



PRUDENTIAL

PRUDENTIAL PLC 2005 FULL YEAR RESULTS

16 March 2006

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FULL YEAR 2005 RESULTS

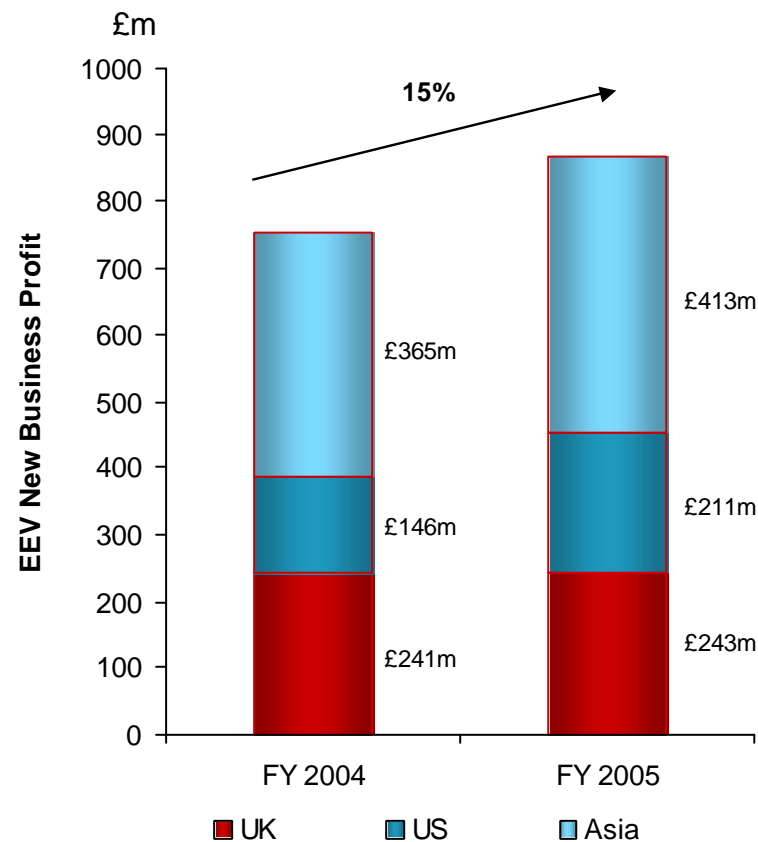
A growth business with strong momentum

- EEV operating profit up 33% to £1,712 million
- Group APE new business up 15% to £2.15 billion
- New business profits up 15% to £867 million
- Third party FUM up 23% to £46 billion
- IFRS operating profit up 36% to £957 million
- Full year dividend up 3% to 16.32 pence
- EEV shareholders' funds up 20%* to £10.3 billion
- Group ROEV 15.7% (2004: 13.4%)*

EEV BASIS: NEW BUSINESS PROFIT AND MARGINS

High gearing to new business profit

VALUE ADDED BY NEW BUSINESS



NEW BUSINESS MARGINS

% of APE	Full Year	
	2004	2005
UK* (%)	30	27
US (%)	32	41
Asia (%)	61	56
Group*	40	41

Insurance sales only

% of PVNBP	Full Year	
	2004	2005
UK* (%)	3.4	3.2
US (%)	3.2	4.1
Asia (%)	10.4	10.2
Group*	5.0	5.2

Insurance sales only

NEW BUSINESS MARGINS AND IRR: UK INSURANCE OPERATIONS

Meeting IRR target 2 years early

	FY 2004	FY 2005
Overall Margin * (%)	30	27
Overall IRR (%)	12	14

- Product and distribution mix will continue to be carefully managed

NEW BUSINESS MARGINS AND IRR: US INSURANCE OPERATIONS

Strong margin and IRR growth

	<u>Full Year</u>	
	2004	2005
Fixed annuity (%)	24	23
Variable annuity (%)	36	50
Other (%)	34	36
Overall Margin (%)	32	41
Overall IRR (%)	12	15

