



Prudential plc 2008 Half-Yearly Financial Results

31 July 2008

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.

Agenda

Group review

Mark Tucker

Financial review

Tidjane Thiam

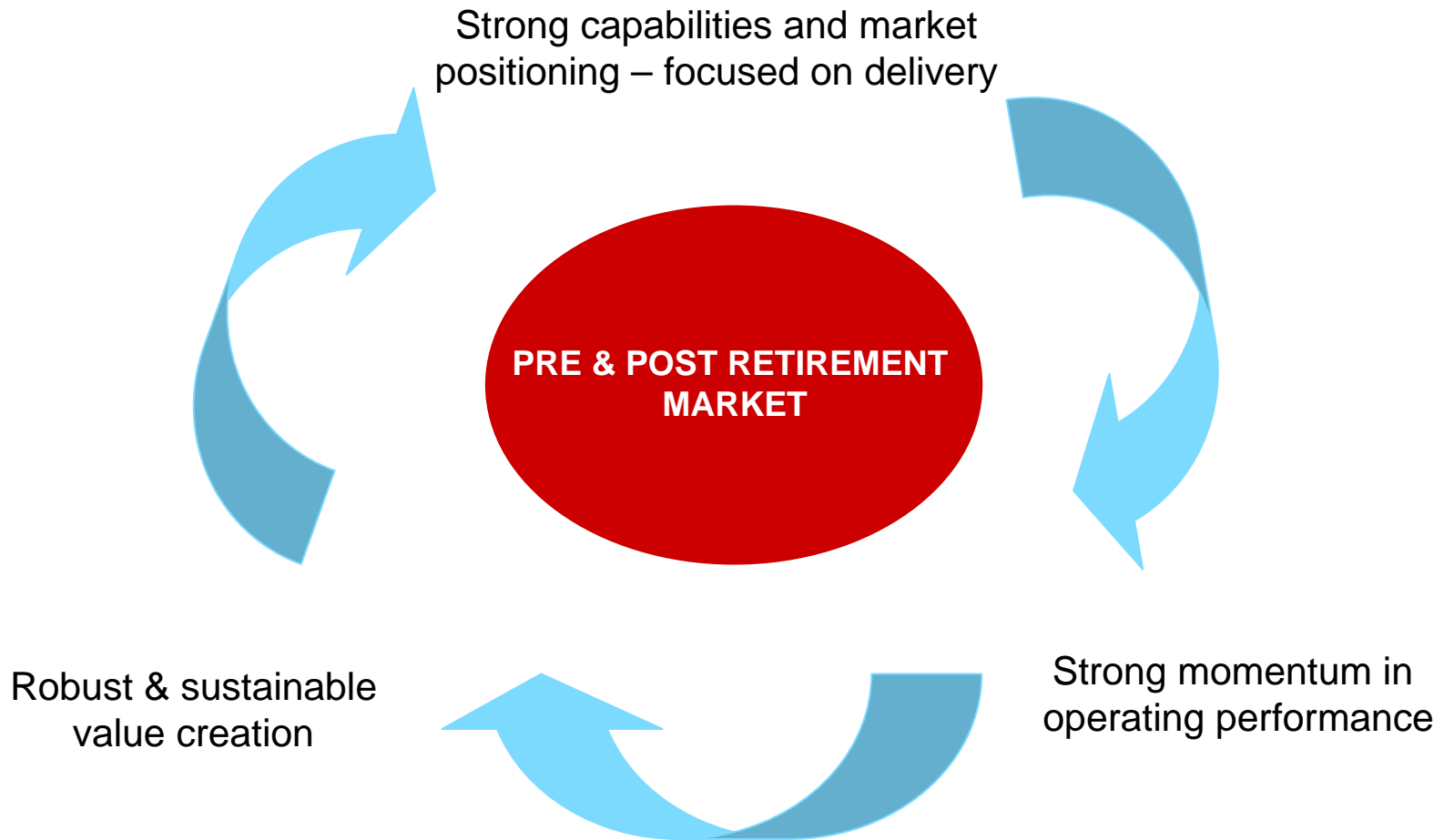
Outlook

Mark Tucker

Questions

Group review

Capturing sustainable value from strategic drivers that will fuel growth in the pre & post retirement market



Group review

Strong trading performance; resilient balance sheet

- Group new business up 12% to £1.5 billion
- Group new business profit up 11% to £602 million
- Asset management net inflows of £4.1 billion
- EEV operating profit up 7% to £1.4 billion
- IFRS operating profit up 13% to £674 million
- Embedded value shareholders' funds £14.0 billion (Dec 2007: £14.6bn*)
- On track for operating cash positive at the Group level in 2008
- Estimated IGD surplus £1.4 billion (Dec 2007: £1.6bn)
- Interim dividend up 5% to 5.99 pence per share

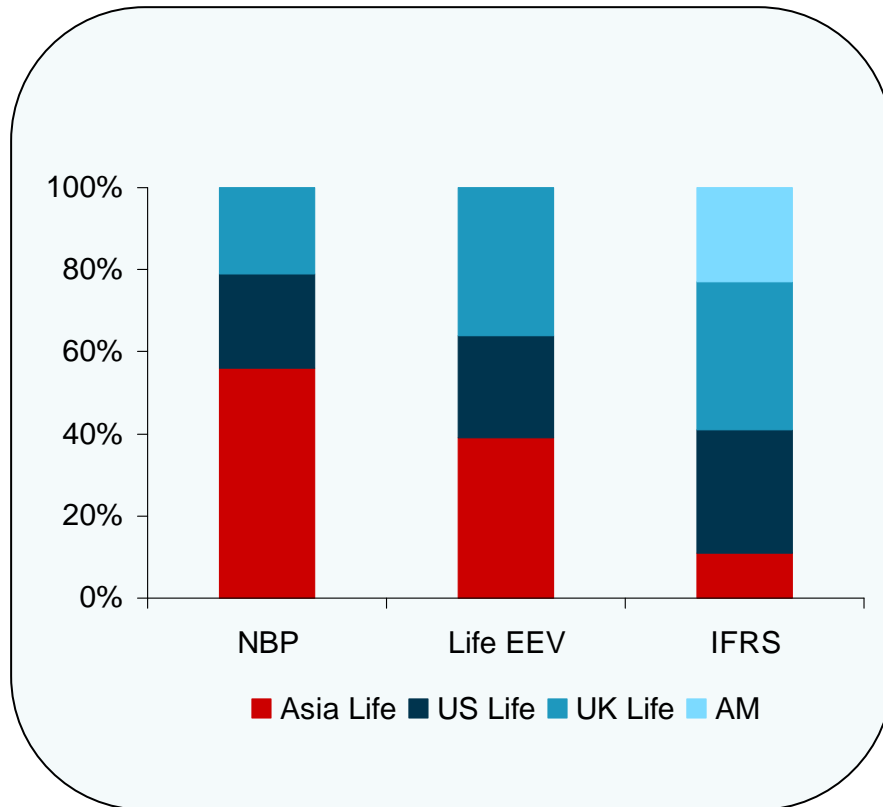
All results at constant exchange rates unless stated otherwise

5 * indicates actual exchange rates and adjusted for change in pension accounting policy

Group review

Diversified earnings

H1 2008 contribution to profit



- **Almost 80% of new business profit generated overseas**
- **Almost two-thirds of Life EEV operating profit generated overseas**
- **45% of IFRS operating profit generated overseas**
 - UK strength of with-profits transfer and growing contribution from non-profit business
 - 28% increase in Asia life, continuing investment in developing markets
 - Asset Management a significant contributor

NBP: Life new business profit

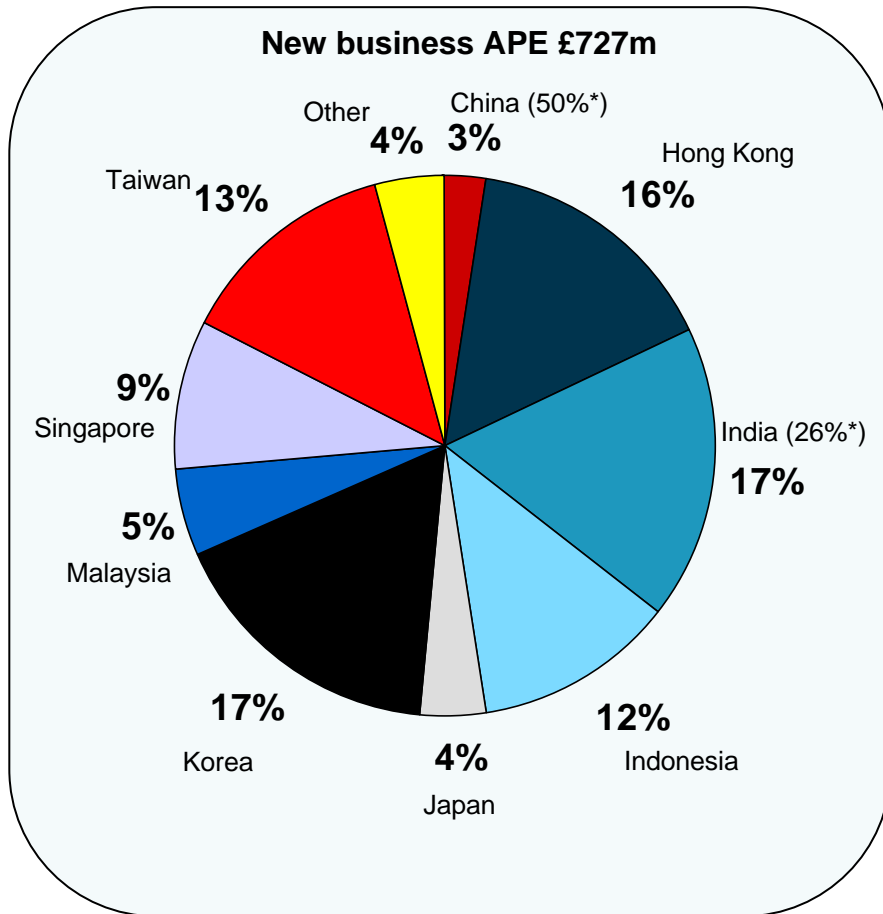
Life EEV: Life EEV operating profit before tax; including Asia development costs

