



PRUDENTIAL

PRUDENTIAL PLC GROUP UPDATE

26 October 2005

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.



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**MARK TUCKER
GROUP CHIEF EXECUTIVE**

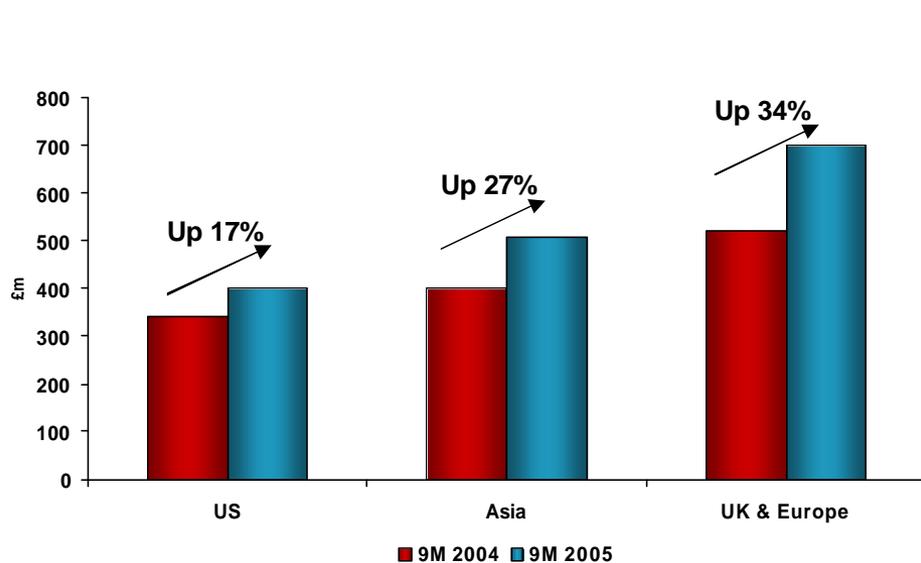
AGENDA

- Q3 New Business update
- Group and regional business strategies update
- Group Capital update
- Summary
- Questions

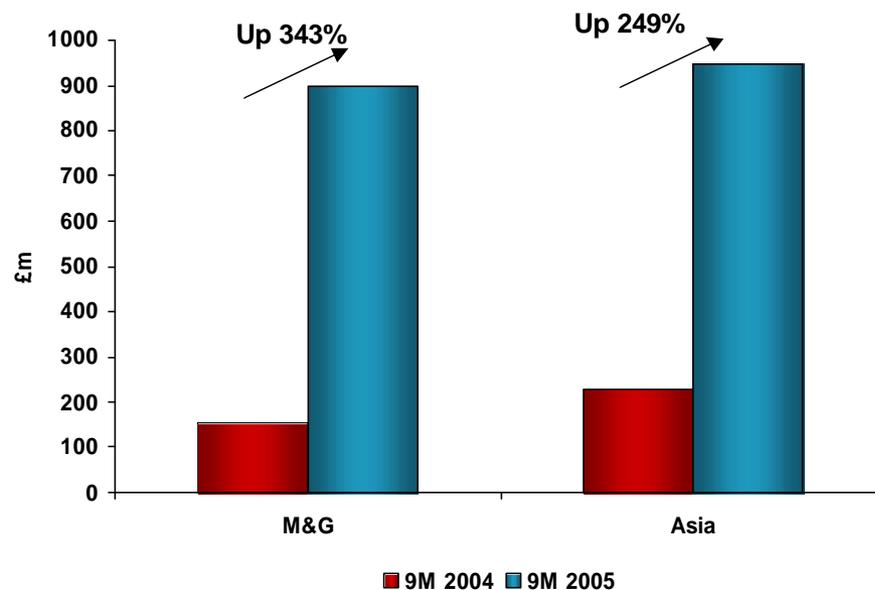
2005 NINE MONTHS NEW BUSINESS SALES

Strong growth at the nine month stage

LIFE INSURANCE APE Sales



FUND MANAGEMENT Retail net fund flows





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GROUP UPDATE

DEVELOPING A LONGER-TERM VIEW

Sustainable customer and shareholder value

Assessment of Global Retail
Financial Services Markets



Participation and Competitive Outlook



Opportunity Identification

Continuous process over time

Bottom up, top down review

- Based on projections of economic profit pools 10 years out
- Country risk analysis
- Individual market dynamics and Prudential's positioning and sources of advantage

Multiple perspectives incorporated

- Product markets
- Customer needs and access opportunities
- Distribution channel economics and prospects
- Activity/Value chain
- Regulation
- Competitors