- VA profitability increases following May 2004 re-pricing of Perspective II (full year benefit), economic assumption changes and a higher average policy size
- Increased GIC profitability due to longer average maturities on contracts written in 2005
- FIA margin improved due to increased spread assumption reflecting current spread achieved
- Fixed Annuity margin slightly down due to increased RDR

NEW BUSINESS MARGINS AND IRR : ASIA INSURANCE OPERATIONS

High profitability and IRR

	FY 2004	FY 2005
Hong Kong (%)	63	60
Korea (%)	35	37
Taiwan (%)	61	51
India (%)	27	29
Other ¹ (%)	74	74
Overall IRR (%)	>20	>20

⁷ ¹ China, Indonesia, Japan, Malaysia, Philippines, Singapore, Thailand and Vietnam

EEV BASIS: IN-FORCE PROFIT

Strong growth in in-force

	UK	US	Asia	2005 Total
	£m	£m	£m	£m
Unwind of discount*	424	212	162	798
Change in operating assumptions	(195)	150	(9)	(54)
Variations and other items				
Persistency	0	11	4	15
US spread	0	89	0	89
Amortisation of interest related gains	0	53	0	53
Other	(46)	15	6	(25)
	(46)	168	10	132
Total in-force profit	183	530	163	876

- UK: strengthened persistency assumption representing 3% of UK embedded value
- US: assumption change related to increased pricing effected on two term blocks and a positive spread variance
- Asia: increase in in-force reflects increase in unwind

8 * Includes return on surplus assets (over target surplus) for US operations

IFRS BASIS OPERATING PROFIT

Operating profit up by 36%

	2004	2005
	£m	£m
UK	296	400
US	284	362
Asia	124	187
M&G	136	163
Egg	61	44
Other ¹	(198)	(199)
IFRS Basis Operating Profit²	703	957

- UK results reflect PLP³ transaction and increased annuity profits
- US benefiting from improvements in spread and fee income
- Increasing contribution from Asia
- Growing profits from M&G

⁹ ¹ Includes Asia head office costs; ² Profits from continuing operations; ³ Phoenix Life and Pensions Ltd

HOLDING COMPANY CASHFLOW

Cashflow developing in line with plans

	2004*	2005
	£m	£m
Cash Remitted by business units:		
UK Life fund transfer ¹	208	194
UK other dividends ²	100	103
JNL	62	85
Asia	67	73
M&G	84	62
Total cash remitted to Group	521	517
Net Interest paid	(119)	(115)
Dividends paid	(323)	(378)
Scrip dividends and share options	119	55
Cash remittances after interest and dividends	198	79
Tax received	34	107
Corporate activities	(56)	(66)
Cashflow before investment in business	176	120

¹⁰ ¹ In respect of prior year bonus declarations ² Including special dividend
* At reported exchange rates

HOLDING COMPANY CASHFLOW (Cont'd)

