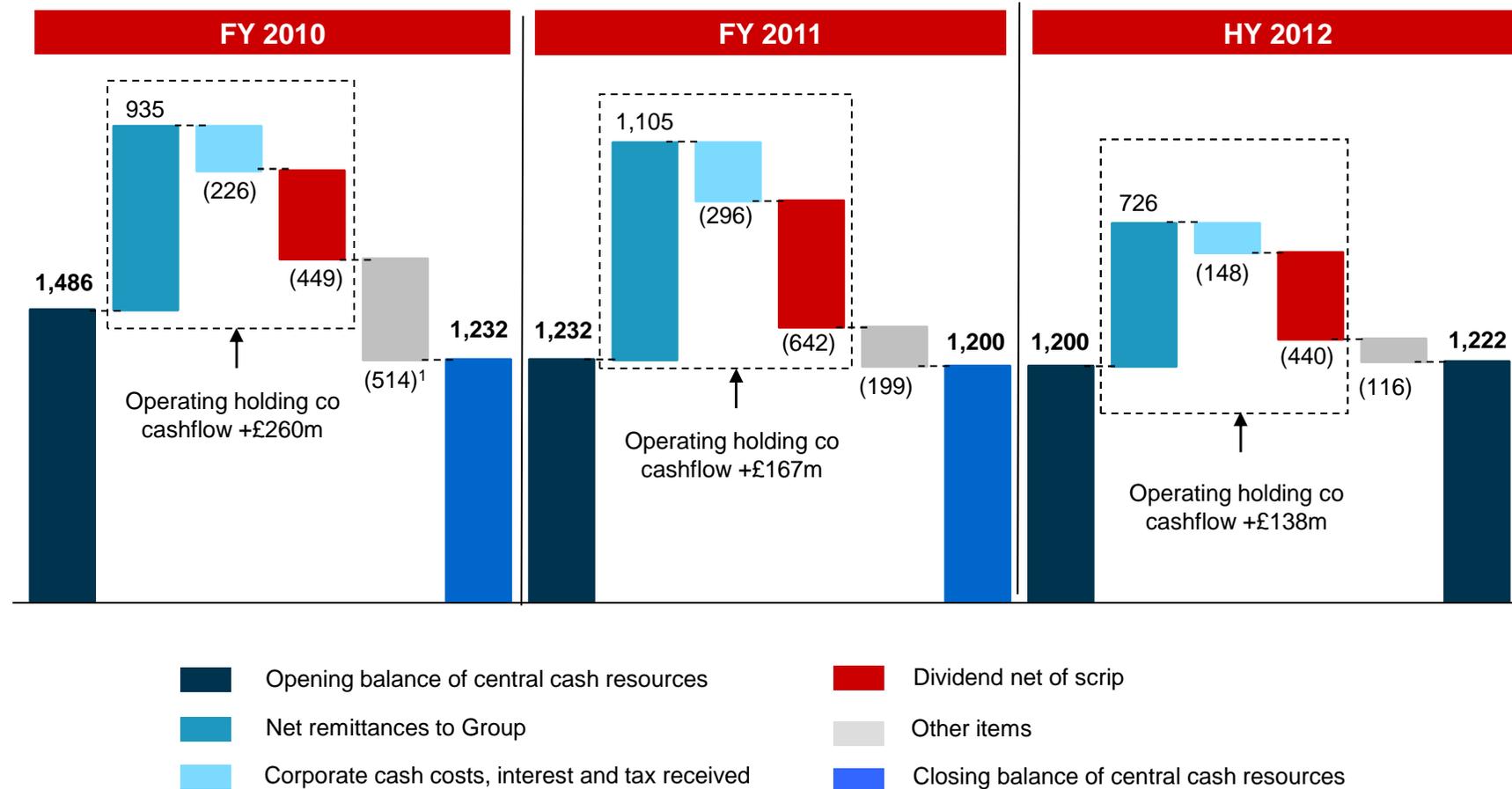
Free surplus and dividend, £m



Cash and capital

Central cash resources

Development of central cash resources, £m



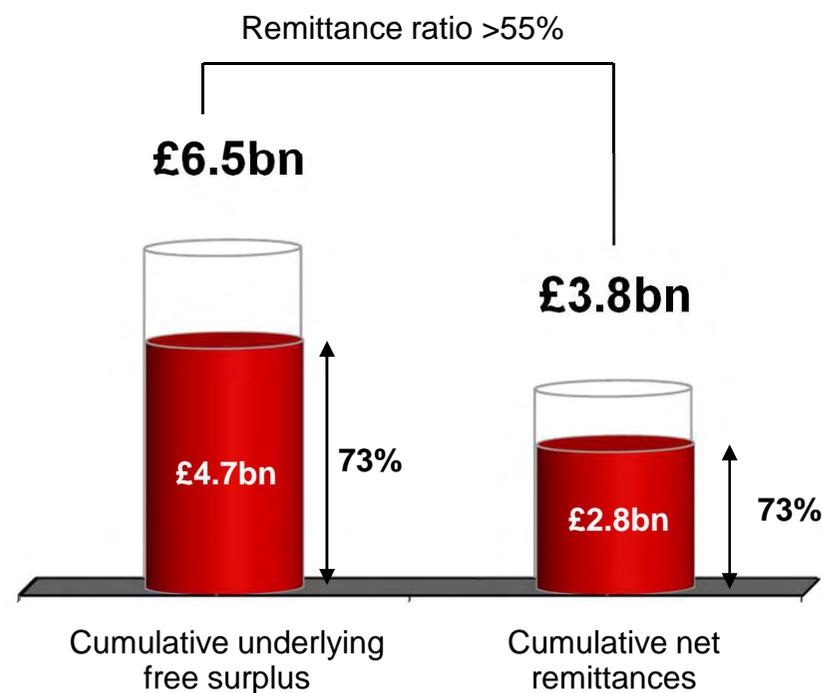
¹ Including £377m of costs of terminated AIA transaction.

Cash and capital

Net remittances (1/2)

Group objectives 2010-13, £bn

	2009 £m	2010 £m	2011 £m	HY 2012 £m	Target 2013
UK with-profit	284	202	223	216	350
UK shareholder-backed ¹	150	218	74	14	
US	39	80	322	247	200 ⁴
Asia ²	40	233	206	126	300
M&G ³	175	202	280	123	
Net remittances to group	688	935	1,105	726	



¹ In 2009, net remittances from the UK include the £150m arising from the pro-active financing techniques used to bring forward cash emergence of the in-force book during the financial crisis. The 2010 net remittances include an amount of £120m representing the release of surplus and financing payments.

² Asia's 2010 net remittance includes a one-off remittance of £130m from Malaysia representing the accumulation of historic distributable reserves.

³ Includes Prudential Capital.

⁴ Jackson net remittance objective will be increased from £200m to £260m contingent to completion of REALIC acquisition.

Cash and capital

Net remittances (2/2)

£m	HY 09	HY 10	HY 11	HY 12
Actual free surplus	792	882	935	1,028
Operating variances	(37)	171	159	132
Expected return on free assets	47	79	75	52
Asset management profits	110	154	221	191
Investment in new business	(331)	(339)	(297)	(364)
Underlying free surplus generated	581	947	1,093	1,039
Remittance	375	460	690	726
Remittance ratio	65%	49%	63%	70%

Group objectives 2010-13, £bn