6 IFRS: IFRS operating profit on continuing operations before central items and restructuring costs

Asian insurance operations

On track to deliver doubling of 2005 new business profit by 2008

Unique breadth of operations



* Prudential share

- **More top-three new business market shares than any other player**
- **Successful multi-channel distribution**
 - Over 420,000 agents with excellence in agency management and training
 - Growing bank distribution; strengthening relationship with SCB
 - Developing direct distribution
- **Focus on profitable, customer centric products:**
 - 86% regular premium
 - 70% linked
 - Health and protection new business up 56%
- **Over 11 million customers; significant cross sell and up sell opportunity**

Asia insurance operations

Fundamental growth drivers

GDP growth estimates have been revised down but still remain high

(Growth %)	2008 (F)	2009 (F)	2010-11 (F)
China	9.8	9.0	9.1
Hong Kong	4.8	4.9	5.2
India	7.6	7.1	7.5
Indonesia	5.9	5.7	6.0
Japan	1.0	1.2	1.5
Malaysia	5.8	5.7	5.9
Philippines	5.6	5.7	6.2
Singapore	4.5	5.0	4.6
South Korea	4.4	4.2	4.6
Taiwan	4.3	4.4	4.0
Thailand	4.8	4.7	4.3
Vietnam	6.9	7.7	8.1

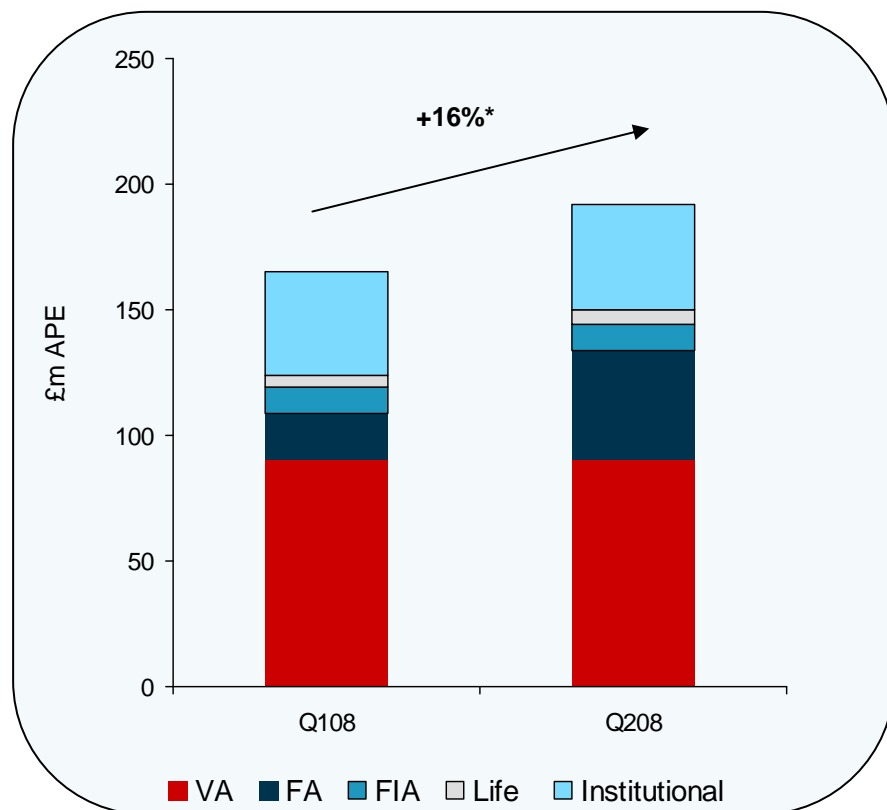
Significant and positive drivers of growth for our business

- **Growing mass affluent class**
 - Huge savings with large proportion in cash
- **Dramatic social changes underway**
 - Declining birth rates
 - Increasing life expectancy
 - Rising living standards
- **Emerging market for retirement solutions**
- **Huge opportunity to provide insurance solutions to material out of pocket health care costs**
 - Asians need to fund over US\$ 170 bn per annum in medical related costs themselves

US insurance operations

Short term resilience in tough market conditions; outperform over the cycle

Product mix shifting in current market conditions



- **Strength across the annuity product range to respond to changing economic conditions**
- **Variable annuities stable Q2 on Q1**
 - Pricing discipline in competitive market
 - Remains central to retirement income market
- **Fixed annuities up strongly Q2 on Q1**
- **Q2 was highest quarter for net annuity flows in 5 years**
- **Continuing to innovate across the product range**
- **Greater opportunity for life back-book bolt-on acquisitions**

* Actual exchange rates

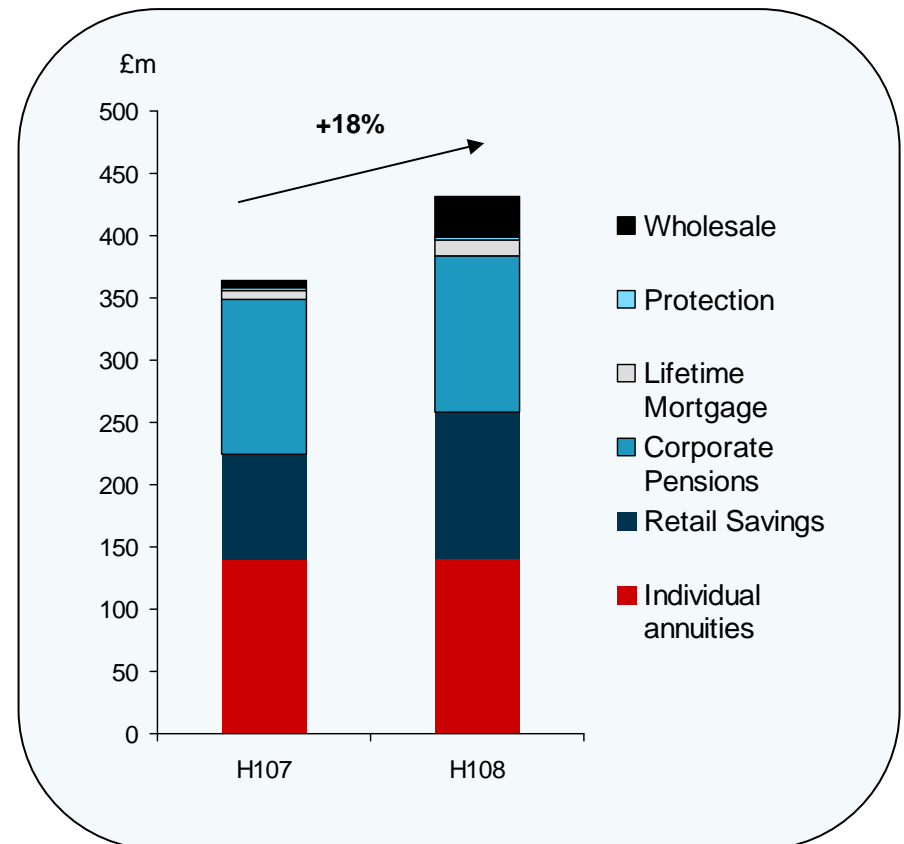
UK insurance operations

Delivering on a value based strategy; maintaining strong margin and IRR

Strength of product positioning

- **Resilient annuity volumes**
 - 51% of new business from internal pension maturities
 - 26% of new business from direct and partnerships
- **Lifetime Mortgage advances up 75%**
- **Wholesale £30m APE transaction with Goldman Sachs**
- **Strength of cautiously managed with-profits**
 - 46% of all retail sales
 - With-profits bonds up almost three-fold
 - Market leader in with-profits annuities
- **Plans in place to deliver £195m of annualised cost savings**
- **Decision not to proceed with reattribution of Inherited Estate**

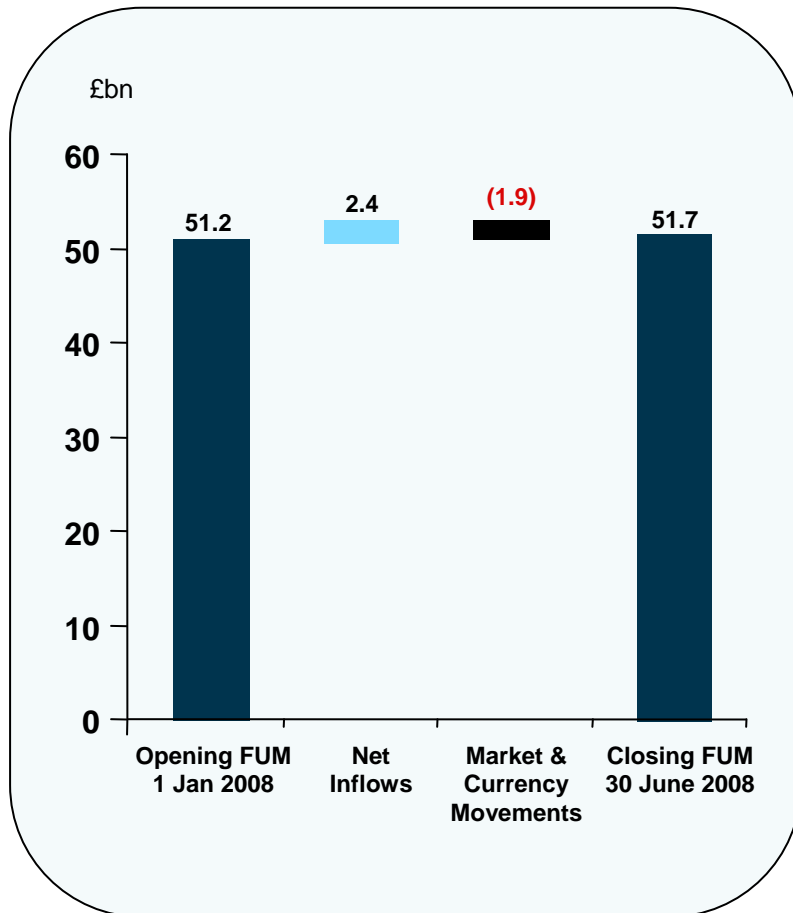
Product sales APE



Asset management

M&G: Investment performance drives total net inflows of £2.4 billion and operating profit of £146m

M&G external FUM



M&G Retail net inflows £0.9bn

- 51% of M&G branded FUM in top-decile¹
- 78% of M&G branded FUM in top-quartile¹
- Major flows into Global Basics, Recovery, Optimal Income and American Funds

