

2000 Preliminary Results

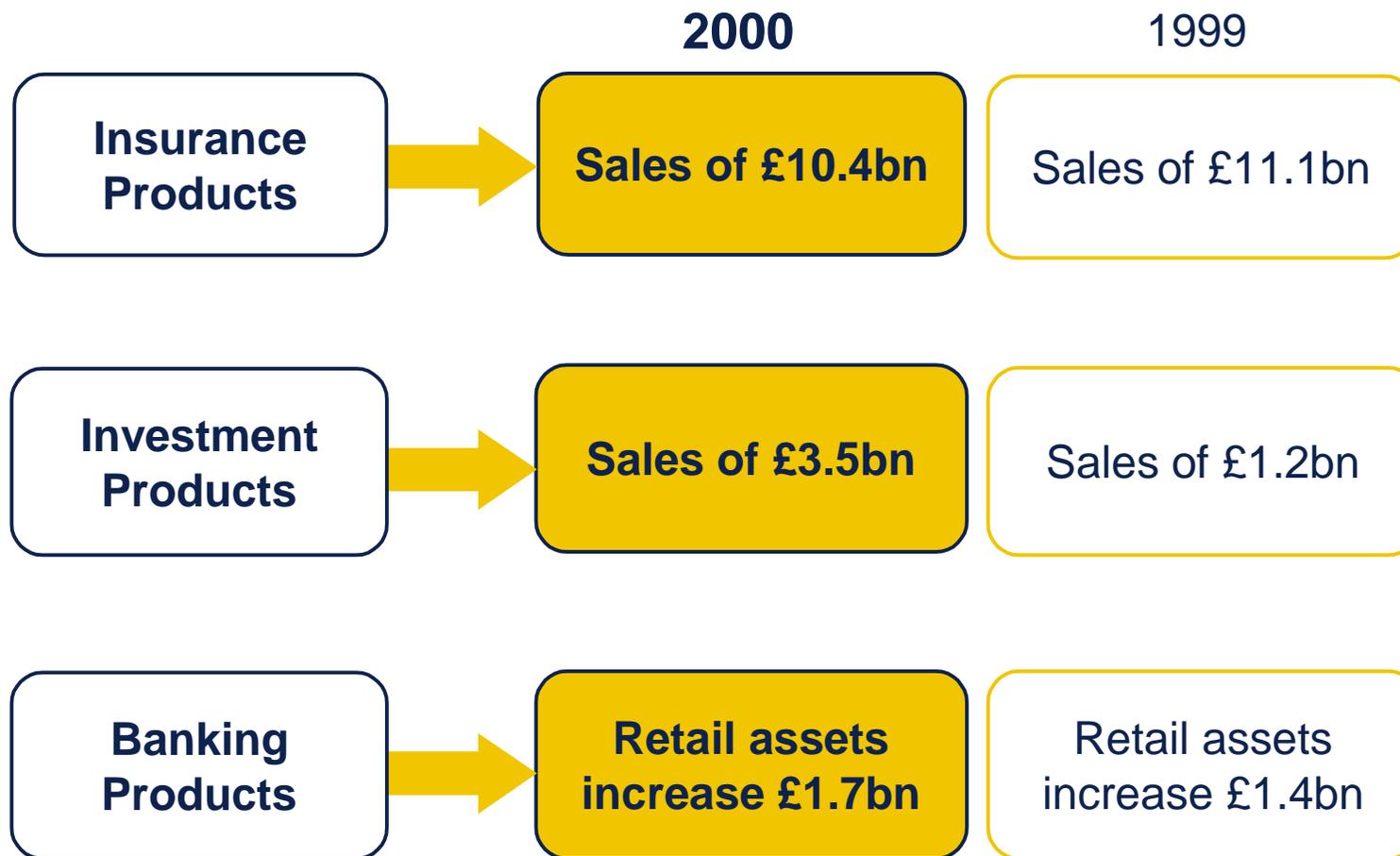
PRUDENTIAL 



Driving the business forward

- **Record group sales**
- **Transforming the UK business while maintaining margins**
- **Excellent investment performance in the UK**
- **Continued focus on value at JNL**
- **Outstanding progress in Asia**
- **Egg remains on track**
- **Listing on NYSE**