Identification and evaluation of opportunities - taking into consideration:

- Market headroom, scope and materiality
- Ability to drive long term value
- Group's competitive advantage
- Risk/return (including execution risk and payback)
- Capital intensity vs overall contribution to shareholder value creation

DEVELOPING A LONGER-TERM VIEW

Fundamental questions

1. How important is the US market and the ownership of Jackson for the group?
2. Do we risk selling ourselves short in Asia by focusing too much on near-term cash generation?
3. Are we optimising our position and strong franchises in the UK market?
4. Does Egg have a place in the Group and fit with our UK strategy?
5. Are there opportunities to increase profit by working more closely across our regions?
6. Do we have the capital and flexibility to pursue the opportunities available to us?

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The US is a primary engine of growth and JNL is a great asset

We can meet our challenging medium-term growth targets for Asia and be cash positive from 2006

In the medium-term we can drive more value through UKIO, Egg and M&G working together

Egg has an important long-term role to play in an increasingly collaborative UK strategy

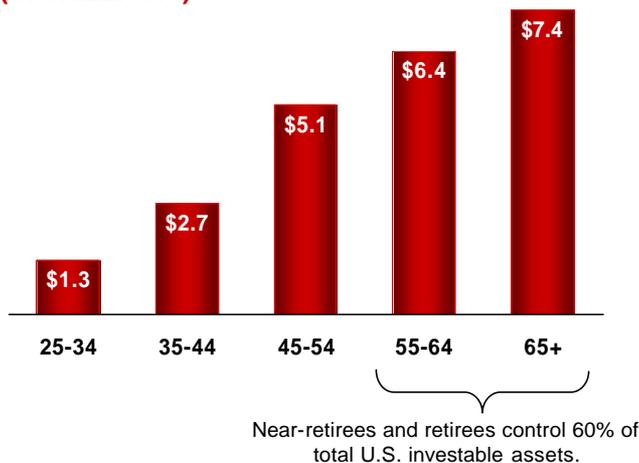
There are much greater opportunities than we are currently accessing whilst retaining our regional structure

We have the capital to fund medium-term organic growth and such bolt-on acquisitions as we envisage

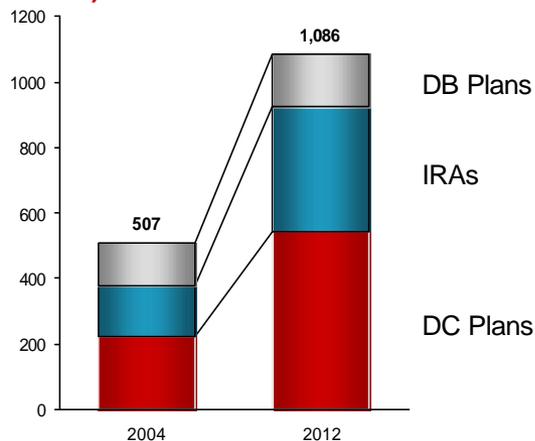
US REGIONAL STRATEGY

A major growth opportunity as 77 million 'boomers' retire

TOTAL U.S. FINANCIAL ASSETS BY AGE COHORT (IN TRILLIONS)



GROWTH IN ANNUAL RETIREMENT DISTRIBUTIONS (IN \$ BILLIONS)

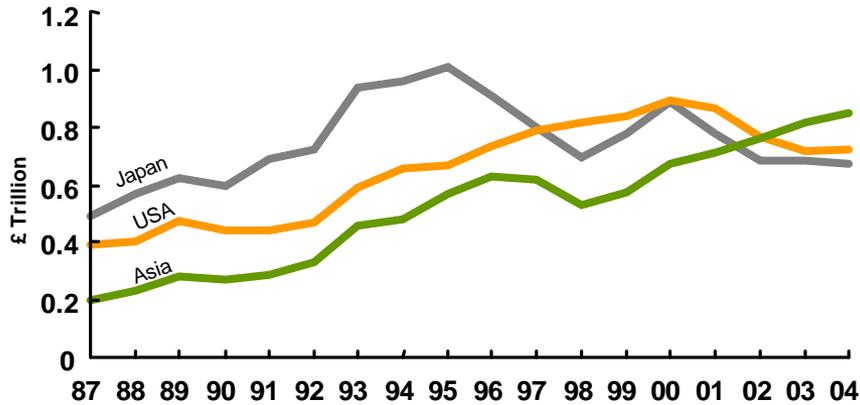


- Focus on pre and post retirees' financial services needs
- Emphasis on profitable advice-based distribution channels
- Expand solutions-based model
- Maintain expense advantage
- Bolt-on acquisitions if returns sufficiently attractive

