



Prudential plc 2011 Half Year Results

Delivering 'Growth and Cash'

5 August 2011

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 that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. By their nature, all forward-looking statements involve risk and uncertainty. A number of important factors could cause Prudential's actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement. Such factors include, but are not limited to, future market conditions, fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, including, for example, new government initiatives related to the financial crisis and the effect of the European Union's "Solvency II" requirements on Prudential's capital maintenance requirements; 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; the impact of changes in capital, solvency standards or accounting standards, and tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate; and the impact of legal actions and disputes. These and other important factors may for example result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. Further discussion of these and other important factors that could cause Prudential's actual future financial condition or performance or other indicated results to differ, possibly materially, from those anticipated in Prudential's forward-looking statements can be found under the heading "Risk factors" in Prudential's most recent Annual Report and in Item 3 "Risk Factors" of Prudential's most recent annual report on Form 20-F filed with the U.S. Securities and Exchange Commission. Prudential's most recent Annual Report and Form 20-F are available on its website at www.prudential.co.uk.

Any forward-looking statements contained in this statement are made only as of the date hereof. Prudential undertakes no obligation to update the forward-looking statements contained in this statement or any other forward-looking statements it may make, whether as a result of future events, new information or otherwise except as required pursuant to the Prospectus Rules, the Listing Rules, the Disclosure and Transparency Rules, the Hong Kong Listing Rules or the SGX-ST listing rules.

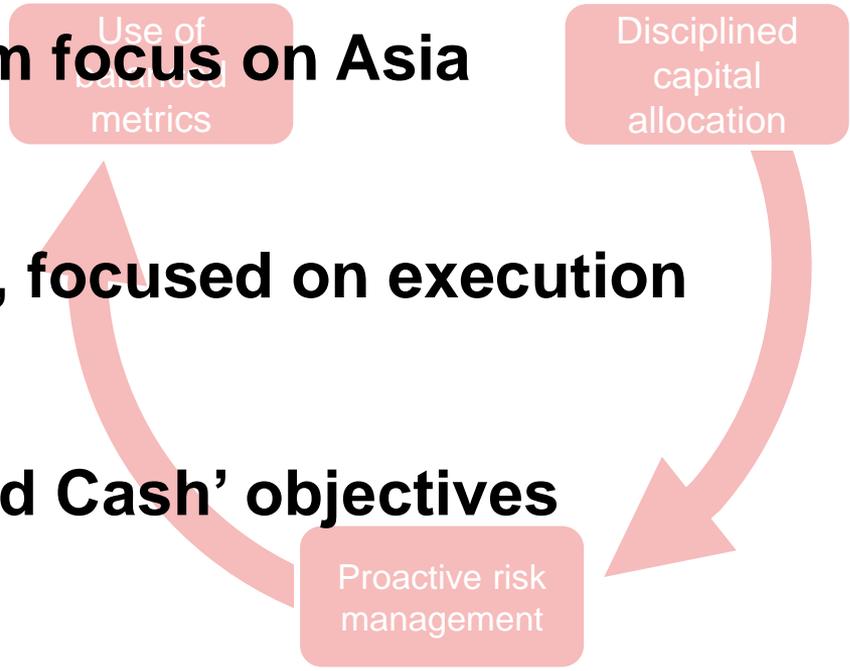
Delivering 'Growth and Cash'

Strategy

Operating principles



- **Clear strategy, long-term focus on Asia**
- **Strong leadership team, focused on execution**
- **On-track for 'Growth and Cash' objectives**



Prudential plc 2011 half year results

Agenda

Business Review

- Overview of results
- Business update
- 2013 objectives

Tidjane Thiam

Financial Review

Nic Nicandrou

Outlook and Q&A

Tidjane Thiam

Delivering 'Growth and Cash'

Overview

Business Update

2013 Objectives

Growth

Cash

£m	H1 2011	H1 2010	Δ
New business profit¹	1,069	892	+20%
IFRS operating profit²	1,058	845	+25%
EEV operating profit	2,147	1,677	+28%
EEV per share (pence)	745	657	+13%
Free surplus generation	1,093	947	+15%
Net remittance	690	460	+50%
Dividend per share (pence)	7.95	6.61	+20%

¹ Excluding Japan and Taiwan agency

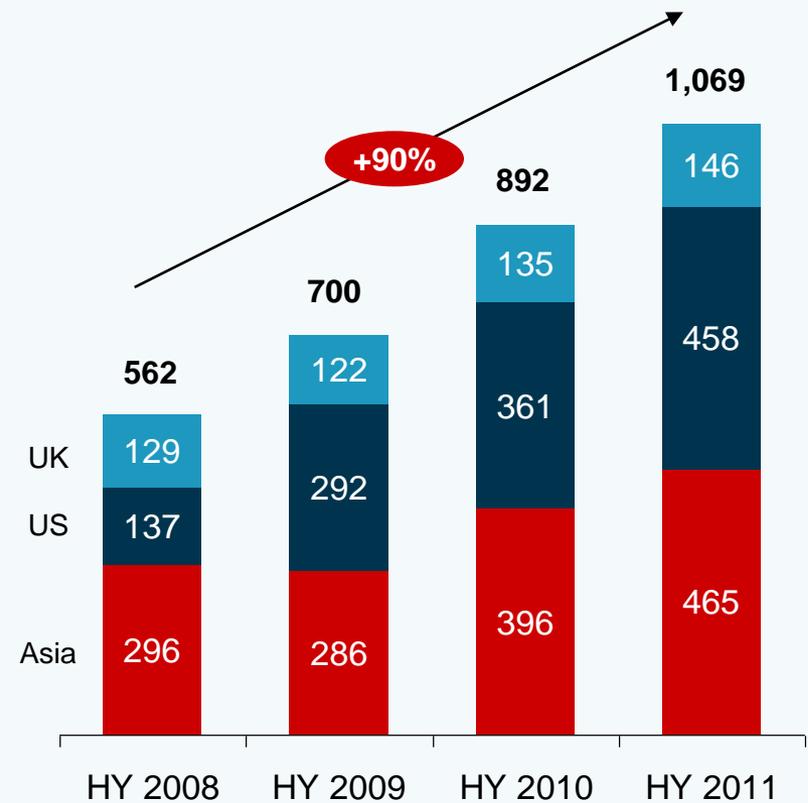
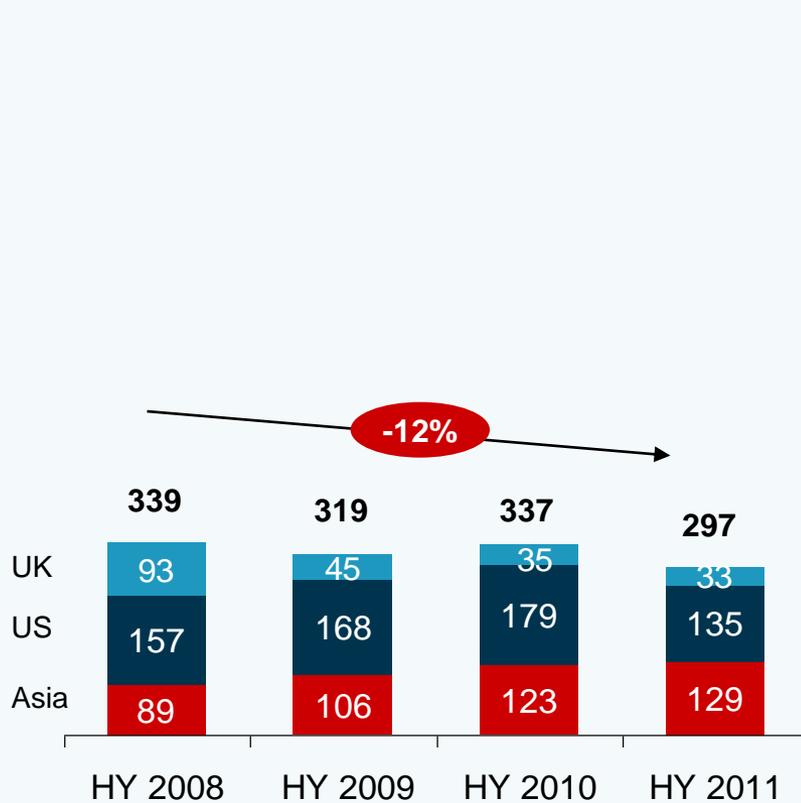
² In H2 2010 the Company amended the presentation of IFRS operating profit for its US insurance operations to remove the net equity hedge accounting effect (incorporating related amortisation of deferred acquisition costs) and include it in short-term fluctuations. Accordingly, the HY 2010 operating profit has been amended to remove the £123m effect

Capital allocation

Returns on capital invested transformed

New business strain^{1,2}, £m

New business profit², £m

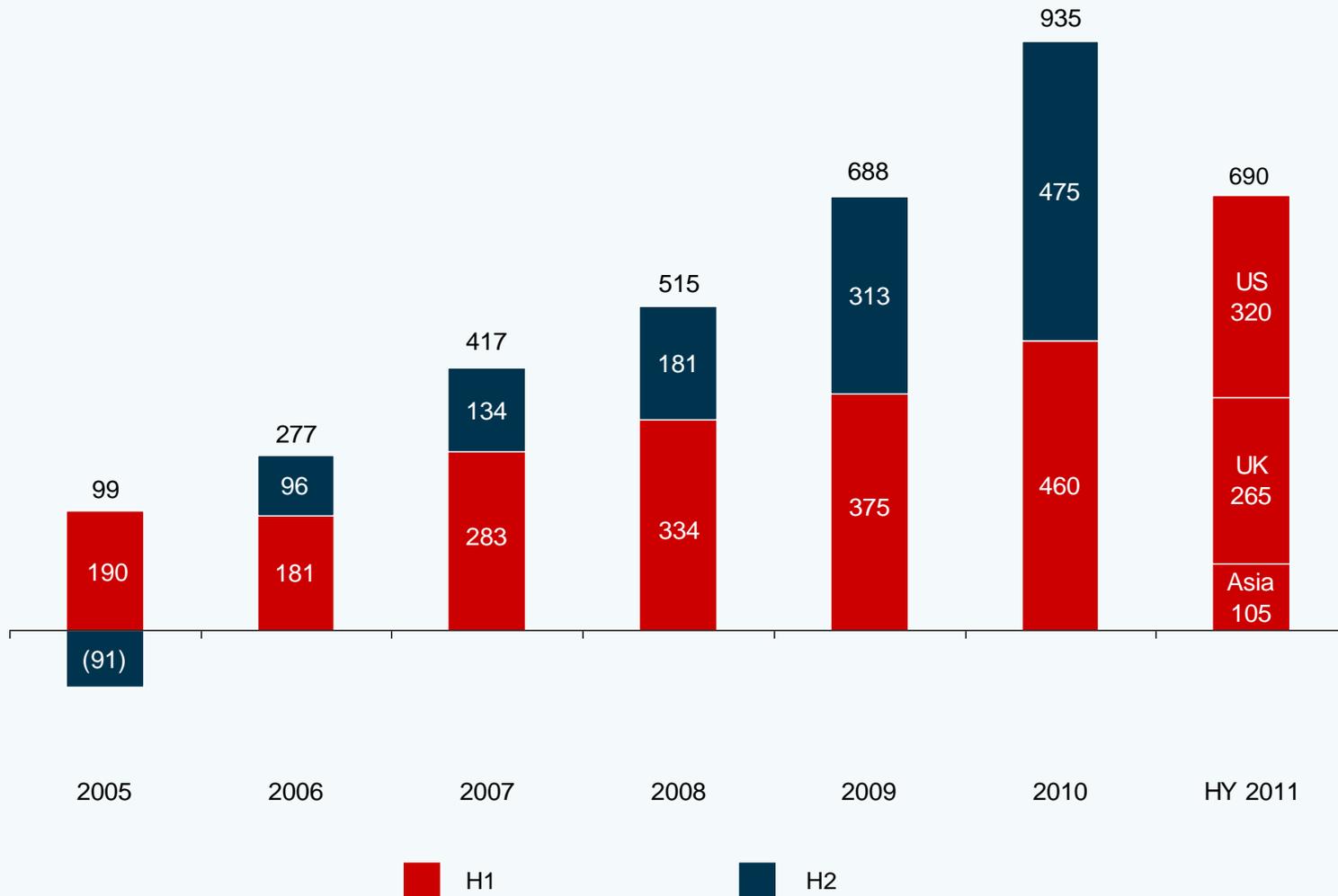


1 Free surplus invested in new business
2 Excludes Japan and Taiwan agency

Cash

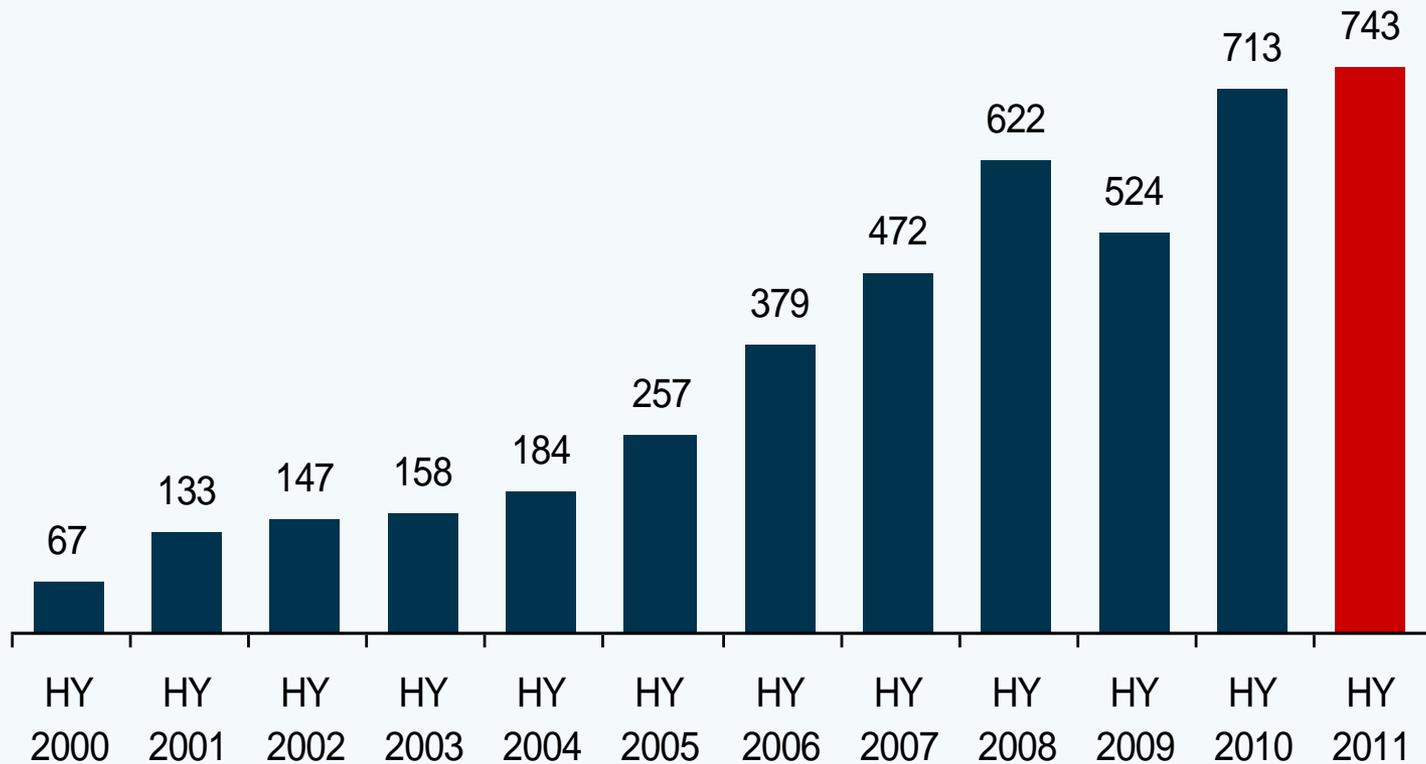
Increasing cash fungibility

Business unit net remittances, £m



A long track record of top-line growth...

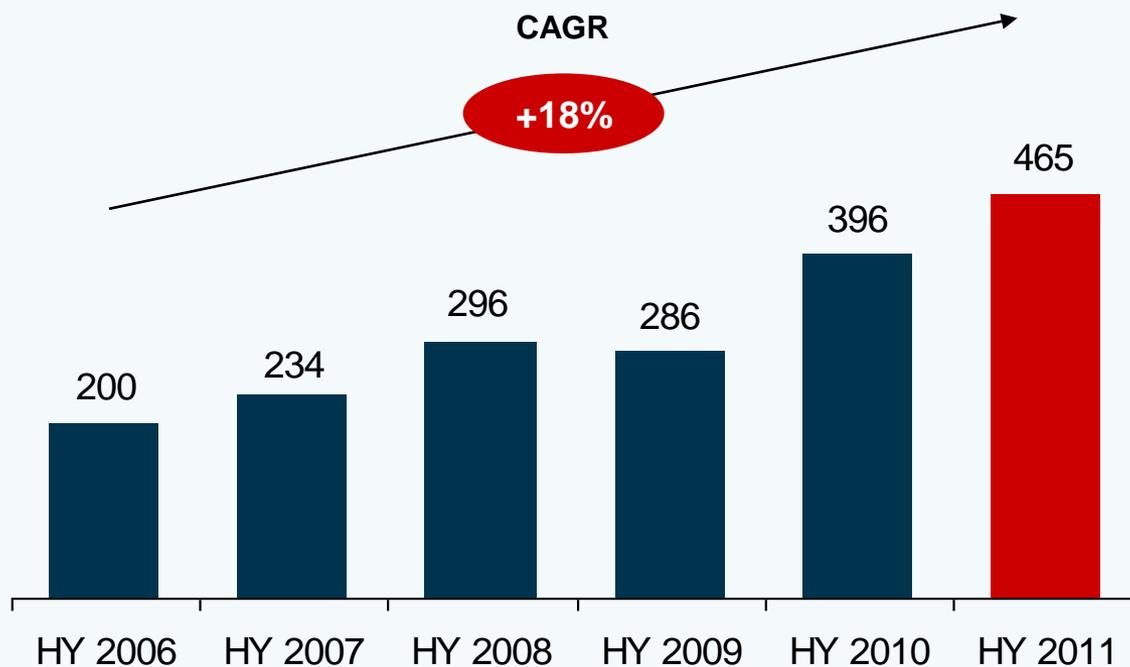
APE¹, £m



¹ Excludes Japan and Taiwan agency

... now delivering growth across ALL our key metrics

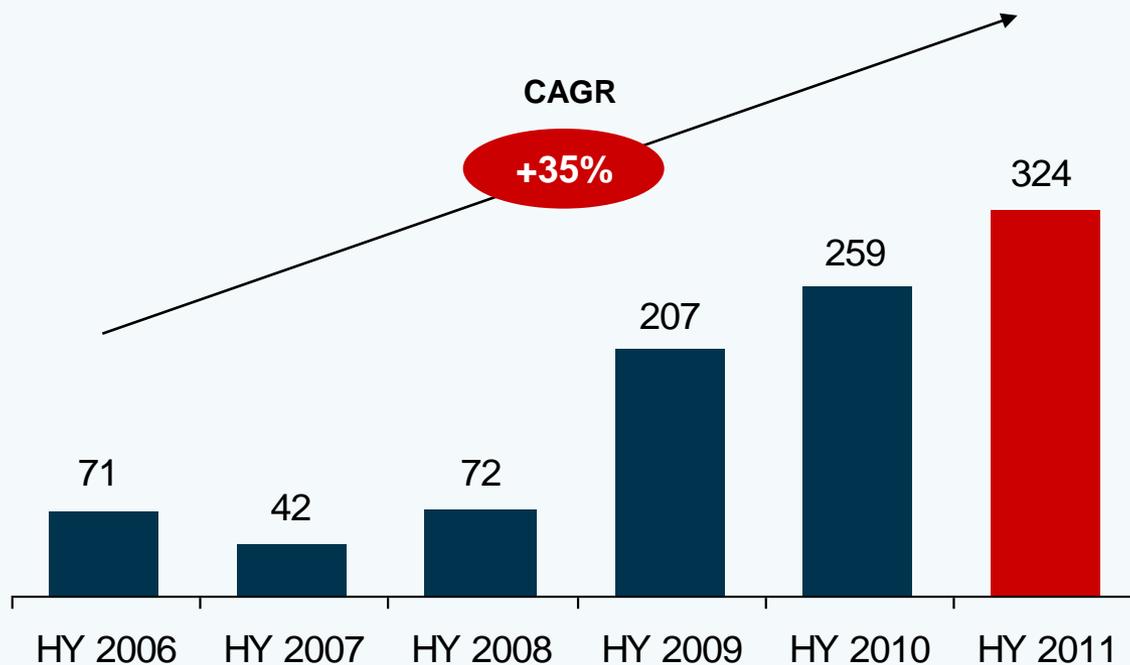
New business profit¹, £m



¹ Excludes Japan and Taiwan agency

... now delivering growth across ALL our key metrics

Life IFRS operating profit^{1,2}, £m

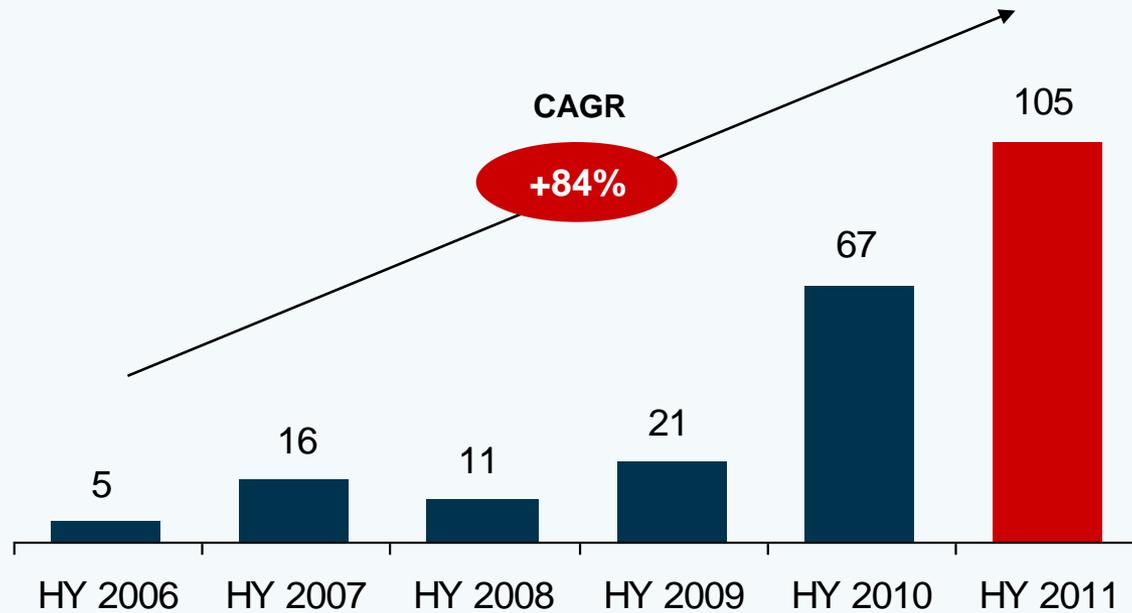


1 Excludes Taiwan agency. HY 2006 and HY 2007 exclude Taiwan

2 Net of development cost

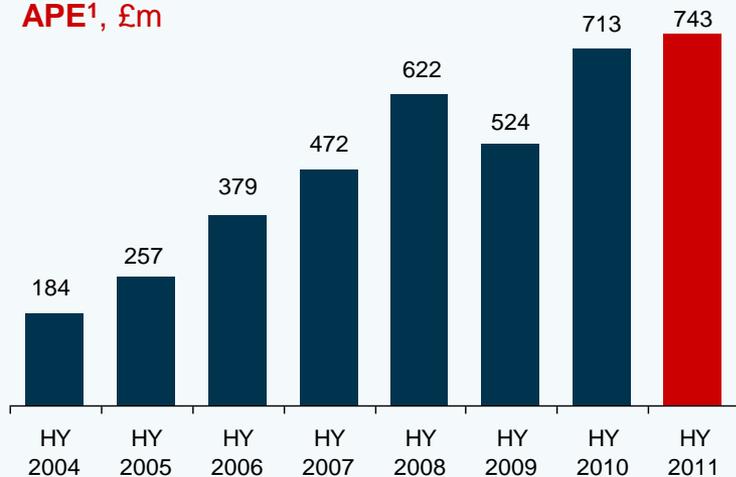
... now delivering growth across ALL our key metrics

Net remittances, £m

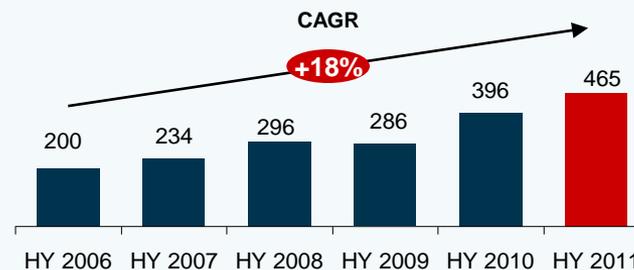


Delivering growth across ALL our key metrics

APE¹, £m



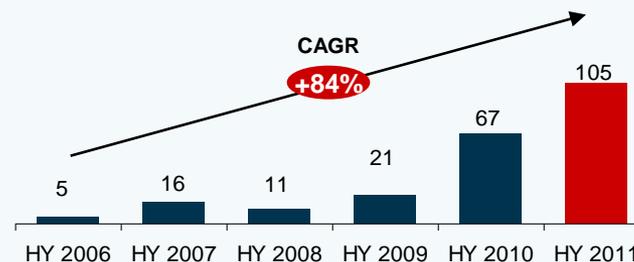
New business profit¹, £m



Life IFRS operating profit^{2,3}, £m



Net remittances, £m



¹ Excludes Japan and Taiwan agency

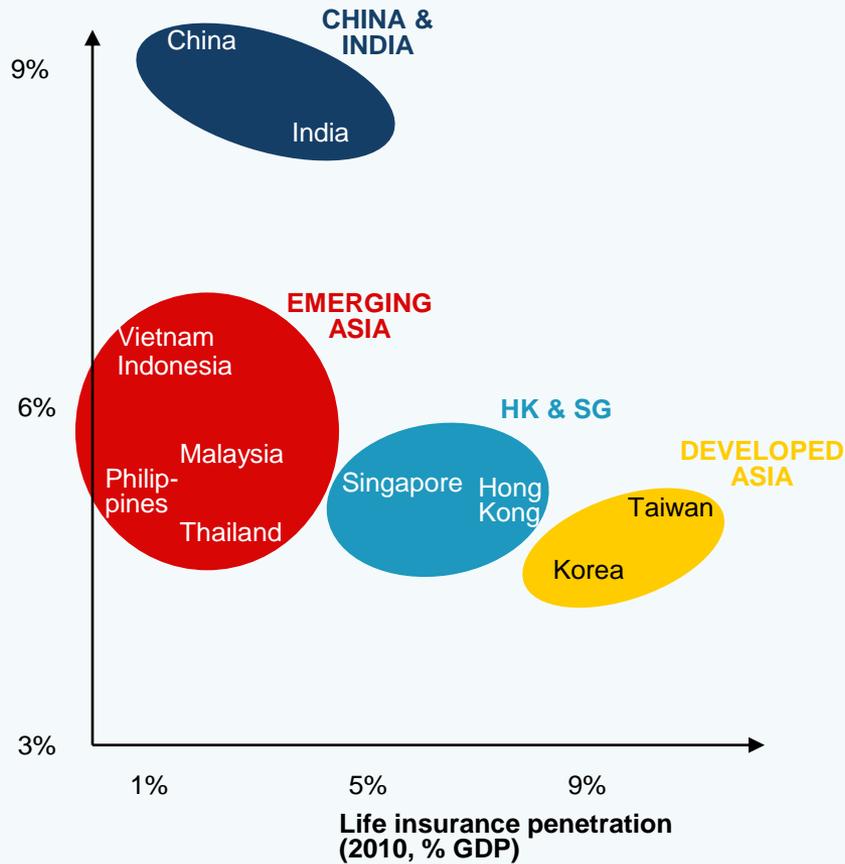
² Excludes Taiwan agency. HY 2006 and HY 2007 exclude Taiwan

³ Net of development costs

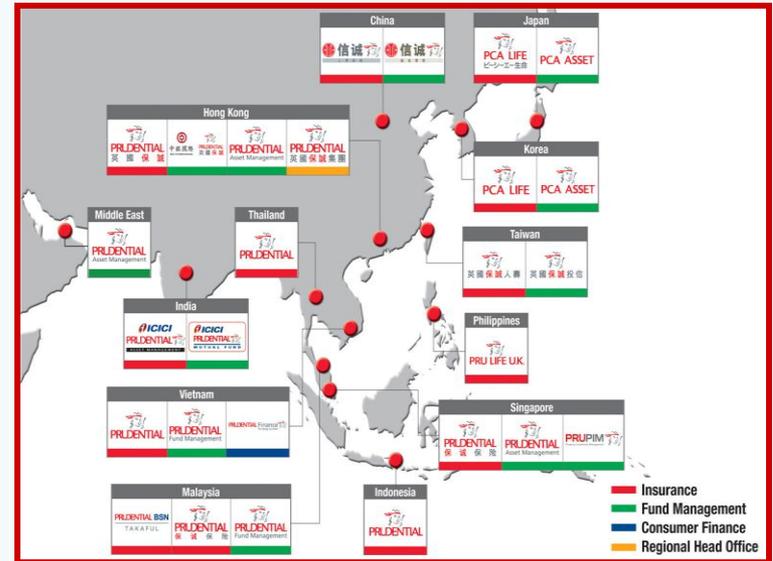
Asia Overview

Life insurance opportunity in Asia¹

GDP growth forecast (CAGR 2010-13, %)



Our presence in Asia



- Serving over 12 million Life customers
- Present in 13 countries
- Multi-distribution platform

¹ Source: Swiss Re, IMF, Brokers' report

Indonesia

- Capturing the opportunity: market leader, one of the largest companies in Indonesia across all sectors
- Agency scale & quality: 100,000+ agents, growing and more productive
- Well positioned in bancassurance: doubled business in H1, partnerships with local and international players (UOB, BII, Permata, Citi, BRI)
- Continued success in Syariah insurance
- Best-in-class service to our customers: PRUaccess, PRU Hospital Friend

China

- Seeking growth through JV approach: a top player amongst foreign JVs, progressively expanding footprint
- Balanced multi-distribution approach
- 13,000 agents, 33 cities
- Driving value in bancassurance through strategic partners (Citic, SCB) and a range of local and international banks (ICBC, CCB, Citibank)
- Size through disciplined recruitment as key focus in agency: Apollo programme driving recruitment