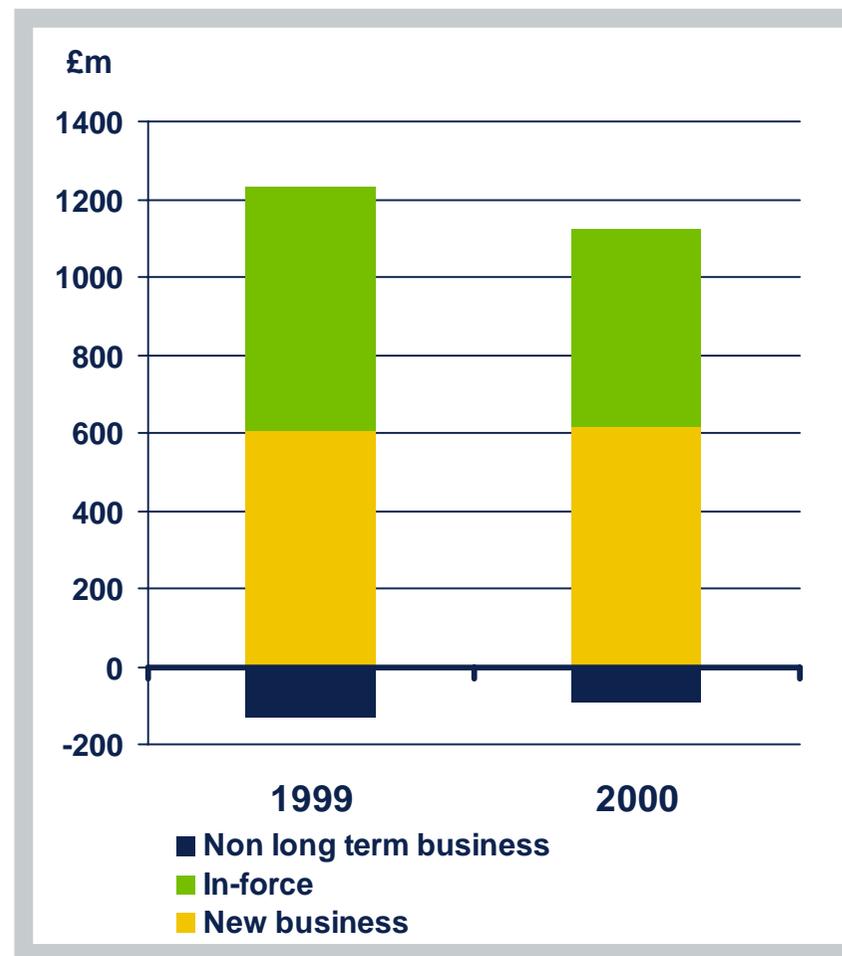
New funds of £13.9bn in 2000



£1,029m operating profit from continuing operations

	2000 £m	1999 £m	%
Operating profit	1,029	1,098	(6%)