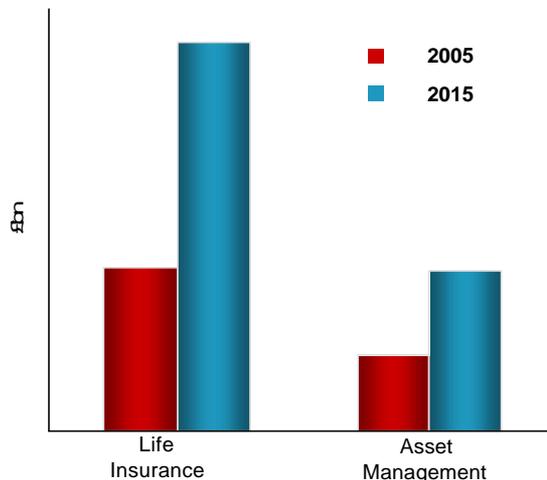
ASIA REGIONAL STRATEGY

Pan-Asian position to take advantage of significant growth

GROSS DOMESTIC SAVINGS FLOW



ECONOMIC PROFIT



- Continuing rapid organic growth with no major change to insurance footprint
- Key growth drivers North Asia (China, Taiwan, Korea) and India
- Flexible multi-channel distribution building on established platforms with agency remaining dominant
- Maintain regular premium investment-linked and protection focus; more Accident and Health
- Take advantage of emerging pensions opportunities
- Continue expansion of mutual fund operations with aggressive growth in FUM
- Strong focus on capture of regional cost, service, and revenue synergies

MEET GROWTH PLANS AND CASH POSITIVE 2006

UK REGIONAL STRATEGY

Strong franchises to build a broader position in retail financial services

RETAIL FINANCIAL SERVICES MARKET

- Retail financial services market provides Prudential with the prospect of increased volumes and profitability with 'stickiness' in customer relationships
- Retirement savings is a material and growing share of UK asset pool, well matched with Prudential's competitive strengths

STRONG FRANCHISES

M&G
INVESTMENTS

- Strong retail brand
- Top tier investment performance
- Growth in retail FUM and profitability

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- A trusted brand with financial strength
- Powerful position in retirement market
- Improving returns

eggTM

- Powerful direct to consumer brand
- Large scale customer base

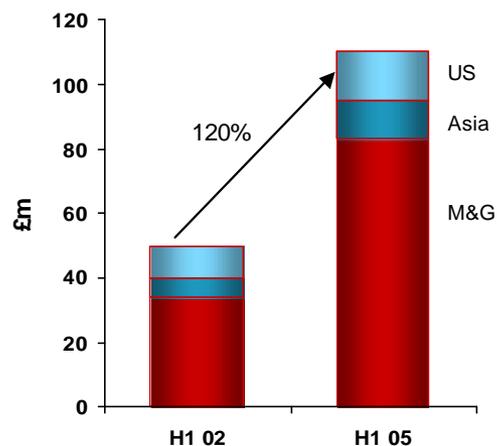
GREATER VALUE FROM CLOSER COLLABORATION

- Egg provides a savings and loans capability
- Revenue opportunities from distribution reach
- Balance of direct and intermediary distribution
- Administration and IT cost benefits

ASSET MANAGEMENT WORLDWIDE

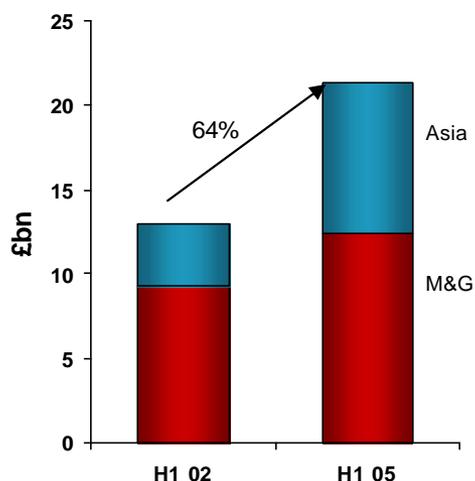
Strong businesses in growth markets

PROFITS



- Strong trends in favour of retail asset management
 - Greater product transparency
 - Growing role of open architecture
 - Cross border opportunities
- Positive cash generation and favourable capital requirements
- Strong investment performance, brand, access to distribution and a distinct investment culture driving success