Singapore

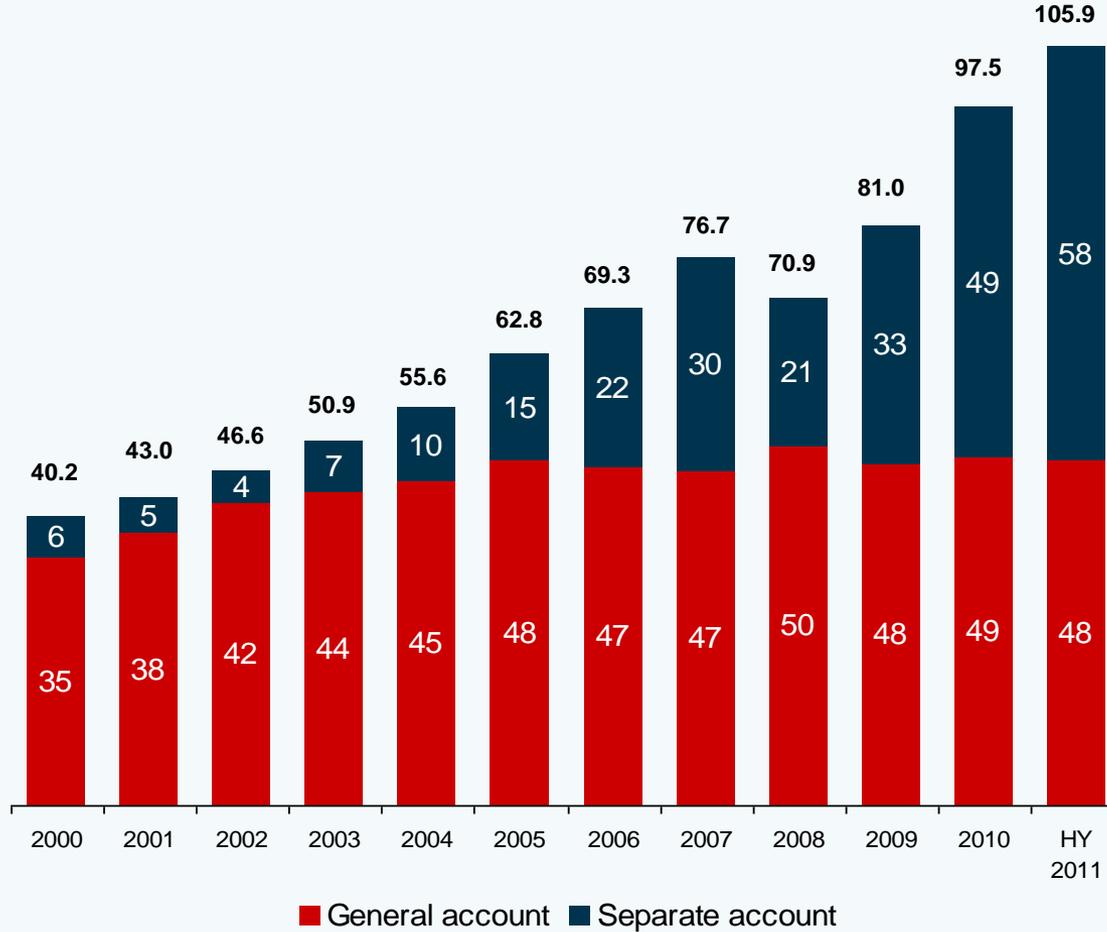
- Market leader for regular premium unit-linked business
- Agency sales driven through focus on productivity and targeted recruitment
- Benefiting from unique bancassurance platform: 5th largest business in Singapore if standalone, UOB up 210% in first half 2011
- Continuous product innovation: launch of Early Stage crisis cover plan, 20% of NBP from new products
- Investing in technology: 80% of new policies through automated POS system

Malaysia

- Leading the industry: #1 in Conventional for new business sales, #2 in Takaful
- Continued focus on Unit-Linked products with Health & Protection riders – High level of rider attachment
- Most productive salesforce – Continuous improvement through segmentation (PRU Million Dollar Agency as top tier)
- Growing in bancassurance: SCB, UOB partnership extended to Malaysia in H1, Alliance Bank
- Leveraging technology to deliver high quality service

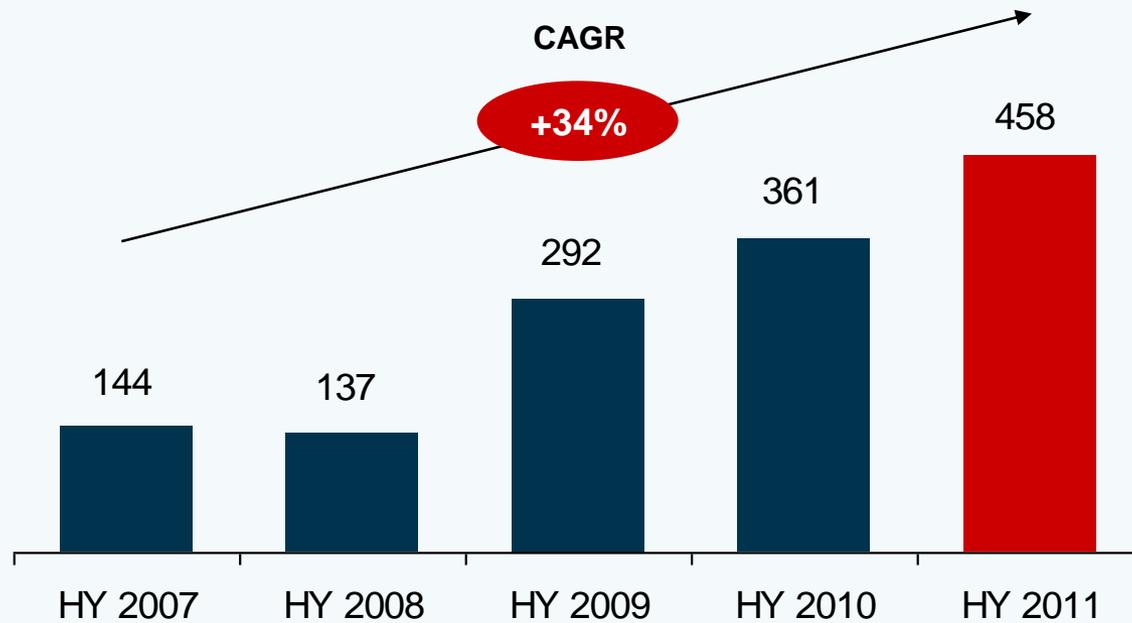
Continued strong asset growth

Growth in statutory admitted assets, US\$bn



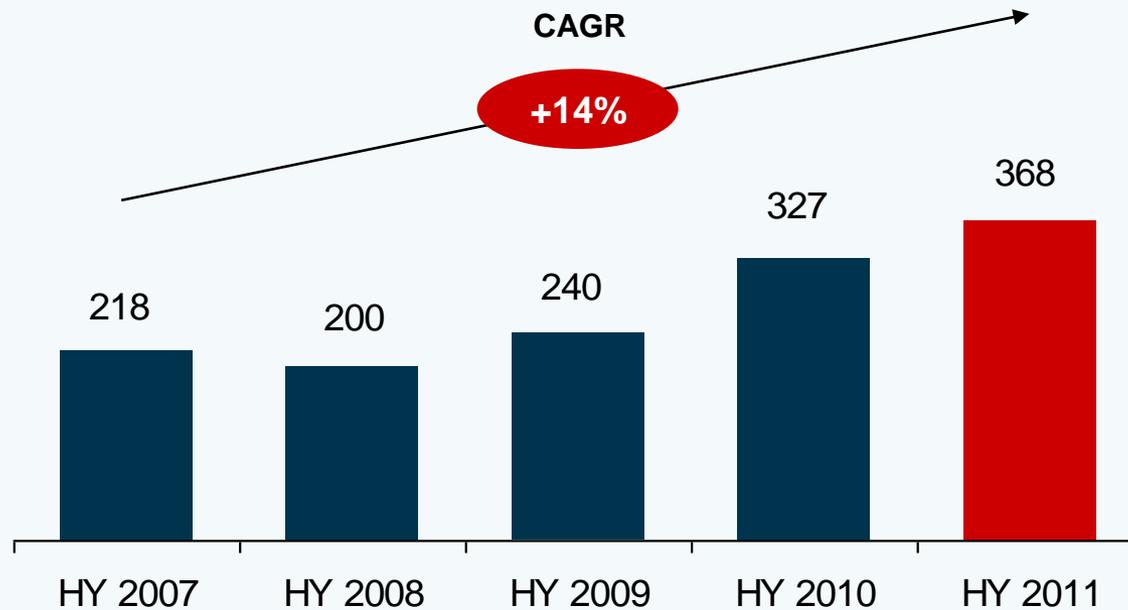
Delivering growth across our key metrics

New business profit, £m



Delivering growth across our key metrics

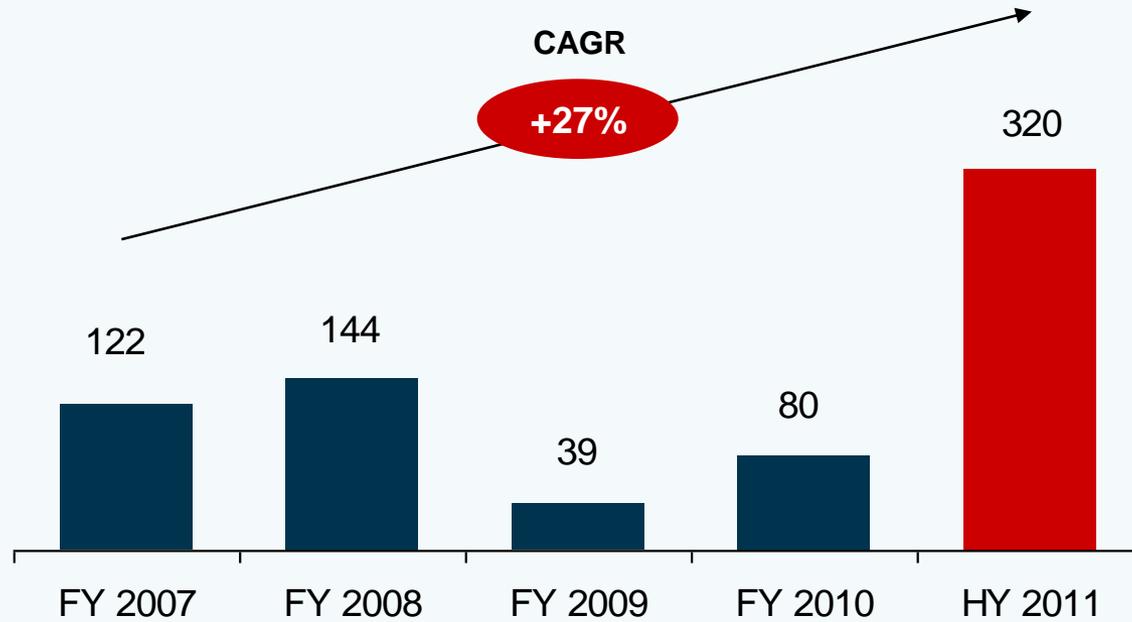
Life IFRS operating profit¹, £m



¹ In H2 2010 the Company amended the presentation of IFRS operating profit for its US insurance operations to remove the net equity hedge accounting effect (incorporating related amortisation of deferred acquisition costs) and include it in short-term fluctuations. Accordingly, the HY 2010 operating profit has been amended to remove the £123m effect. In HY 2008 and HY 2009 the equivalent effect was £32m and £(23)m respectively

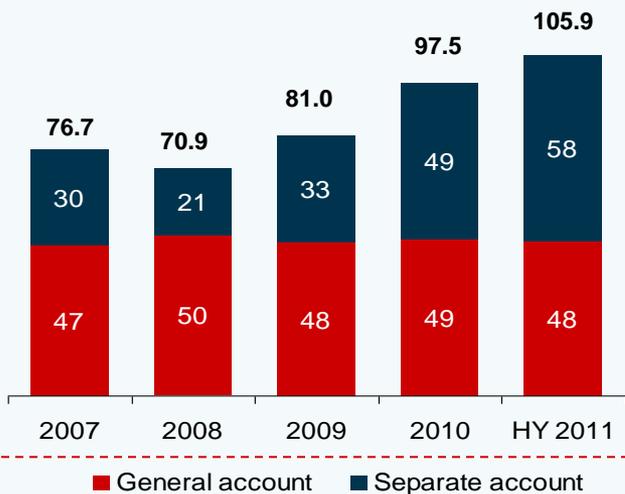
Delivering growth across our key metrics

Net remittances, £m

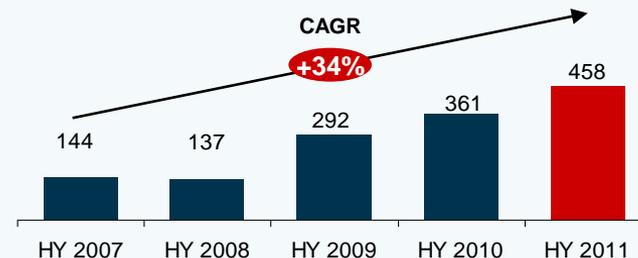


Delivering growth across our key metrics

Growth in statutory admitted assets, US\$bn



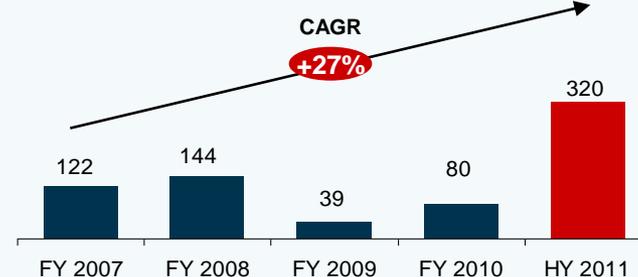
New business profit, £m



Life IFRS operating profit¹, £m

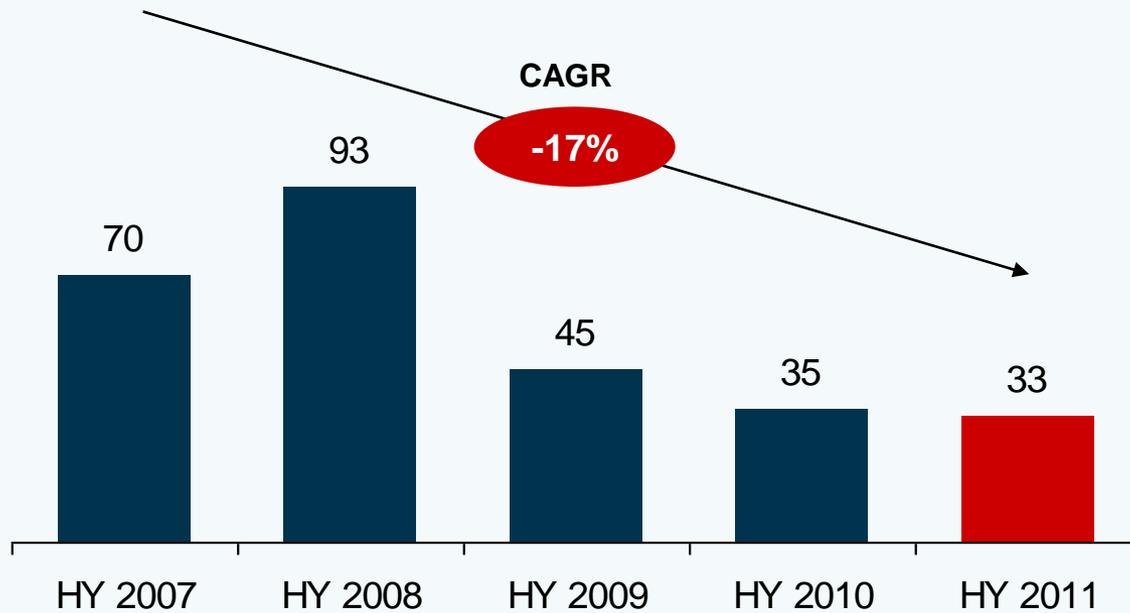


Net remittances, £m

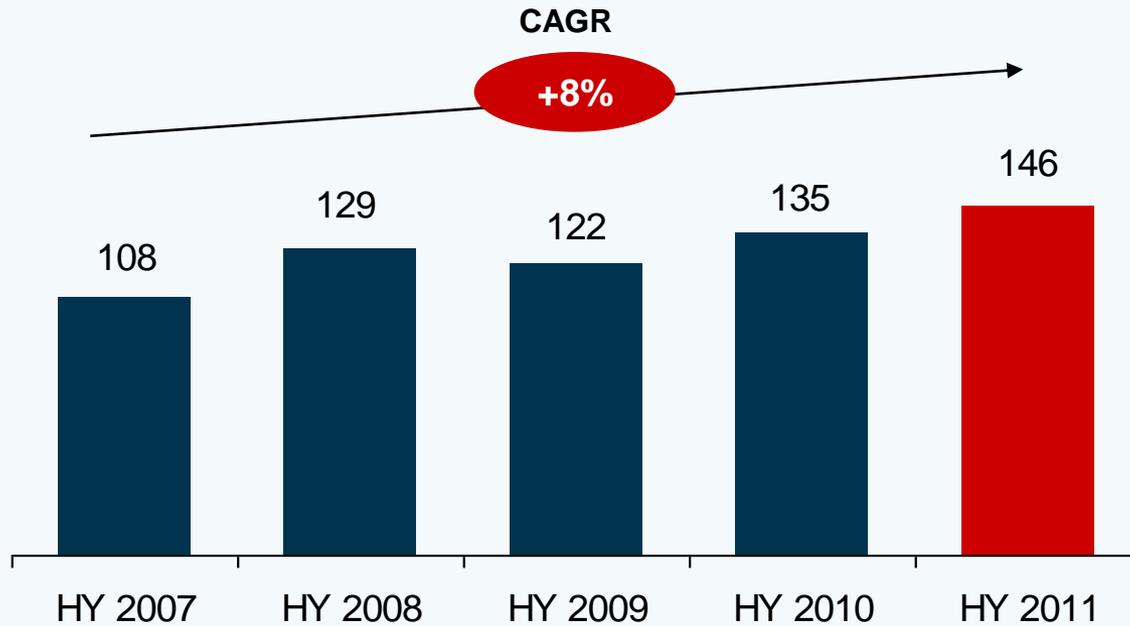


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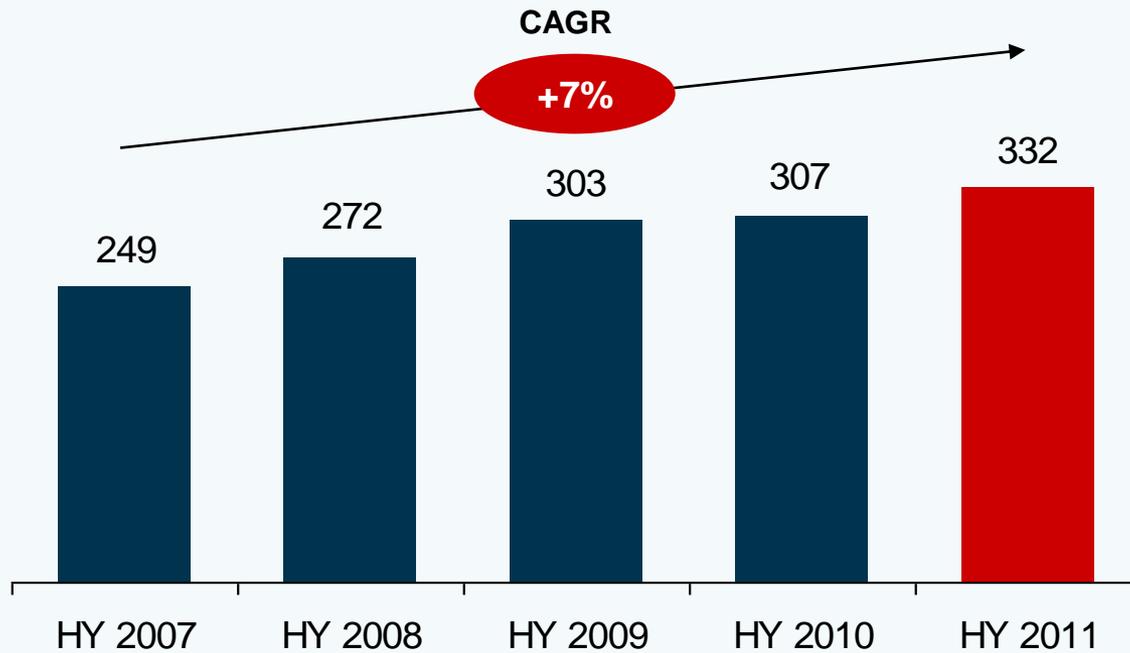
New business strain, £m



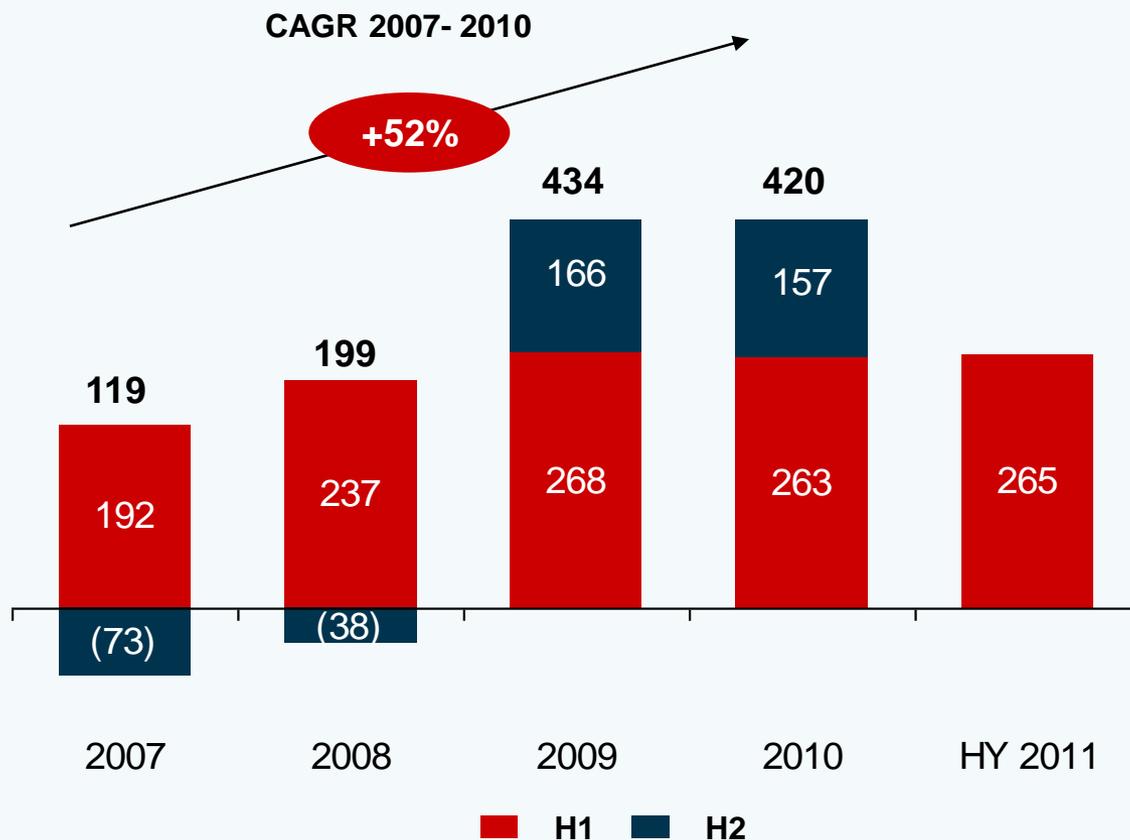
New business profit, £m



Life IFRS operating profit, £m

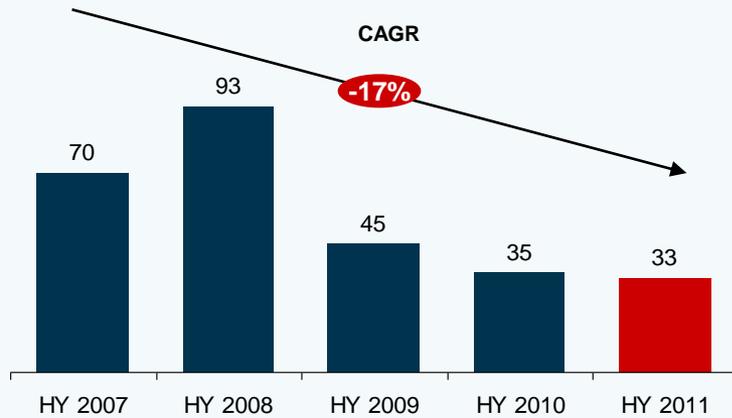


Net remittances, £m

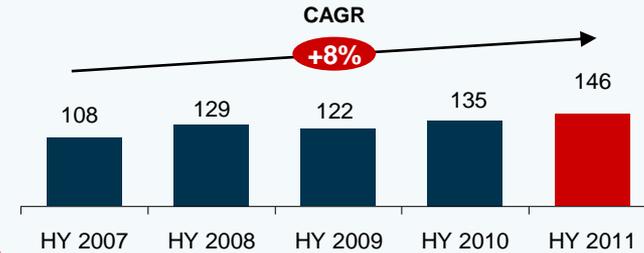


In 2009, net remittances from the UK include the £150m arising from the pro-active financing techniques used to bring forward cash emergence of the in-force book during the financial crisis. The 2010 net remittances include an amount of £120m representing the release of surplus and financing payments

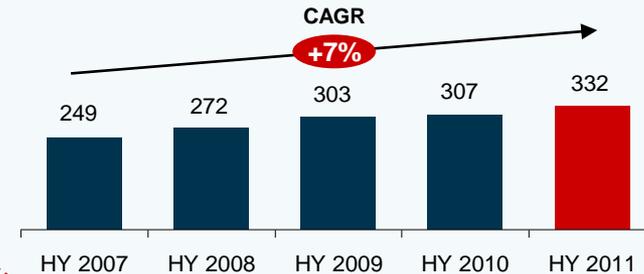
New business strain, £m



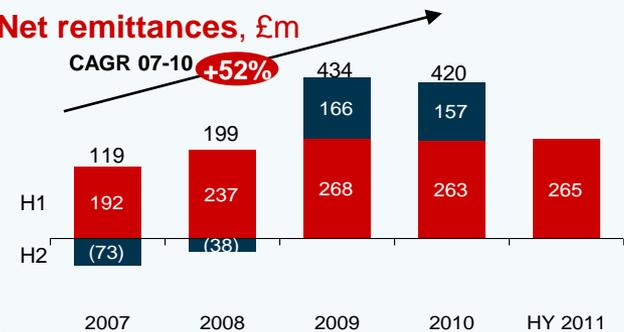
New business profit, £m



Life IFRS operating profit, £m



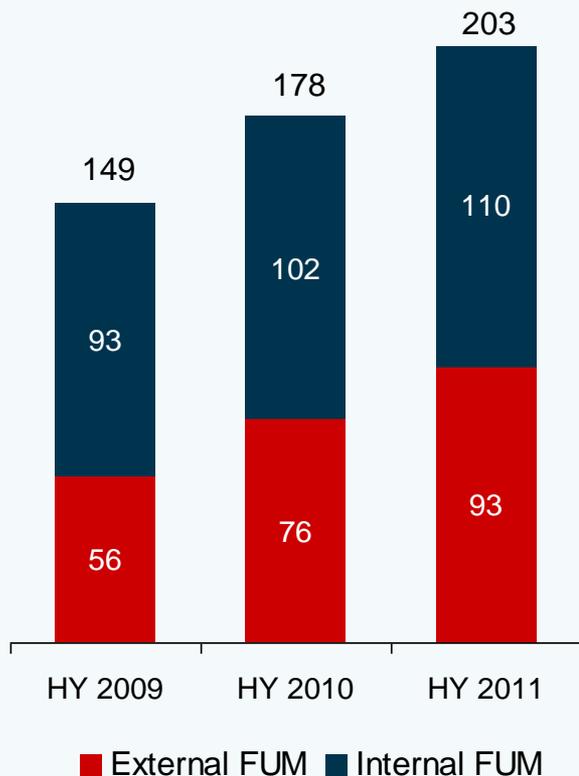
Net remittances, £m



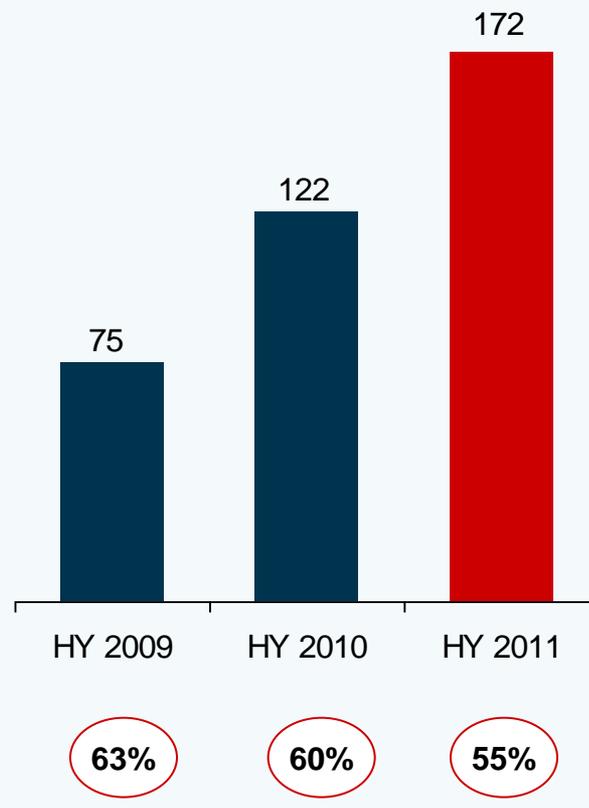
Asset Management - M&G

Growth and operational leverage

Funds under management, £bn



IFRS operating profit¹, £m

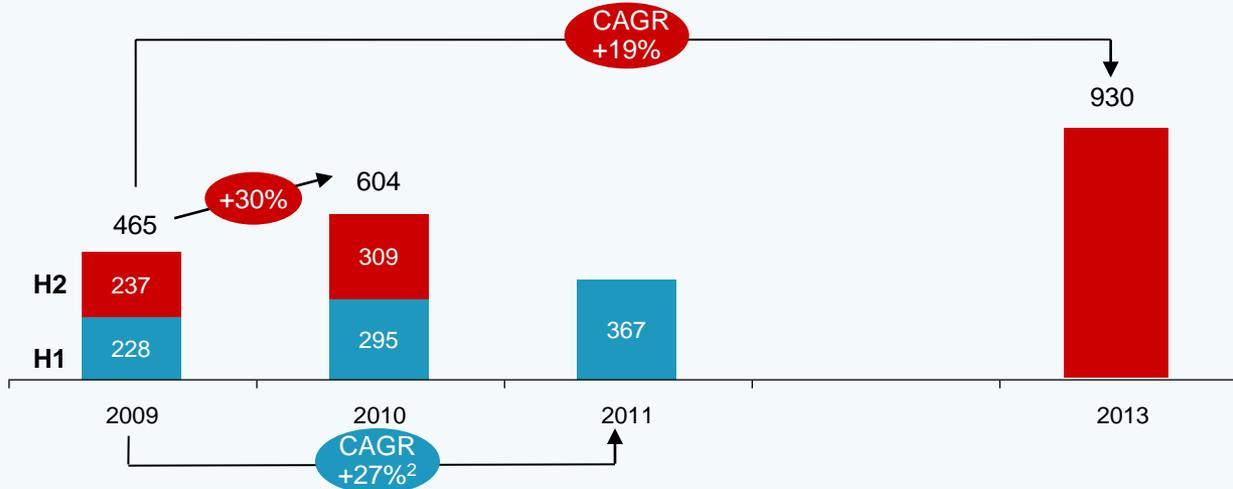


¹ Excludes Prudential Capital

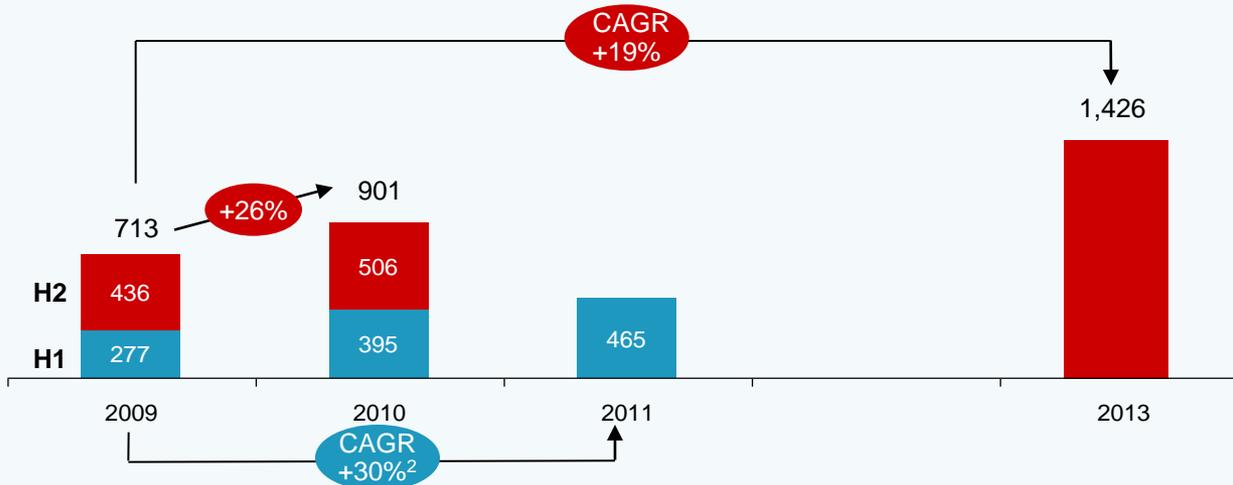
Financial objectives

Growth - On track to 'Double Asia'