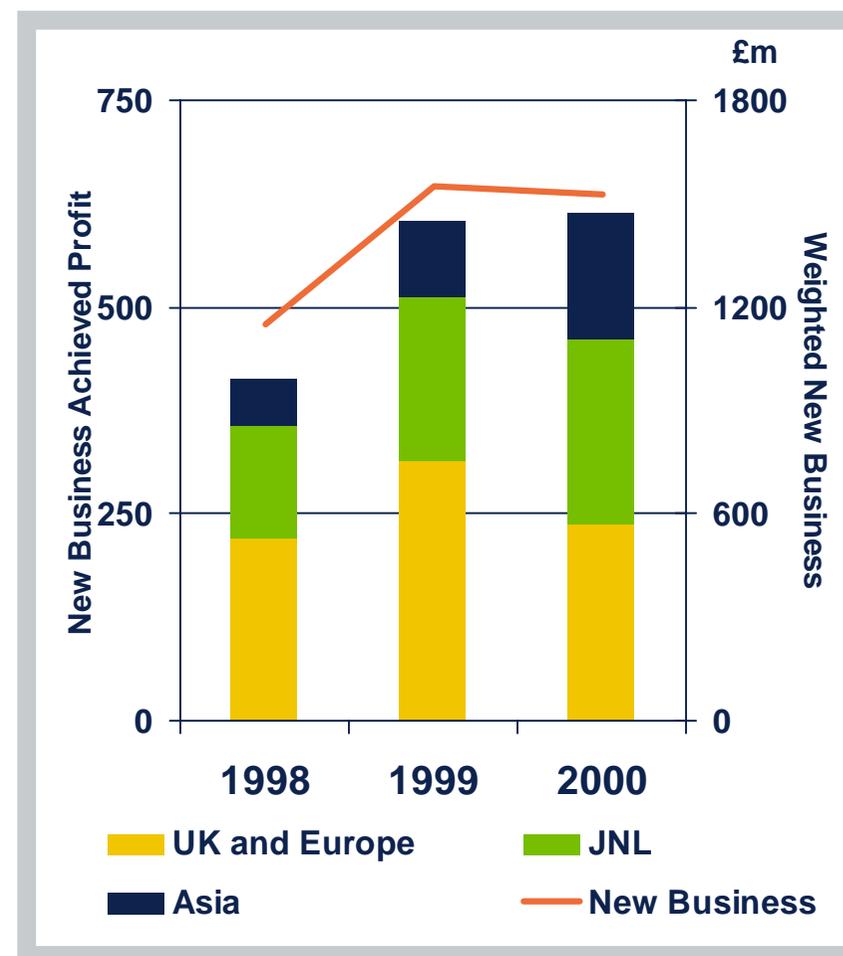
Achieved Basis Operating Profit



Value added by new business up 2% on prior year

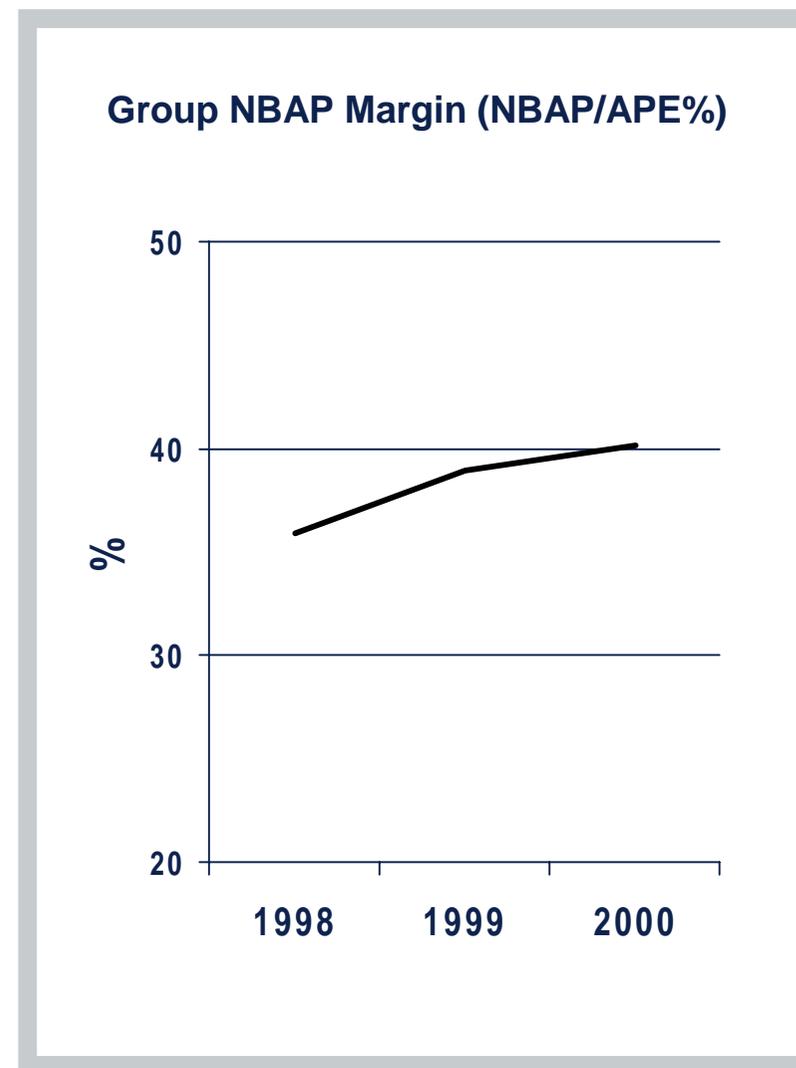
£m	2000 £m	1999 %	
UK Operations			
Intermediary Business	138	199	(31%)
Other UK Operations	92	109	(16%)
UK Total	230	308	(25%)
Jackson National Life	221	198	12%
Prudential Asia	153	90	70%
Prudential Europe	9	7	29%
Total	613	603	2%