RETAIL FUM



- Prudential's retail funds businesses are well placed
 - Leading positions in UK & Asia
 - Multi-channel distribution tailored to local markets
 - Track record of consistent investment performance, growth in assets, customers and profit
- Strong dialogue and increasing links between our three fund management operations
- Enhancing value in our insurance businesses through superior investment performance and product competitiveness

ACCESSING GROUP BENEFITS

Group Opportunities

- Capital management
- Risk management
- Information Technology
 - Single Group infrastructure
 - Global support unit
 - Initial savings estimated at £20-25 million p.a.
- Regional opportunities in Asia and UK

CAPITAL MANAGEMENT AND ALLOCATION

At the centre of the management agenda

- Robust capital modelling process in place
- Capital and cash to fund medium term organic growth
- Capital efficiency is improving
- Transitioning to a risk adjusted approach for measuring value creation and allocating capital

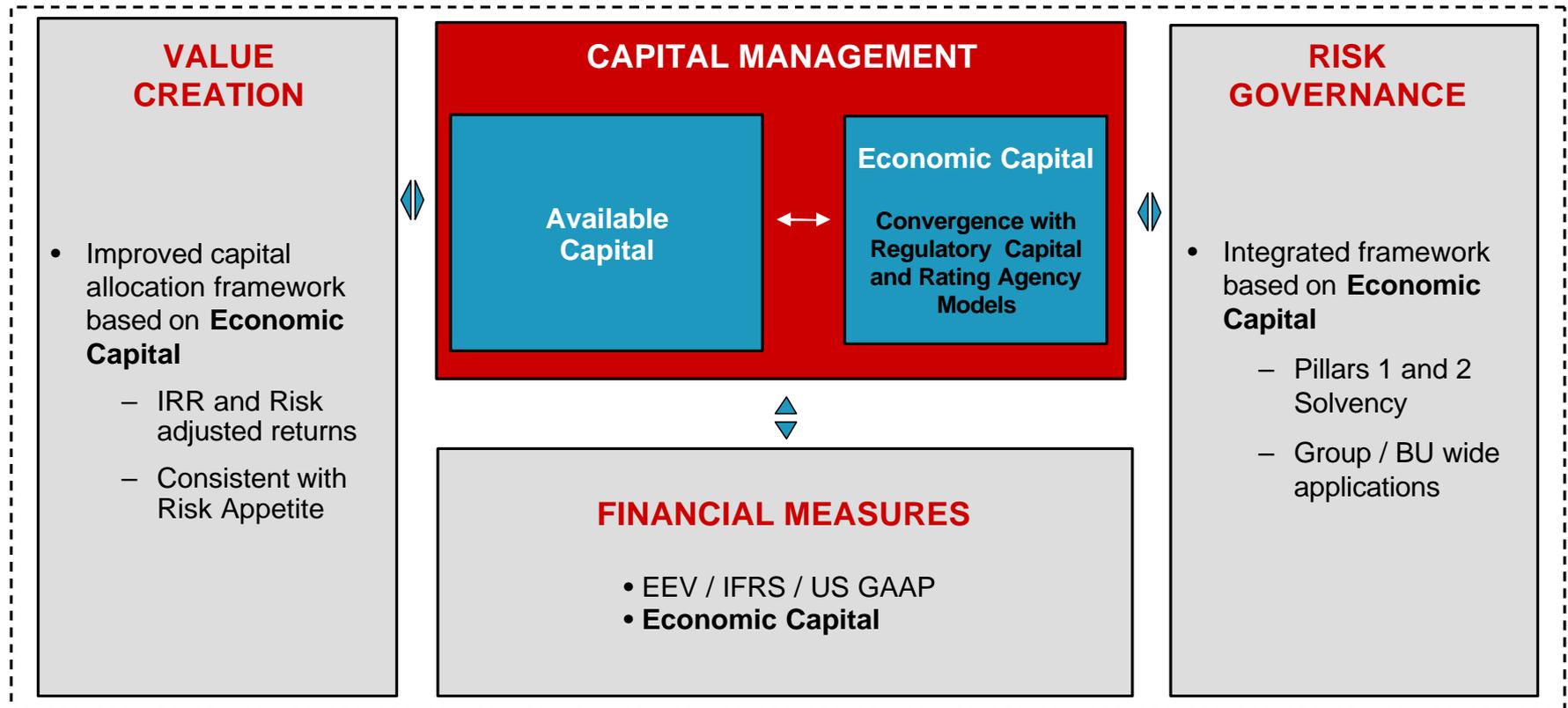


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**PHILIP BROADLEY
GROUP FINANCE DIRECTOR**