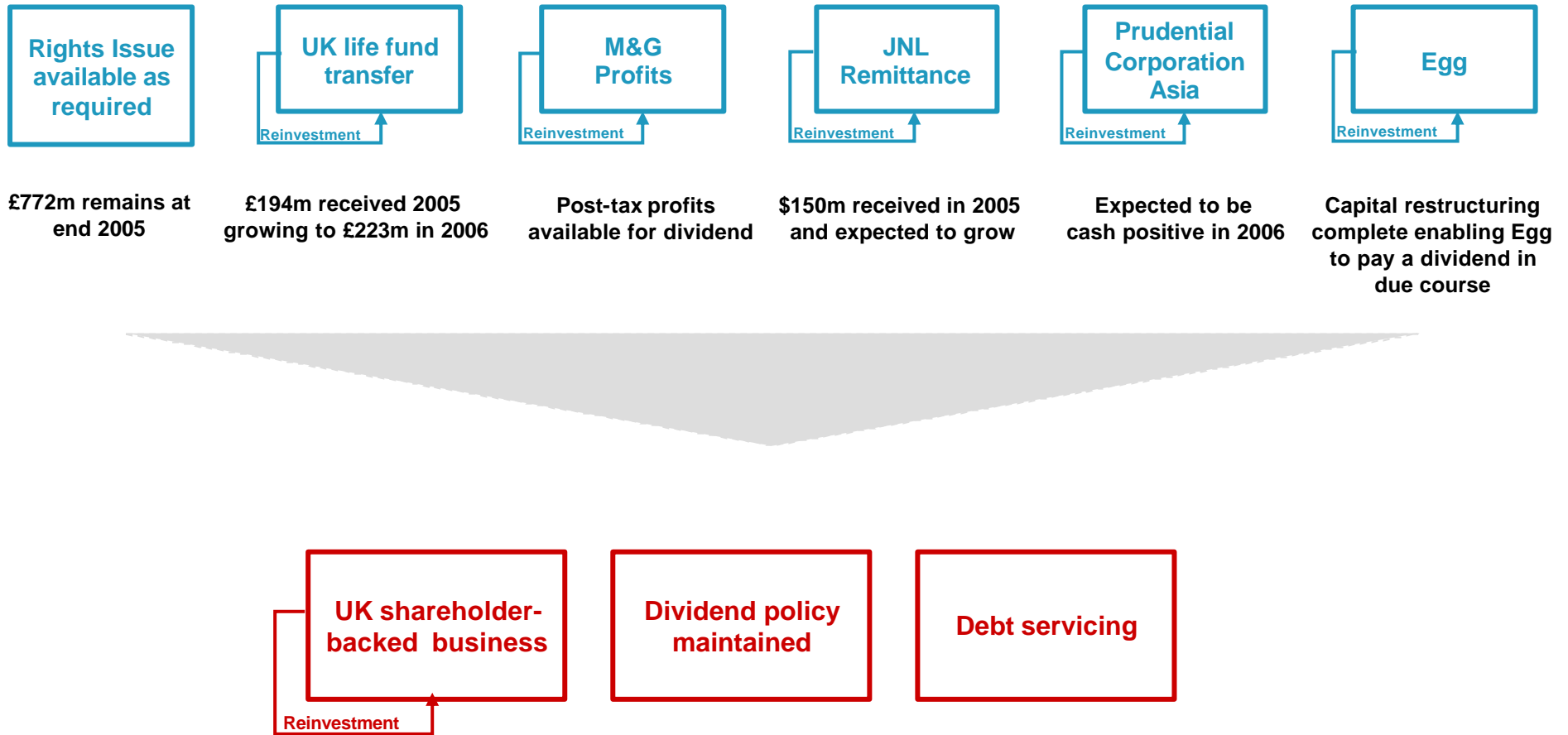
Cashflow developing in line with plans

	2004*	2005
	£m	£m
Capital invested in business units:		
UK	(189)	(249)
Asia ¹	(158)	(169)
Total capital invested in businesses	(347)	(418)
Decrease in cash	(171)	(298)