Value added by business



Increasing group margins

Territory	NBAP	APE	% margin 2000	% margin 1999
UK	230	741	31%	32%
US	221	508	44%	46%
Asia	153	256	60%	73%
Europe	9	23	39%	33%
Group	613	1,528	40%	39%



Adverse variances impact in-force result

	UK £m	US £m	Asia £m	Europe £m	Total £m
Unwind of discount*	429	252	58	8	747
Jackson spread	-	39	-	-	39
Persistency variance	-	(24)	(7)	-	(31)
Other	19	(30)	9	-	(2)
Average realised gains	-	19	-	-	19
Development costs	-	-	(17)	(18)	(35)
Change in assumptions	30	(258)	-	-	(228)
Total in-force result	478	(2)	43	(10)	509
Achieved profits s'holders' funds	5,186	2,756	793	82	8,833**

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

**Includes £16m of other operations' assets

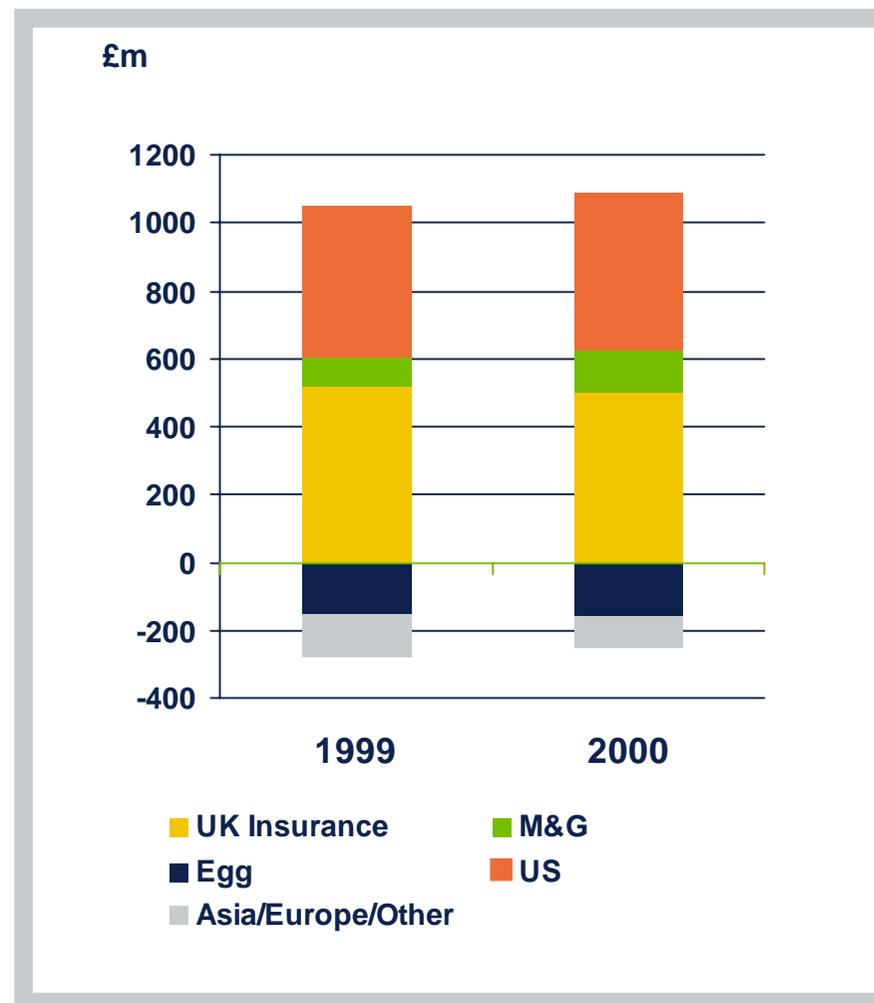
Achieved Profits Basis Results

	2000	1999
	£m	£m
Operating profit (based on longer-term investment returns)		
New business	613	603
<u>Business in force (net of development expenses)</u>	<u>509</u>	<u>633</u>
Total long-term business	1,122	1, 236
General business	33	61
M&G	125	87
Egg	(155)	(150)
US broker dealer and fund management	7	(6)
Other income and expenditure	(103)	(60)
<u>Re- engineering costs</u>	<u>-</u>	<u>(70)</u>
<u>Operating profit before amortisation of goodwill</u>	<u>1,029</u>	<u>1,098</u>

Operating profit up 8%

	2000 £m	1999 £m	%
Operating profit	840	776	8%

Statutory Operating Profit



Operating profit up 8%

	2000 £m	1999 £m	Change £m
UK - long term insurance	468	454	14
UK - general insurance	33	61	(28)
M&G	125	87	38
Egg	(155)	(150)	(5)
UK operations	471	452	19
US operations	466	451	15
Asian operations	22	15	7
European operations	(10)	6	(16)