M&G Institutional net inflows £1.6bn

- 69% of mandates exceeded benchmark²

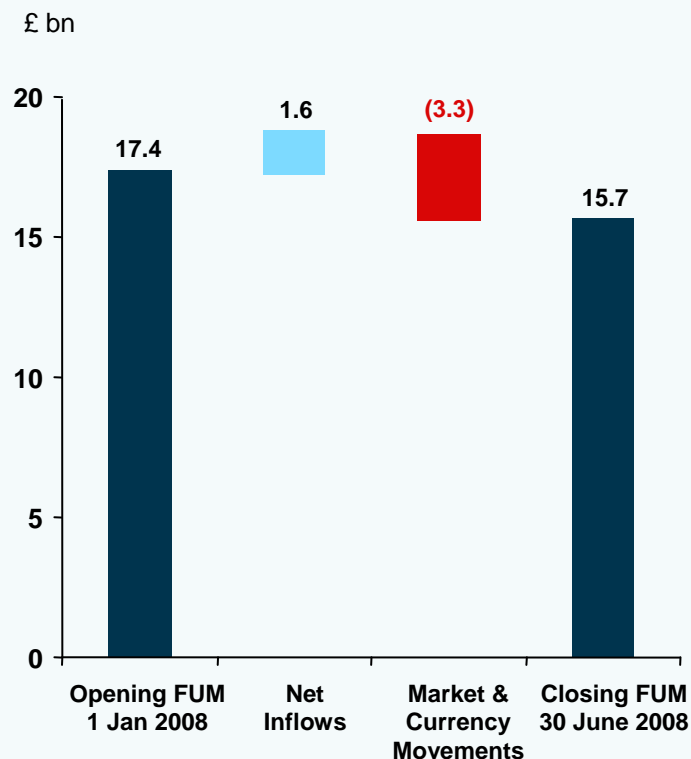
1) Based on FUM - three year performance of funds with 3 year track record

2) Mandates with a three year track record

Asset management

Asia: new funds support net inflows of £1.6bn; operating profit £29m

Asian external FUM



- **Longer-term funds had net inflows £0.9bn including successful fund launches e.g.:**

- China: 3rd fund launched Blue Chip Fund
- Japan: India Consumer Related Fund
- Korea: Emerging Asia Equity Fund
- Taiwan: Green Solution Fund

- **MMF net inflows £0.7bn**

Building the Asian asset management operations

- Increasing number of institutional mandates
- Third “mega” distribution agreement in Japan with Nomura
- Launched first Institutional Property Fund in Vietnam
- Establishing distribution agreements in UAE



Tidjane Thiam
Chief Financial Officer

- **Performance on key financial metrics**

- Management of capital
- Enhanced disclosures

Group KPIs

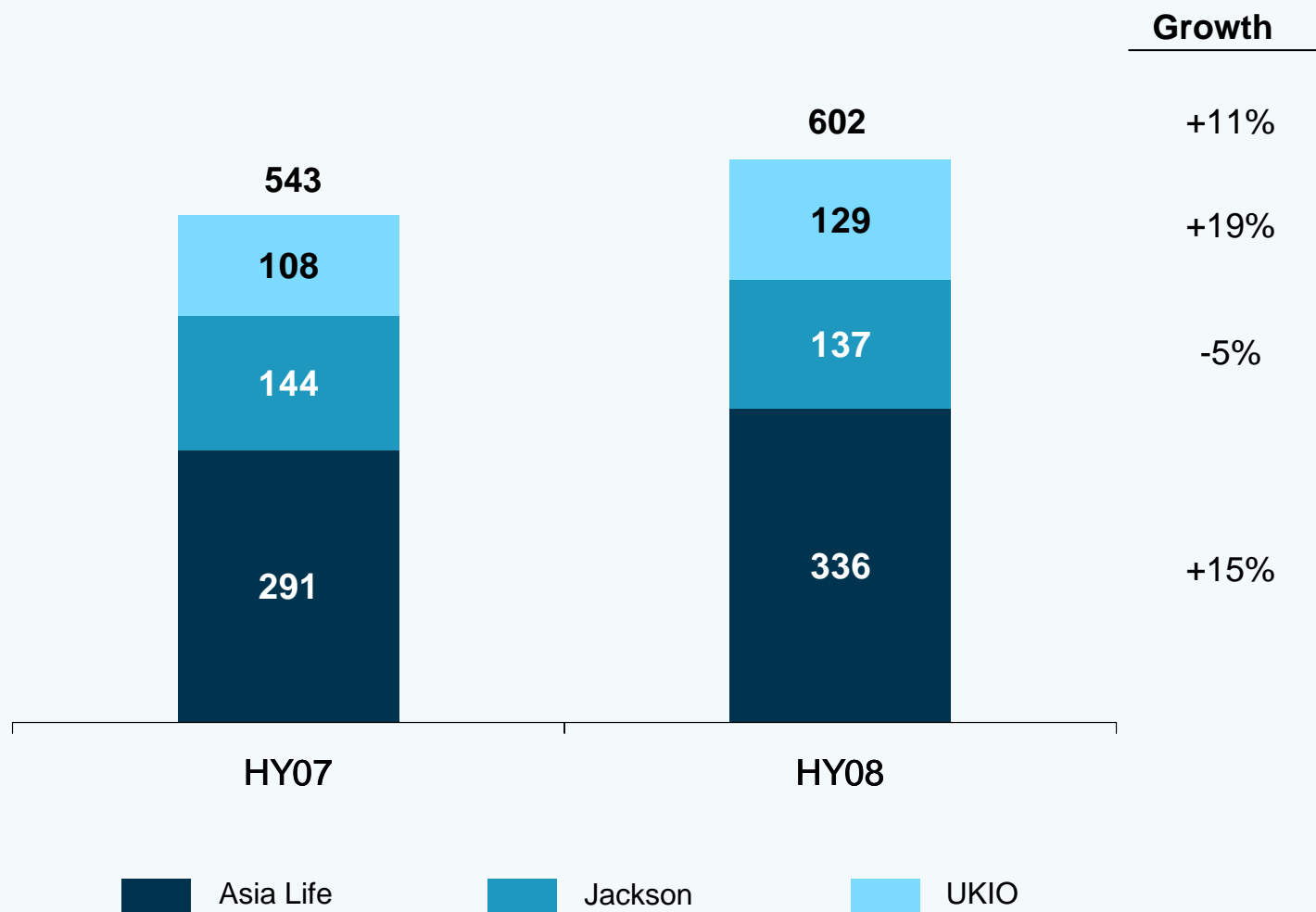
Strong trading performance

- Group new business APE sales up 12% to £1.5 billion
- Group EEV new business profit up 11% to £602 million
- Asset management net inflows of £4.1 billion
- EEV operating profit on long-term business up 7% at £1.4 billion
- IFRS operating profit up 13% to £674 million
- On track for Holding Company cashflows positive in 2008
- EEV shareholders' funds £14.0 billion (Dec 2007: £14.6bn)
- Estimated IGD surplus £1.4 billion at HY08
- Interim dividend up 5% to 5.99 pence per share

EEV New Business Profit

Continued profitable growth

EEV New Business Profit – at CER, £m



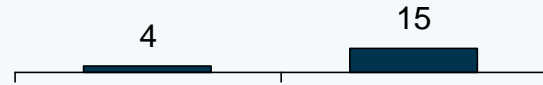
US Sales and New Business Profit

Continued delivery of value from our US business

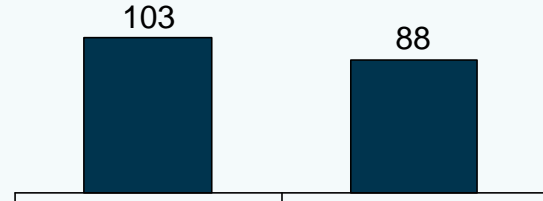
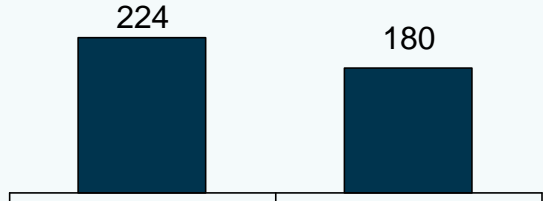
APE* – at CER, £m

EEV NBP* – at CER, £m

Fixed Annuities



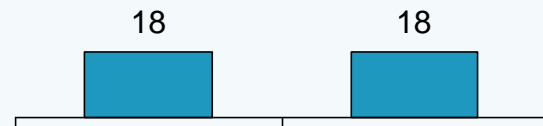
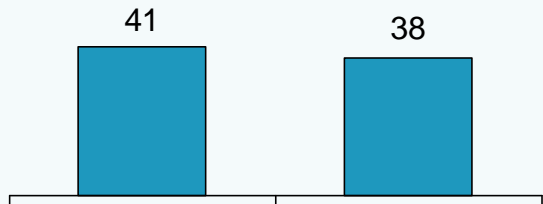
Variable Annuities



Margin (%)

IRR (%)