Doubling Asia Life and Asset Management IFRS operating profit¹, £m



Doubling Asia value of new business¹, £m

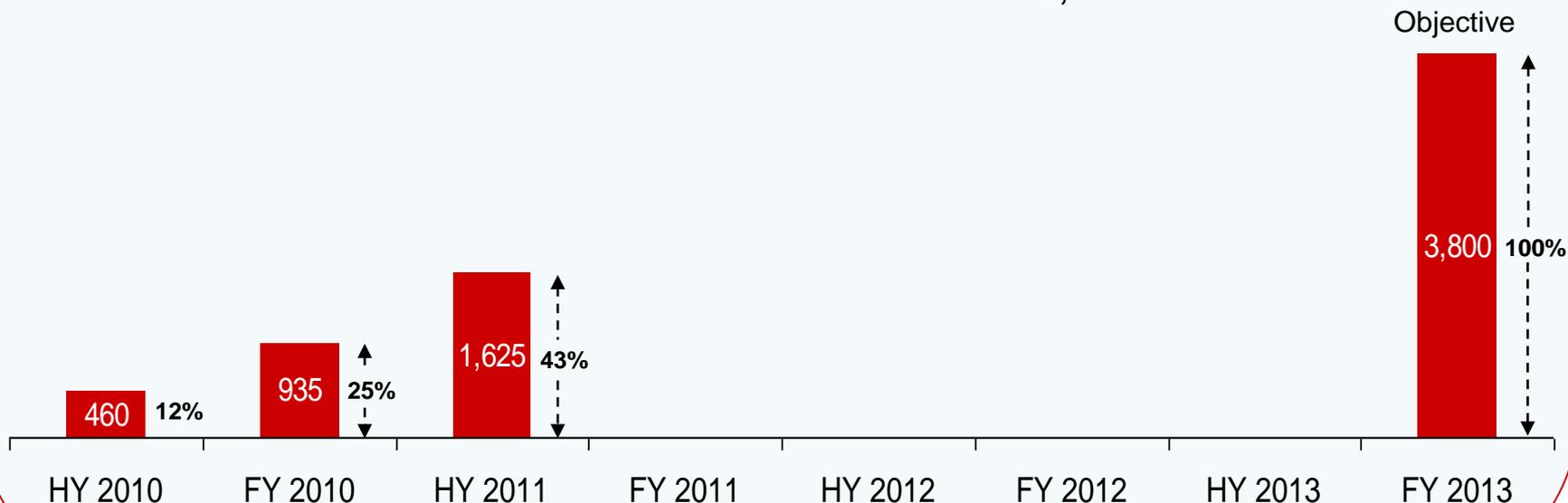


¹ The objectives assume current exchange rates and a normalised economic environment consistent with the economic assumptions made by Prudential in calculating the EEV basis supplementary information for the half year ended 30 June 2010, is based on the current solvency regime and does not pre judge the outcome of Solvency II, which remains uncertain.
² CAGR between H1 2009 and H1 2011

Objective for net remittances:

- Asia to deliver £300m in 2013
- Jackson to deliver £200m in 2013
- UK to deliver £350m in 2013
- Cumulative net remittances to Group of at least £3.8bn over 2010-13

Cumulative net remittances, £m



Prudential plc 2011 half year results

Agenda

Business Review

Tidjane Thiam

Financial Review

- Growth and Profitability
- Cash and Capital

Nic Nicandrou

Outlook and Q&A

Tidjane Thiam

A strong performance across all metrics

Growth and Profitability

- Group Life new business sales¹ up 10% to £1,824m APE
- Group new business profit up 20% to £1,069m
- Group NBP margin¹ 59% (HY 2010: 54%)
- Life IFRS net flows² £5.0bn (HY 2010: £4.2 bn)
- Asset Management net inflows £3.3bn (HY 2010: £4.4bn)
- IFRS operating profit³ up 25% to £1,058m
- EEV operating profit up 28% to £2,147m

Cash and Capital

- EEV shareholders' funds of £19.0bn, £7.45 per share (HY 2010: £16.7bn)
- Net free surplus generated up 15% to £1,093m (HY 2010: £947m)
- Net remittances from business units £690m (HY 2010: £460m)
- IGD surplus of £4.1bn (HY 2010: £3.4bn)
- Half year dividend up 20% at 7.95 pence per share

1 Excluding Japan

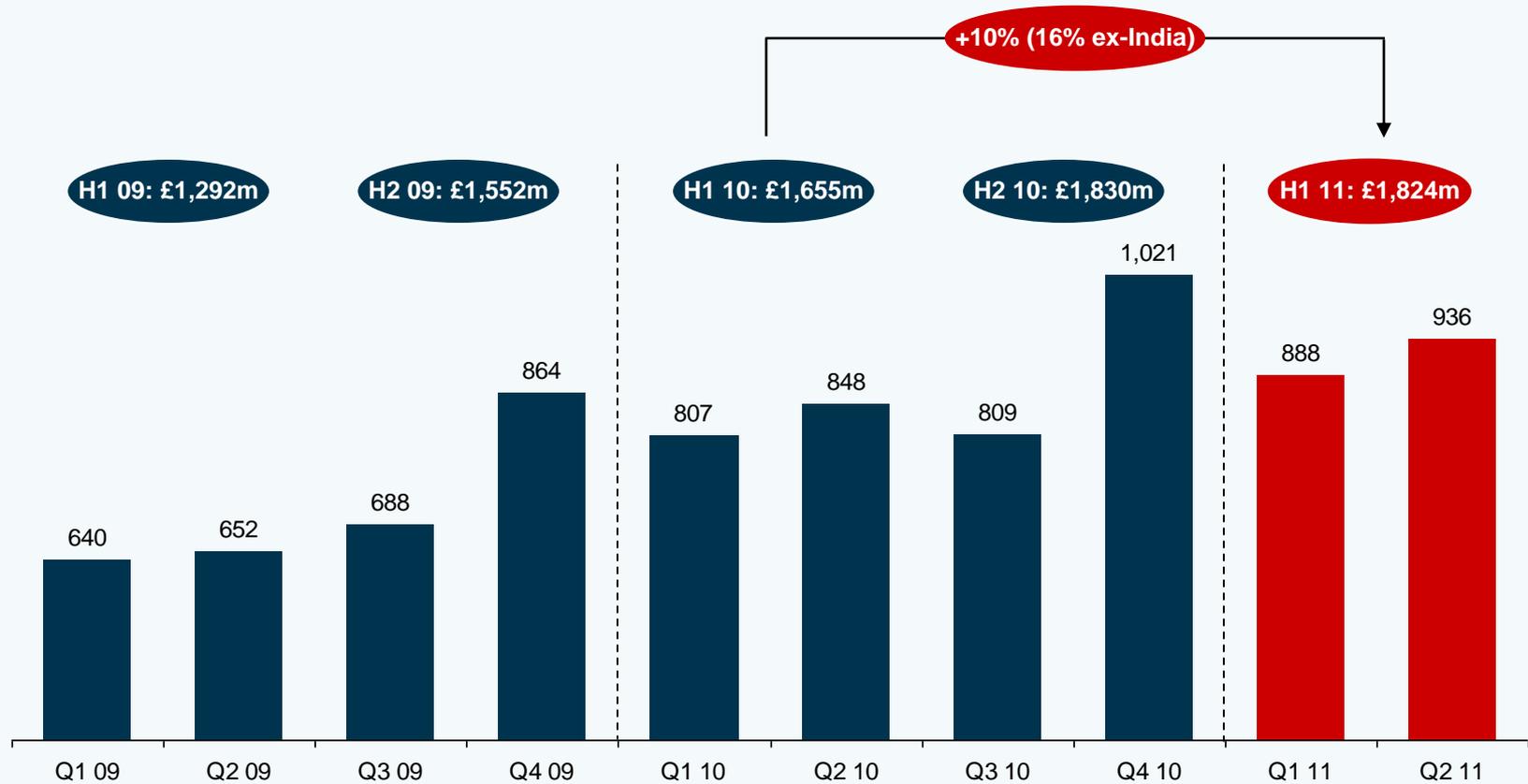
2 Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths

3 In H2 2010 the Company amended the presentation of IFRS operating profit for its US insurance operations to remove the net equity hedge accounting effect (incorporating related amortisation of deferred acquisition costs) and include it in short-term fluctuations. Accordingly, the HY 2010 operating profit has been amended to remove the positive £123 million effect

Growth – Life APE

Positive momentum has continued into 2011

Life APE¹, £m

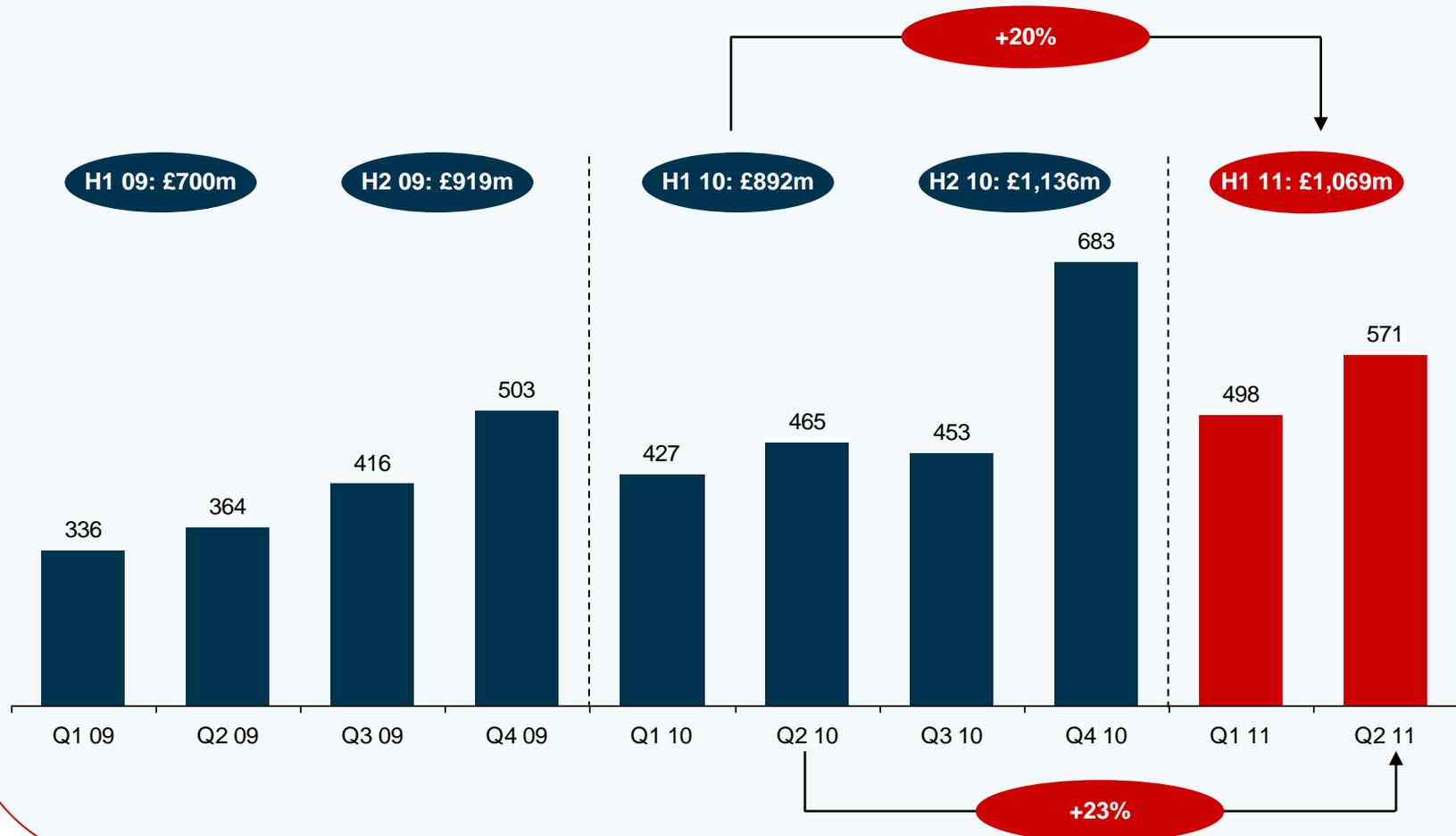


¹ Excluding Japan

Growth – New business profit

Positive momentum has continued into 2011

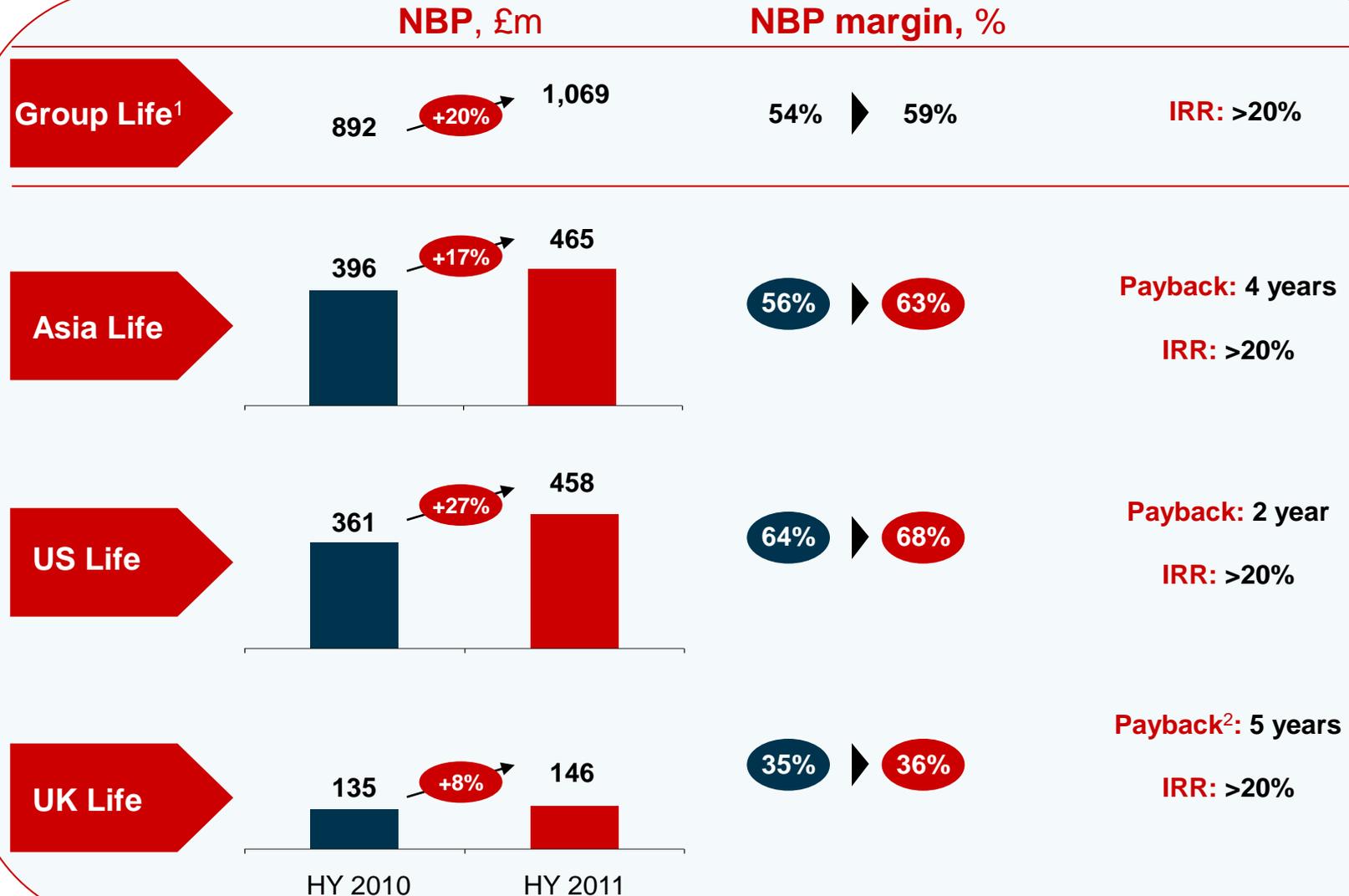
Life new business profit¹, £m



¹ Excluding Japan

Growth in value and volume

Balancing value creation and capital consumption

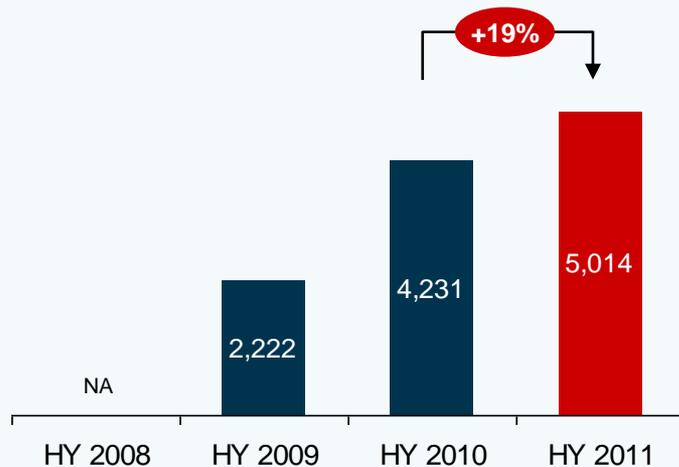


¹ Excluding Japan

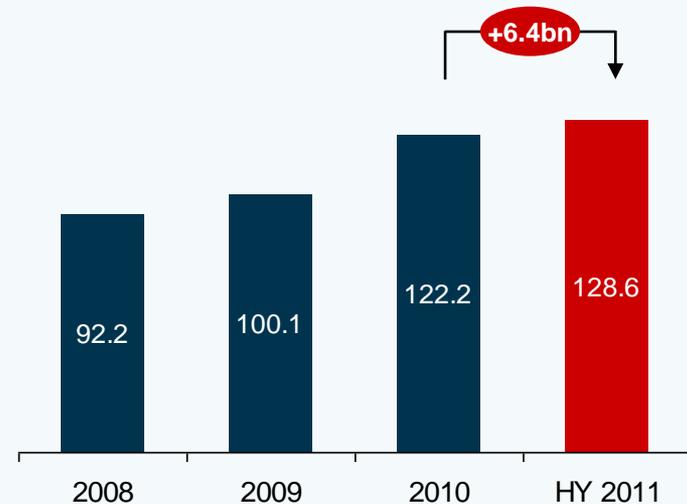
² Shareholder-backed business

Net inflows continue to drive strong growth in reserves

Life net inflows¹, £m



Policyholder liabilities², £bn



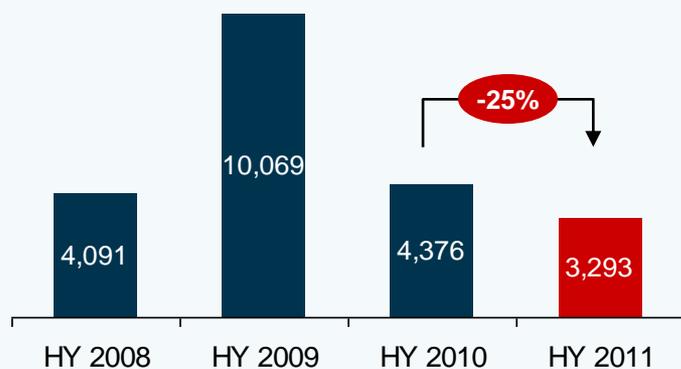
1 Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths

2 Shareholder-backed business

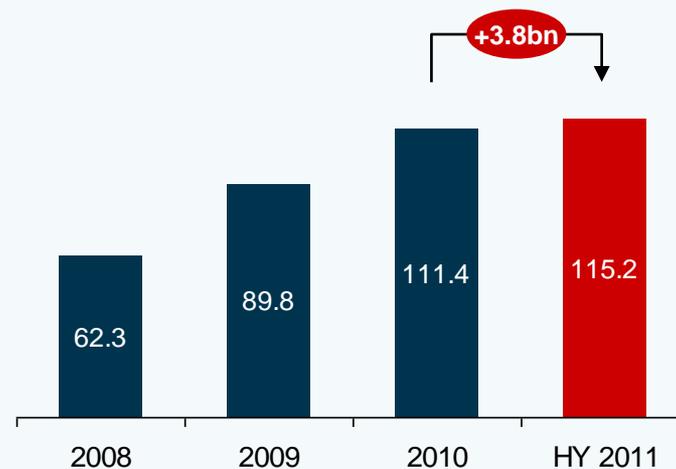
Growth – Asset Management

Net inflows continue to drive strong growth in assets

Asset Management net inflows¹, £m



External FUM, £bn



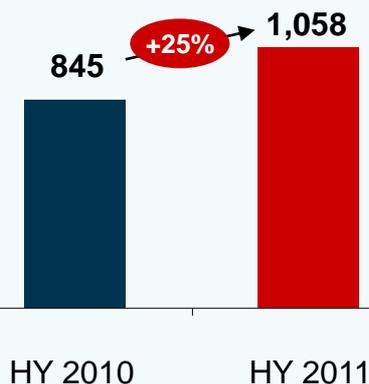
¹ Includes Asia Money Market Flows

Profitability – IFRS

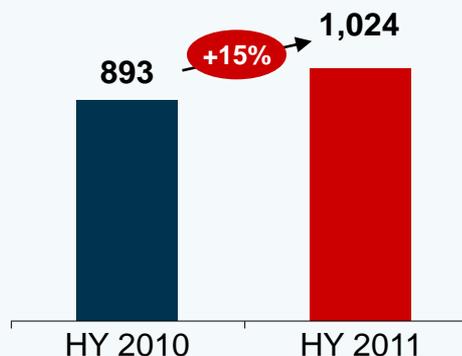
IFRS profits up 25%

IFRS operating profit¹, £m

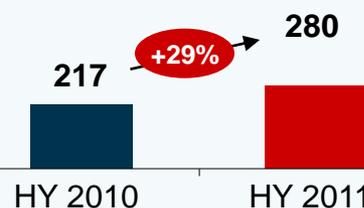
Group



Life

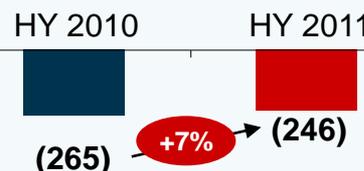


Asset Management and other businesses



	HY 2010	HY 2011
M&G	122	172
PruCap	21	27
Asia AM	36	43
US AM	15	17
UK GI	23	21

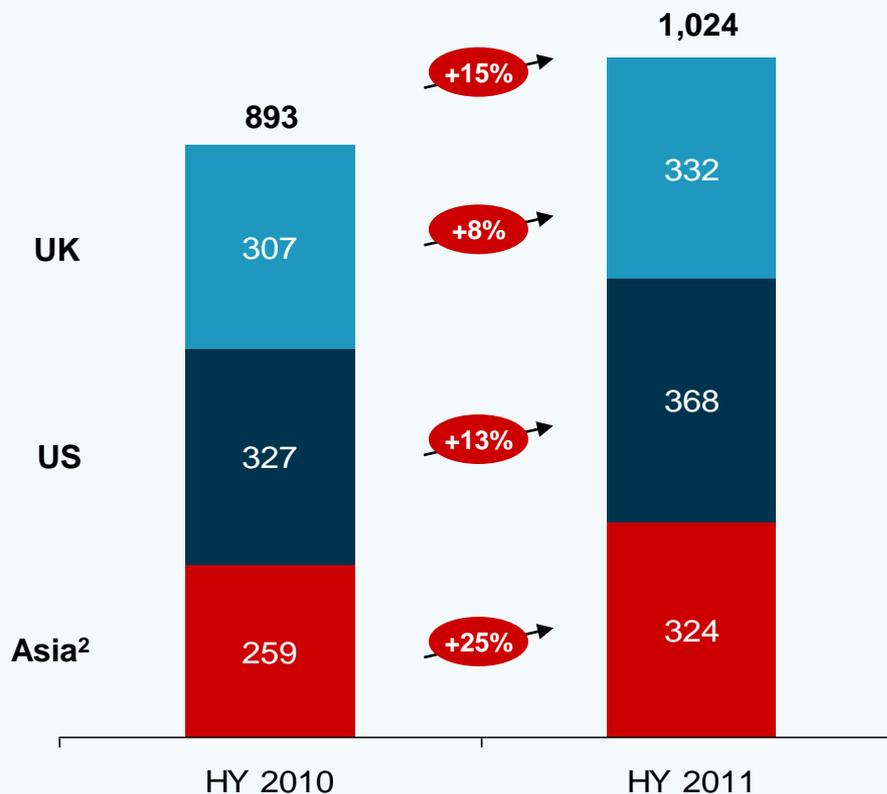
Other income and expenses / restructuring



	HY 2010	HY 2011
RPI/CPI change	-	42
Net Interest	(124)	(135)
Corporate/ RHO	(113)	(116)
Solvency II costs	(22)	(27)
Other/ Restructuring	(6)	(10)

¹ In H2 2010 the Company amended the presentation of IFRS operating profit for its US insurance operations to remove the net equity hedge accounting effect (incorporating related amortisation of deferred acquisition costs) and include it in short-term fluctuations. Accordingly, the HY 2010 operating profit has been amended to remove the positive £123 million effect

Life operating profit by region¹, £m



1 In H2 2010 the Company amended the presentation of IFRS operating profit for its US insurance operations to remove the net equity hedge accounting effect (incorporating related amortisation of deferred acquisition costs) and include it in short-term fluctuations. Accordingly, the HY 2010 operating profit has been amended to remove the £123m effect.