Other	(109)	(78)	(31)
UK re-engineering	-	(70)	70
	840	776	64

8% increase in EPS

	2000	1999	
	£m	£m	%
Operating profit before amortisation of goodwill	840	776	8
Profit on business disposals	239	-	
Amortisation of goodwill	(84)	(54)	
Short-term fluctuation in investment returns	(48)	28	
Profit before tax	947	750	26
Effective rate of tax on operating profit	28%	27%	
Operating earnings per share (p)	31.5p	29.1p	8
Dividend per share	24.5p	23p	6.5

Investing to grow the business

	2000	1999
	£bn	£bn
Group operating profit after tax	0.6	0.6
Dividends declared	(0.5)	(0.5)
Reinvested in businesses to finance growth	(0.3)	(0.3)
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Funds available to holding company	(0.2)	(0.2)
New investment in businesses	(0.2)	(2.3)
Other proceeds	0.6	0.2
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Holding company net cash movement	0.2	(2.3)
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Balance sheet strength

	2000 31 Dec £bn	1999 31 Dec £bn
Borrowings	(1.7)	(1.8)
Shareholders' funds		
- achieved basis	8.8	8.3
- statutory basis	4.0	3.4
Gearing		
- achieved basis	15%	17%

International financial services provider of scale

- **Multi-channel, multi-product retail financial services provider**
- **Leading positions in 2 key established markets**
 - UK
 - USA
- **Strongly positioned across growth region of Asia**
- **Expansion in Europe**

Transformation of UK model

- **Customer base of 6 million**
- **Strong brand**
- **Financial strength**
- **Multiple cost-effective distribution channels**
- **Benefits of scale and efficiency**
- **New specialist sales force**