¹¹ ¹ Net cash invested £96m (2004: £91m)
* At reported exchange rates

CASHFLOW

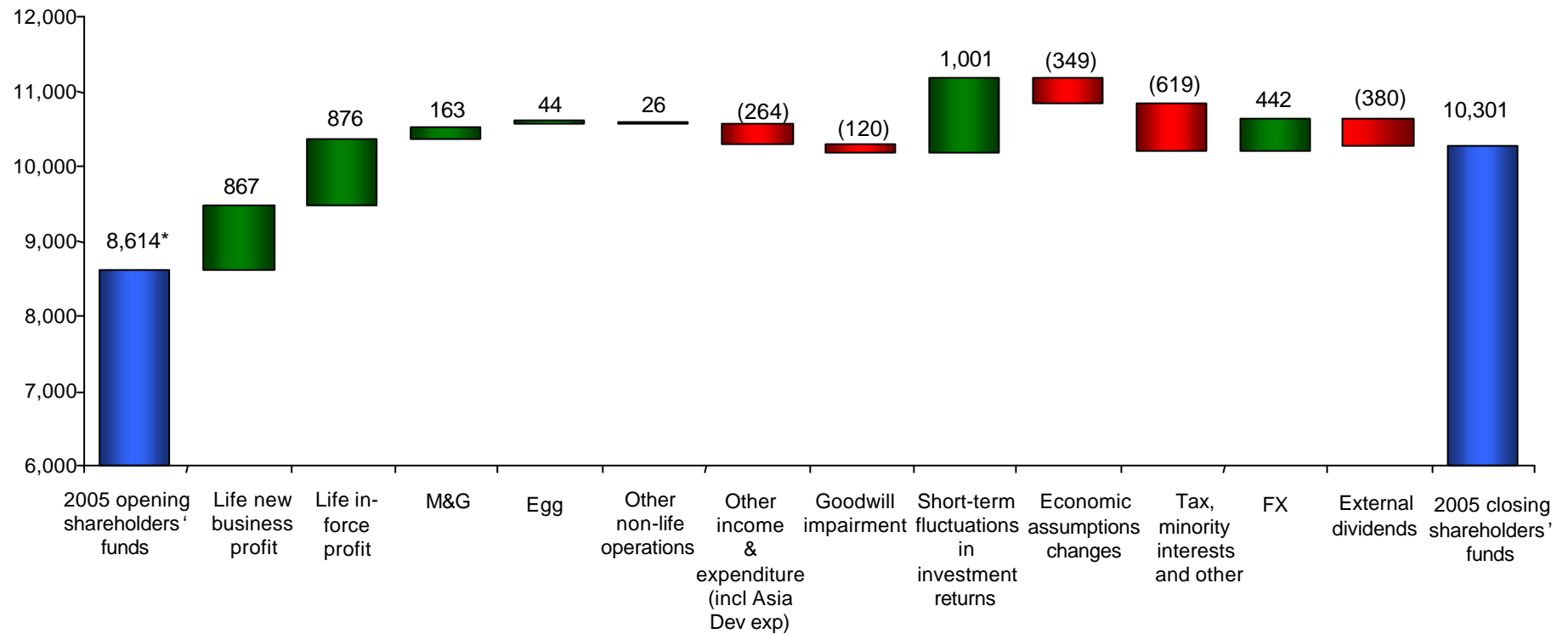
Cash to fund organic growth



EEV SHAREHOLDERS' FUNDS

Strong operating and investment performance

ANALYSIS OF MOVEMENT IN EEV SHAREHOLDERS' FUNDS: 31 Dec 2004 to 31 Dec 2005



MARK TUCKER
GROUP CHIEF EXECUTIVE

FULL YEAR 2005 RESULTS

A growth business with strong momentum

- Compelling positions in the world's leading retail financial services markets
 - Excellent UK franchises with improving returns
 - Highly cash generative US business well positioned for retirement services growth
 - Unrivalled Asian sales and profit growth potential
 - Asset management business with strong investment performance and growing cash flow
- Significant scope to increase value from each business and by accessing Group benefits

UK OPERATIONS

Excellent franchises with improving returns

Priorities

- 14% IRR delivered on insurance new business
- Capitalise on advantages in annuities and experience in corporate pensions
- Build on diversity in distribution
- Resume development of Egg after period of uncertainty
- Deliver on cost and revenue initiatives

Cost saving*	Target
<ul style="list-style-type: none">• Head Office savings in 2006• Treasury efficiencies	£15m
<ul style="list-style-type: none">• Operational savings – detailed plans in place	£25m
Total saving by end 2007	£40m

Revenue synergies	Launch
<ul style="list-style-type: none">• PruHealth to Egg customers	Q1 '06
<ul style="list-style-type: none">• M&G funds to Prudential customers	Q1 '06
<ul style="list-style-type: none">• Egg credit card to Prudential customers	Q2 '06
<ul style="list-style-type: none">• Maturity proceeds proposition	Q2 '06