2 Net of development costs

IFRS operating profit – source of earnings

Life insurance - Asia

HY 2011 | HY 2010 | +/-
£m except reserves £bn

Total operating profit		
324	259	25%

=

Total Life income		
926	787	18%

-

Total Life expenses		
(591)	(543)	9%

+/-

DAC adjustments		
(11)	15	nm

Spread income		
46	39	18%

Fee income		
67	52	29%

Technical and other margin		
785	676	16%

With profits		
17	17	-

Spread (bps)	176	188	(12)
Average reserves	5.2	4.2	24%

AMF (bps)	103	101	2
Average reserves	13.0	10.3	26%

Margin on revenues	560	474	18%
Insurance margin	225	202	11%

Expected returns		
11	3	nm

Increase reflects higher reserve base

Increase in margin reflects change in country mix towards higher yielding businesses

Continued growth in the in-force book and higher H&P sales

IFRS operating profit – source of earnings

Life insurance - US

Total operating profit¹

HY 2011	HY 2010	+/-
368	327	13%

HY 2011	HY 2010	+/-
£m except reserves £bn		

=

Total Life income

HY 2011	HY 2010	+/-
856	760	13%

Total Life expenses

HY 2011	HY 2010	+/-
(680)	(575)	18%

2011 Expense deferrals

HY 2011	HY 2010	+/-
485	408	19%

-

Spread income

HY 2011	HY 2010	+/-
380	344	10%

Fee income

HY 2011	HY 2010	+/-
327	240	36%

Technical and other margin

HY 2011	HY 2010	+/-
113	118	(4)%

DAC amortisation

HY 2011	HY 2010	+/-
(293)	(266)	10%

	HY 2011	HY 2010	+/-
Spread (bps)	262	235	27
Average reserves	29.0	29.3	(1)%

	HY 2011	HY 2010	+/-
AMF (bps)	195	214	(19)
Average reserves	33.6	22.5	49%

	HY 2011	HY 2010	+/-
Expected returns	36	58	(38)%

Benefit from lower crediting rates and actions to more closely match asset and liability duration

Income increasing with growth in separate account balances

¹ In H2 2010 the Company amended the presentation of IFRS operating profit for its US insurance operations to remove the net equity hedge accounting effect (incorporating related amortisation of deferred acquisition costs) and include it in short-term fluctuations. Accordingly, the HY 2010 operating profit has been amended to remove the positive £123 million effect

IFRS operating profit – source of earnings

Life insurance - UK

HY 2011 | HY 2010 | +/-
 £m except reserves £bn

Total operating profit		
332	307	8%

=

Total Life income		
486	467	4%

-

Total Life expenses		
(153)	(158)	3%

+/-

DAC adjustments		
(1)	(2)	nm

Spread income		
122	83	47%

Fee income		
29	29	-

Technical and other margin		
112	141	(21)%

With profits		
154	154	-

Spread (bps)	108	81	27
Average reserves	22.6	20.4	11%

AMF (bps)	26	30	(4)
Average reserves	22.0	19.2	15%

Margin on revenues	105	145	(28)%
Insurance margin	7	(4)	275%

Expected returns		
69	60	15%

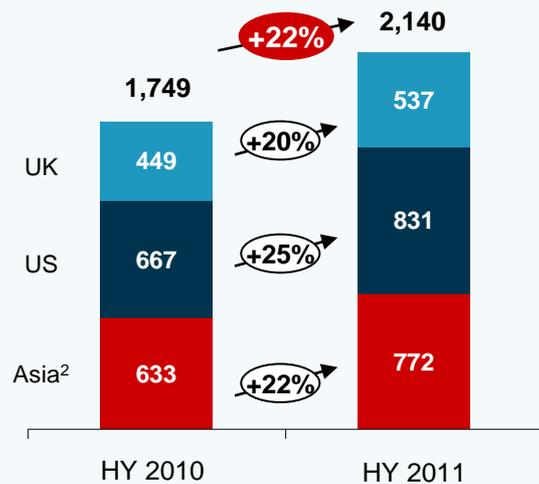
Benefit of bulk annuity deal and benefit of annuity investment portfolio transactions

Impacted by positive expense assumption change in 2010 and improved profitability in PruHealth in 2011

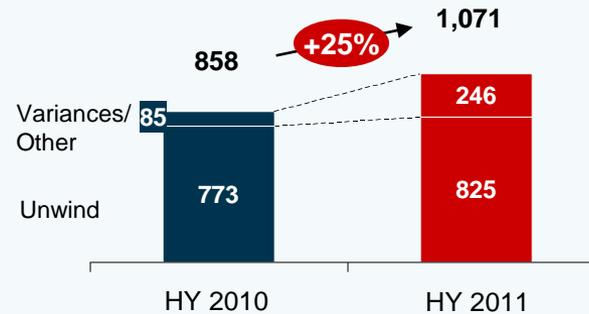
Profitability – EEV

EEV Life profits up 22%

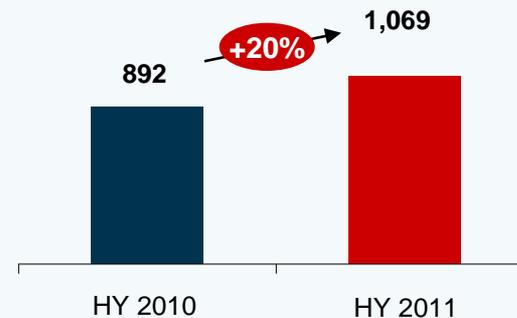
Life business, £m



In-force¹, £m



New business profit², £m



¹ Net of Asia development expenses (HY 2010: £(3)m, HY 2011: £(2)m)

² Excluding Japan

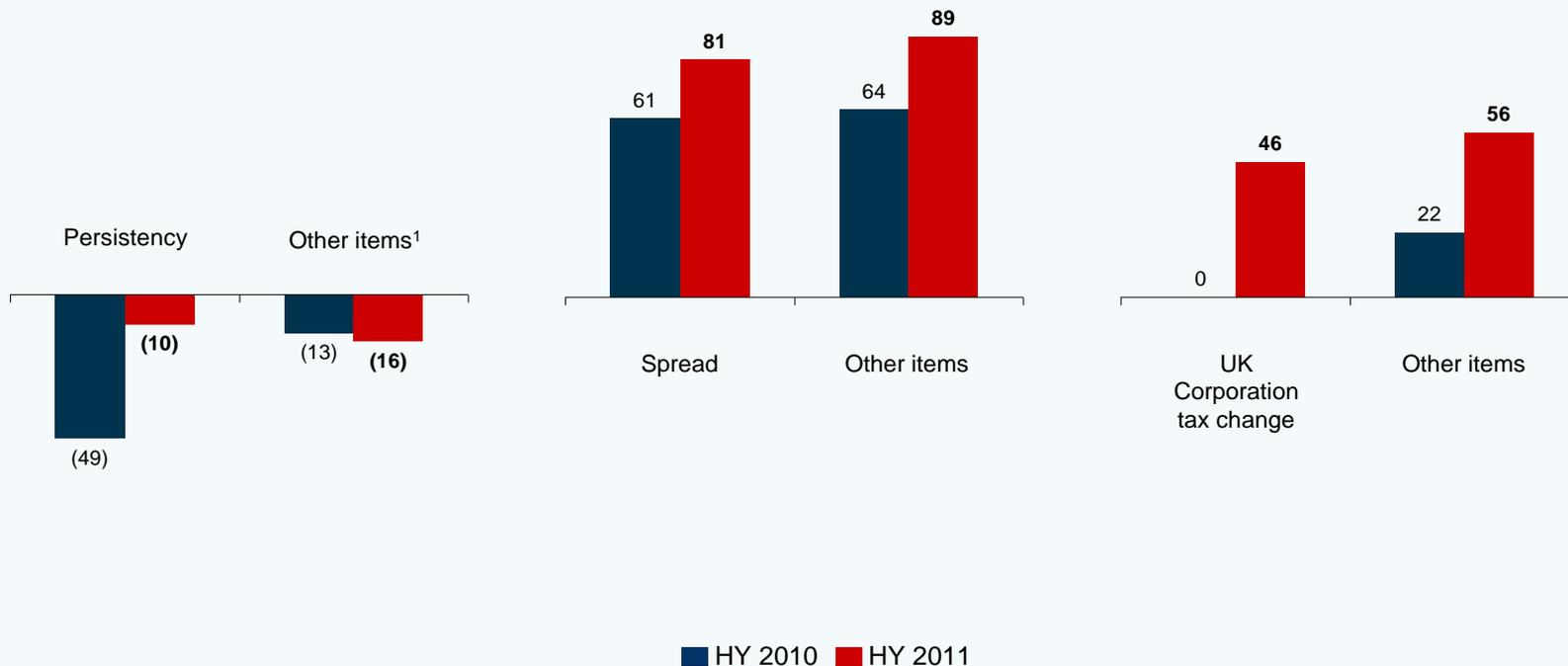
Profitability – EEV

Strong in-force performance across all Life businesses

Asia in-force¹, £m
(up 29% to £307m)

US in-force, £m
(up 22% to £373m)

UK in-force², £m
(up 25% to £391m)



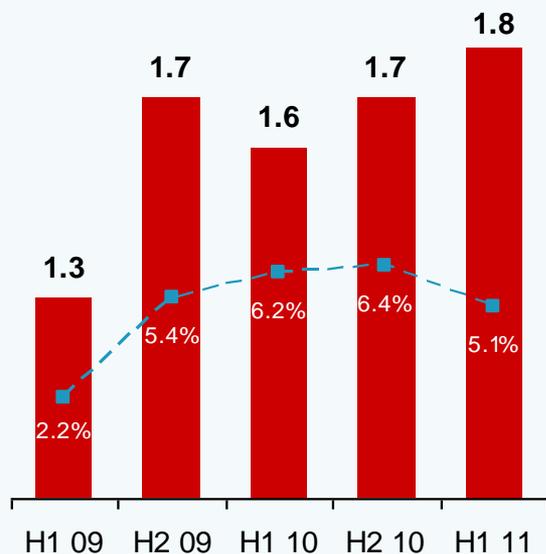
1 Net of Asia development expenses (HY 2010: £(3)m, HY 2011: £(2)m)

2 Assumption change for HY 2011 is due to change in tax rate from 27% to 26%

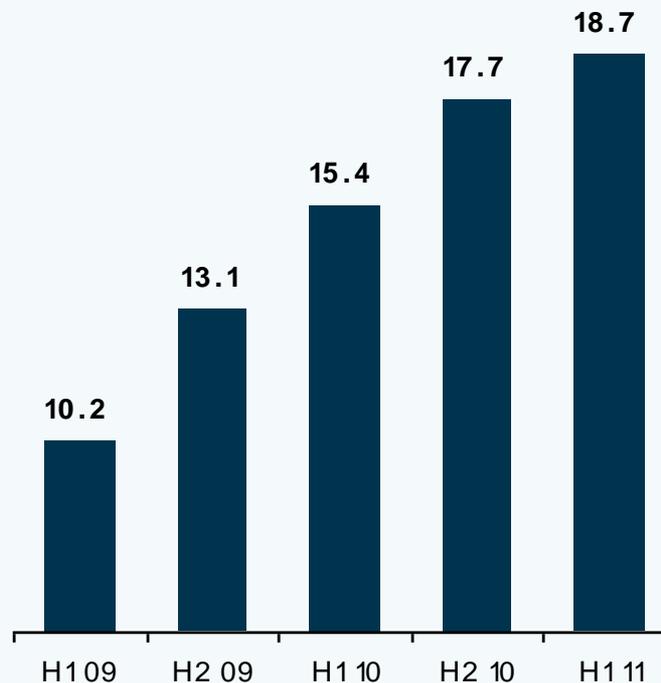
Asia Life net inflows

Strong net inflows drive growing reserves

Asia Life inflows¹, £bn



Policyholder liabilities², £bn



--- Surrenders/withdrawals as % of opening liabilities

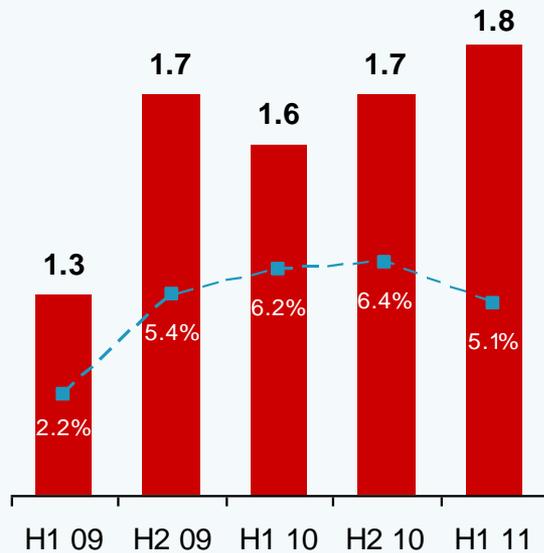
1 Defined as movements in shareholder-backed policyholder liabilities arising from premiums (after deducting insurance & other margins)

43 2 Policyholder liabilities excluding With-profit funds

Asia Life net inflows

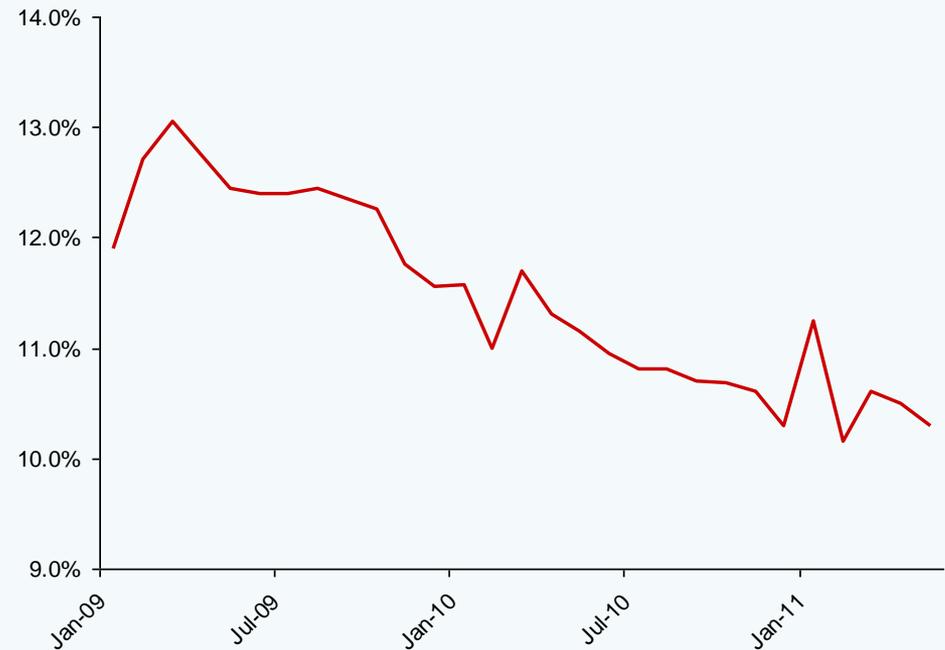
High and improving persistency

Asia Life inflows¹, £bn



--- Surrenders/withdrawals as % of opening liabilities

Annualised lapse rates, %



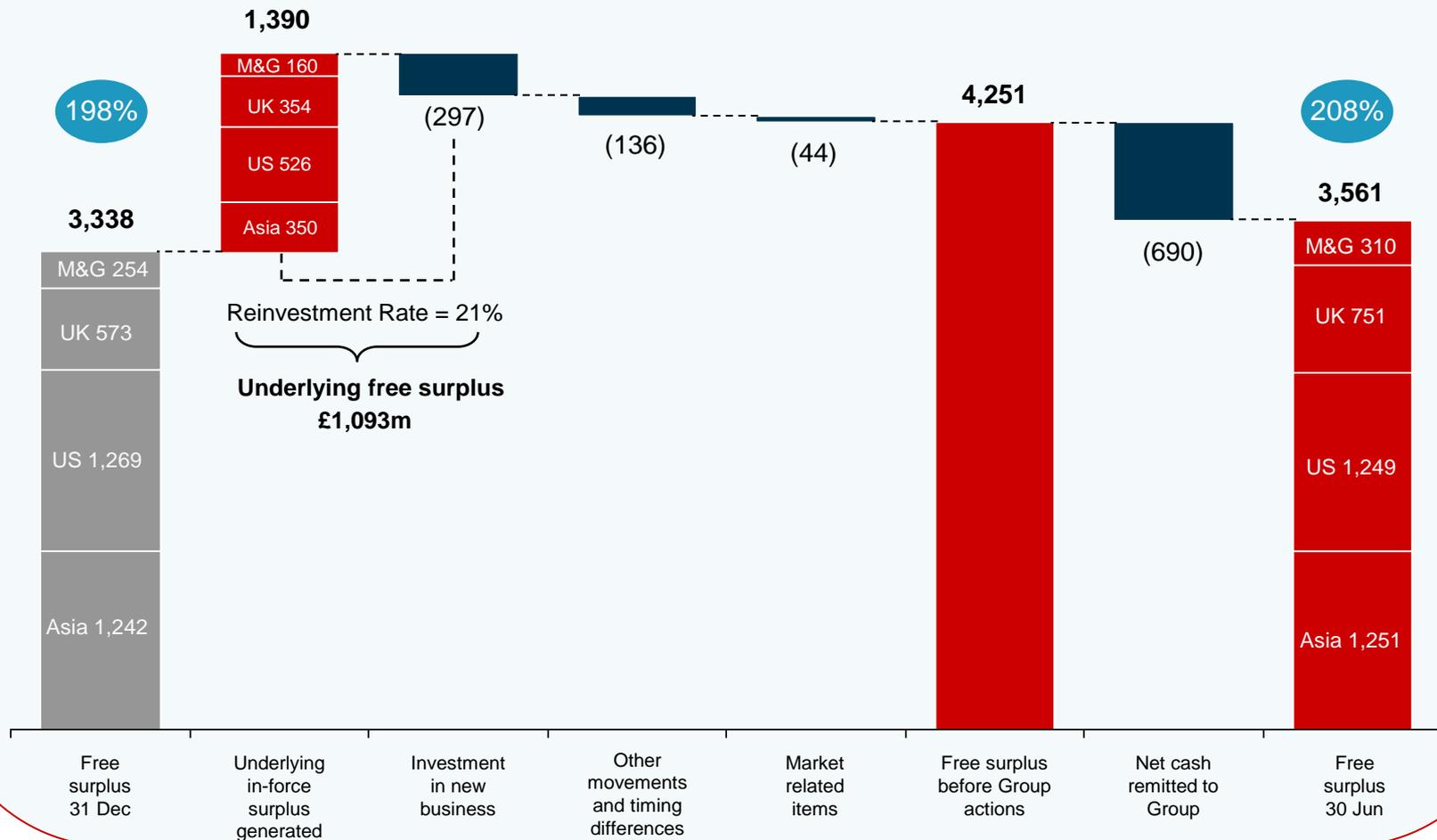
¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums (after deducting insurance & other margins)

Cash and capital generation

Free surplus stock

Evolution of free surplus, £m

x% Free surplus cover



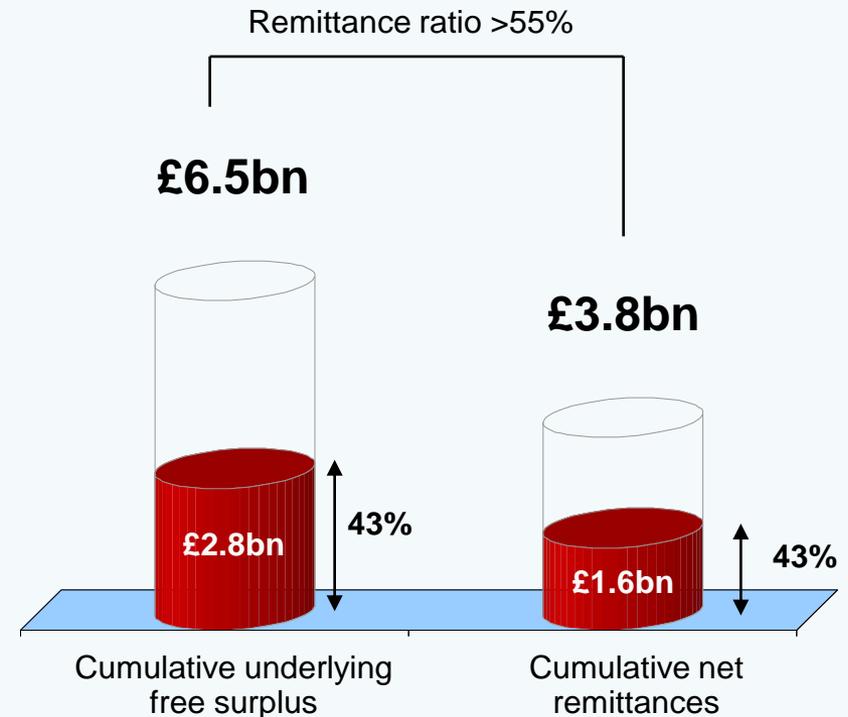
Note: Asia and US include asset management and UK includes GI commission

Cash and capital generation

Net remittances 43% of Group objectives achieved

Group objectives 2010-13, £bn

	2009 £m	2010 £m	HY 2011 £m	Target 2013
UK with-profit	284	202	223	350
UK shareholder-backed ¹	150	218	42	
US	39	80	320	200
Asia ²	40	233	105	300
M&G ³	175	202	-	
Net remittances to group	688	935	690	



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 PruCap

Maintained capital strength

- IGD surplus £4.1bn equivalent to a cover of 290%
- With-profits estate £6.9bn

Strong liquidity position

- Almost £1.5bn of central cash resources
- €500m Tier 2 call on Dec 2011
- £2.1bn of untapped liquidity facilities

Continued balance sheet de-risking

- Quality of US corporate credit book remains high
- Minimal shareholder exposure to PIIGS sovereign and bank debt

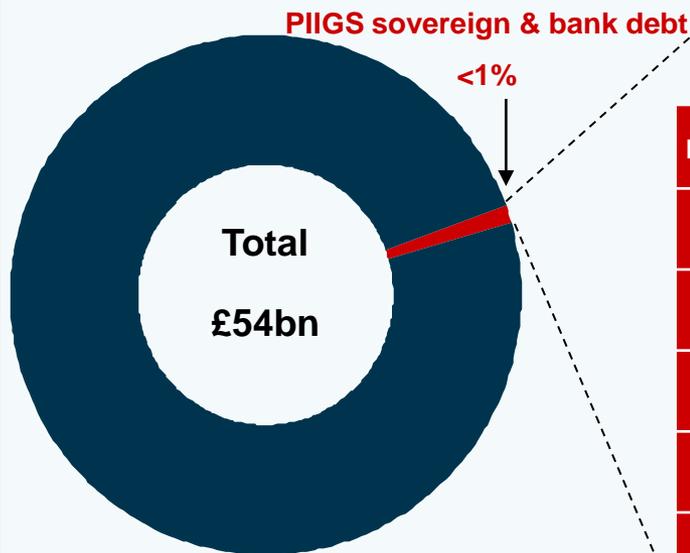
Credit position improved

- Unrealised gains on US debt securities of £1.4bn (FY 2010: £1.2bn)
- US impairments of £14m at HY 2011
- No defaults in the UK: £1.8bn default provision remains

Invested Assets – PIIGS

Total PIIGS sovereign and bank debt of only £394m

Breakdown of the shareholder debt securities portfolio, %



Shareholder invested assets – PIIGS countries as at 30 June 2011, £m

	Sovereign		Bank debt				Total
		Institution	Senior	Tier I	Tier II	Covered	
Portugal	-	Espirito Santo Financial Group	20	-	-	-	20
	-	Banco Comercial Portugues	-	-	14	-	14
Ireland	-	Bank of Ireland	13	-	2	-	15
Italy	52	Intesa SanPaolo	13	-	84	-	97
		Unicredit	-	26	15	-	41
Greece	-	-	-	-	-	-	-
Spain	1	Banco Santander	-	3	68	23	94
		Banco Bilbao Vizcaya	-	-	60	-	60
Total	53		46	29	243	23	341

Total PIIGS sovereign & bank debt = £394m

Dividend

Interim dividend 33% formula maintained

Dividend, pence per share



- Maintaining interim as 1/3 of prior year total dividend
- Dividend policy maintained

Prudential plc 2011 half year results

Agenda

Business Review

Tidjane Thiam

Financial Review

Nic Nicandrou

Outlook and Q&A

Tidjane Thiam

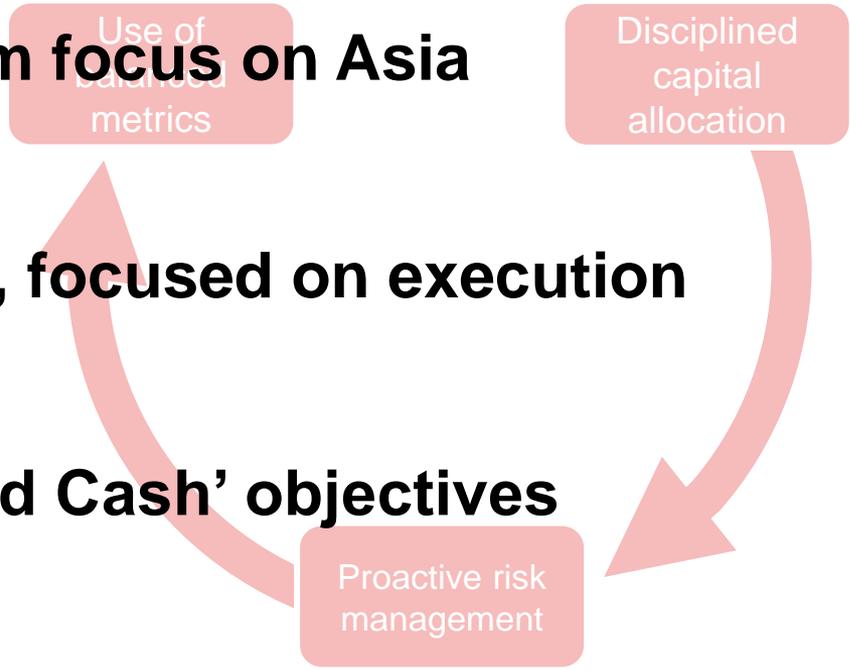
Delivering 'Growth and Cash'

Strategy

Operating principles



- **Clear strategy, long-term focus on Asia**
- **Strong leadership team, focused on execution**
- **On-track for 'Growth and Cash' objectives**



Q&A



Investor Conference 2011

**Venue: Mandarin Oriental
Kuala Lumpur, Malaysia**

Date: 15 -17 November 2011

RSVP: investor.relations@prudential.co.uk

Appendix

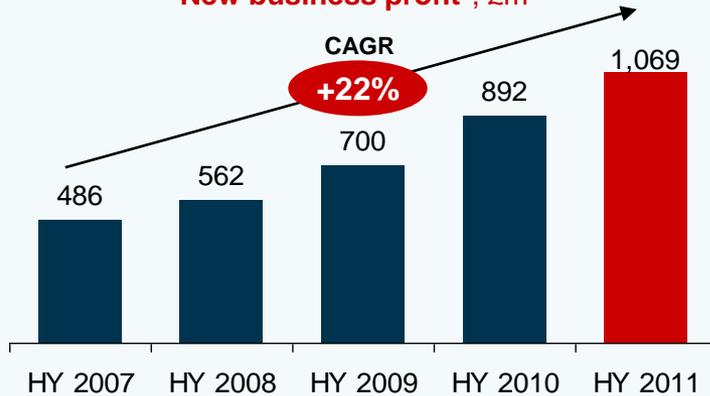


Growth, profitability and capital generation

Sustained strong performance

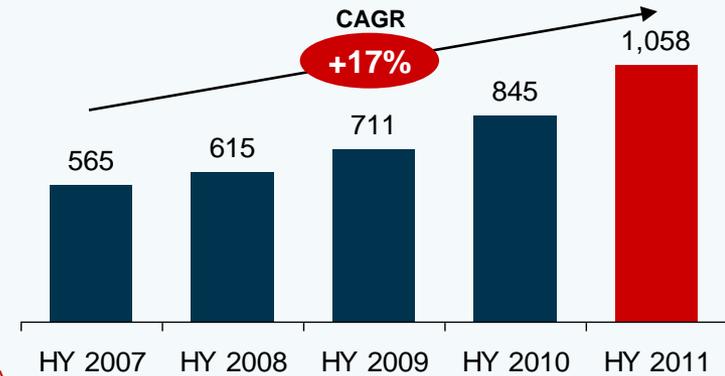
Growth

New business profit¹, £m



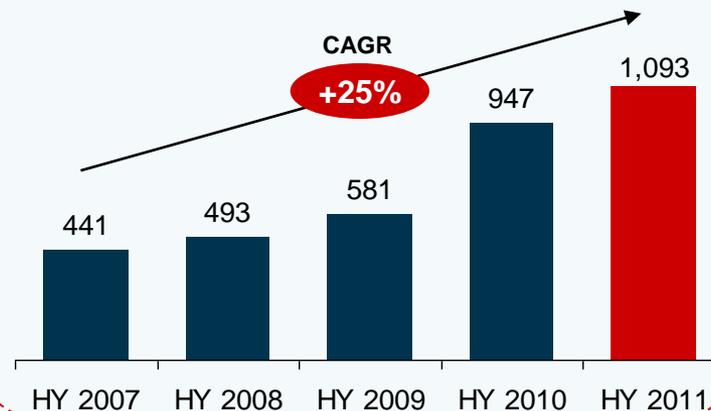
Profitability

IFRS operating profit², £m



Capital generation

Underlying free surplus generation³, £m



1 Excluding Japan and Taiwan agency

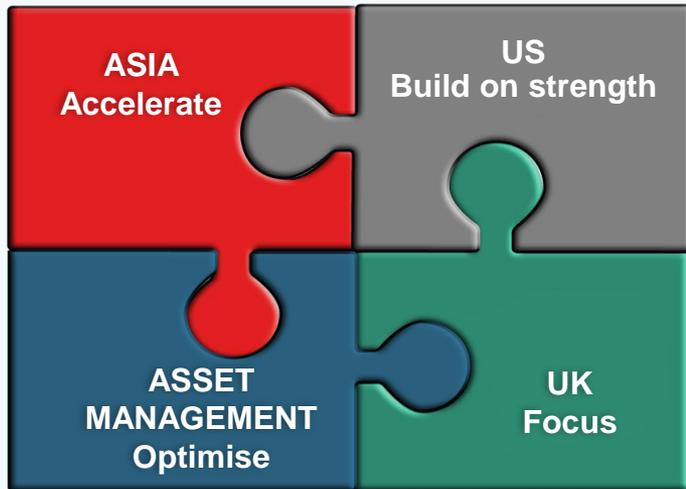
55 2 In H2 2010 the Company amended the presentation of IFRS operating profit for its US insurance operations to remove the net equity hedge accounting effect (incorporating related amortisation of deferred acquisition costs) and include it in short-term fluctuations. Accordingly, the HY 2010 operating profit has been amended to remove the £123m effect.