UK intermediaries

- **All retail IFA business, including annuities, now combined in one business unit**
- **Scottish Amicable Financial Services able to sell multiple brands from March**
- **New e-commerce-based proposition well-received**
- **Market leadership in annuities**
- **Strong market position in with profit bonds**

Group Pensions

- **Refocused the business to capitalise on DC growth**
- **Stakeholder moves employer to centre stage**
- **Affinity groups are critical new distribution**
 - TUC
 - BCC
- **Technology is a key to success**
- **200 replacement provider tenders underway for Equitable Life**

New distribution model

IFA

Combined business unit
Multiple brands
E-commerce developments
Increasing focus on income in retirement

Remote

Telephony
Direct mail/ off-the page advertising
Financial health check
On-line
DiTV

Worksite

Role of employer in stakeholder
Retirement planning
Corporate business clients, SMEs and affinity groups

Financial Planning Service

Personalised
Face-to-face
Complex financial planning needs
Customers with £50k-£150k income or liquid assets
Potential market of 3-3.5m people

M&G: Building on success

- **Successful integration of M&G and PPM**
- **Improving equity unit trust fund performance**
- **Growth from new fund launches**
- **Another strong year for fixed income**
- **Life fund outperformed all benchmarks**
- **Cofunds launched in February 2001**
- **Ambitions to enter Europe in 2001**

New, old and internal funds all performing strongly

Equity funds*	1 year	3 year
British Opportunities	7/294	13/236
Managed Growth	16/57	5/38
Global Technology#	1/9	n/a
Innovator#	2/77	n/a
Fixed income funds**	1 year	3 year
Corporate Bond	13/76	10/59
Emerging Markets Bond#	1/50	n/a

- Improving performance in all activities
- Upturn in flagship funds
- New launches performing well
- Fixed income leadership maintained
- Strong relative returns across internal funds
- Maintained trend in investment performance will drive retail sales

* bid to bid; performance to 31.12.00 # since launch

** offer to bid; performance to 31.12.00

2000 Achievements - Egg

- **70% increase in customer numbers to 1.35 million**
- **84% increase in retail assets to £3.8 billion**
- **Loss before tax on plan at £155 million**
- **Revenue growth (375%) outstripped cost growth (46%)**
- **Widening net interest margins (from 34bps up to 106bps)**
- **Intermediation capability now built; Invest, Insure, Mortgages, Shop**
- **Brand awareness reaches 88%**
- **On track for breakeven in Q4 2001**