Jackson

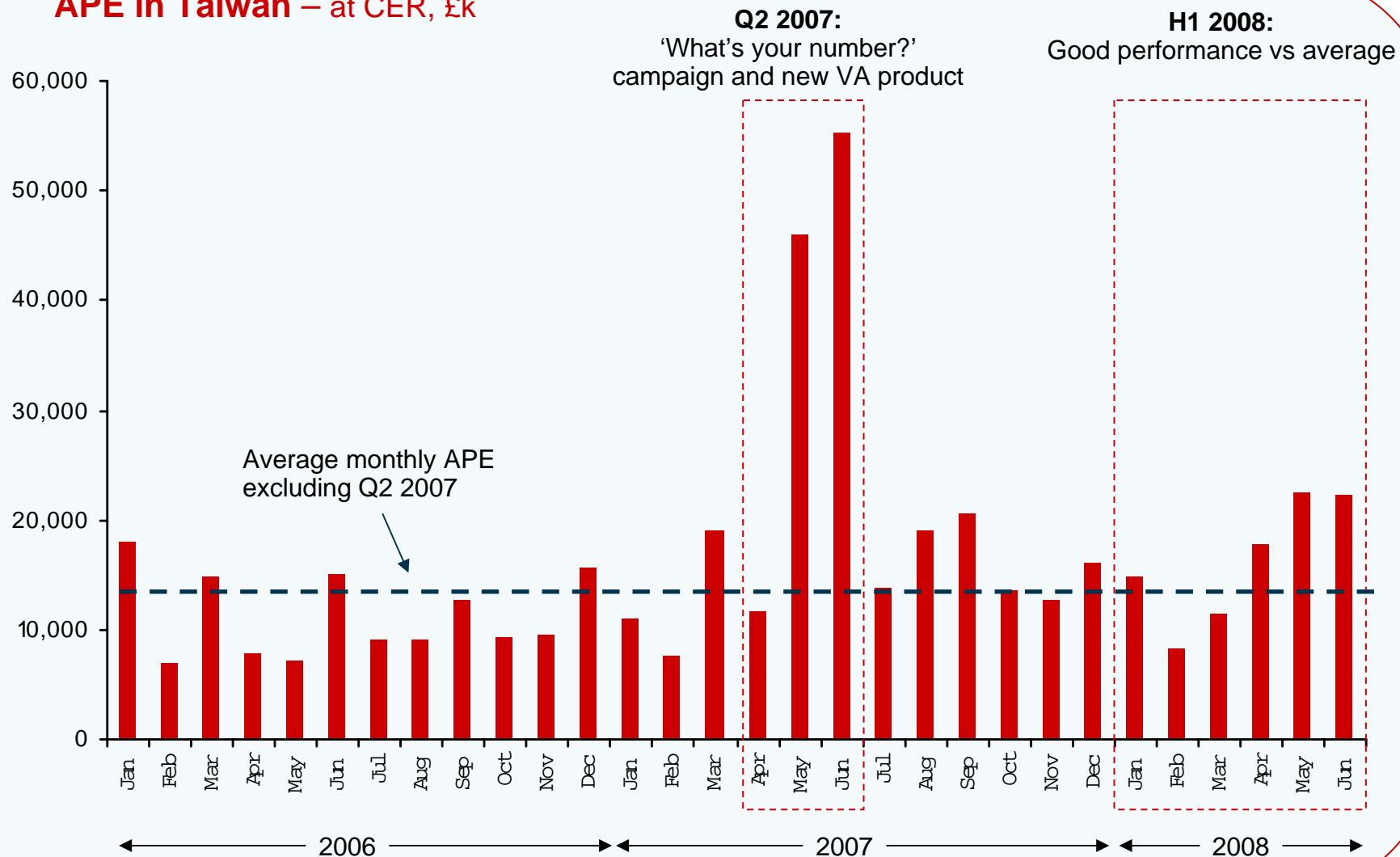


* For other products, the performance is as follows: 1) Fixed Indexed Annuities: APE from £22m to £20m and EEV NBP from £3m to £5m; 2) GIC: APE from £66m to £83m and EEV NBP from £29m to £20m; 3) Other (Life, PPMA): APE stable at c.£10m and NBP from £5m to £9m

Sales growth trend in Taiwan

Exceptional performance in 2007; good momentum in 2008

APE in Taiwan – at CER, £k



Asia Sales and New Business Profit

Sustained strong growth across our Asian platform

	APE – CER, £m			NBP – CER, £m			Margin – %	
	HY 07	HY 08	Growth	HY 07	HY 08	Growth	HY 07	HY 08
Hong Kong	74	113	53%	46	75	63%	62	66
China	12*	19	58%	5*	9	64%	44	51
India	87	126	45%	17	21	24%	20	16
Indonesia	45	88	96%	25	45	80%	54	51
Korea	114	123	8%	37	41	11%	33	33
Others**	144	162	13%	92	96	4%	64	60
Total Asia Life excl. Taiwan***	487	630	29%	228	287	26%	47	46
Taiwan	152	97	(36)%	63	49	(22)%	42	51
Total Asia Life***	639	727	14%	291	336	15%	46	46

* Based on a 50% basis consistent with HY08. At HY07 China was consolidated on a 100% basis

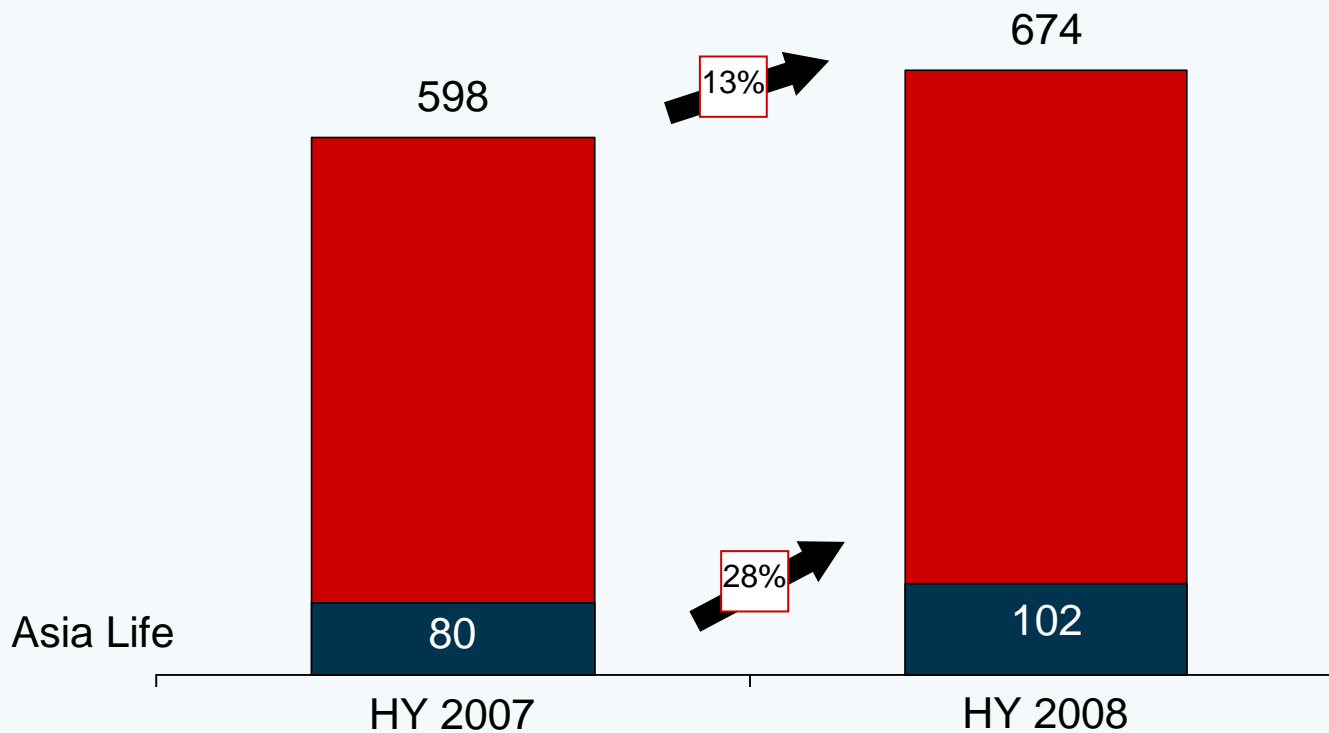
** Malaysia, Singapore, Japan, Vietnam, Thailand and Philippines

*** 2007 reflects China consolidated on a 100% basis

IFRS Income Statement

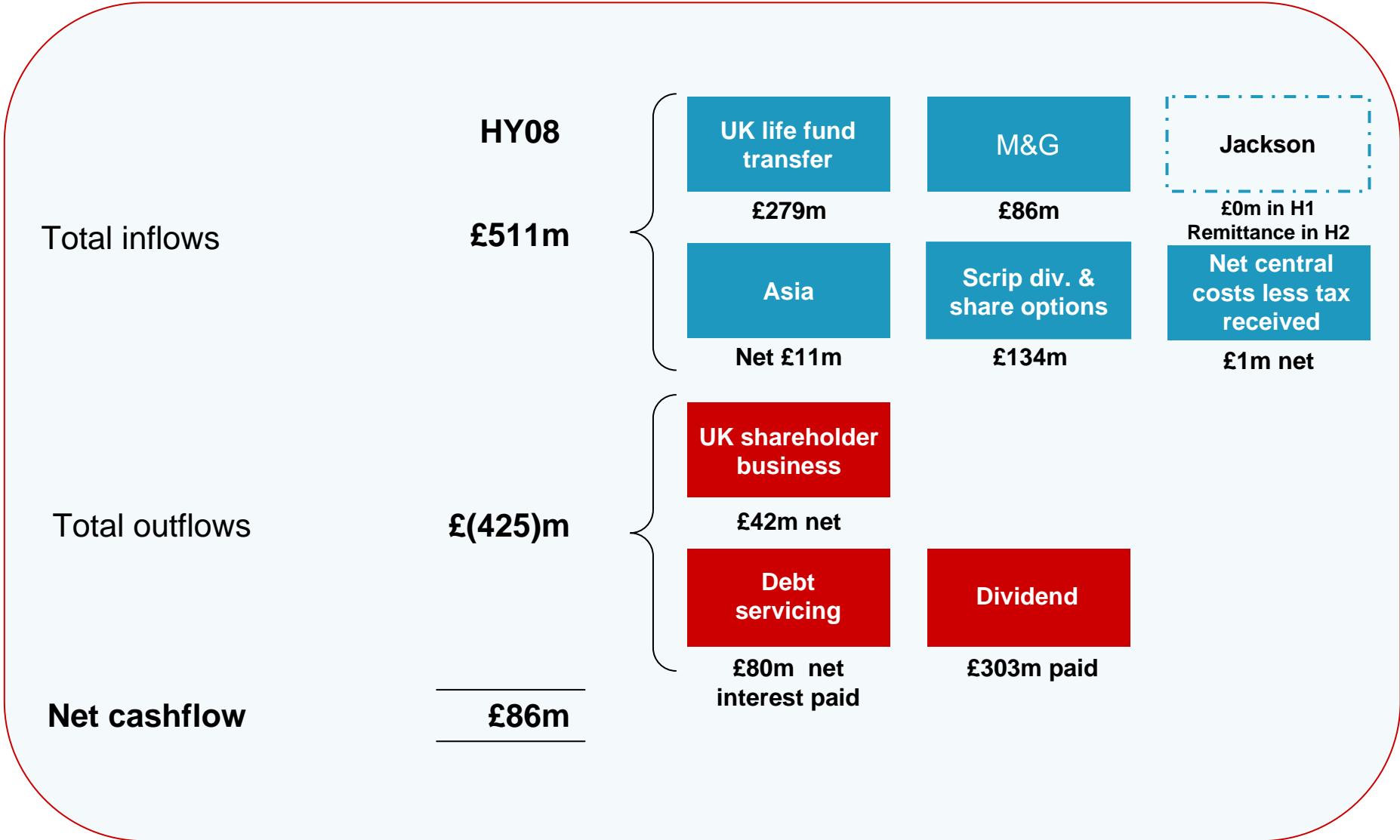
Continued strong statutory profit performance