US INSURANCE OPERATIONS

Highly cash generative business positioned for profitable growth

Priorities

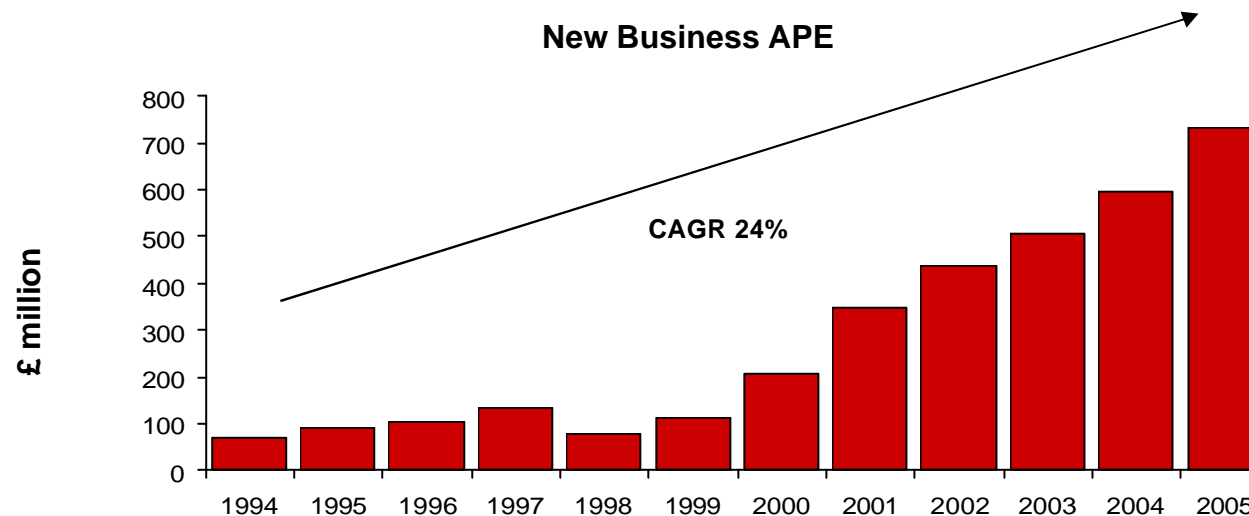
- Focus on variable annuity market and ‘baby boomer’ opportunity
- Continued product innovation
 - 70% of total retail sales in 2005 from products and features not available at the start of 2004
- Scope to grow in chosen channels
 - 9% market share for variable annuities of the fast growing high margin independent broker channel
- Diversifying the book
 - Separate account 24% of total statutory reserves at end 2005
 - Bolt-ons, e.g. Life of Georgia, that meet required returns

ASIA INSURANCE OPERATIONS

Unrivalled Asian sales and profit growth potential

Priorities

- Building distribution to continue to drive growth
- Emphasising high return, capital efficient unit-linked products
 - Unit-linked 63% of sales in 2005
- Increasing cost efficiency



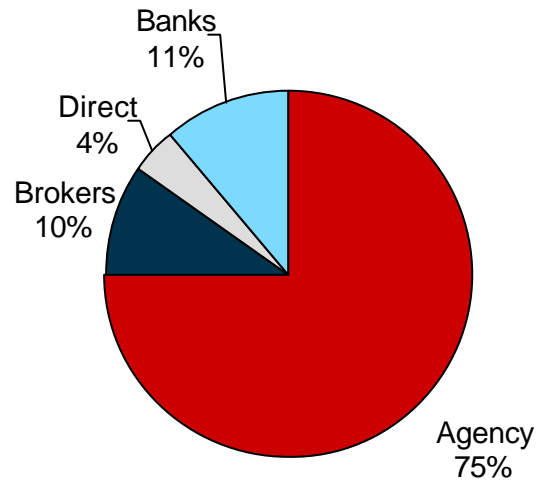
CHALLENGING GROWTH TARGETS AND CASH POSITIVE IN 2006