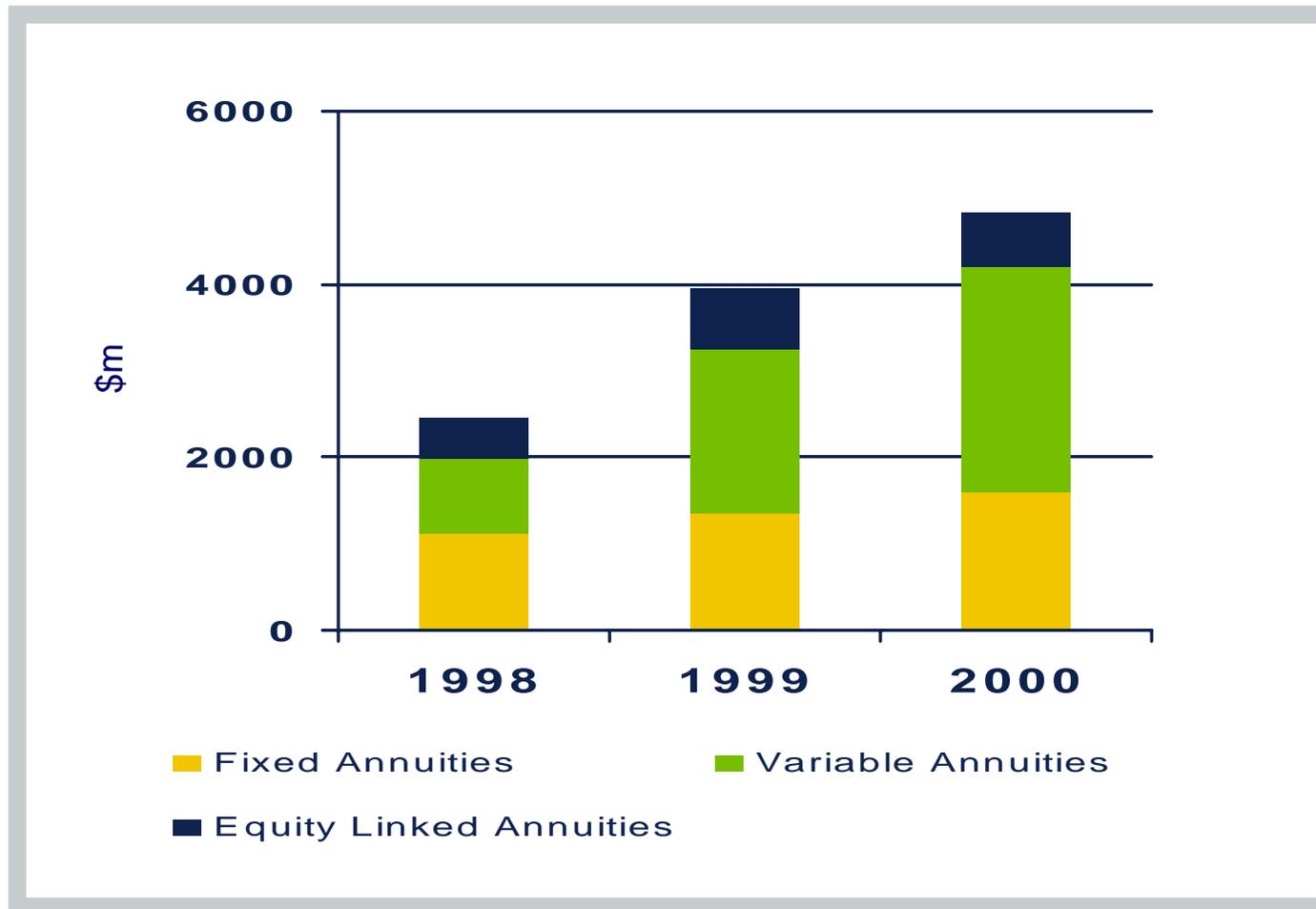
Developing our European strategy

- **Breaking down the value chain**
- **Investment in pan European infrastructure**
- **Germany**
 - 7 months sales through Signal Iduna
 - expansion of broker business
- **France**
 - launch of “Prudential Europe Vie” with CFP in 1Q01
 - sales via CNP to commence 2H2001

2000 Achievements

- **Continued benefit from diversified distribution**
- **Expanded ownership of distribution sources**
- **Increase in breadth of product offering**
- **Strong market position across a range of products**
- **Enhanced infrastructure capability**