IFRS Operating Profit – at CER, £m



Holding Company Cashflow

On track for positive cashflows this year



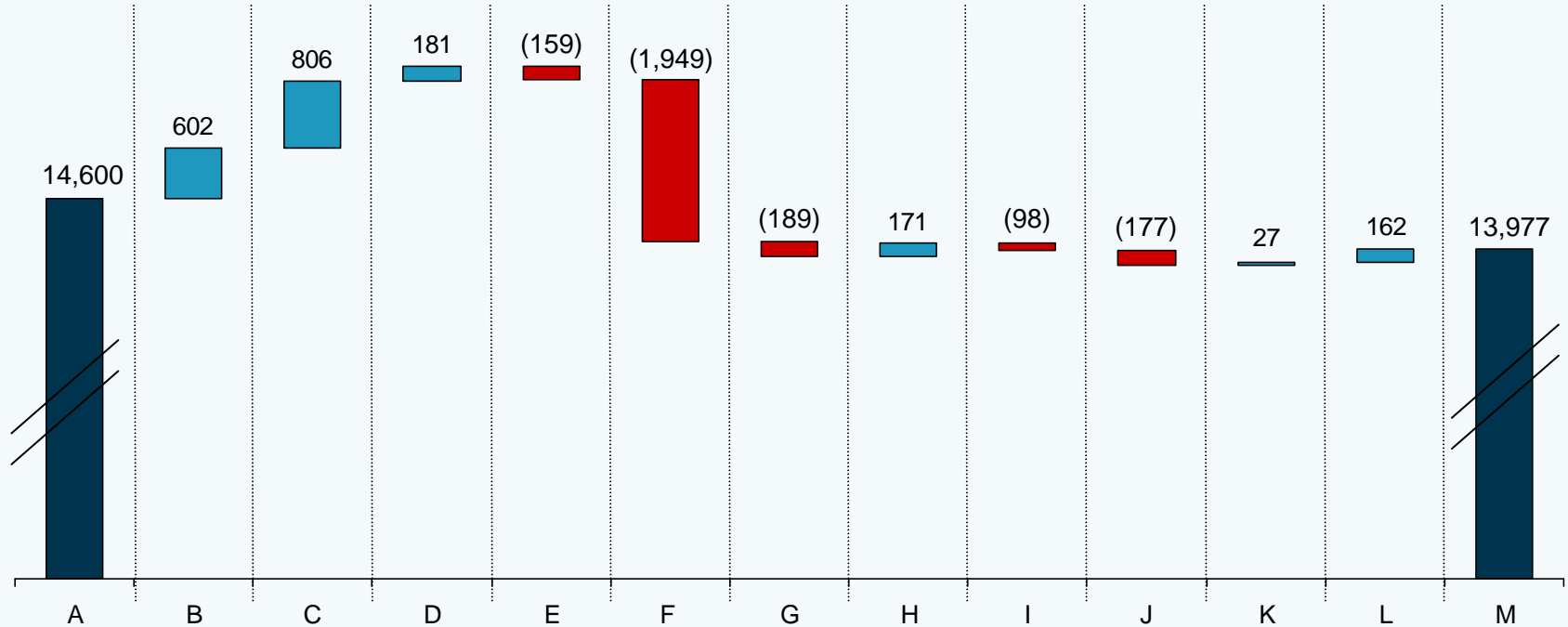
EEV Shareholders' Funds

Strong operating performance and significant “below the line” items

Analysis of Movement in EEV shareholders' funds: 31 Dec '07 to 30 June '08

(£m)

EEV per Share = £5.61



- | | | | |
|---|---|---|--|
| A | Opening Shareholders Funds | H | Change in mark to market value of external borrowing |
| B | New Business Operating Profits | I | Actuarial gains and losses |
| C | In-force Operating Profits | J | Dividends, net of scrip dividend take-up |
| D | Asset Management and Other | K | Other |
| E | Other income and expenditure | L | Tax |
| F | Short term fluctuations in investment returns | M | Closing Shareholders Funds |
| G | Effect of changes in economic assumptions | | |

- Performance on key financial metrics

- Management of capital

- Enhanced disclosures

Capital base for Prudential

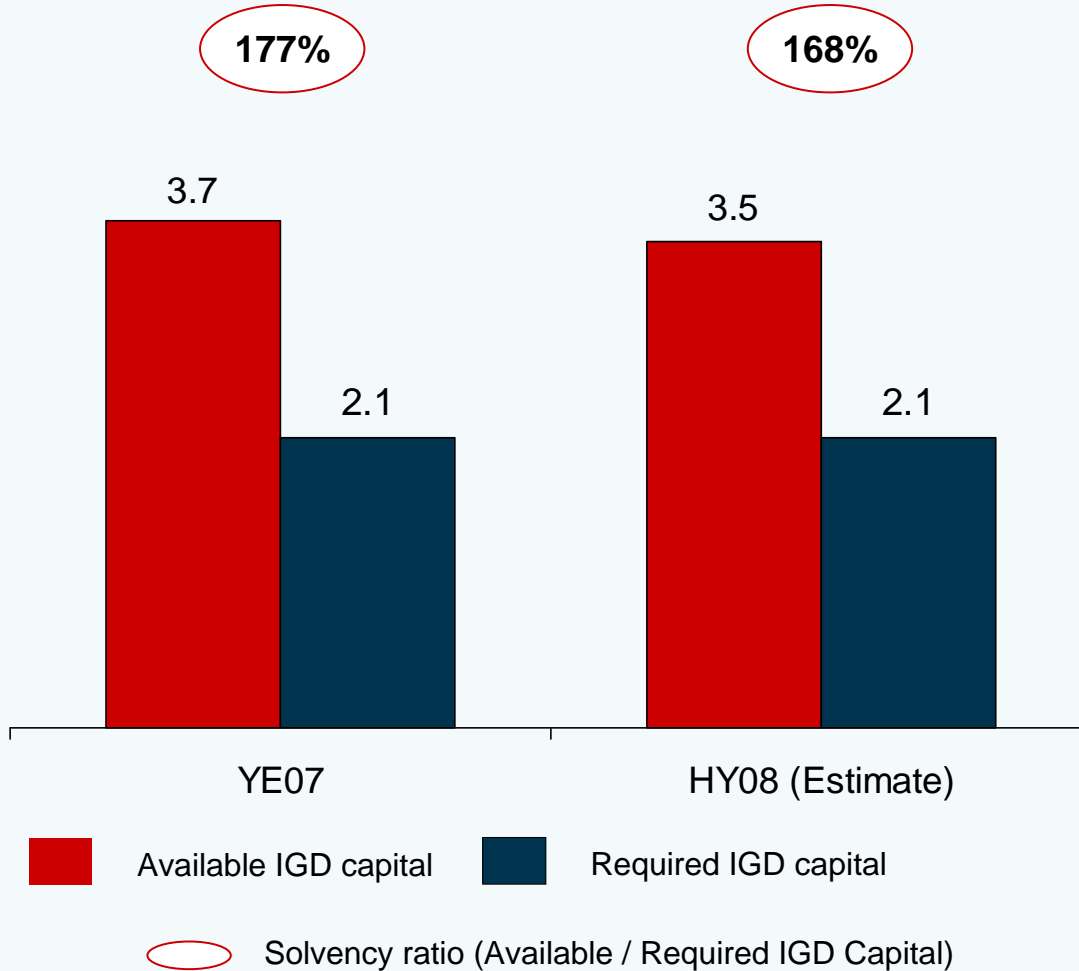
Capital base remains strong on multiple measures

	Measure	Current position
Regulatory Capital – Solvency 1	Insurance Group Directive (IGD)	Estimated surplus of £1.4 billion
Rating Agency Capital	S&P Risk-based Insurance Capital model	Rated ‘Strong’ in terms of risk management A+ Senior Debt rating
Economic Capital	Economic assessment of Assets and Liabilities	Estimated surplus of £2.8 billion
Accounting Capital	EEV + IFRS Shareholders’ Funds	EEV £14.0bn and IFRS £5.6bn

Regulatory Capital – Insurance Groups Directive (1/2)