CAPITAL MANAGEMENT AND VALUE CREATION

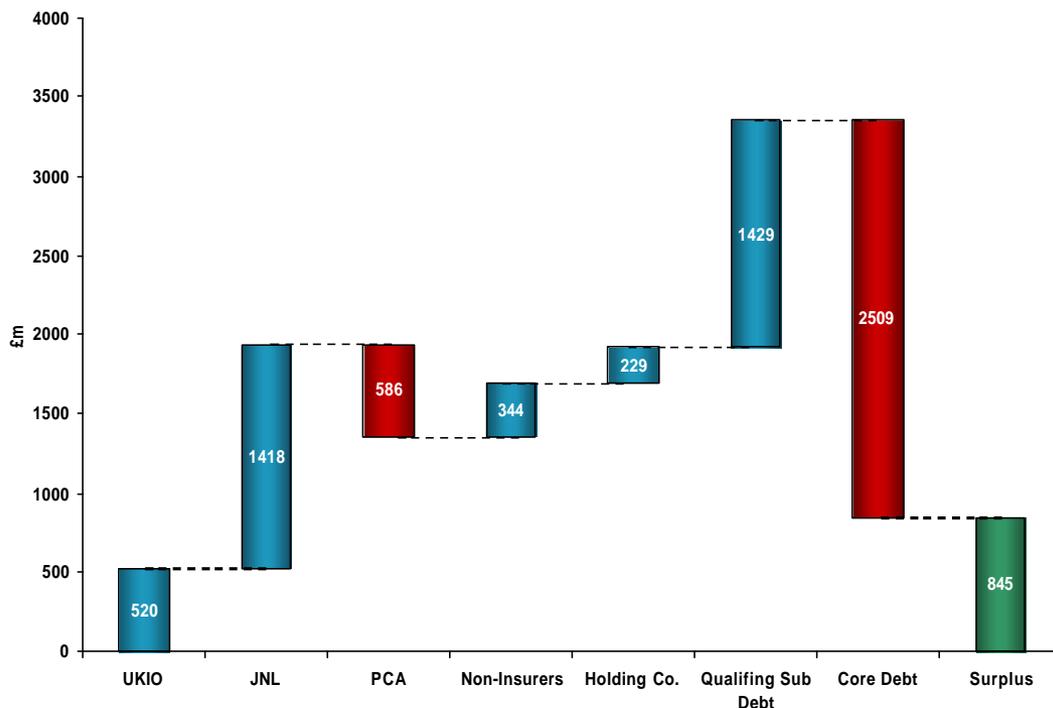
An integrated, robust approach based on economic capital



REGULATORY CAPITAL

Group surplus of £845m at 31 December 2004; surplus expected to be broadly maintained at end 2005