3 Life and asset management businesses, net of new business strain. Excluding Taiwan business

Strategy

Our strategy is working

Strategy



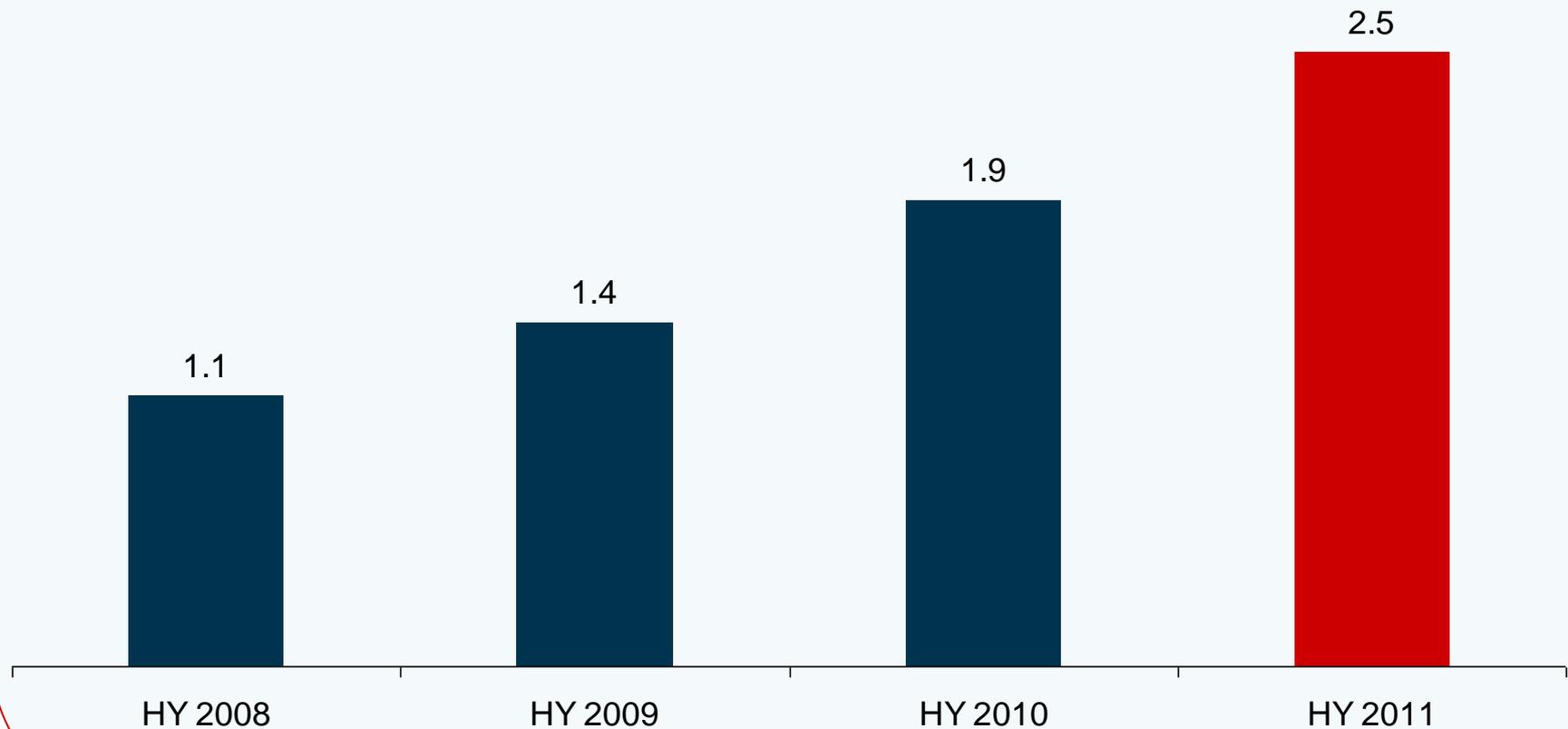
Operating principles



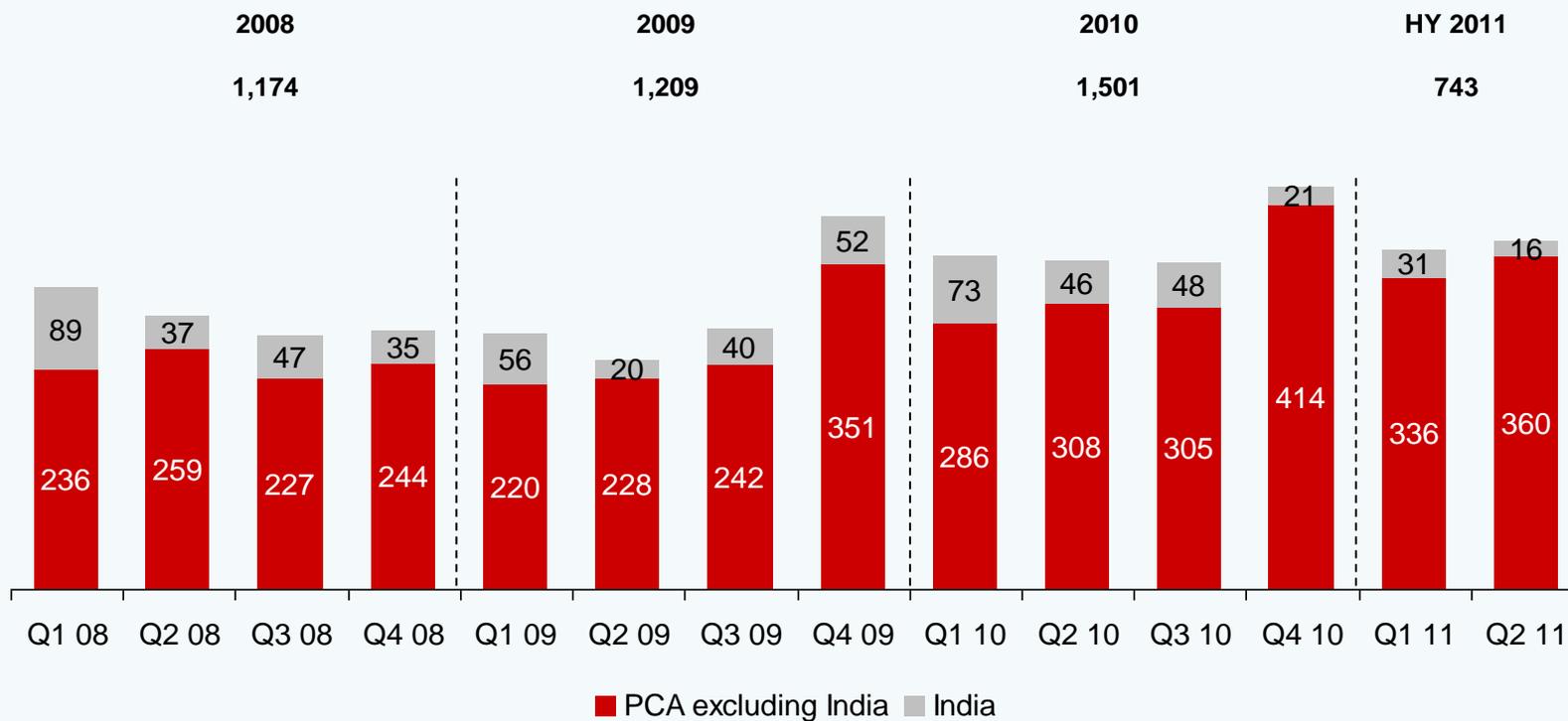
Leading to increasing returns on new business investment

Controlling investment and focusing on the highest returns

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

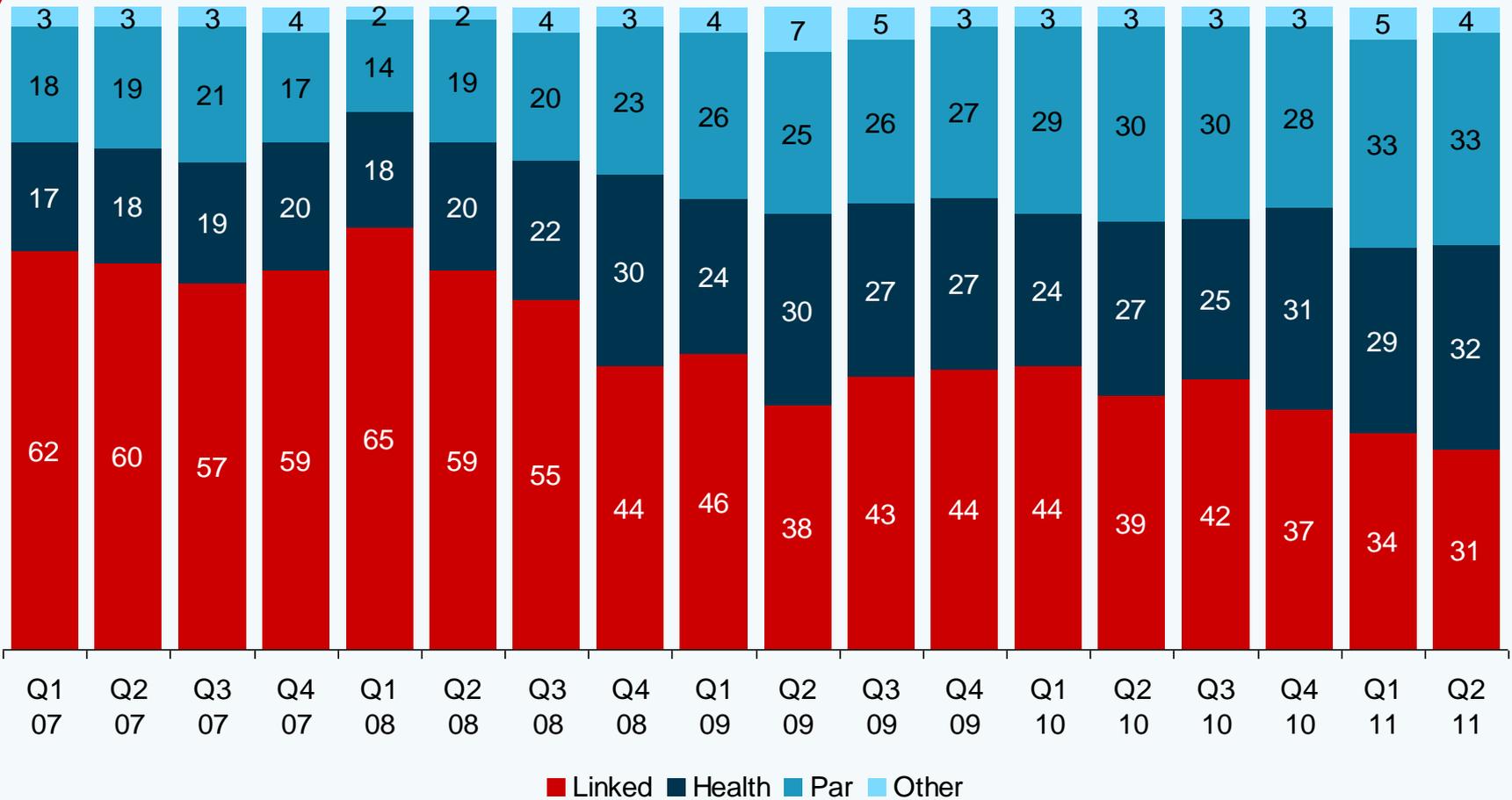


Asia APE¹ trend by quarter, £m



Asia Life

APE sales by product



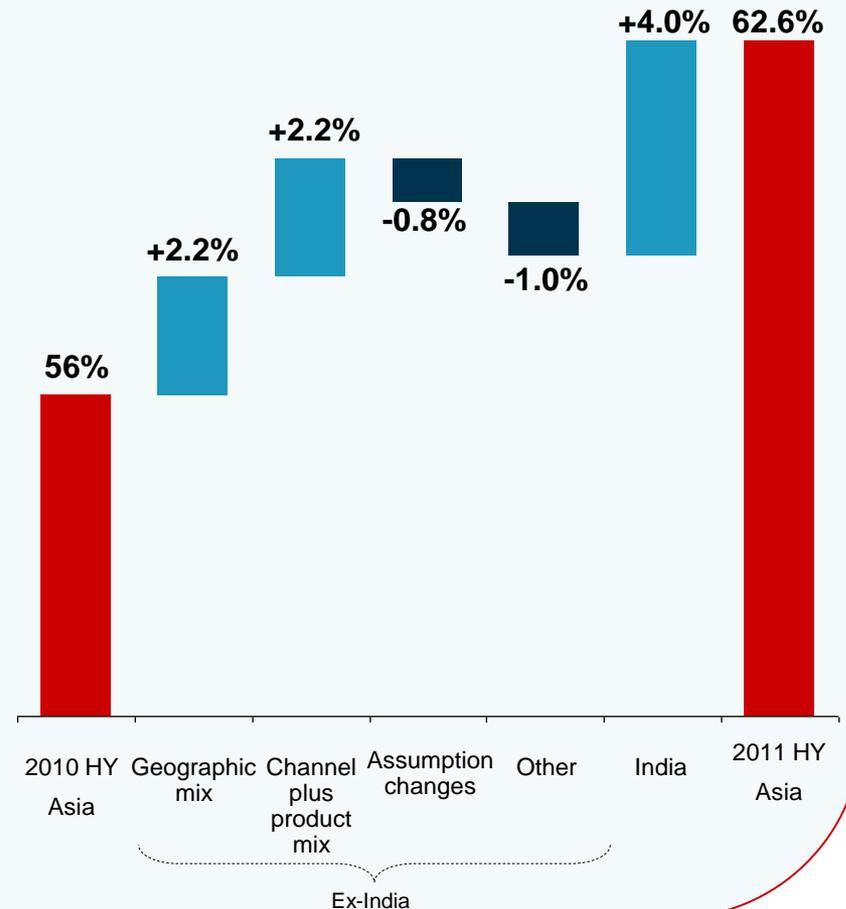
Asia

New business margins

**New business margin by country
as % of APE**

	HY 2010	HY 2011
China	44%	40%
Hong Kong	72%	72%
India	20%	21%
Indonesia	71%	76%
Korea	45%	41%
Taiwan	19%	26%
Others ¹	74%	73%
Total¹	56%	63%

**Analysis of movement in Asia
New business profit margin¹, %**



APE HY 2011, £m

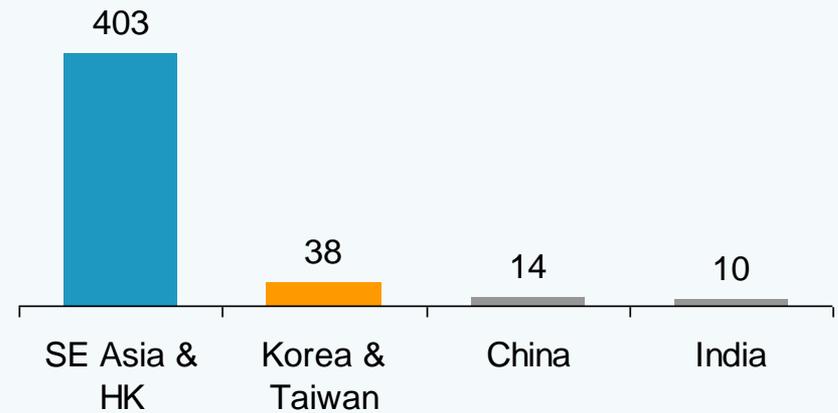
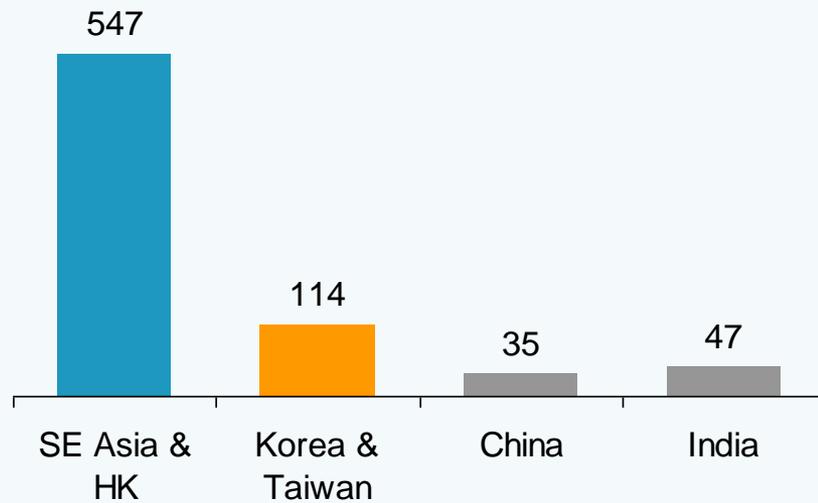
New business profit HY 2011, £m

APE growth, HY11 vs HY10

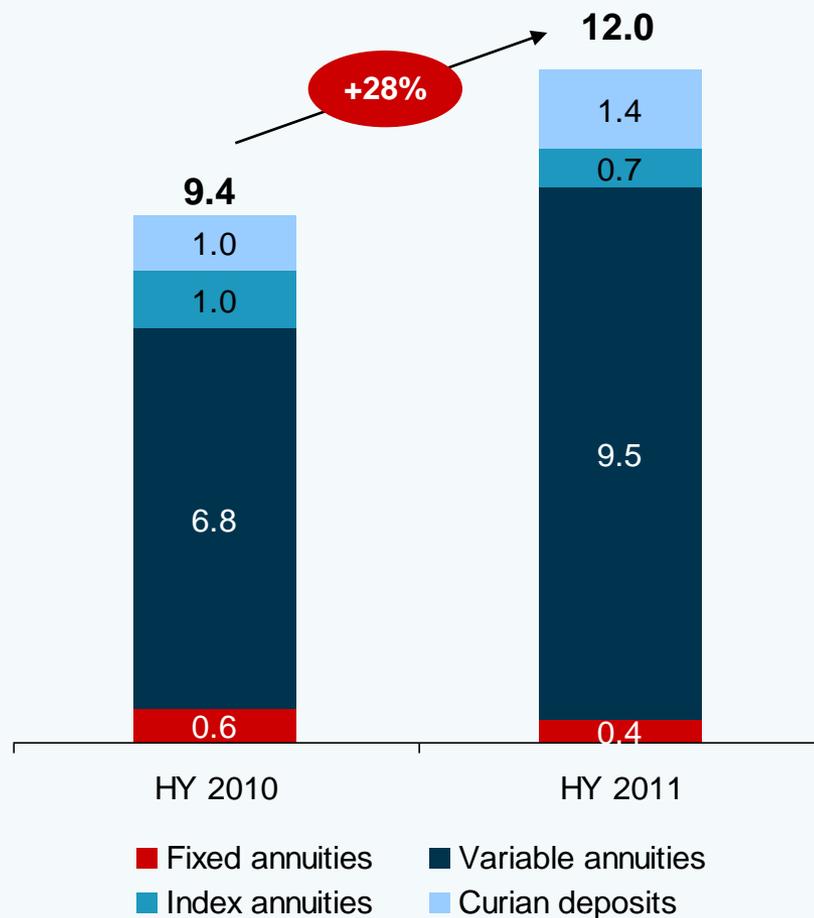
+21%	-1%	+30%	-61%
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NBP margin, % of APE

74%	33%	40%	21%
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Total retail sales, US\$bn



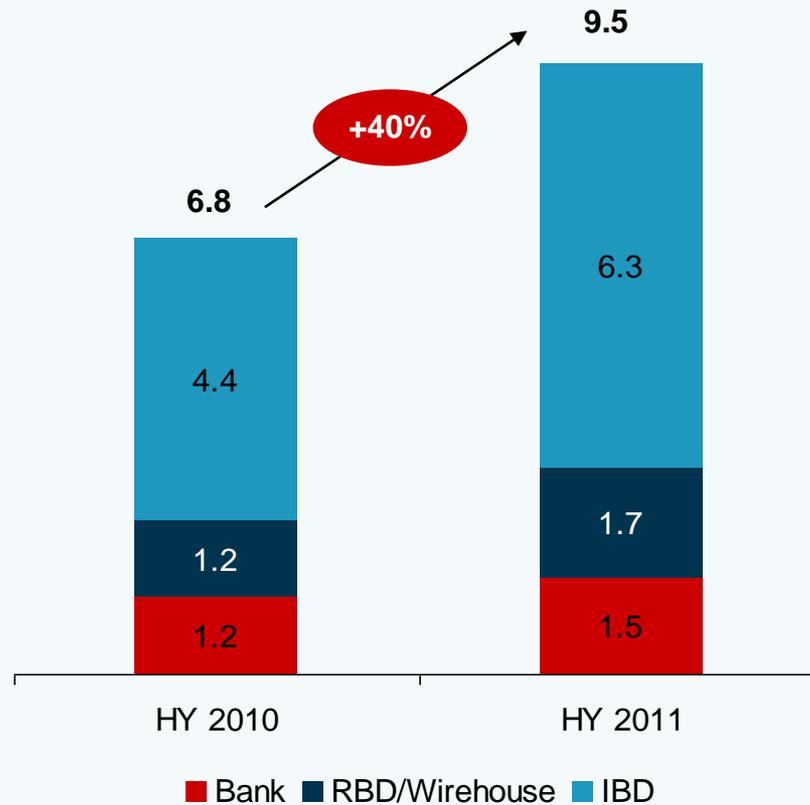
VA volumes by quarter, sales US\$m



US Life

Continued VA sales growth

Variable annuity sales by distribution channel, US\$bn



Jackson

Simplified economic returns

Variable Annuity			Fixed Annuity		
Mortality and Expense Fees		1.25 %	Gross Yield		4.60 %
Fund Management Fees		0.54 %	Investment Expenses and Default Costs		(0.35)%
GM WB Fees		0.95 %	Net Yield		4.25 %
Policy Fees		0.01 %			
Total Fees		<u>2.75%</u>	Crediting Rate		<u>(2.25)%</u>
			Gross Spread		<u>2.00 %</u>
Acquisition Costs:			Acquisition Costs:		
Commissions	7.50 %		Commissions	6.00 %	
Marketing	1.80 %		Marketing	1.80 %	
Issue Costs	0.22 %		Issue Costs	0.38 %	
	<u>9.52 %</u>			<u>8.18 %</u>	
Acquisition Costs Over 10 Years		(0.95)%	Acquisition Costs Over 10 Years		(0.82)%
Administrative Costs		(0.11)%	Administrative Costs		(0.11)%
GM WB Expense		(0.95)%			
Return of Premium Death Benefit		<u>(0.05)%</u>			
PROFIT MARGIN		0.69 %	PROFIT MARGIN		1.07 %
CAPITAL REQUIREMENT		2.00 %	CAPITAL REQUIREMENT		8.00 %
Profit Ratio		34.5 %	Profit Ratio		13.3 %
Investment Return on Capital		4.60 %	Investment Return on Capital		4.60 %
Pretax Return on Capital		<u>39.1 %</u>	Pretax Return on Capital		<u>17.9 %</u>
After-tax Return on Capital		25.4 %	After-tax Return on Capital		11.7 %

Profitability – IFRS

DAC impact on results

DAC impact on results – Mean reversion historical data

	2005	2006	2007	2008	2009	2010	2011
Mean reversion calculation period	2003-10	2004-11	2005-12	2006-13	2007-14	2008-15	2009-16
S&P500 index performance	3.0%	13.6%	3.5%	(38.5)%	23.5%	12.8%	5.0%¹
Mean reversion assumption	4.8%	6.6%	7.9%	15.0%	15.0%	15.0%	5.1%²

- 3-year back (Actual) and 5-year forward (Mean Reversion Assumption - MRA) assumptions produce an 8.4% average equity market return over the 8-year calculation period.
- In 2011, 2008 year drops out of the calculation. MRA is reset lower.
- MRA now back towards the middle of 0-15% corridor.

Profitability – IFRS

DAC impact on results

Impact on results of DAC amortisation, £m

	2009	2010	HY 2011 ¹
Gross profits³	841	1,167	661
DAC Amortisation			
- Core	(223)	(334)	(211)
- repay 2008 MR benefit	n/a	n/a	(82)
Operating result	618	833	368

Core as % of Gross profits

27%

29%

32%

2009-2010:

- Core includes modest impact from assumption unlocking and market movements
- Lowers Core % of 'Gross profits' ~ 3-4%.

For 2011:

- Core DAC charge equivalent to c.32% of 'Gross profits'
- Full-year repayment of 2008 benefit estimated at roughly double the £82m above

Going forward²:

- Absent a significant market movement, DAC charge will be driven by core amortisation

¹ Year to date performance as at 30 June 2011

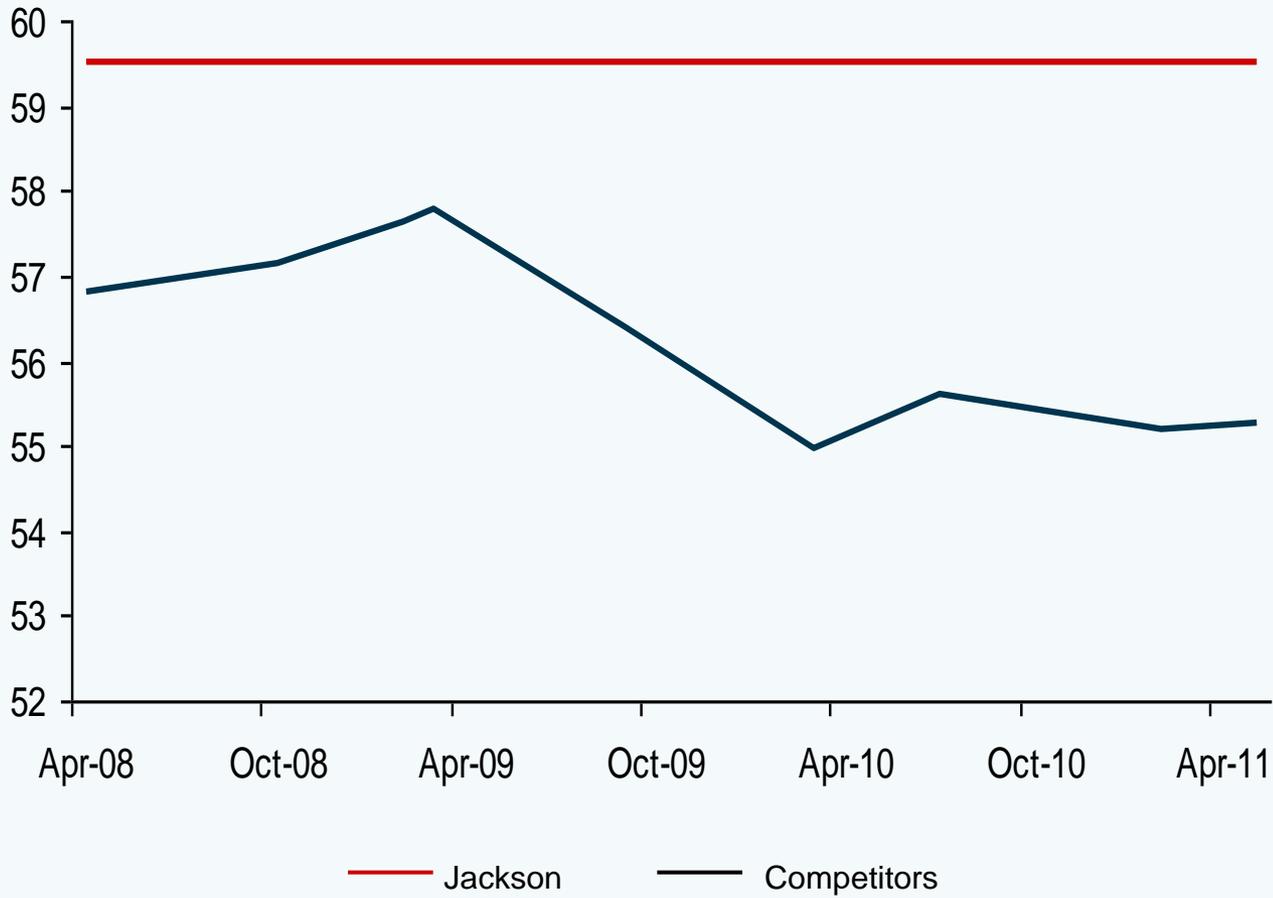
² On basis of current DAC accounting rules

³ Gross profits equals IFRS operating profit pre acquisition costs and pre DAC

US Life

Average lock-in age

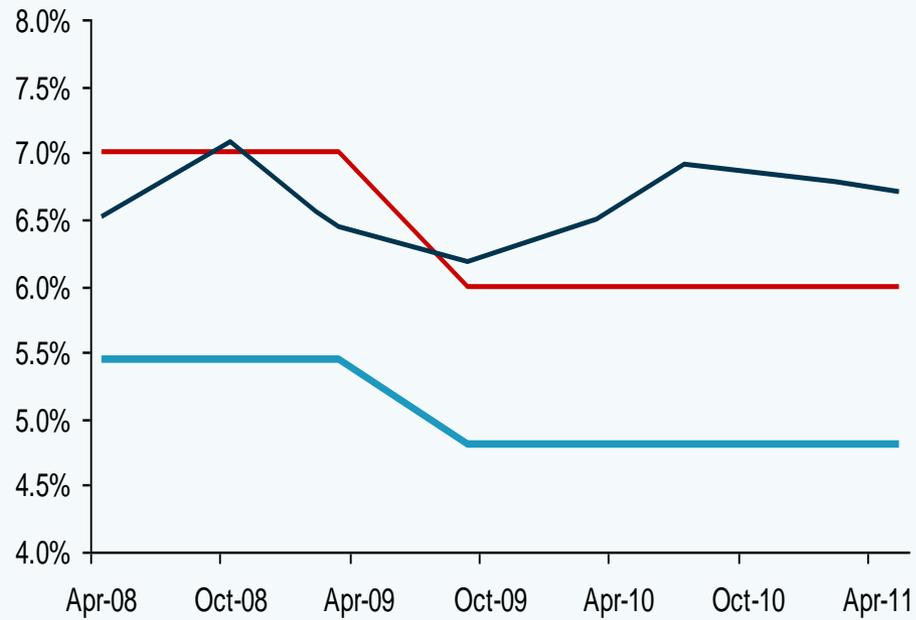
Average lock-in age for lifetime withdrawals