ASIA INSURANCE OPERATIONS

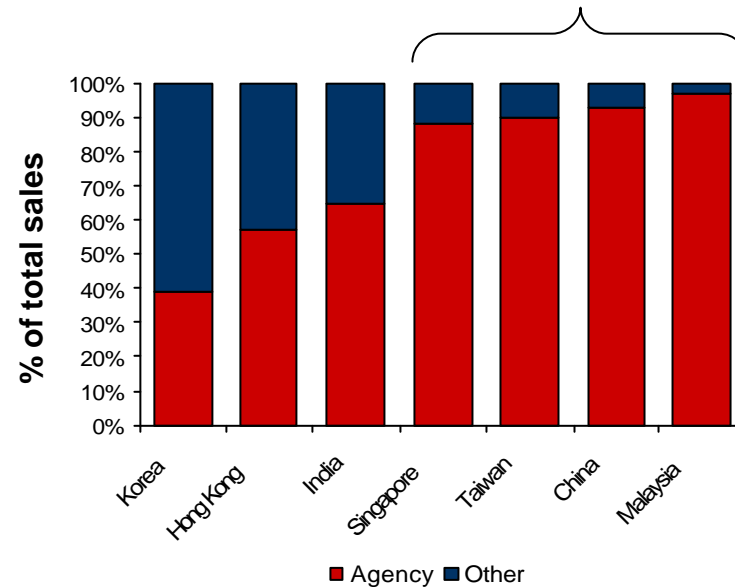
Building distribution to continue to drive growth

- Continued expansion of 170,000 proprietary agency force, particularly in China and India
- Focus on improving agent productivity, especially in established markets
- Material development of bank distribution
- Access the growing potential of direct and broker channels

2005 New Business APE : £731m



Potential for growth of alternative distribution channels

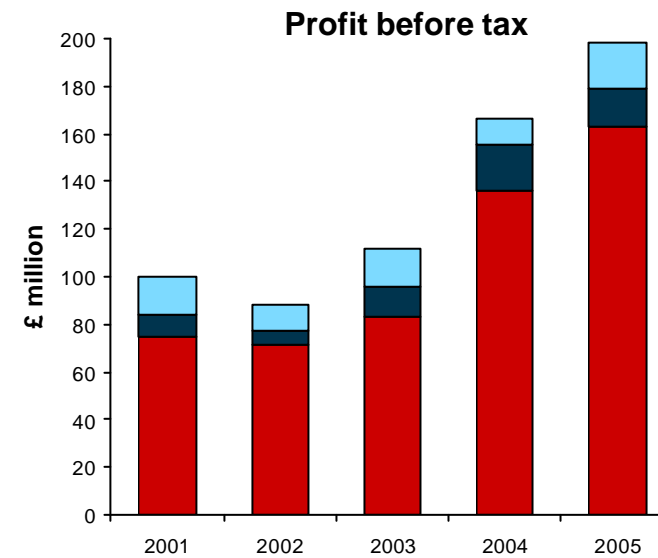
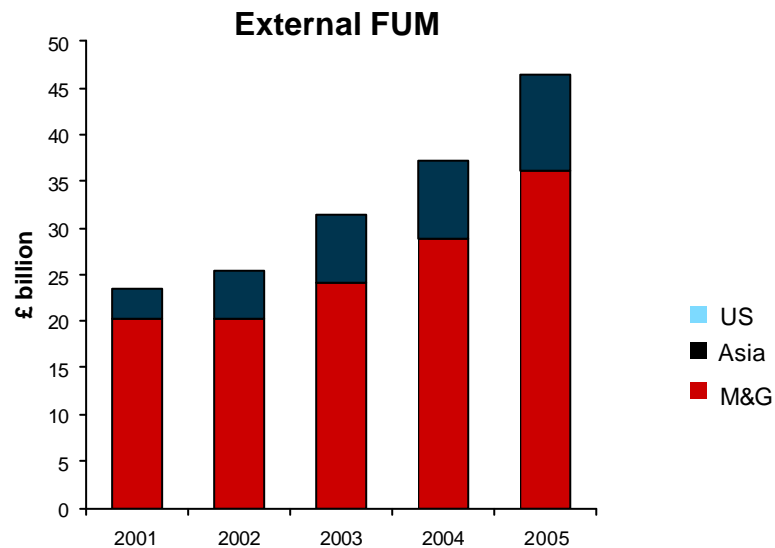