CAPITAL RESOURCES LESS CAPITAL RESOURCES REQUIREMENTS

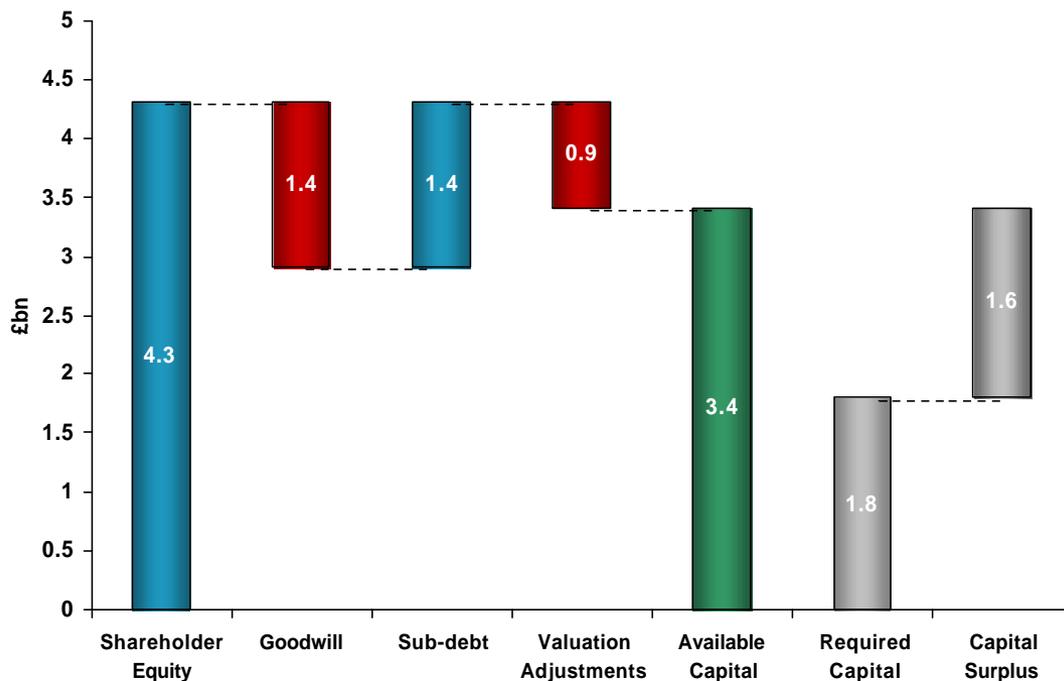


- Non-designated territories valued using FSA requirements
- No value to future 90:10 shareholder transfers permitted
- Required capital £2bn
- Surplus is 42% of required capital
- FSA rules provide significant capacity for subordinated debt

ECONOMIC CAPITAL

1.9x covered at end 2004

AS AT 31 DECEMBER 2004



- Default target of 4.4% over 25 years equivalent to cumulative probability of AA bond default
- Group solvency model captures cashflow from business units allowing for restrictions on capital mobility
- Diversification benefit equivalent to 30% of gross capital requirement

TAIWAN

Whole of life guaranteed benefits

CAPITAL

- Economic capital used for FCD capital requirement

EMBEDDED VALUE

- Guarantees modelled stochastically in economic capital model calibrated to AA default
- Uses a grading of long-term bond rates to end 2012 (2% to 5.5% ultimate at H1 2005)
- EEV includes the costs of holding economic capital in Asia

CASHFLOW

- Cost of servicing negative spread is included in our plans
- Annual cost of negative spread currently around £30 million
- With planned growth Taiwan is expected to become cash positive during 2010 if bond rates remain at current levels

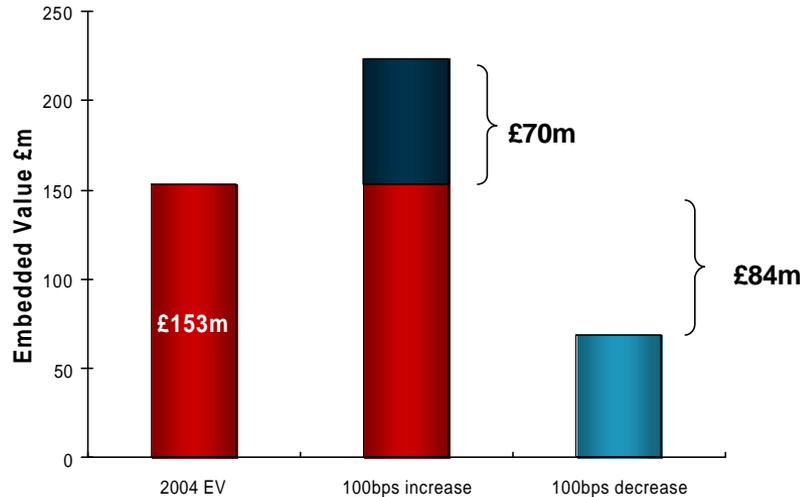
NEW BUSINESS PROFITABILITY

- 100bps fall in interest rates lowers current new business margin in Taiwan by less than 2 percentage points

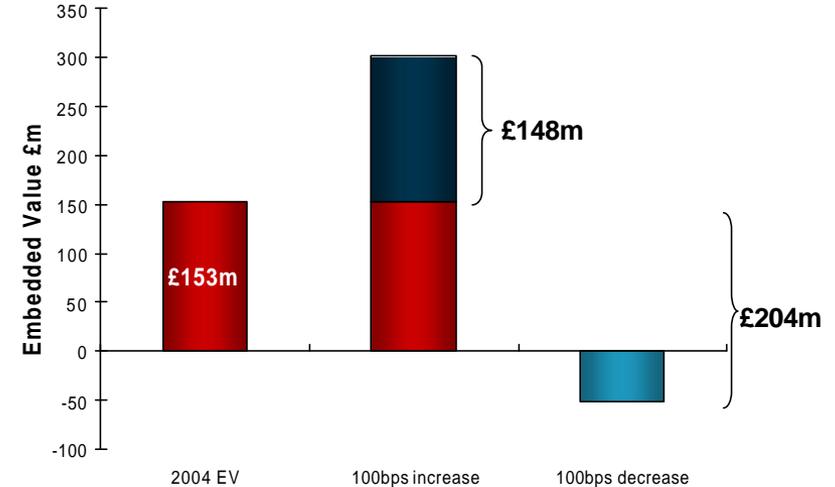
TAIWAN

End 2004 achieved profits embedded value sensitivity to bond rates

IMPACT OF 1% MOVEMENT IN START RATE



IMPACT OF 1% PARALLEL SHIFT



	End 04	100bps increase	100bps decrease
Start bond rate	3.0%	4.0%	2.0%
Ultimate bond rate	5.5%	5.5%	5.5%