US Life

GMWB pricing

Average bonus

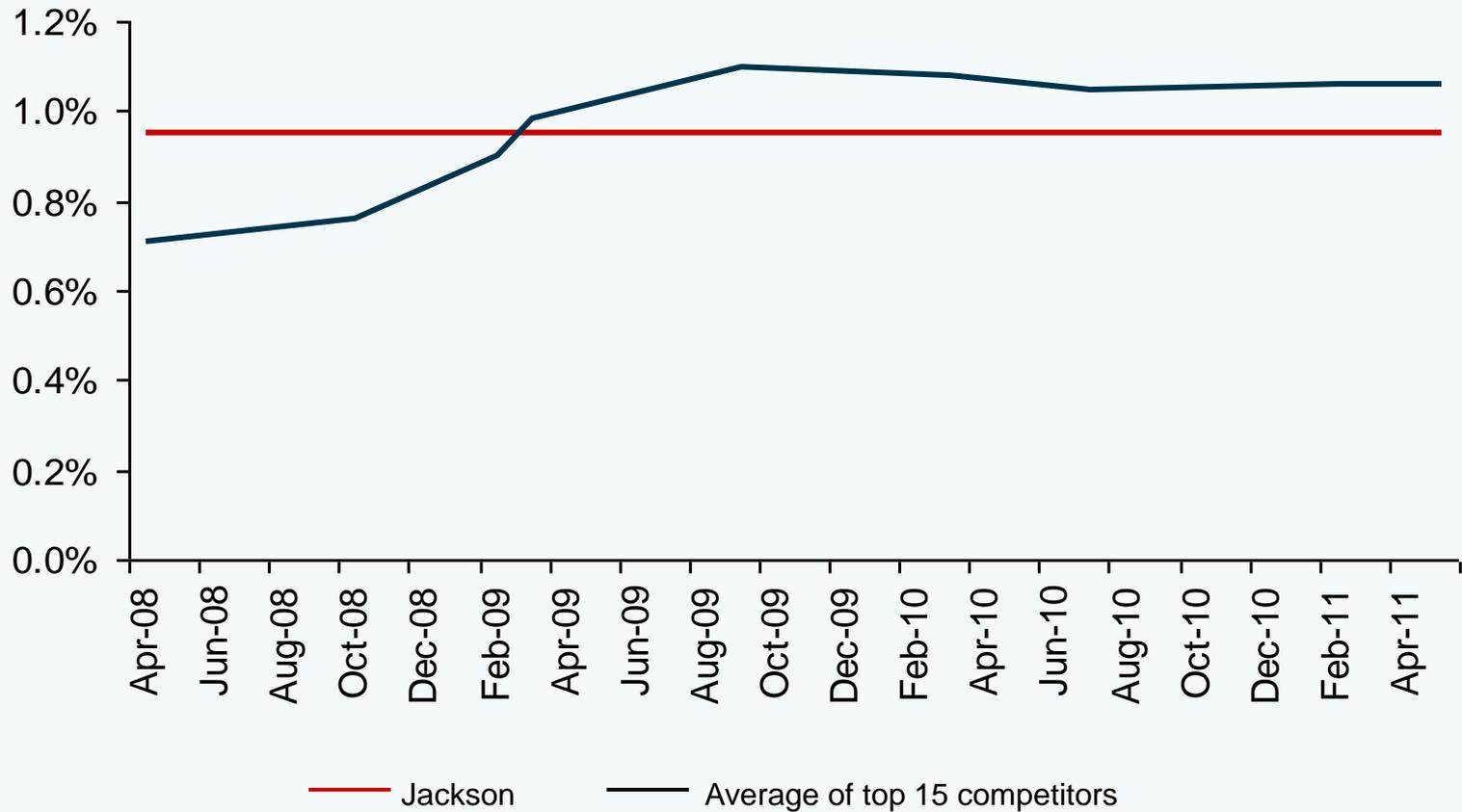


— Jackson — Competitors — Compound Interest-Jackson

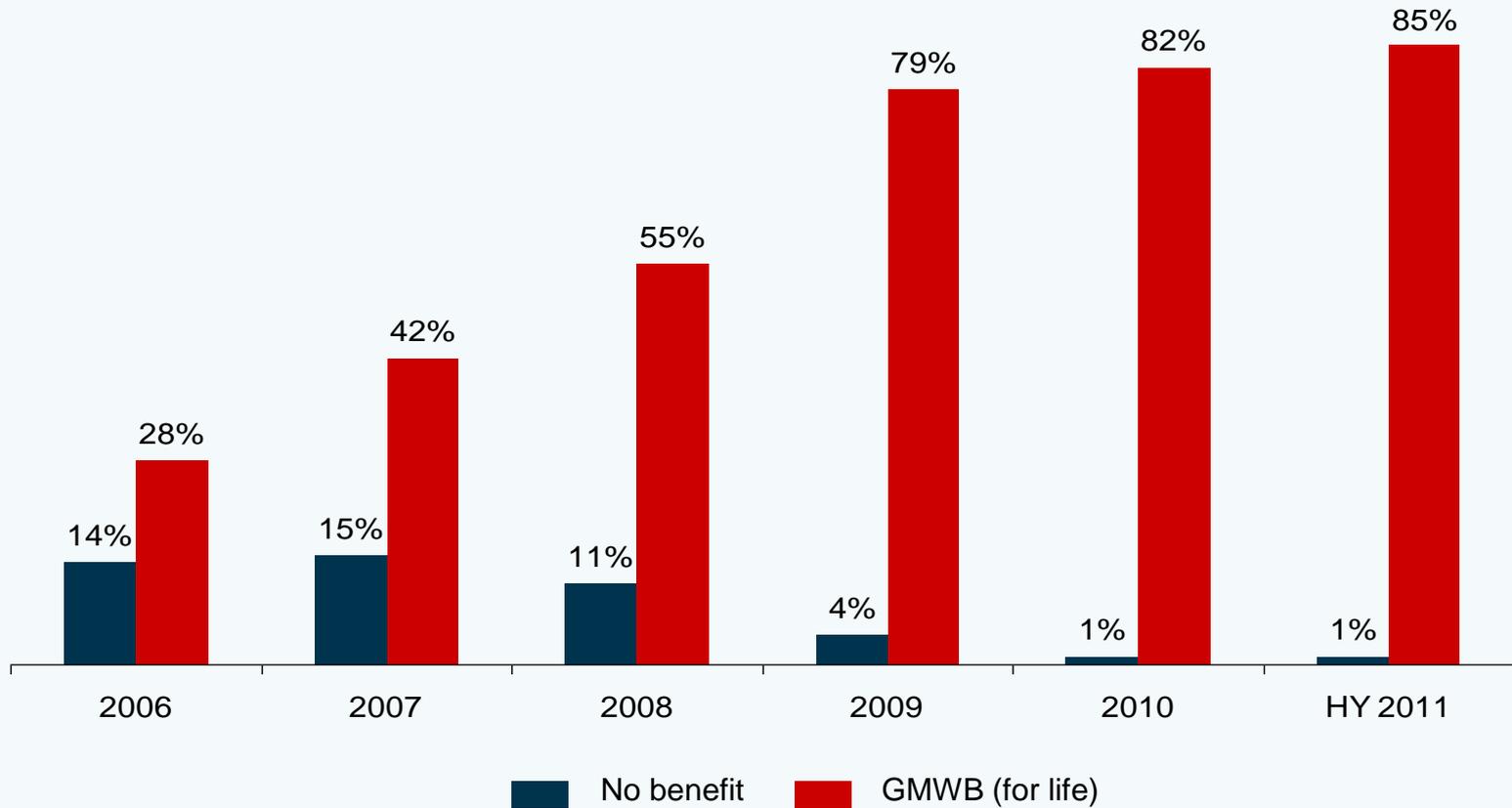
US Life

VA charging discipline maintained

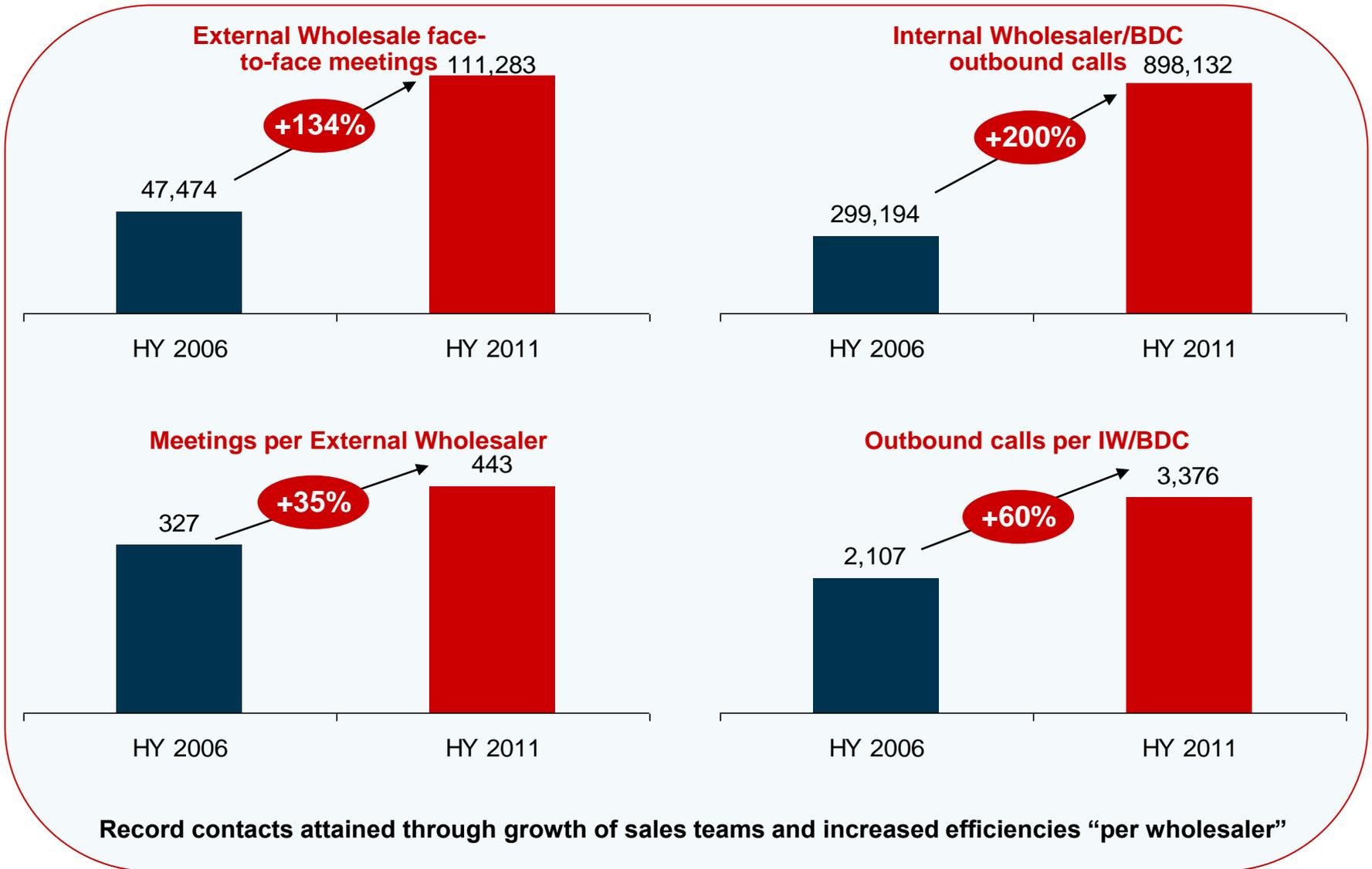
Charge (single option) April 2008 – May 2011



Optional benefits elected, % of initial benefits elected

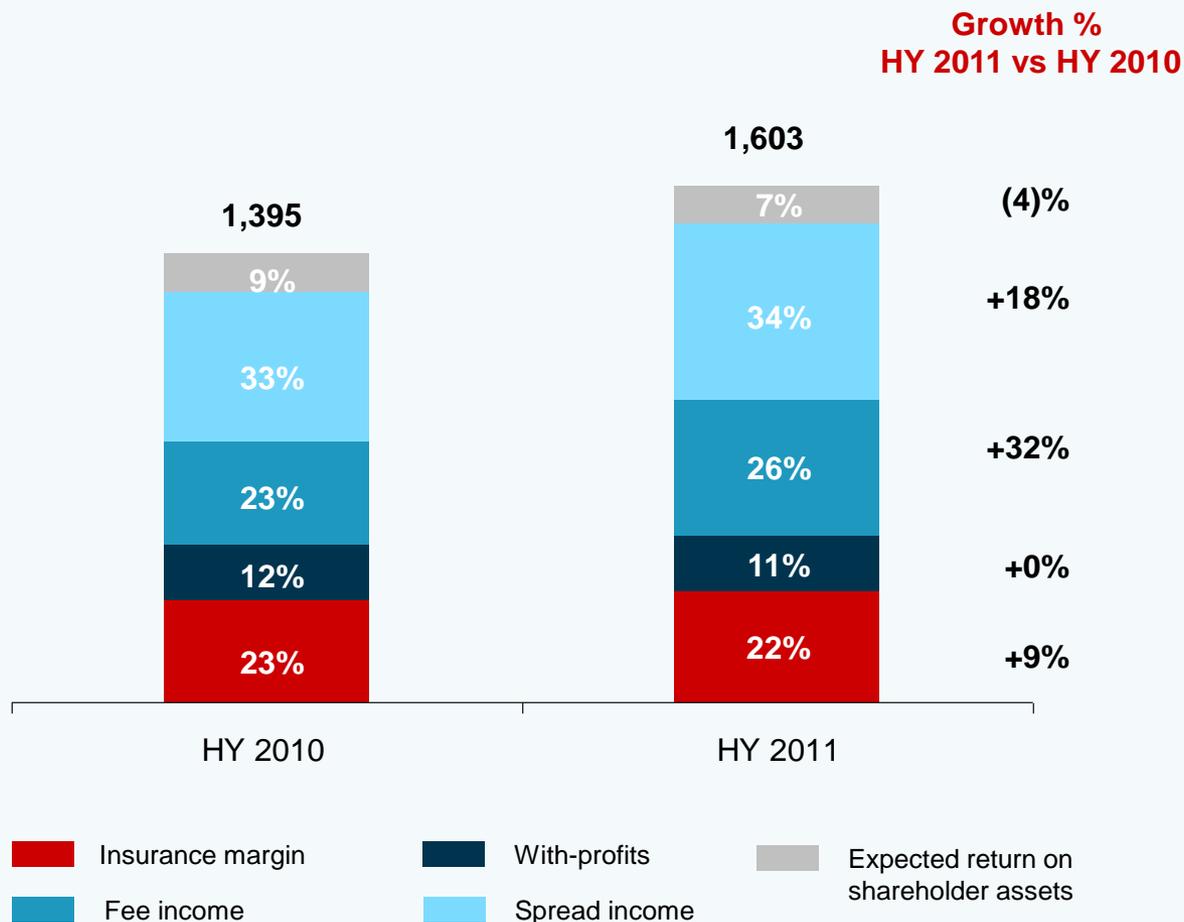


Jackson's distribution model



Life IFRS operating income

IFRS operating income^{1,2}, £m



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

² In H2 2010 the Company amended the presentation of IFRS operating profit for its US insurance operations to remove the net equity hedge accounting effect (incorporating related amortisation of deferred acquisition costs) and include it in short-term fluctuations. Accordingly, the HY 2010 operating profit has been amended to remove the £123m effect.

Life IFRS operating profit

Source of earnings

Spread income

The investment return we make primarily on annuity and other spread based business

Fee income

The fees net of investment expenses charged on our linked and separate account business for managing the assets

Technical and other margin

Profits derived from the insurance risks of mortality, morbidity and persistency

With-profits

Our share of bonus declared by the with profits fund in the period

Expected return on shareholder assets

The operating return we make on shareholder net assets

Acquisition costs

Acquisition costs incurred on shareholder-backed new business including commission

Administration expense

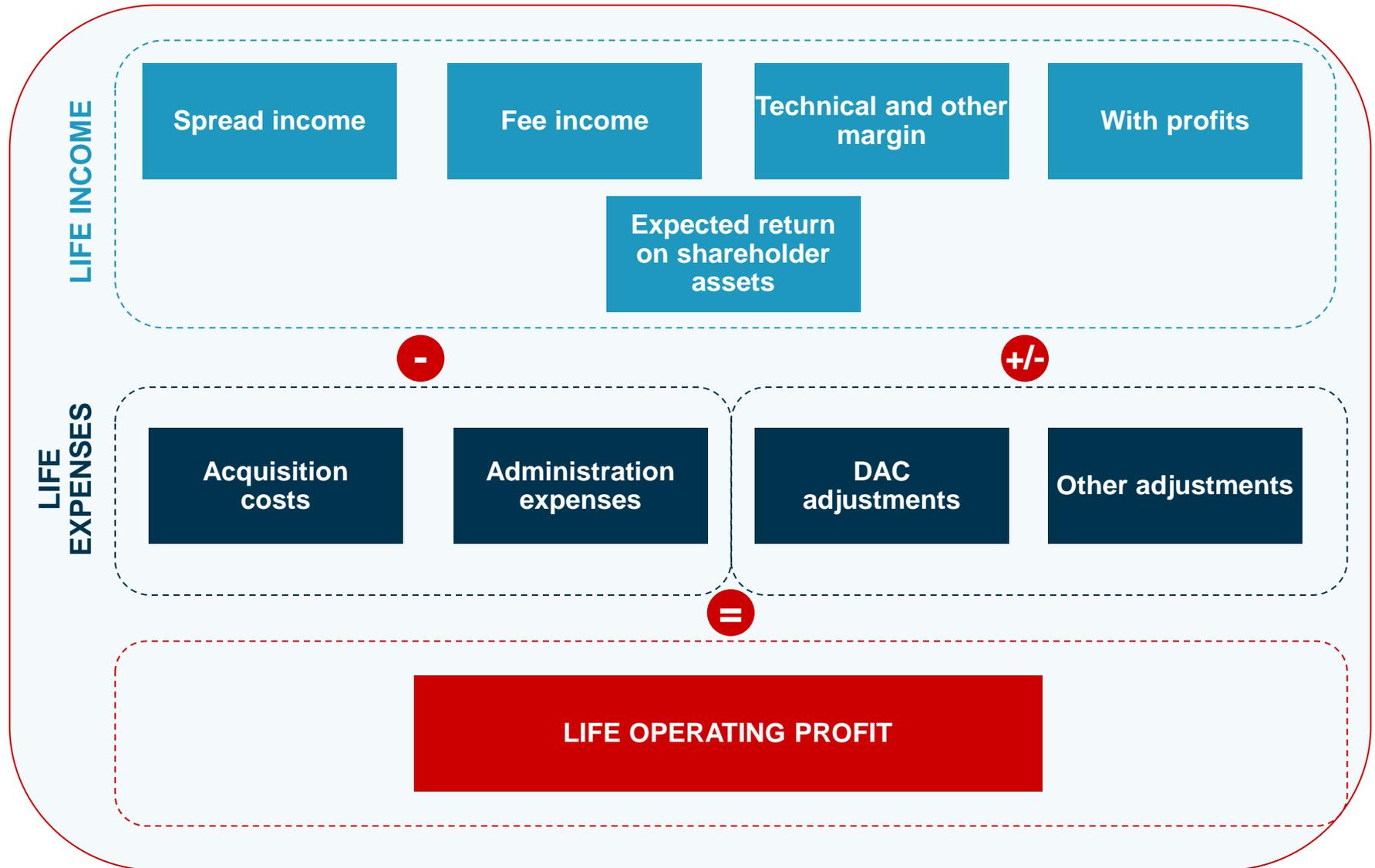
Expenses and renewal commissions incurred by the shareholder in managing the in-force book

DAC and other adjustment

Costs deferred at inception net of costs amortised during life of contract and one off items

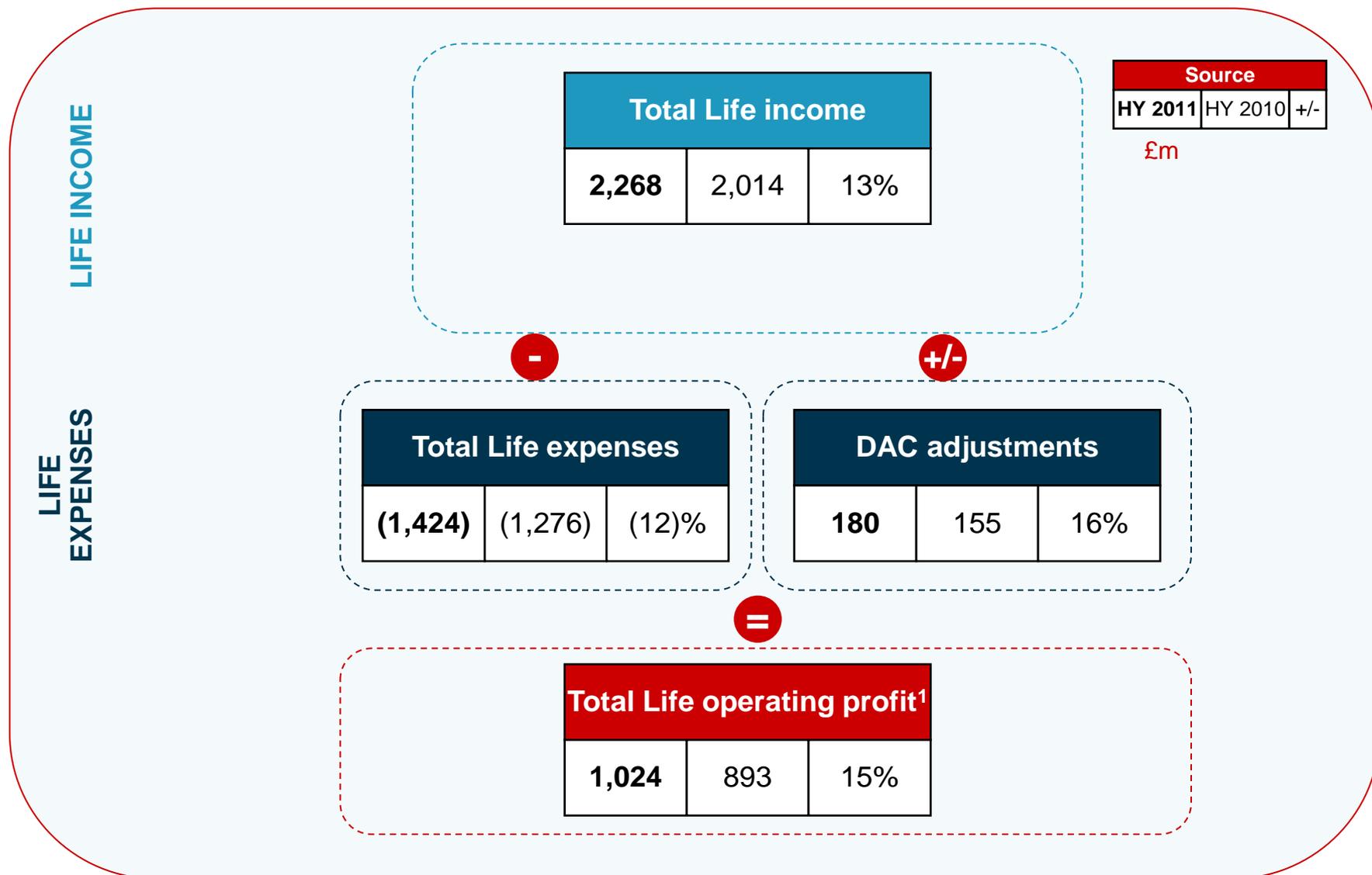
Delivering profitability – IFRS

Source of earnings - Life insurance



Profitability – IFRS

Life insurance – Group



1 In H2 2010 the Company amended the presentation of IFRS operating profit for its US insurance operations to remove the net equity hedge accounting effect (incorporating related amortisation of deferred acquisition costs) and include it in short-term fluctuations. Accordingly, the HY 2010 operating profit has been amended to remove the positive £123 million effect

IFRS operating profit – source of earnings

Life insurance - Group

Total Life income			-	Total Life expenses			+/-	DAC adjustments		
2,268	2,014	13%		(1,424)	(1,276)	(12)%		180	155	16%

Spread income		
548	466	18%

Fee income		
423	321	32%

Technical and other margin		
1,010	935	8%

With profits		
171	171	-

Spread (bps)	193	173	20
Average reserves	56.8	53.9	5%

AMF (bps)	123	123	-
Average reserves	68.6	52.0	32%

Margin on revenues	665	619	7%
Insurance margin	345	316	9%

Bonus (bps)	37	39	(2)
Average reserves	92.7	87.3	6%

Expected returns		
116	121	(4)%

IFRS operating profit – source of earnings

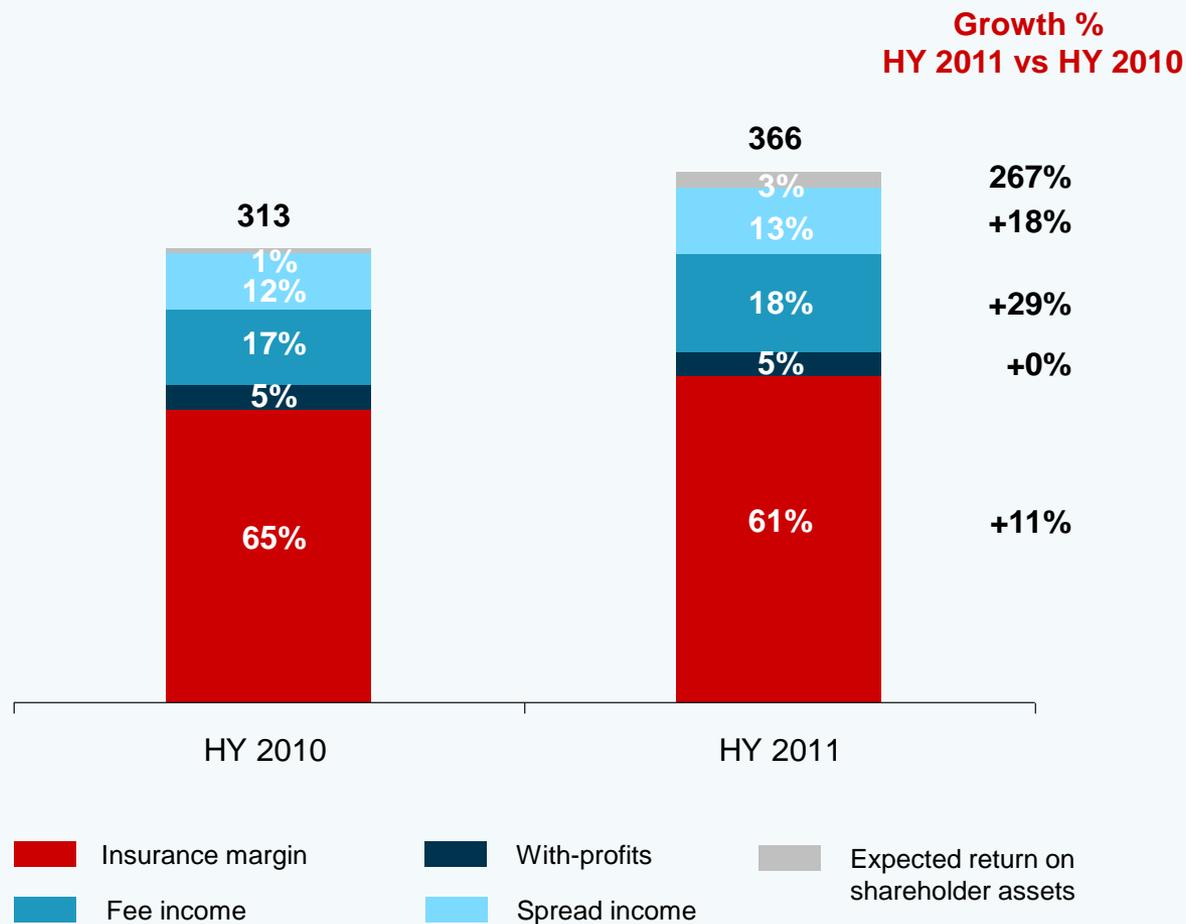
Life insurance – Group expenses

				Source		
				HY 2011	HY 2010	+/-
Total Life expenses						
(1,424)				(1,276)	(12)%	
				£m		
Acquisition costs¹						
(927)				(823)	(13)%	
Administration expenses¹						
(497)				(453)	(10)%	
APE²	1,824	1,662	10%			
Acquisition cost ratio	51%	50%	1 ppt			
Admin expense ratio (bps)	79	86	(7)			
Average reserves (£bn)	125.4	105.8	19%			

¹ Relate to shareholder backed business only

Life IFRS operating income - Asia

Asia IFRS operating income, £m

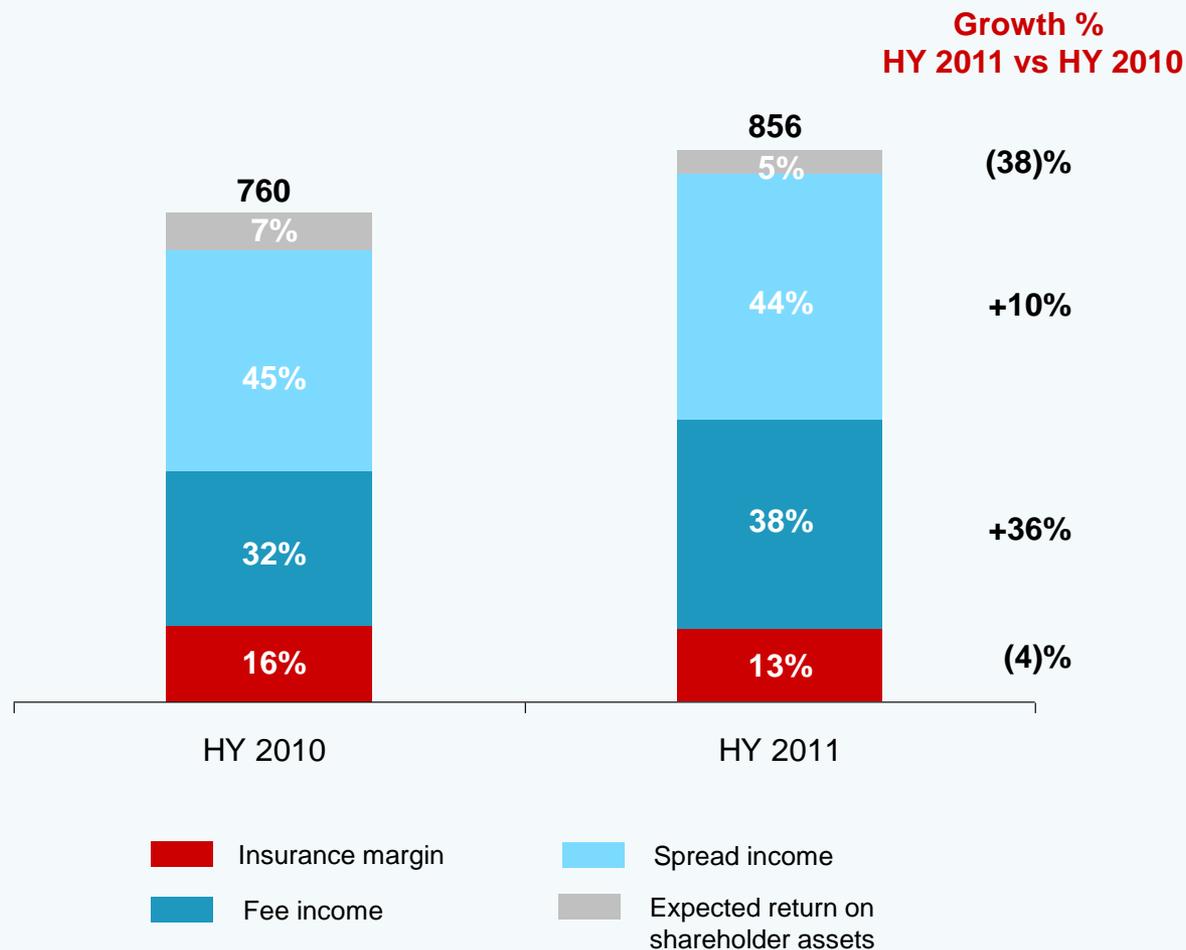


1 Excludes margin on revenues, acquisition and administration expenses and DAC amortisation

79 2 In H2 2010 the Company amended the presentation of IFRS operating profit for its US insurance operations to remove the net equity hedge accounting effect (incorporating related amortisation of deferred acquisition costs) and include it in short-term fluctuations. Accordingly, the HY 2010 operating profit has been amended to remove the £123m effect.