Capital base remains very strong

IGD Capital Position – in £bn

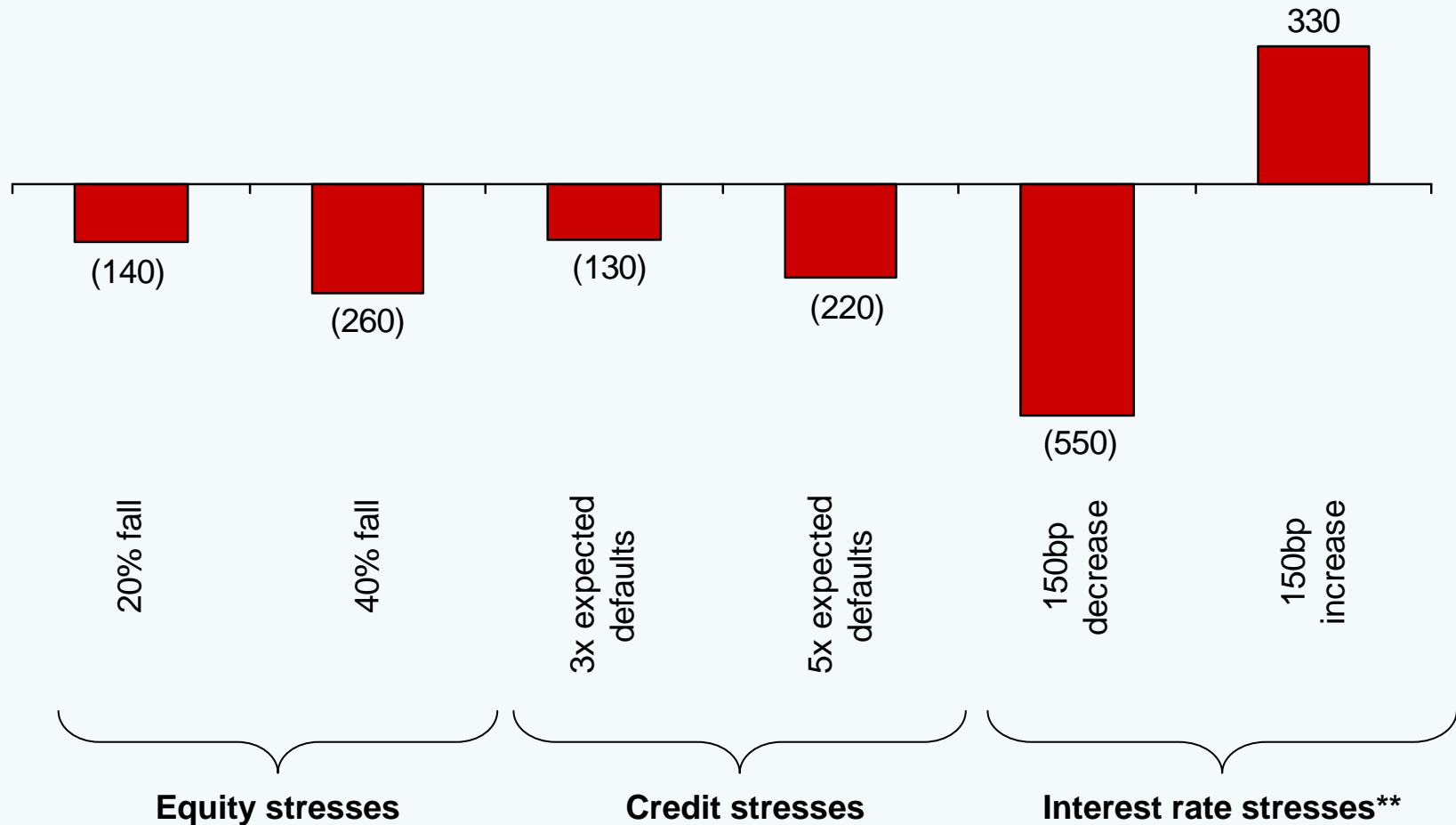


- Strong surplus of £1.4bn at HY08
- UK With-Profit Funds ring-fenced and thus not included in Group IGD
- Equity exposure dependent on
 - Shareholder equity exposure
 - Value of equity-linked embedded guarantees
- Credit exposure linked to size & quality of credit books
- Interest rate exposure driven by:
 - Extent to which assets and liabilities are duration-matched
 - Value of embedded guarantees

Regulatory Capital – Insurance Groups Directive (2/2)

Capital position is resilient to market stresses

Impact of market and credit stresses on IGD Group position* – HY08, £m



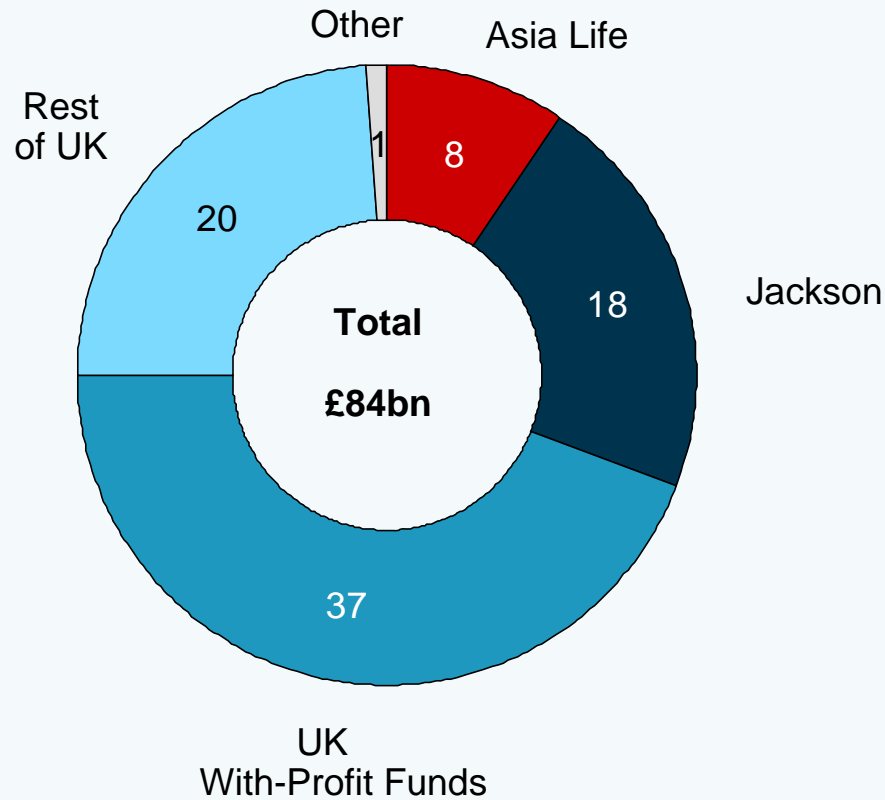
* All sensitivities are assumed to take effect on June 30, 2008 and no management actions are included in this analysis. Results are estimated as mutually exclusive events and simply reflect the impact on the Group of given economic outcomes.

** Applied to local interest rates relevant to each Business Unit

Group Asset Quality –Debt Security Portfolio

Stable and strong quality

Breakdown of the Debt Security Investment Portfolio* – HY08, £bn

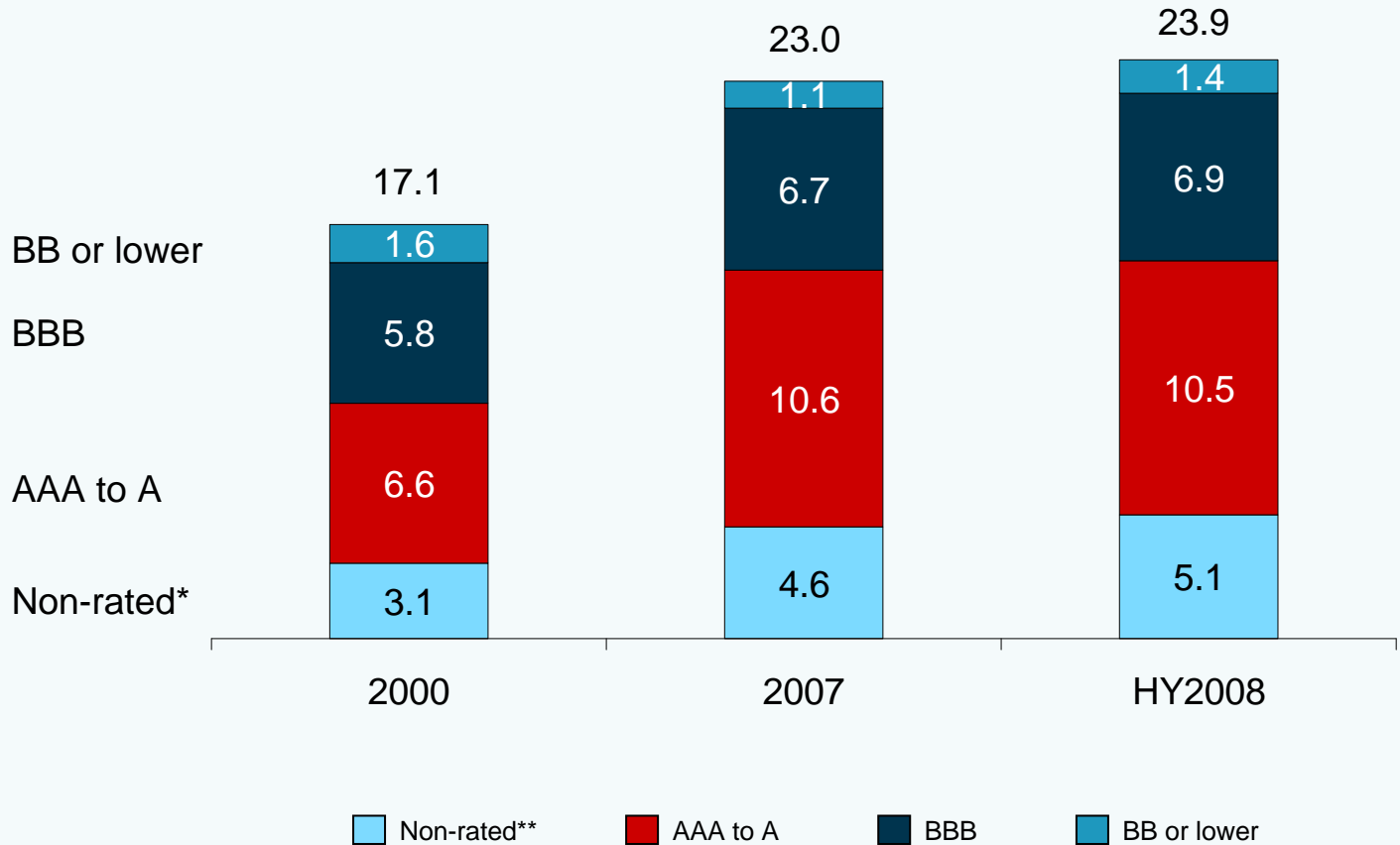


* IFRS Balance Sheet at fair value

US Asset Quality

Jackson Investment Portfolio - Improved credit quality over time

Evolution of Jackson Investment Portfolio* – at CER, £bn



* Statutory balance sheet at book value

** Includes: CMBS, Cash and other investments (real estate, private equity)

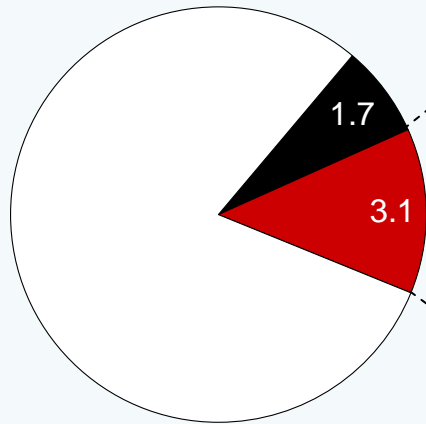
US Asset Quality – Analysis of the RMBS Portfolio