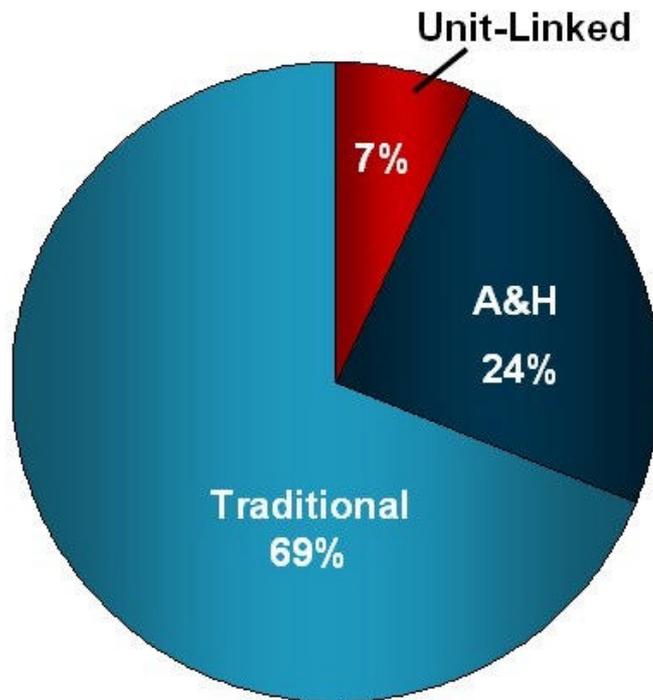
	End 04	100bps parallel increase	100bps parallel decrease
Start bond rate	3.0%	4.0%	2.0%
Ultimate bond rate	5.5%	6.5%	4.5%