ASSET MANAGEMENT

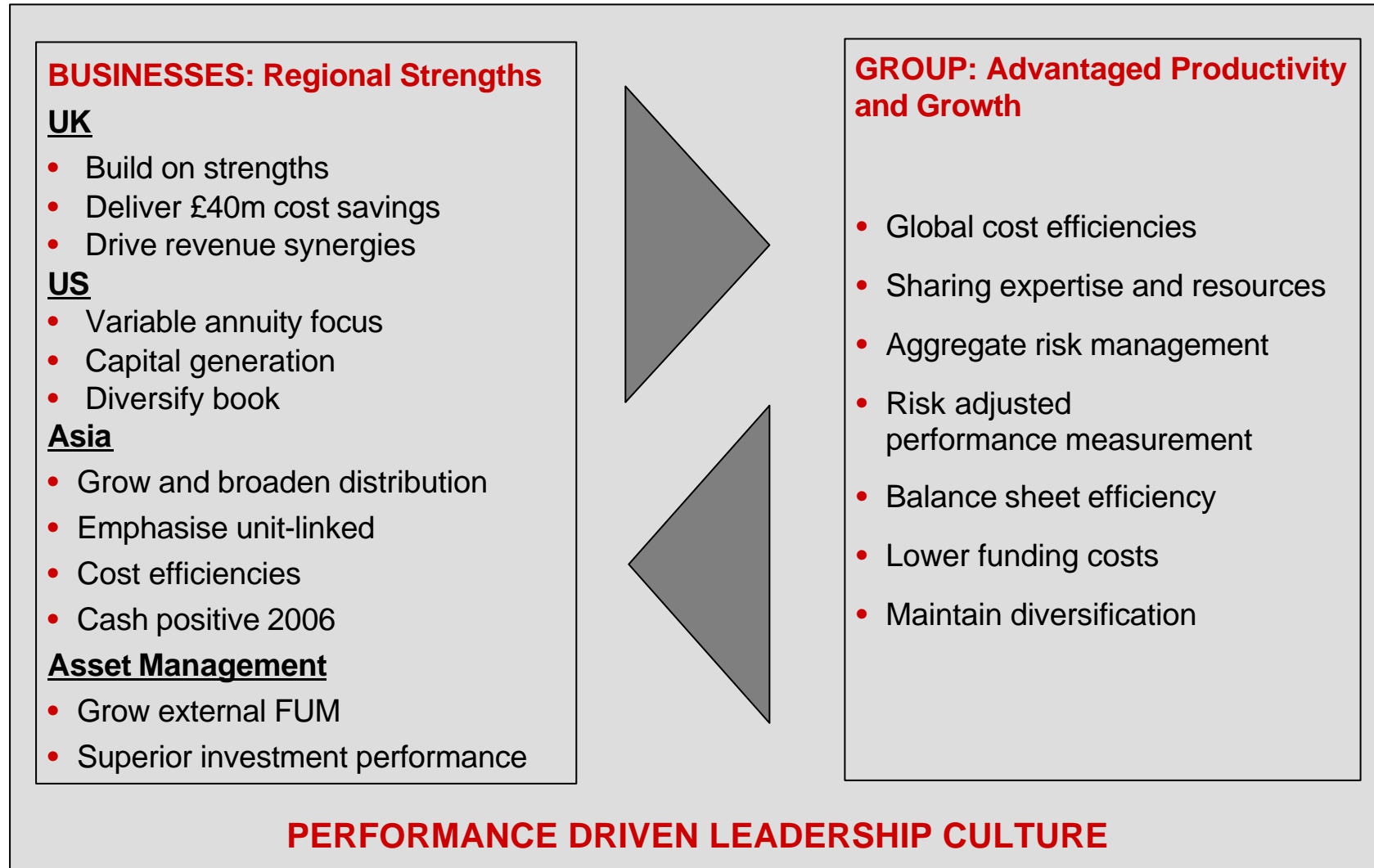
Strong investment performance and growing cash flow

Priorities

- Grow external FUM in UK and Asia
- Add value to life businesses through superior investment performance
- Leveraging cross regional collaboration



BUILDING PROFITABLE GROWTH & EFFICIENCY ACROSS THE GROUP





PRUDENTIAL

A growth business with strong momentum

Capital and cash to fund organic growth

Significant scope for value creation