Strong quality of the portfolios

Overview of the RMBS Portfolio at Jackson* – HY 08, at CER, £bn

Share in total portfolio

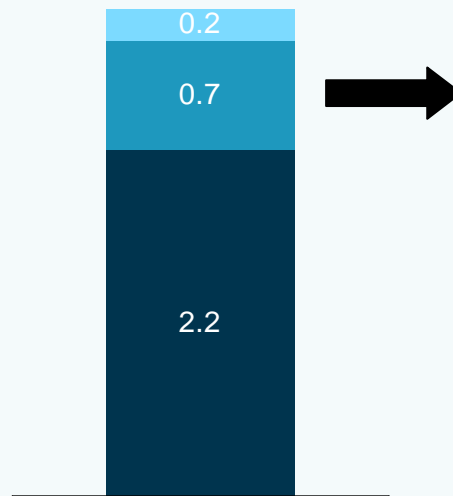
Total = £23.9bn



- CMBS
- RMBS
- Others

Breakdown by assets

Total = £3.1bn



- Sub-Prime
- Alt A
- Prime

Alt-A portfolio

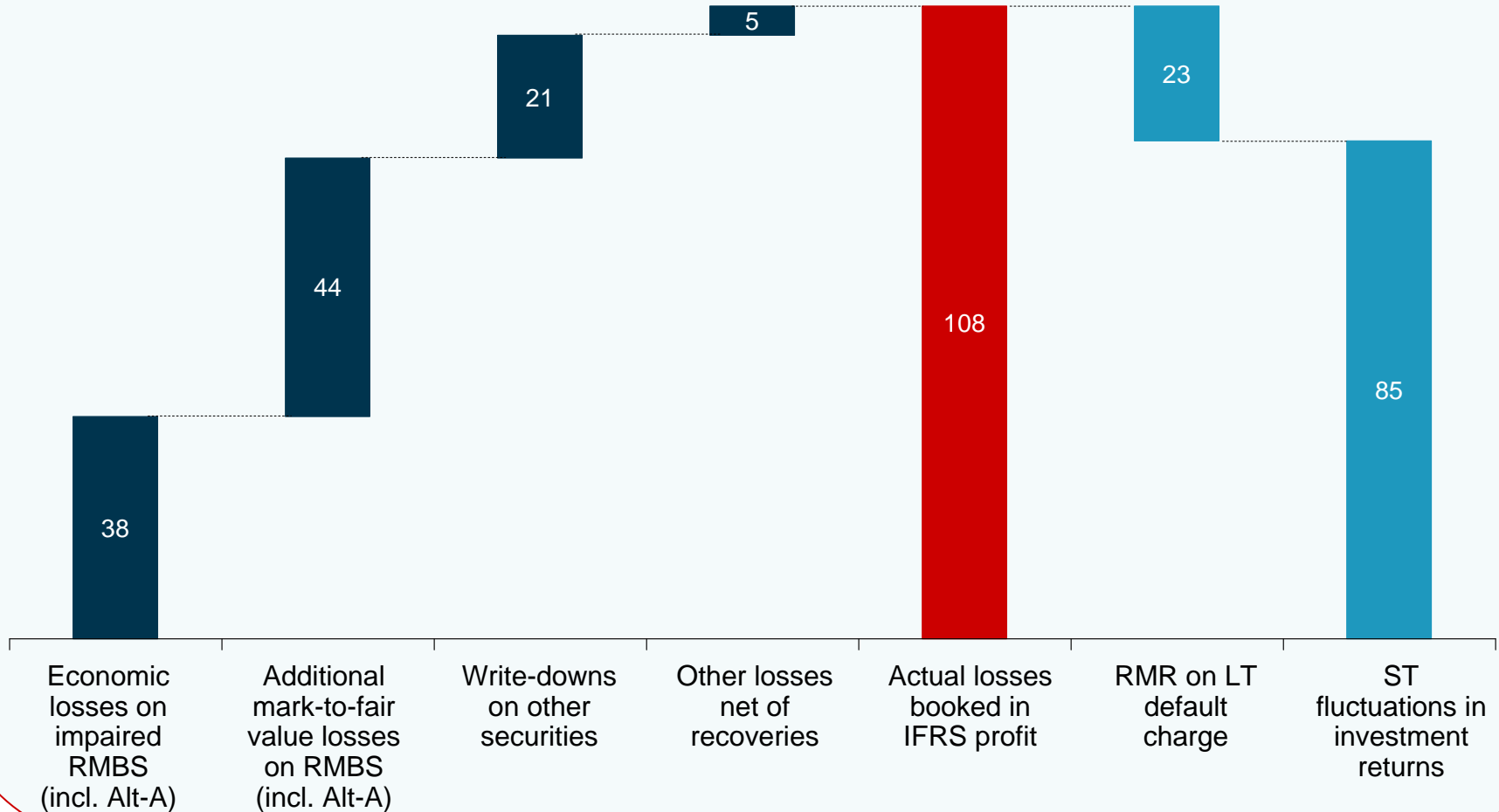
- 82% of assets rated AAA and only 2% below BBB
- 2006 & 07 vintages
 - 42% of Alt-A portfolio
 - 92% of those assets are AAA
 - Non-AAA exposure at £22m
- 2005 and earlier vintages
 - 74% of those assets are AAA
 - 99% are A or above

* Statutory balance sheet at book value

Update on US OTTI

Rigorous accounting practice on impairments

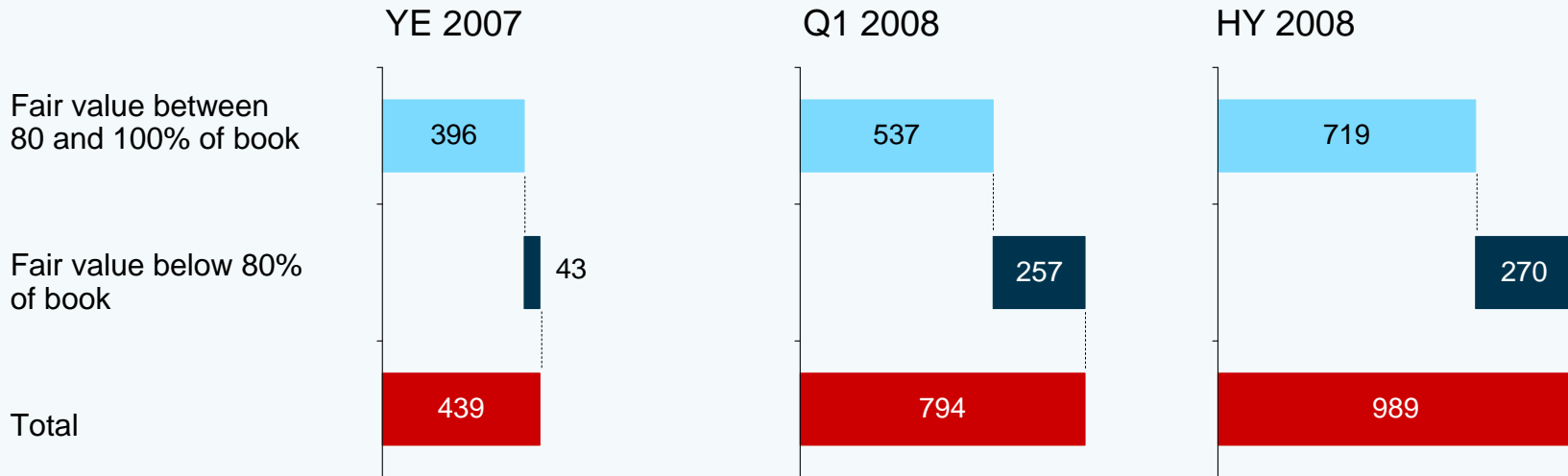
Breakdown of the impairment losses booked in Jackson IFRS profit – HY08, £m