Includes a 1% change in risk discount rate

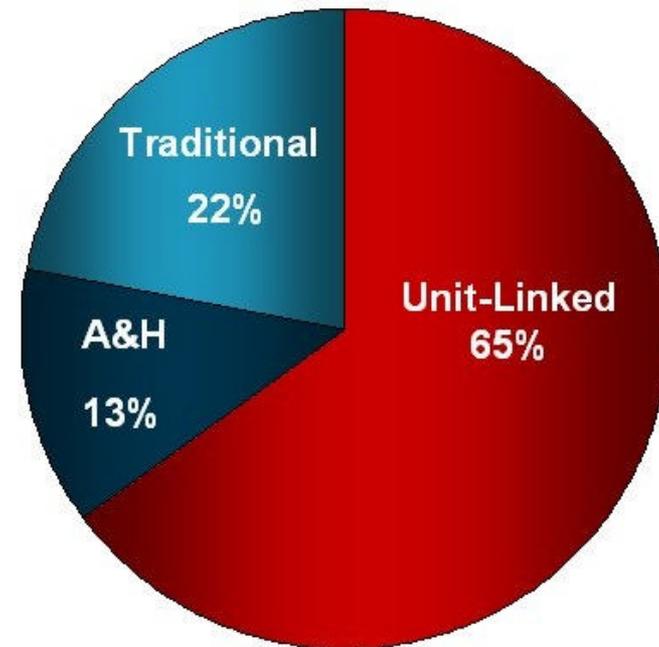
TAIWAN

Growing proportion of unit-linked sales

2001 FULL YEAR APE



2005 9 MONTHS APE



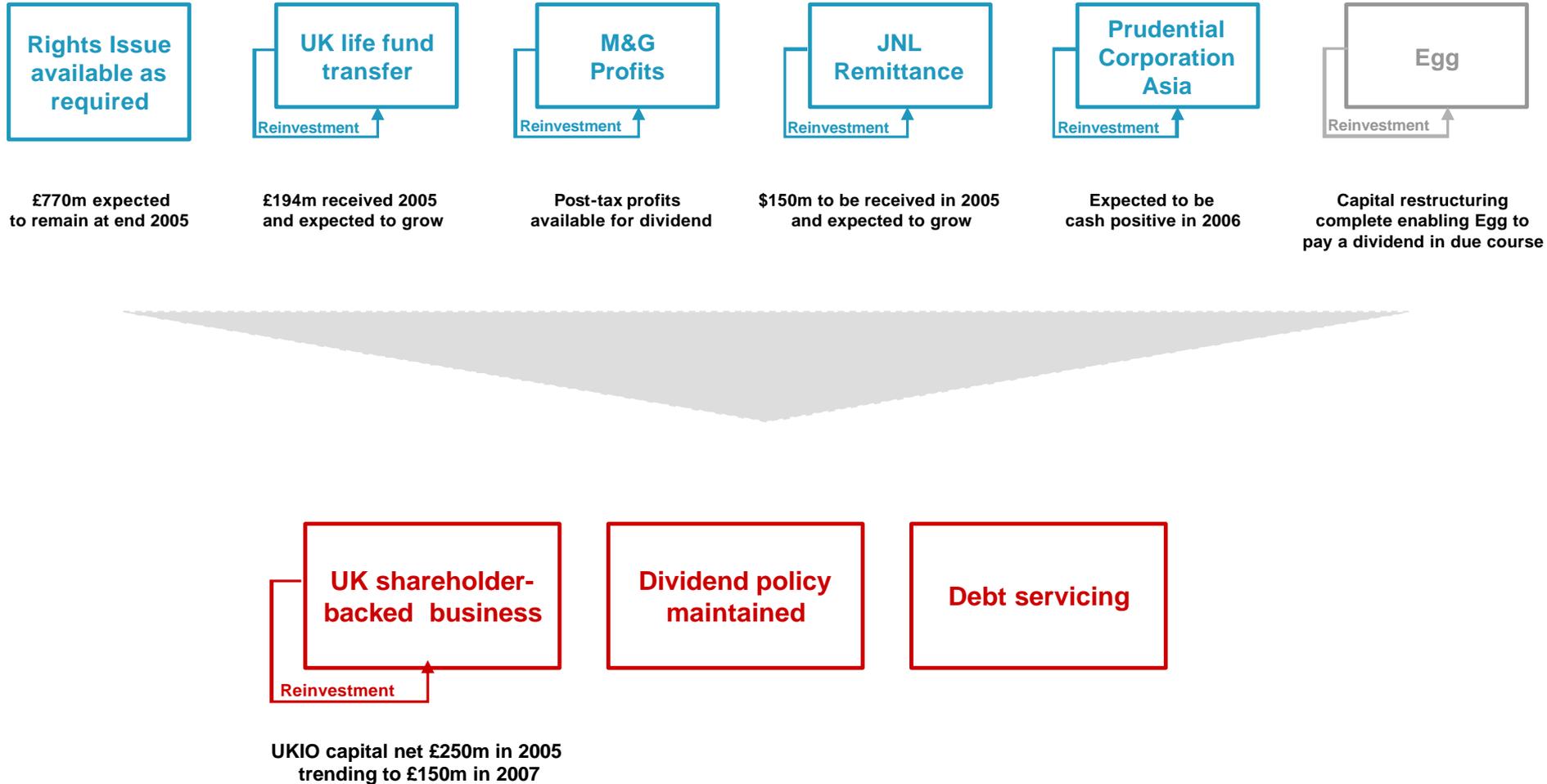
ROBUST CAPITAL POSITION

Additional sources available

- Conservative approach to capital modelling
- Capital position sufficient to meet the Group's medium-term plans
- Further alternative sources available:
 - Debt capacity expected to increase over medium-term
 - Other sources such as securitisation and greater use of reinsurance
 - Benchmark remains cost of debt
- Alternative sources develop over longer-term as shareholder backed business grows
- Estate currently retained to support the financial strength and investment flexibility of the fund

CASHFLOW

Cash to fund organic growth in the medium-term





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GROUP CHIEF EXECUTIVE**

SUMMARY

Compelling positions in the world's leading retail financial services markets

- The US is a primary engine of growth and JNL is a great asset
- We can meet our challenging medium-term growth targets for Asia and be cash positive from 2006
- In the medium-term we can drive more value through UKIO, Egg and M&G working together
- Egg has an important long-term role to play in an increasingly collaborative UK strategy
- There are much greater opportunities than we are currently accessing whilst retaining our regional structure
- We have the capital to fund medium-term organic growth and such bolt on acquisitions as we envisage

SUMMARY

Compelling positions in the world's leading retail financial services markets

- Positions of strength
- Customer focus
- Leverage capabilities
- Expand our proposition

- 
- Leading life business
 - Leading player in retirement services
 - Growth in asset management
 - Broader financial services position

BUILD ON ADVANTAGES, DELIVER VALUE



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APPENDIX

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PREMIUM INCOME FROM IN-FORCE BUSINESS