Life IFRS operating income - US

US IFRS operating income^{1,2}, £m



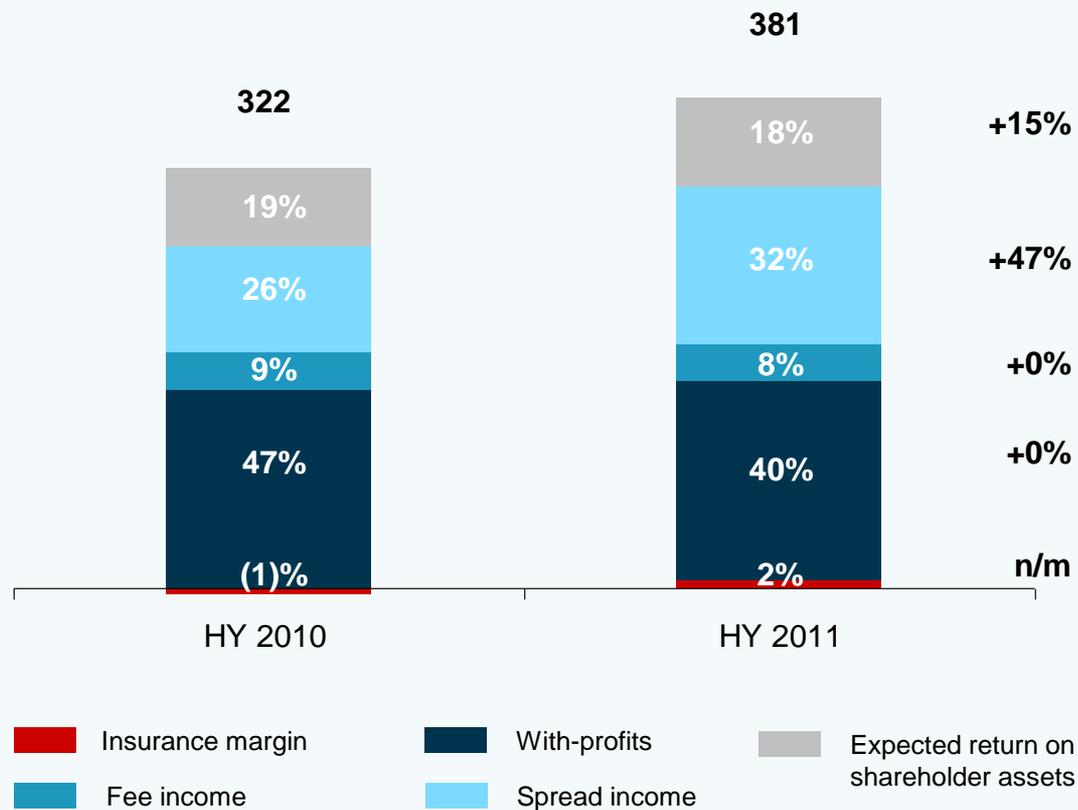
¹ Excludes margin on revenues, acquisition and administration expenses and DAC amortisation

² In H2 2010 the Company amended the presentation of IFRS operating profit for its US insurance operations to remove the net equity hedge accounting effect (incorporating related amortisation of deferred acquisition costs) and include it in short-term fluctuations. Accordingly, the HY 2010 operating profit has been amended to remove the £123m effect.

Life IFRS operating income - UK

UK IFRS operating income¹, £m

**Growth %
HY 2011 vs HY 2010**



IFRS operating profit – source of earnings

M&G and Asia Asset Management

Asset management operating profit ¹		
HY 2011	HY 2010	+/-
215	158	36%

Source		
HY 2011	HY 2010	+/-

£m

M&G ¹ operating profit		
HY 2011	HY 2010	+/-
172	122	41%

Asia Asset Management		
HY 2011	HY 2010	+/-
43	36	19%

Total income ²		
HY 2011	HY 2010	+/-
366	302	21%

Total expenses		
HY 2011	HY 2010	+/-
(194)	(180)	(8)%

Total income ²		
HY 2011	HY 2010	+/-
101	92	10%

Total expenses		
HY 2011	HY 2010	+/-
(58)	(56)	(4)%

Average fees (bps)	37	34	3
Average assets (£bn)	201	176	14%

Cost / income ratio ³		
HY 2011	HY 2010	+/-
55%	60%	(5)ppt

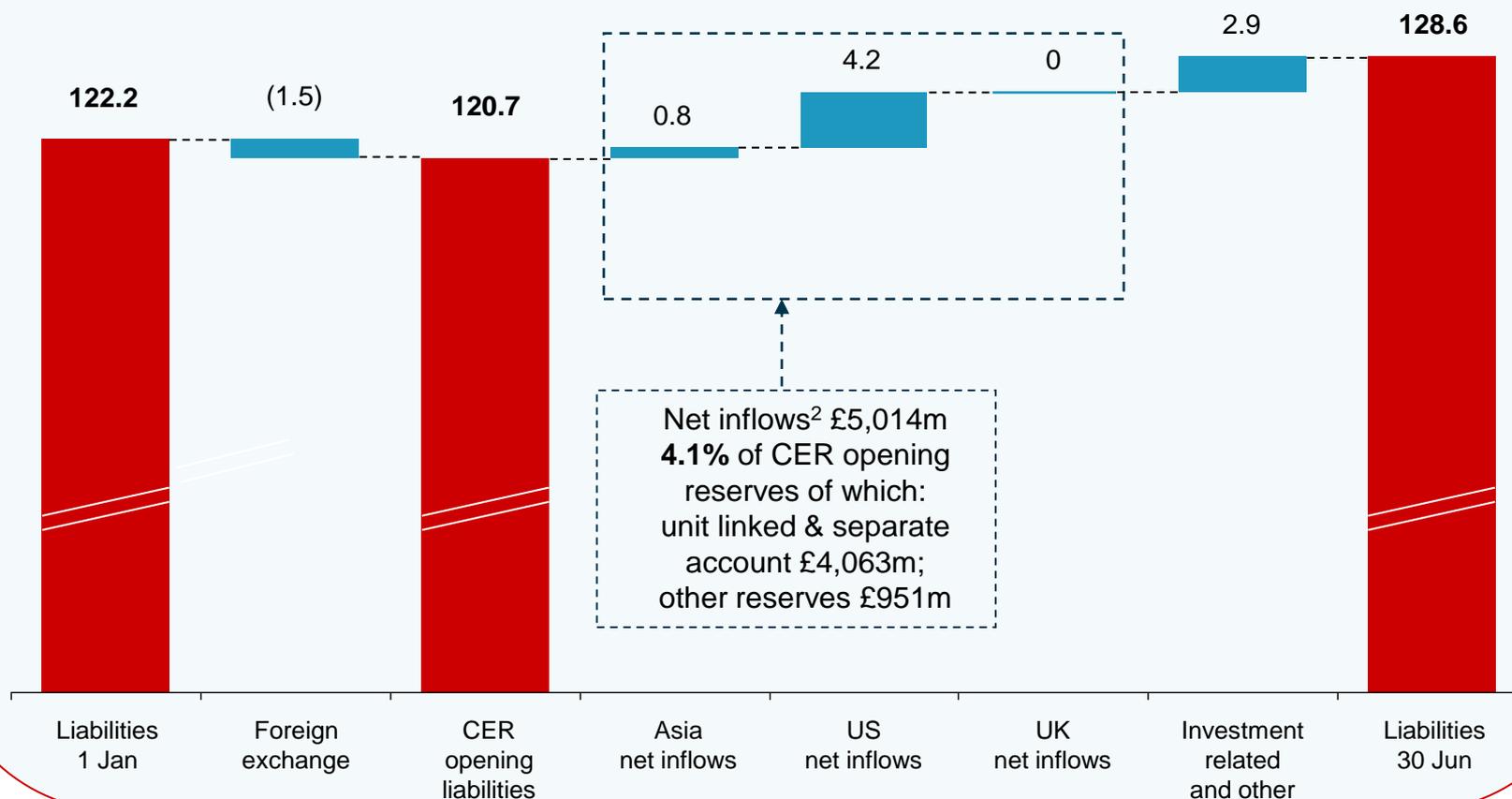
Average fees (bps)	39	41	(2)
Average assets (£bn)	52	44	18%

Cost / income ratio ³		
HY 2011	HY 2010	+/-
59%	62%	(3)ppt

Profitability – IFRS

Growing reserves

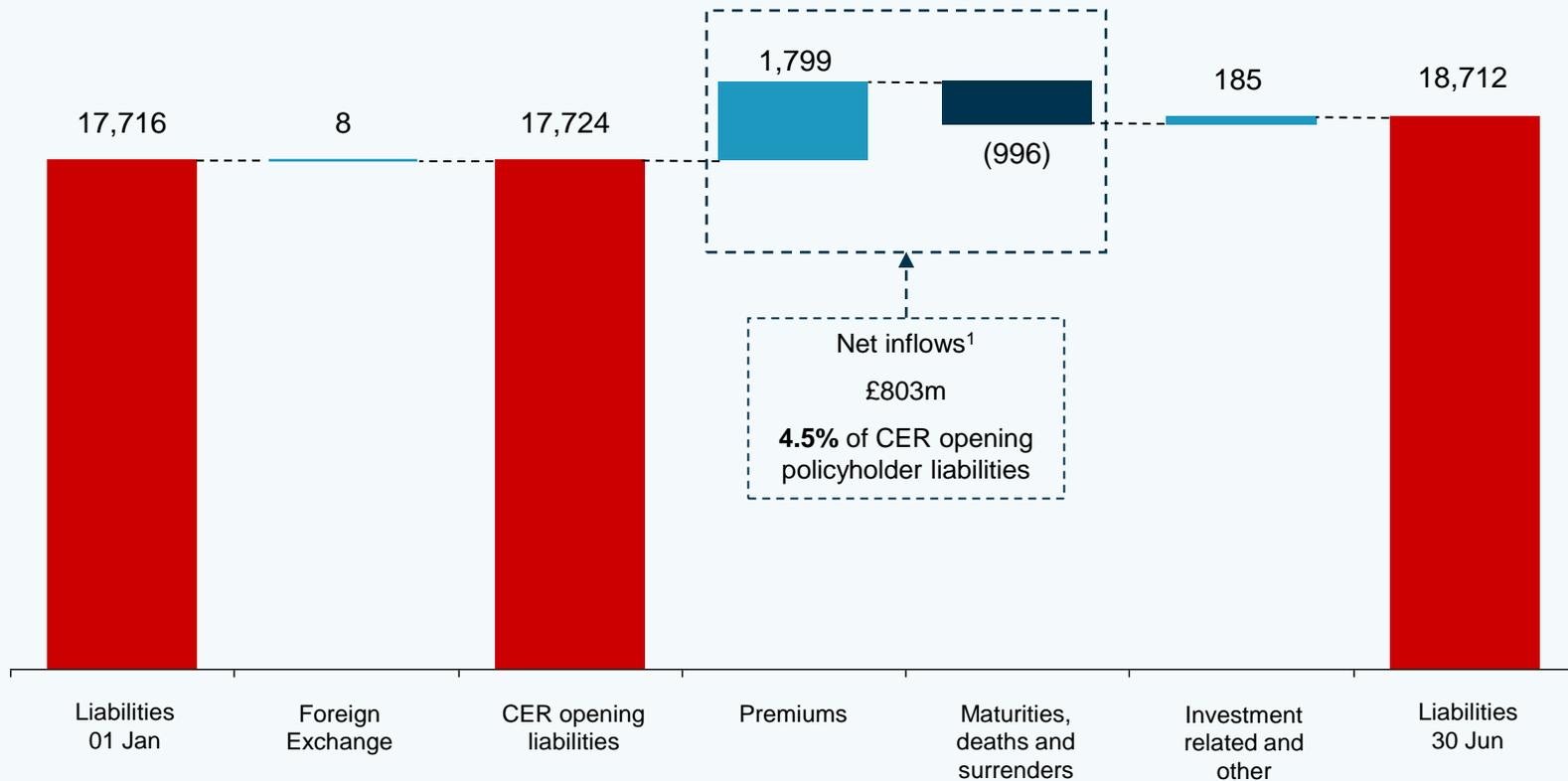
Policyholder liabilities¹ roll-forward, £bn



Policyholder liabilities

Shareholder-backed business – Asia

Policyholder liabilities roll-forward, £m

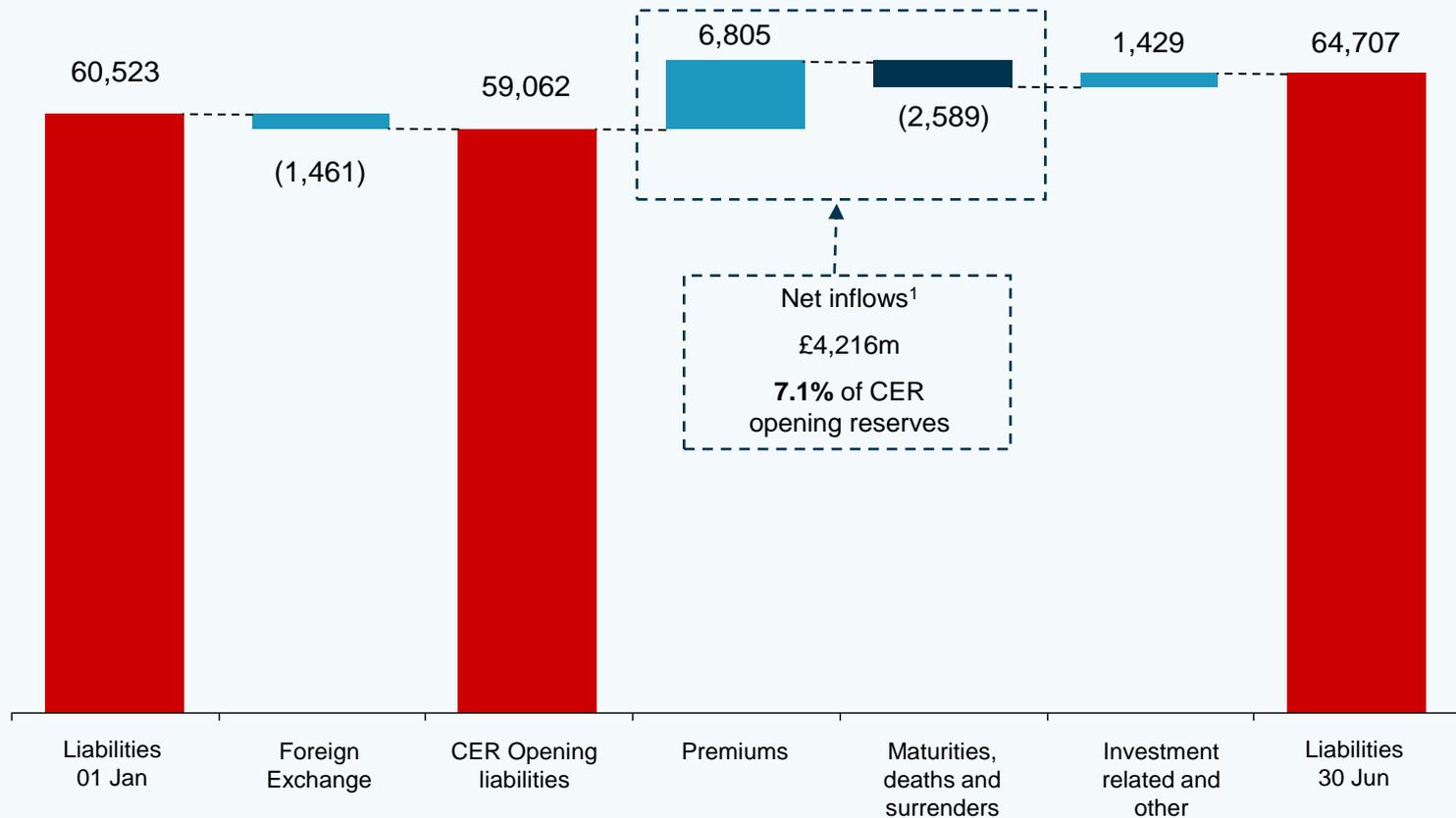


¹ Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths

Policyholder liabilities

Shareholder-backed business – US

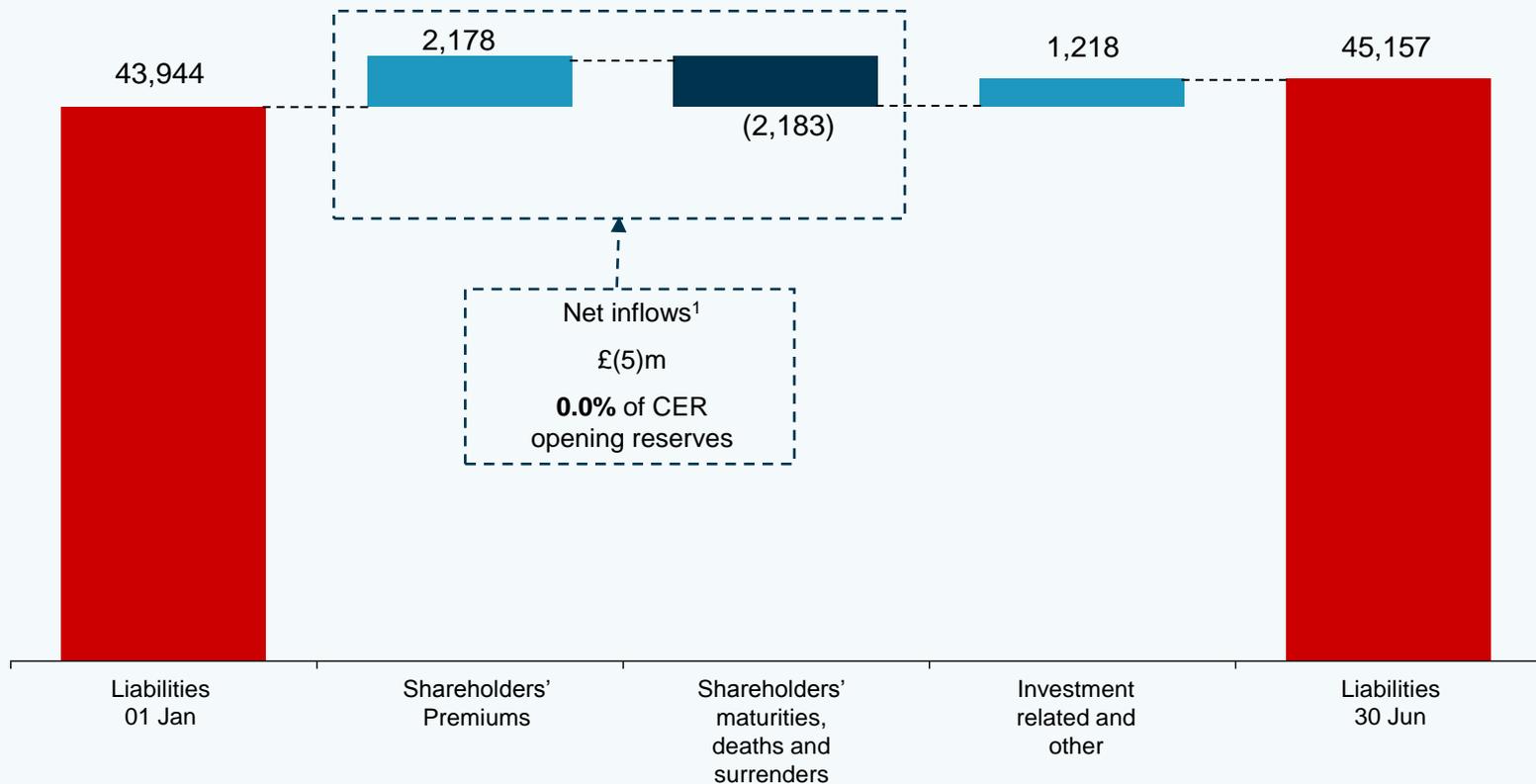
Policyholder liabilities roll-forward, £m



Policyholder liabilities

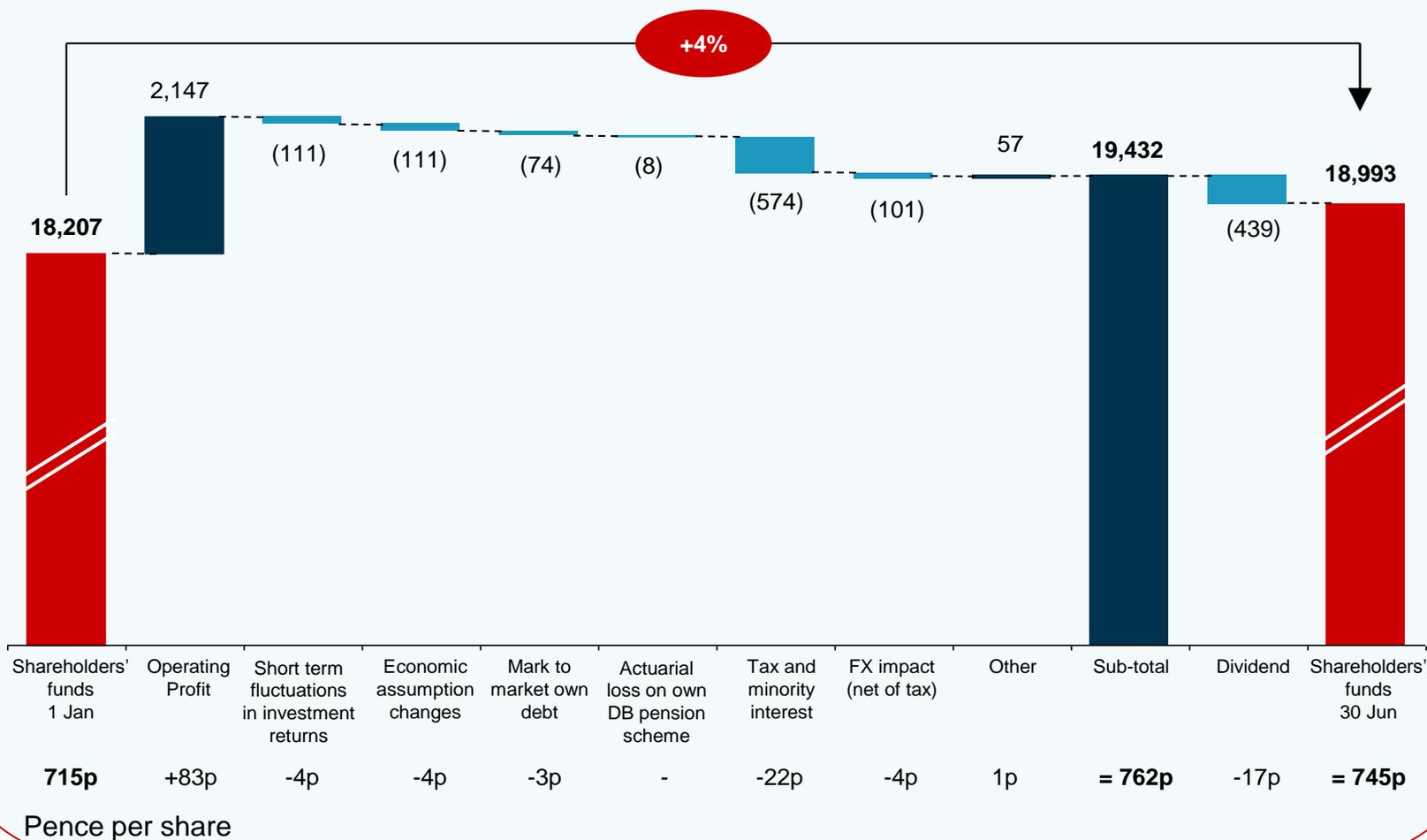
Shareholder-backed business – UK

Policyholder liabilities roll-forward, £m



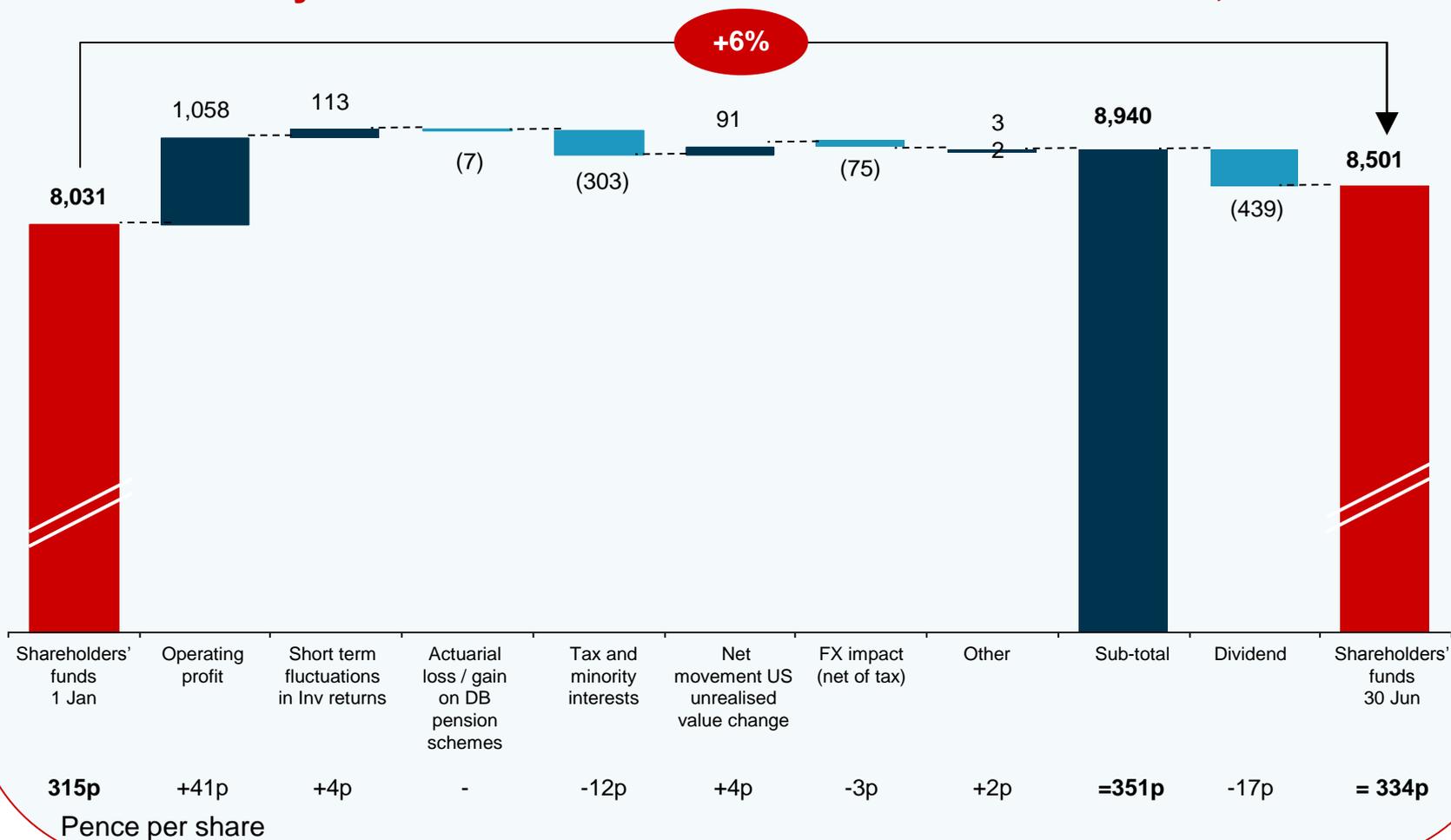
EEV shareholders' funds

Analysis of movement in EEV shareholders' funds, £m



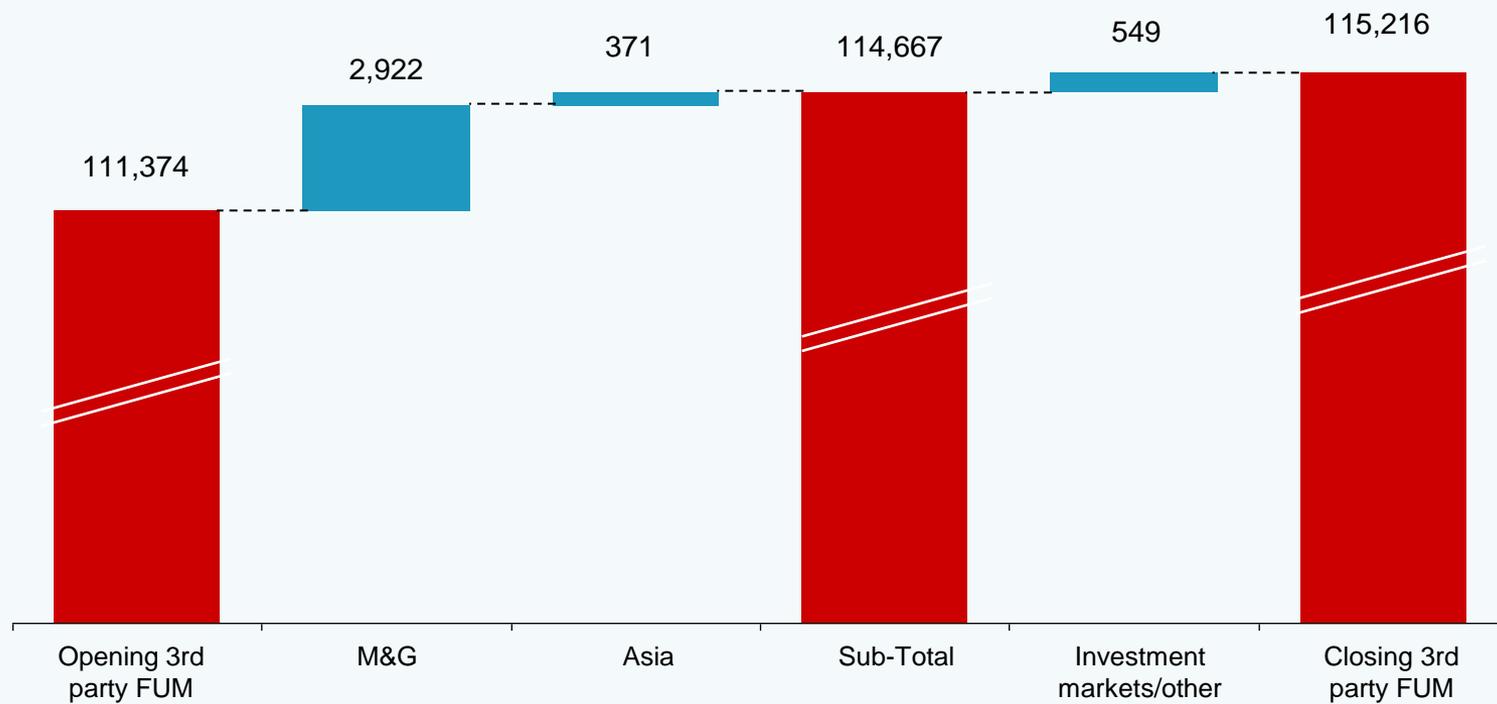
IFRS shareholders' funds

Analysis of movement in IFRS shareholders' funds, £m



Group net inflows 3rd party asset management

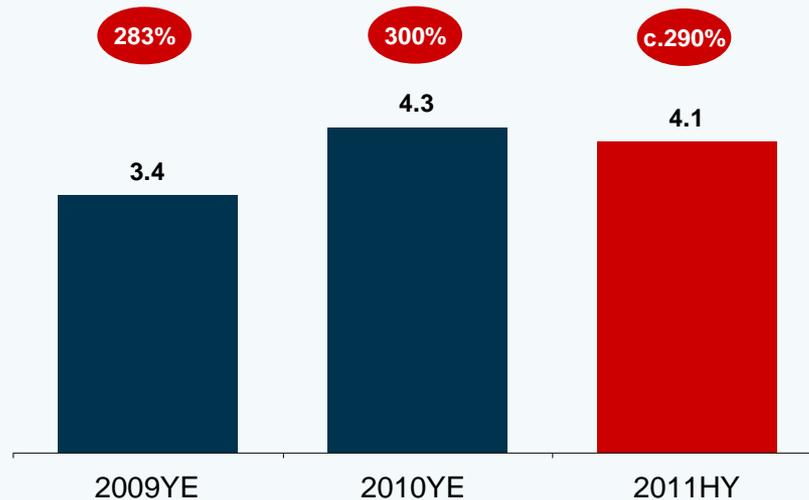
Asset Management movement in 3rd party FUM, £m