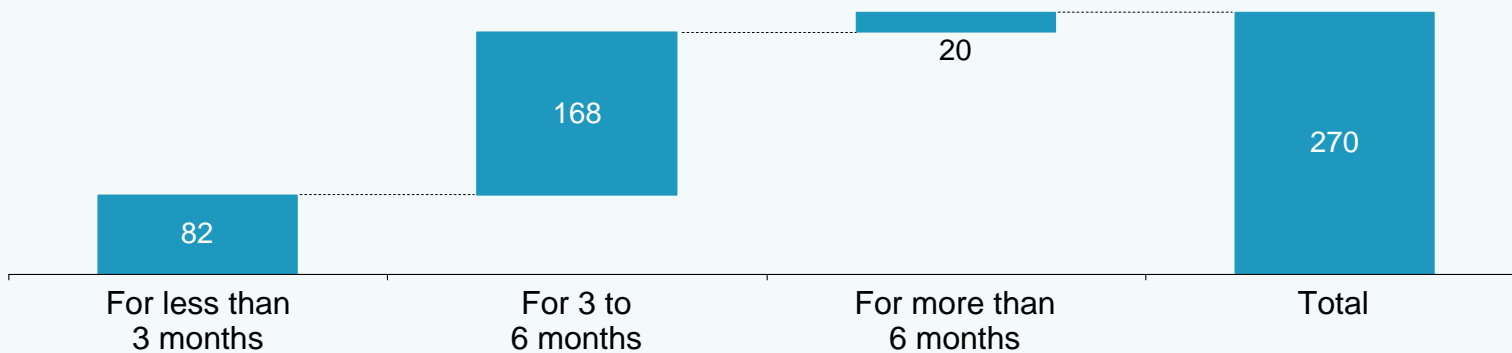
Unrealised losses in the US

Rigorous accounting practice on impairments

Evolution of unrealised losses – at CER, £m



Age analysis of unrealised losses on securities below 80% of book value – £m

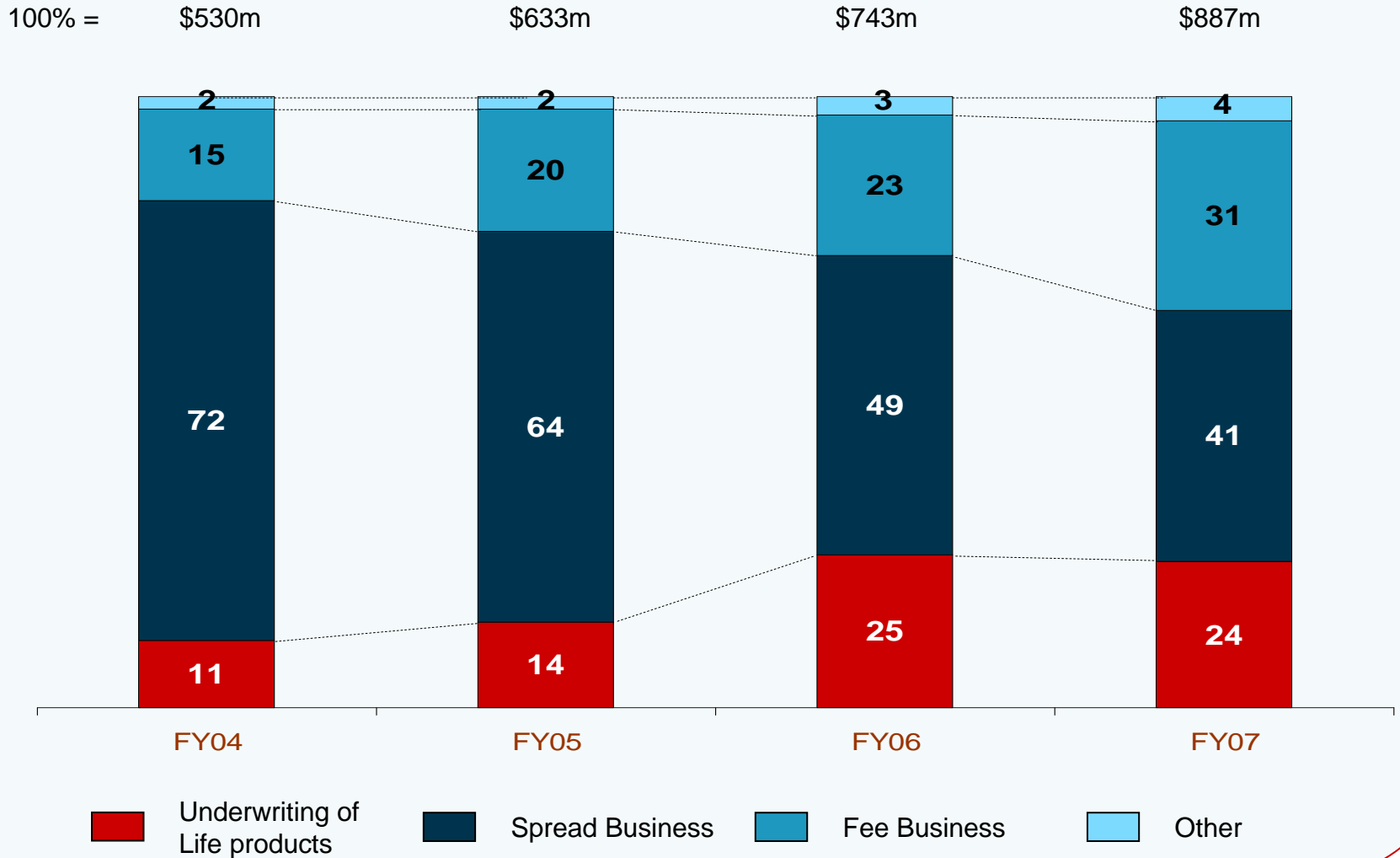


- Performance on key financial metrics
- Management of capital
- **Enhanced disclosures**

IFRS Operating Income – Analysis of Drivers

Earning streams of different nature

Breakdown of Jackson IFRS Pre-Tax Operating Income (in %)

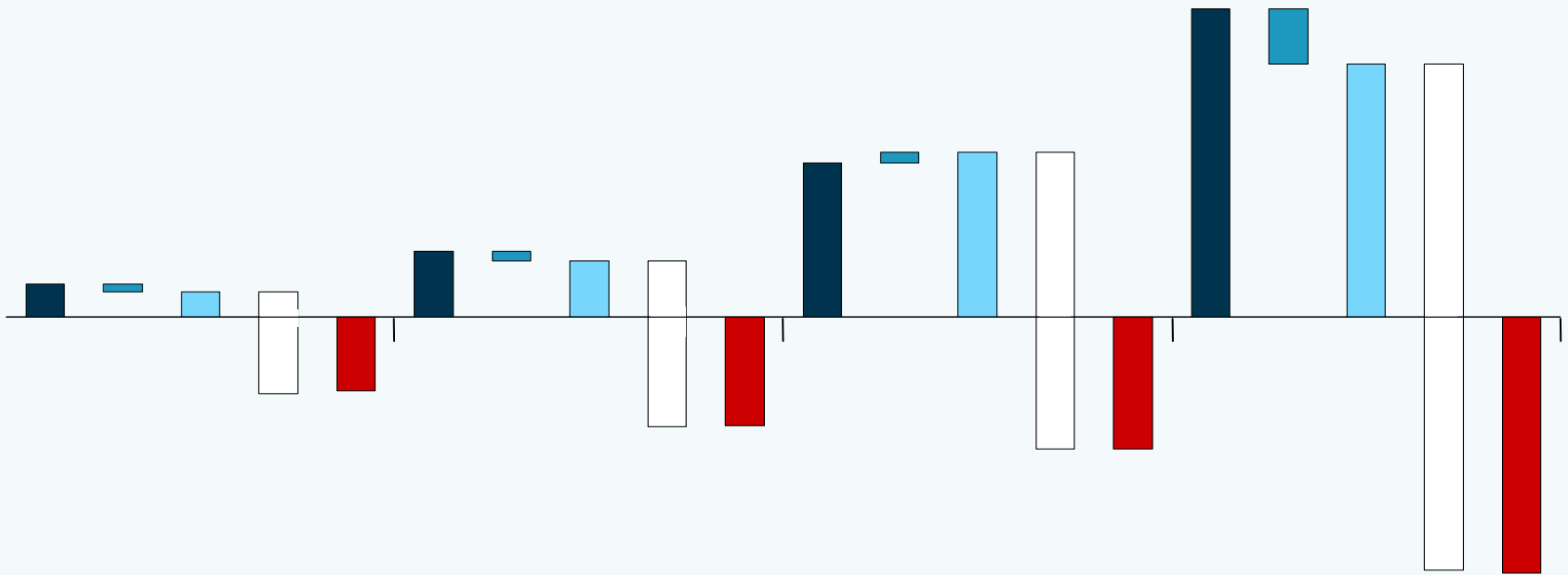


Focus on Cashflow

Growing in-force profits and investing profitably

Country A - Breakdown of Net Cash Flows

Illustrative figures



2004

2005

2006

2007

- Projected In-Force cashflows
- Variance on In-Force cashflows
- Actual In-Force cashflows
- New Business strain
- Net cashflows

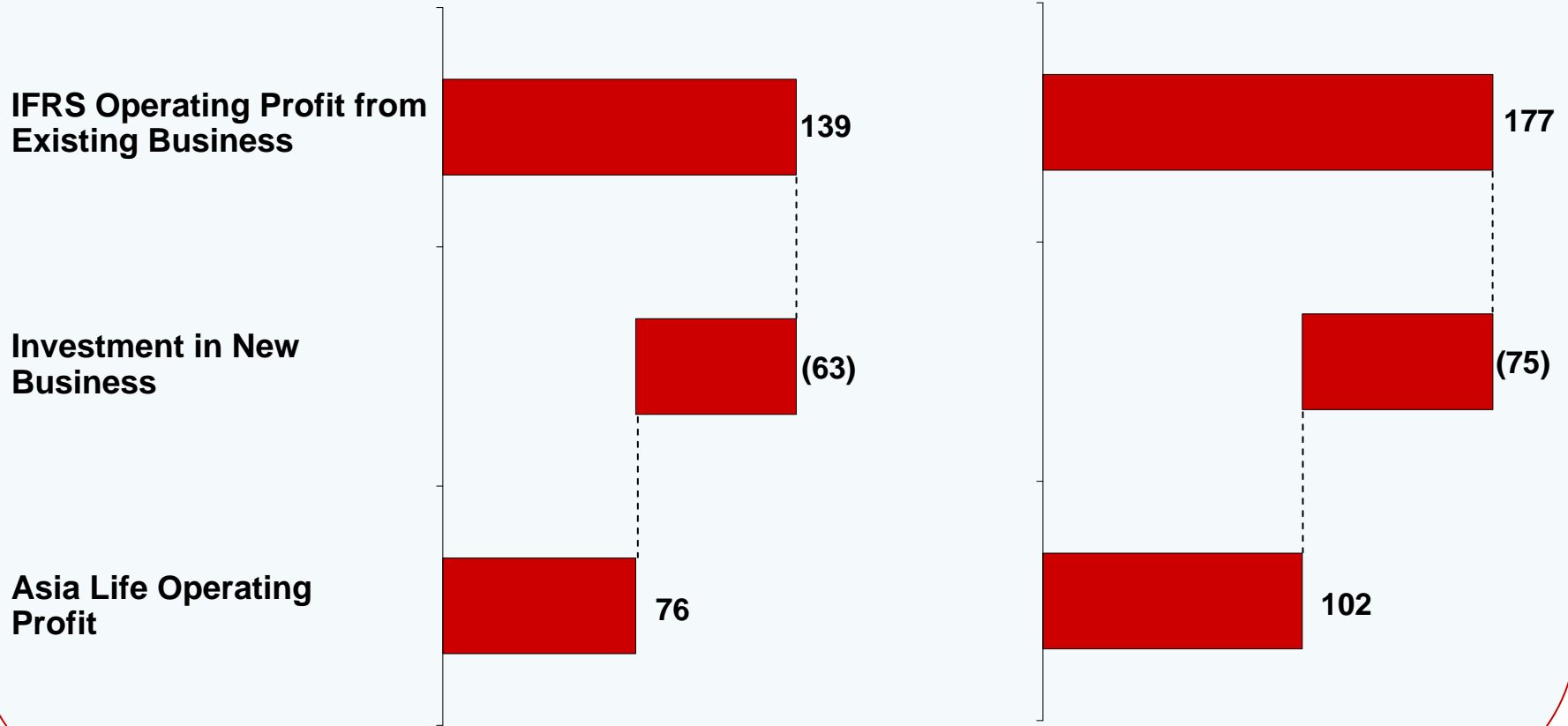
IFRS – Further Insights

Asia – Growing Life operating profit

Breakdown of Asia Life IFRS operating profit – at AER, £m

HY 2007

HY 2008



Conclusion

- Position of strength in a tough market environment
- Communicate Prudential's value to investors in a way that is clear and compelling

Outlook



Group outlook

Prospects for the Group remain positive

Asia on track to deliver doubling of 2005 NBP a year early

Resilient in the **US** in the short-term; out-perform over the cycle



**FULLY EXPLOIT THE GROUP'S
RETIREMENT-LED STRATEGY**

Value driven strategy in the **UK** delivering growth and strong returns

Asset management well placed to capitalise on strong positions and track record of investment performance