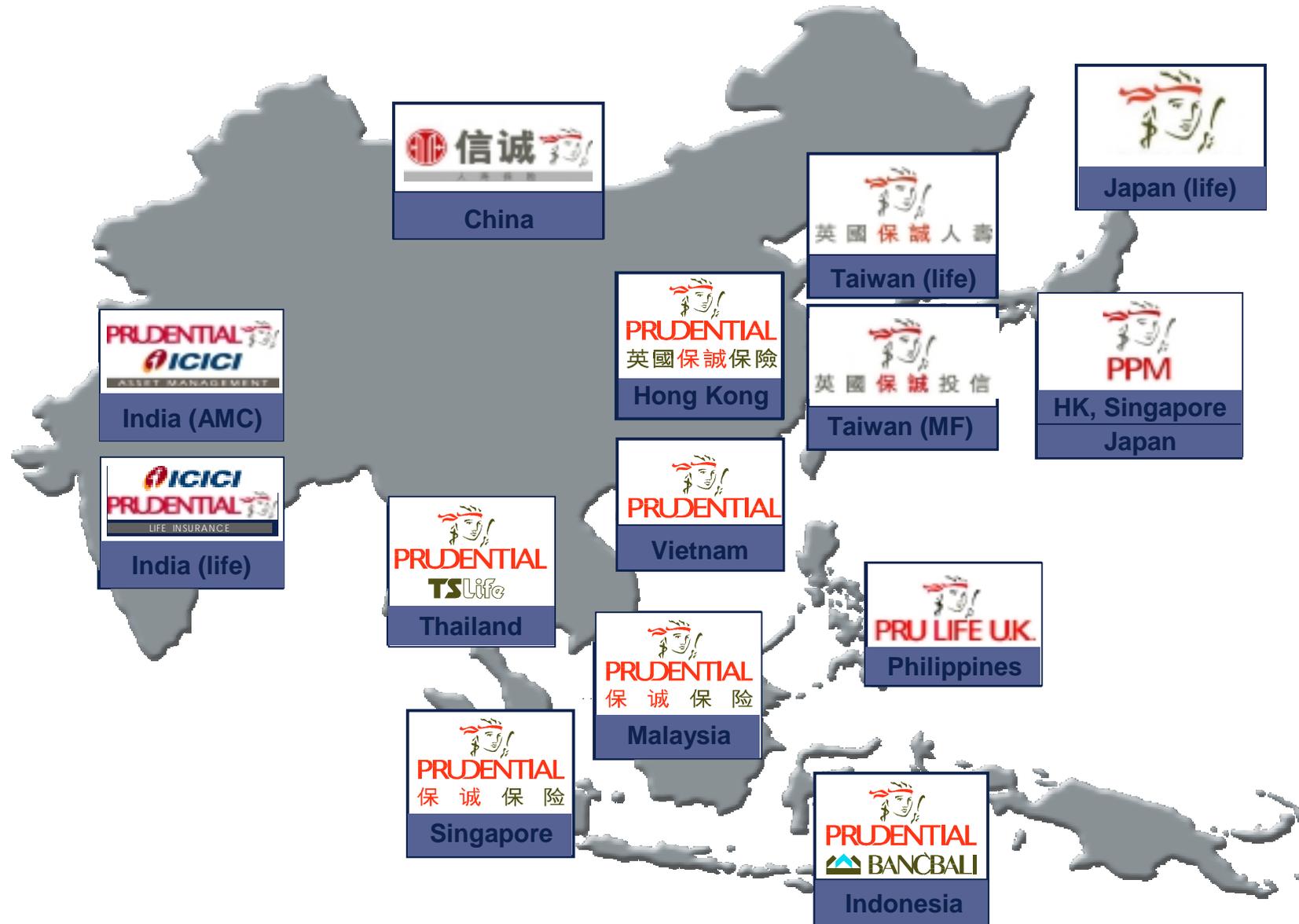
Continued diversification of product



Created the fifth largest network of independent registered representatives in the USA



2000 Achievements



Significant achievements across all growth dimensions

- **Continuing to build high quality, multi-channel distribution**
 - agent numbers grew 75% whilst maintaining quality focus
 - bancassurance new business APE up by 190% over 1999
 - pioneering internet sales in Singapore and India
- **Launching innovative customer focused products**
 - expanding linked product range
 - new Syariah compliant funds in Malaysia
- **Providing high quality customer service**
 - PRUpower, online and WAP phone servicing
 - Prudential Singapore - “Asia’s Life Insurance Company of the Year”

Driving the business forward

***“An international retail financial services company,
focused on creating value for our shareholders”***

- **Record group insurance and investment sales, up 13%**
- **Overseas new business achieved profits up 30%, representing 62% of group**
- **New business model for UK insurance**
- **Record new business achieved profits in US**
- **Asia record new business achieved profits, up 70%**