IGD capital

IGD surplus estimated at £4.1bn at 30 June 2011

IGD surplus, £bn



 Solvency Ratio

IGD sensitivity analysis¹

40% fall in equity markets £(700)m

150bps fall in interest rates £(500)m

10x expected defaults £(600)m

The HY11 IGD surplus factors in the proposed repayment of €500m T2 note at first call in December 2011

¹ All sensitivities measured as at 30 June 2011. The 40% fall in equity markets assumes a 20% immediate fall followed by a 20% fall over the next 20-trading days

IGD capital

IGD surplus estimated at £4.1bn at 30 June 2011

IGD capital – movement in 2011 (£bn)

IGD surplus 31 December 2010	4.3
Surplus generation	0.6
2010 final dividends	(0.4)
Corporate activities (inc. debt interest)	(0.2)
Sub debt replacement impact ¹	(0.1)
FX Impact	(0.1)
IGD surplus 30 June 2011	4.1

1. A net impact of £0.1bn arising from intended repayment of €500m T2 note at its first call in December 2011 and \$550m T1 hybrid issued in January 2011

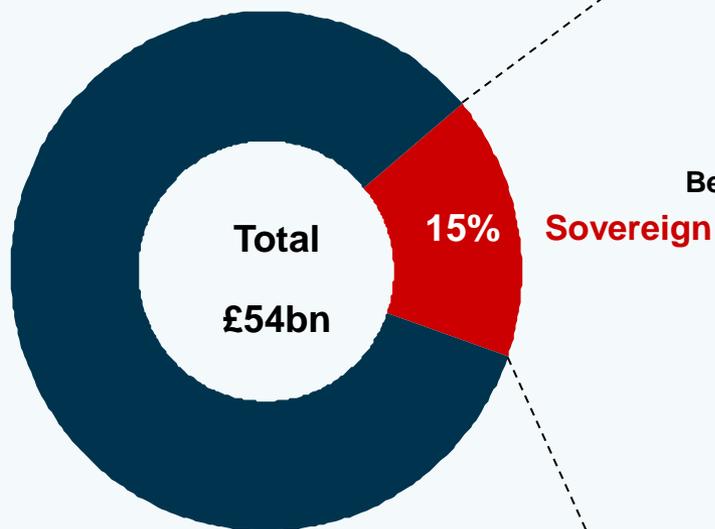
Invested assets

Breakdown of invested assets – HY 2011, £bn

	Total Group	PAR Funds	Unit-Linked	Shareholders					Total
				Asia Life	US Life	UK Life	Other		
Debt securities	117.2	54.2	8.7	4.9	25.2	22.4	1.8	54.3	
Equity	91.0	30.0	60.1	0.5	0.3	0.0	0.1	0.9	
Property Investments	11.0	8.7	0.7	0.0	0.0	1.6	0.0	1.6	
Commercial mortgage loans	4.9	0.3	0.0	0.0	3.6	1.0	0.0	4.6	
Other loans	4.1	1.9	0.0	0.4	0.5	0.0	1.3	2.2	
Deposits	10.9	8.1	0.9	0.3	0.2	1.3	0.1	1.9	
Other Investments	6.2	4.1	0.1	0.2	1.4	0.3	0.1	2.0	
Total	245.3	107.3	70.5	6.3	31.2	26.6	3.4	67.5	

Group shareholder sovereign exposures

Breakdown of the shareholder debt securities portfolio, %



SH sovereign exposures by regions & ratings, £m

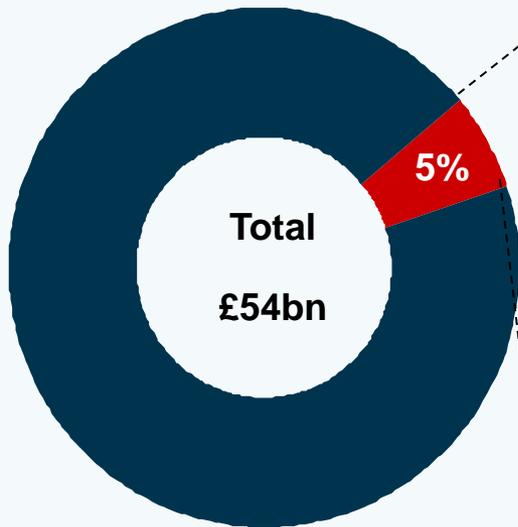
	US	UK	Europe	Asia	Other	Total
AAA	1,936	2,787	655	393	2	5,773
AA-BBB	-	-	53	1,969	24	2,046
Below BBB	-	-	-	548	2	550
Total	1,936	2,787	708	2,910	29	8,369

Europe by key countries, £m

	Germany	Italy	Other	Total
Europe	616	52	40	708

Exposure to hybrid bank debt

Breakdown of the shareholder debt securities portfolio, %



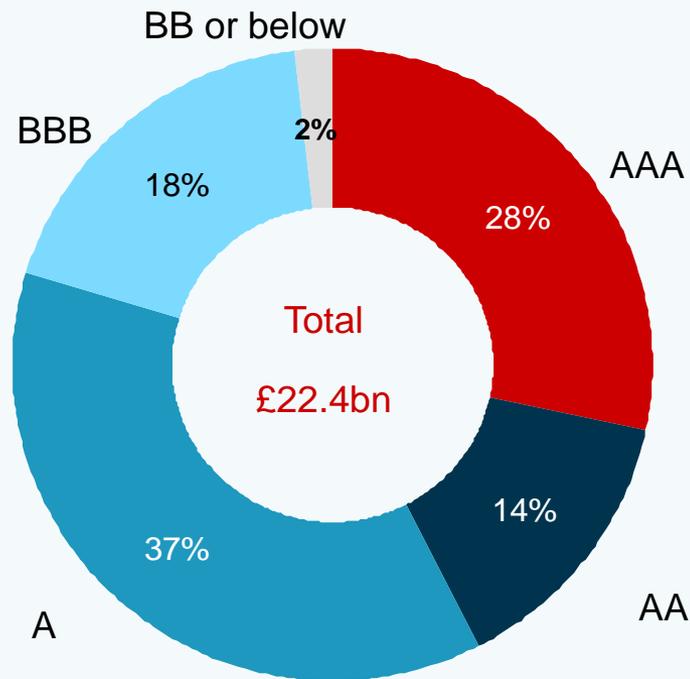
Exposure to Tier 1 and Tier 2 hybrid bank debt, £m

Banks

	US	UK	France	Germany	"PIIGS"	Other Europe	Other	Total
Tier 1	3	112	96	-	30	98	89	428
Tier 2	512	742	108	31	242	346	566	2,547

UK asset quality – credit reserve

UK shareholder debt securities portfolio by rating¹



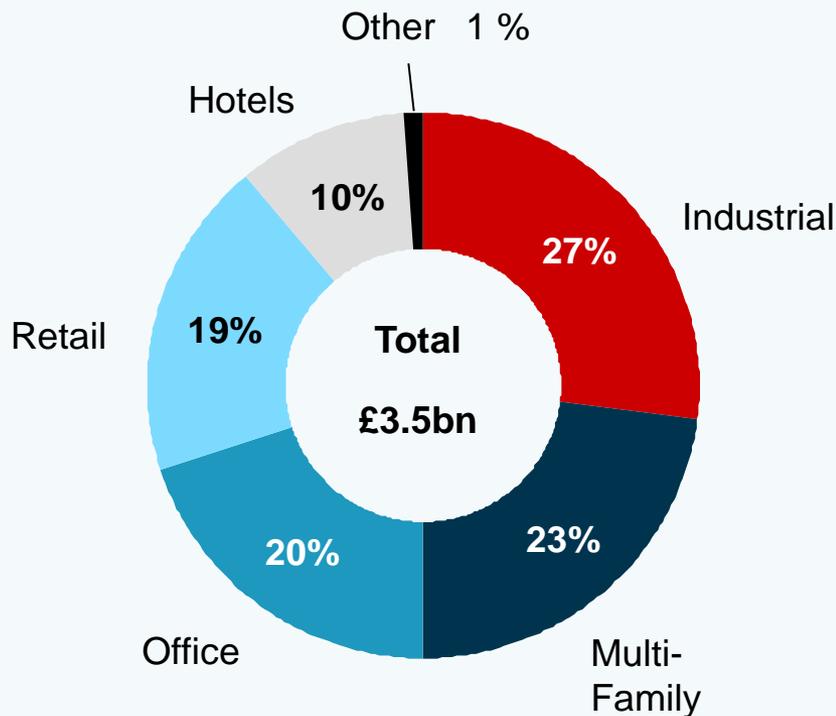
79% A or above

Strength of the £1.8bn credit reserve

- No defaults of shareholder backed debt securities
- Continued sale of financial subordinated debt holdings in 2011
- Rolled over unused default provision and higher average credit quality²
 - Pillar 1 (IGD) 67 bps (HY 2010: 67 bps)
 - IFRS 42 bps (HY 2010: 42 bps)
- Pillar 1 and EEV assumptions equivalent to 44% of current spread over swaps (HY 2010: 39%)²

US commercial mortgage loan portfolio

Breakdown by property type, %

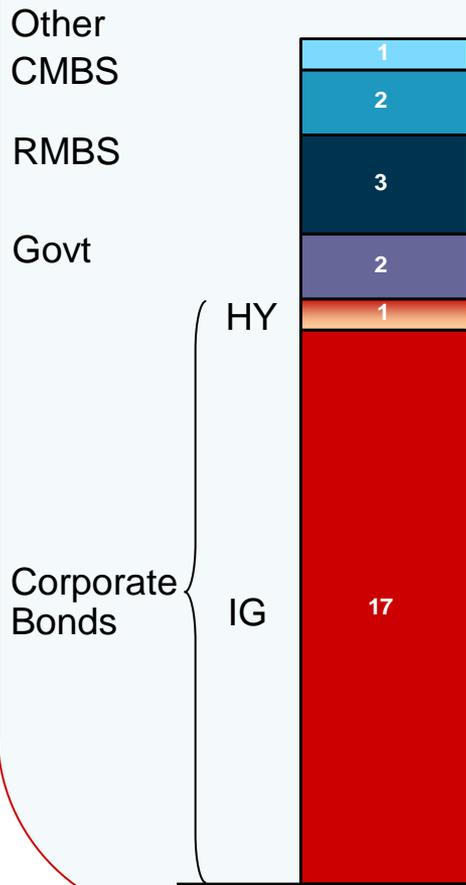


- **High level of diversification**
 - average loan size of £6.3m
 - spread across property type
 - geographic diversification
- **Strong underwriting discipline**
 - portfolio performing well in current environment
 - current average LTV of 72%
 - problem loan balances at 30 June 2011
 - Loans with restructured terms £91.3m
 - Loans 90+ days delinquent £30.1m
 - £15.2m of write-downs
 - £5.3m reduction of specific reserves

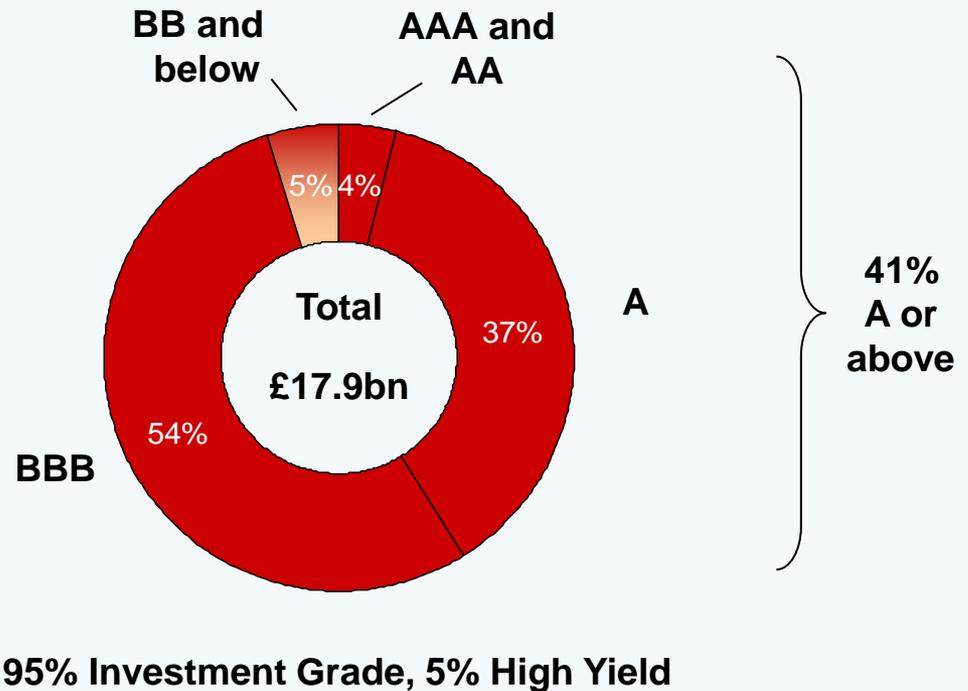
US Asset Quality – Corporate Debt Portfolio (1/3)

US Shareholder Debt Securities Portfolio – Market value, £bn

£25.3bn

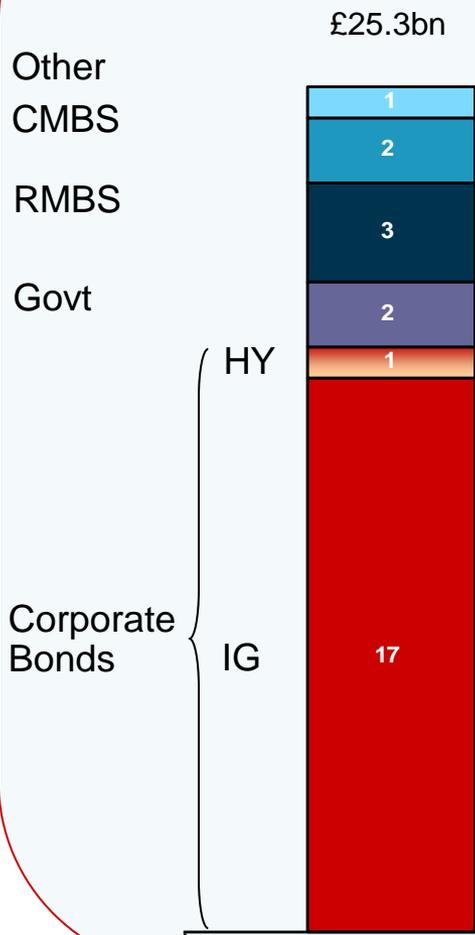


Corporate Bond Portfolio, % by rating

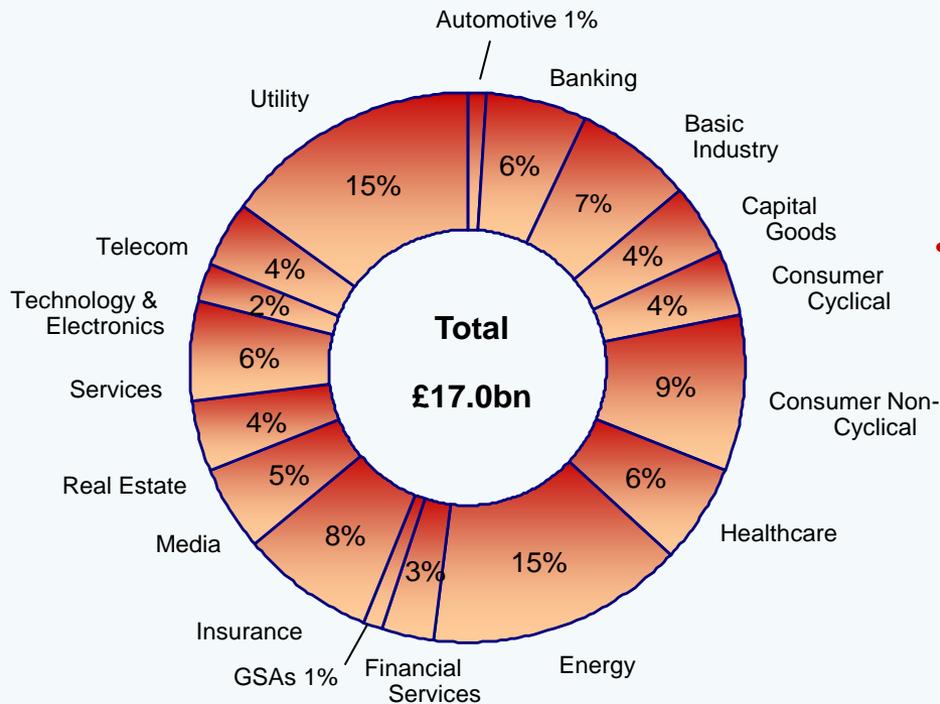


US Asset Quality – Corporate Debt Portfolio (2/3)

US Shareholder Debt Securities Portfolio – Market value, £bn



Investment Grade Corporate Bond Portfolio, % by sector



- Portfolio spread over 535 issuers, with an average holding of £32m

US Asset Quality – Corporate Debt Portfolio (3/3)

US Shareholder Debt Securities Portfolio – Market value, £bn

£25.3bn

Other
CMBS

1

RMBS

2

Govt

3

HY

2

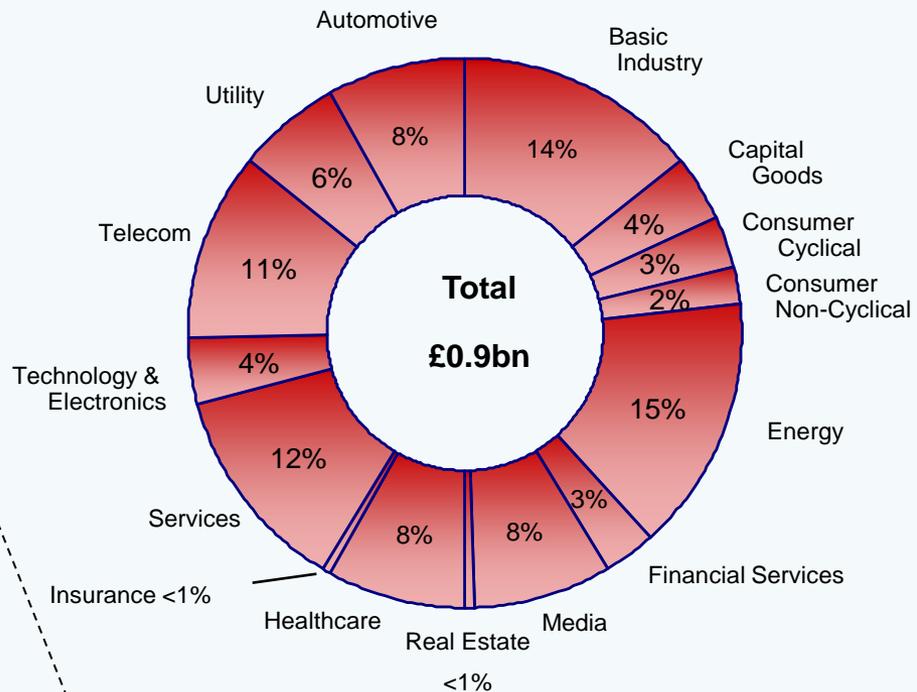
1

Corporate
Bonds

IG

17

High Yield Corporate Bond Portfolio, % by sector

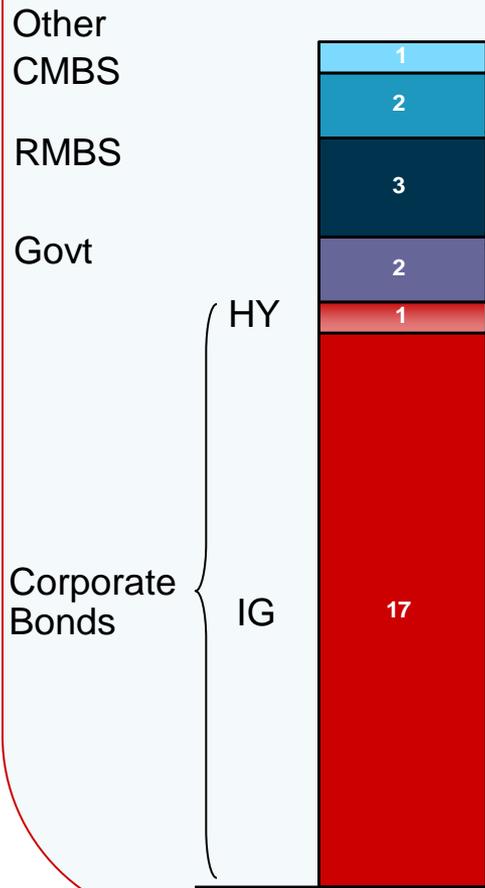


- Portfolio spread across 118 issuers, with an average holding of £8m

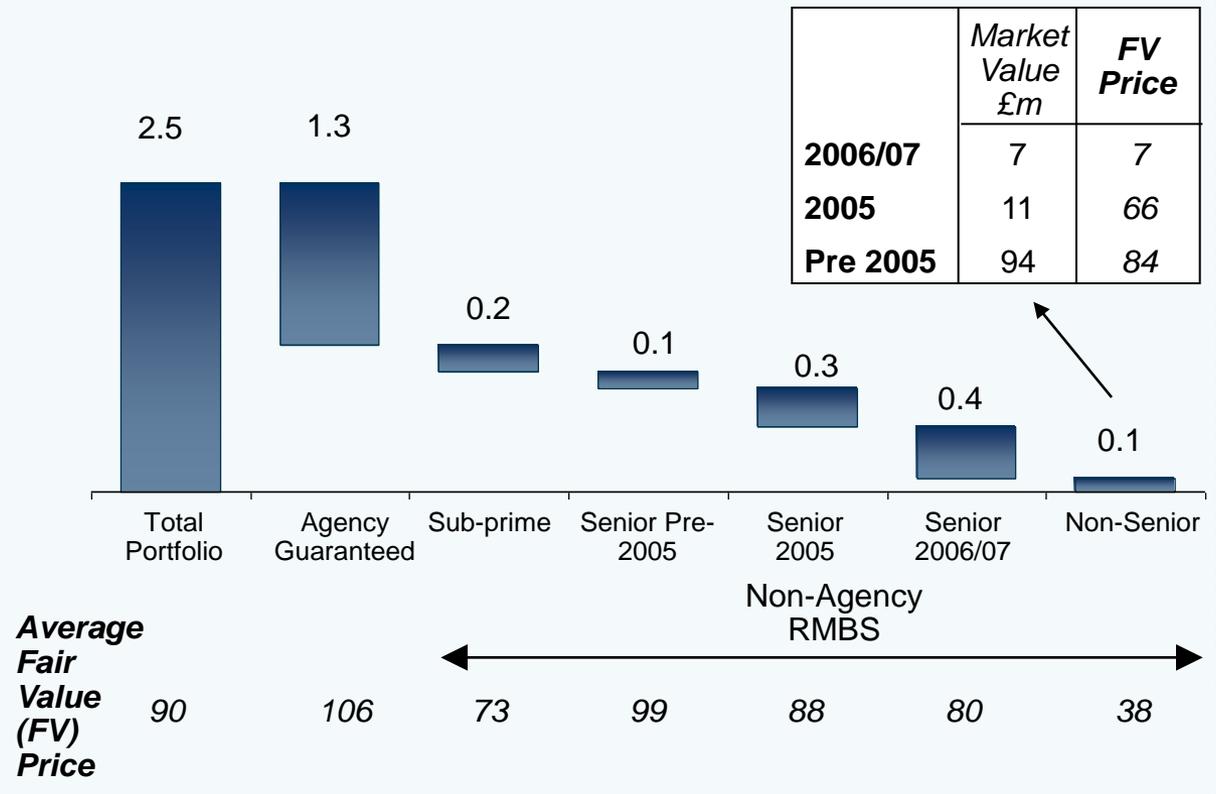
US Asset Quality – RMBS Portfolio

US Shareholder Debt Securities Portfolio – Market value, £bn

£25.3bn



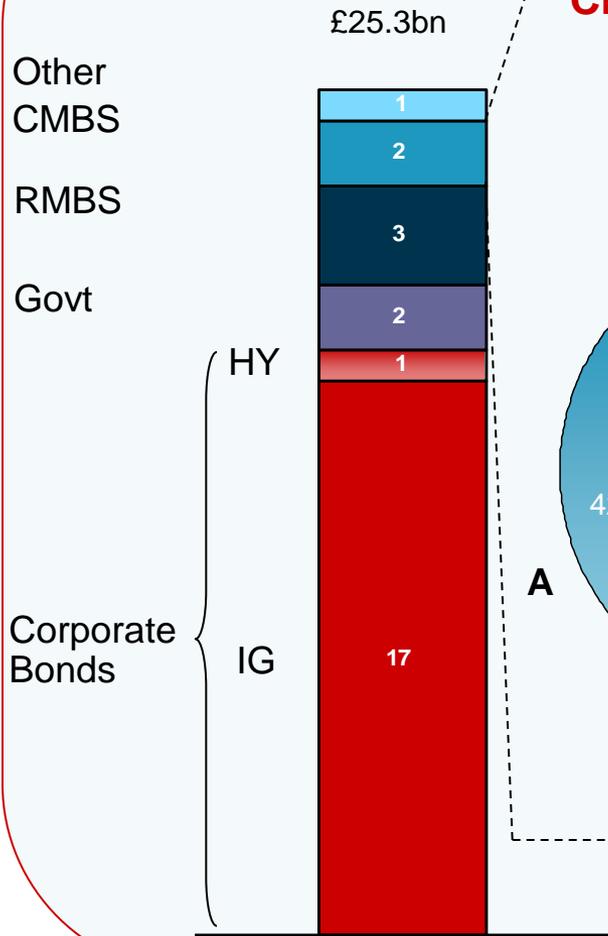
Breakdown of the RMBS portfolio – £bn



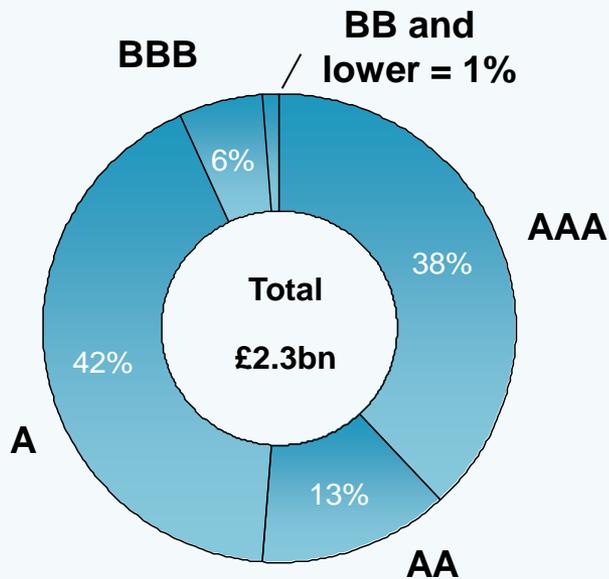
	Market Value £m	FV Price
2006/07	7	7
2005	11	66
Pre 2005	94	84

US Asset Quality – RMBS Portfolio

US Shareholder Debt Securities Portfolio – Market value, £bn



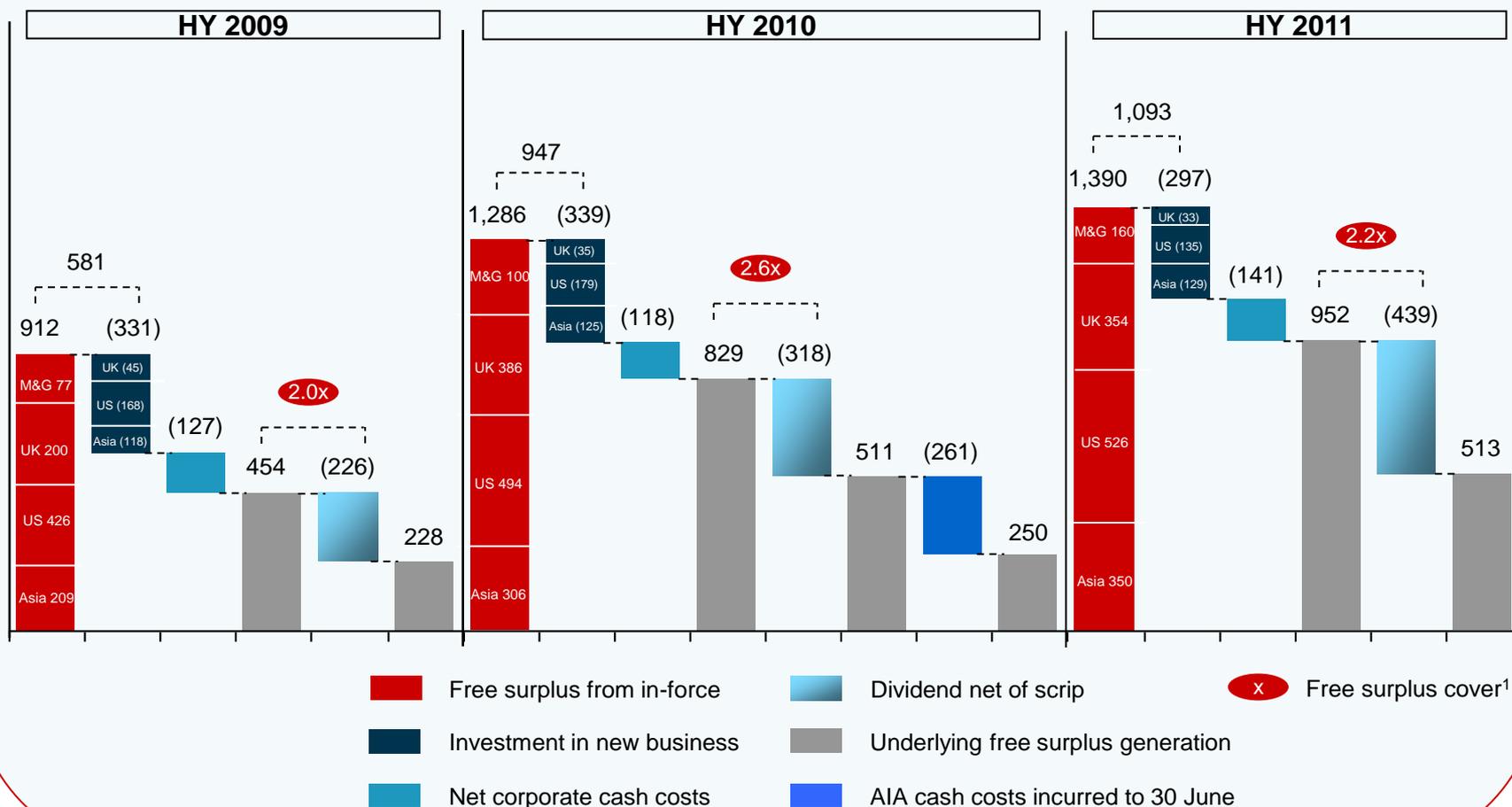
CMBS portfolio, % by rating



- Average credit enhancement of the portfolio is 31%
- 89% of the portfolio has credit enhancement of at least 20%
- 70% of the portfolio is super senior tranches
- Virtually all of the 2005-08 vintages are in super tranches

Underlying free surplus

Underlying free surplus generation, £m

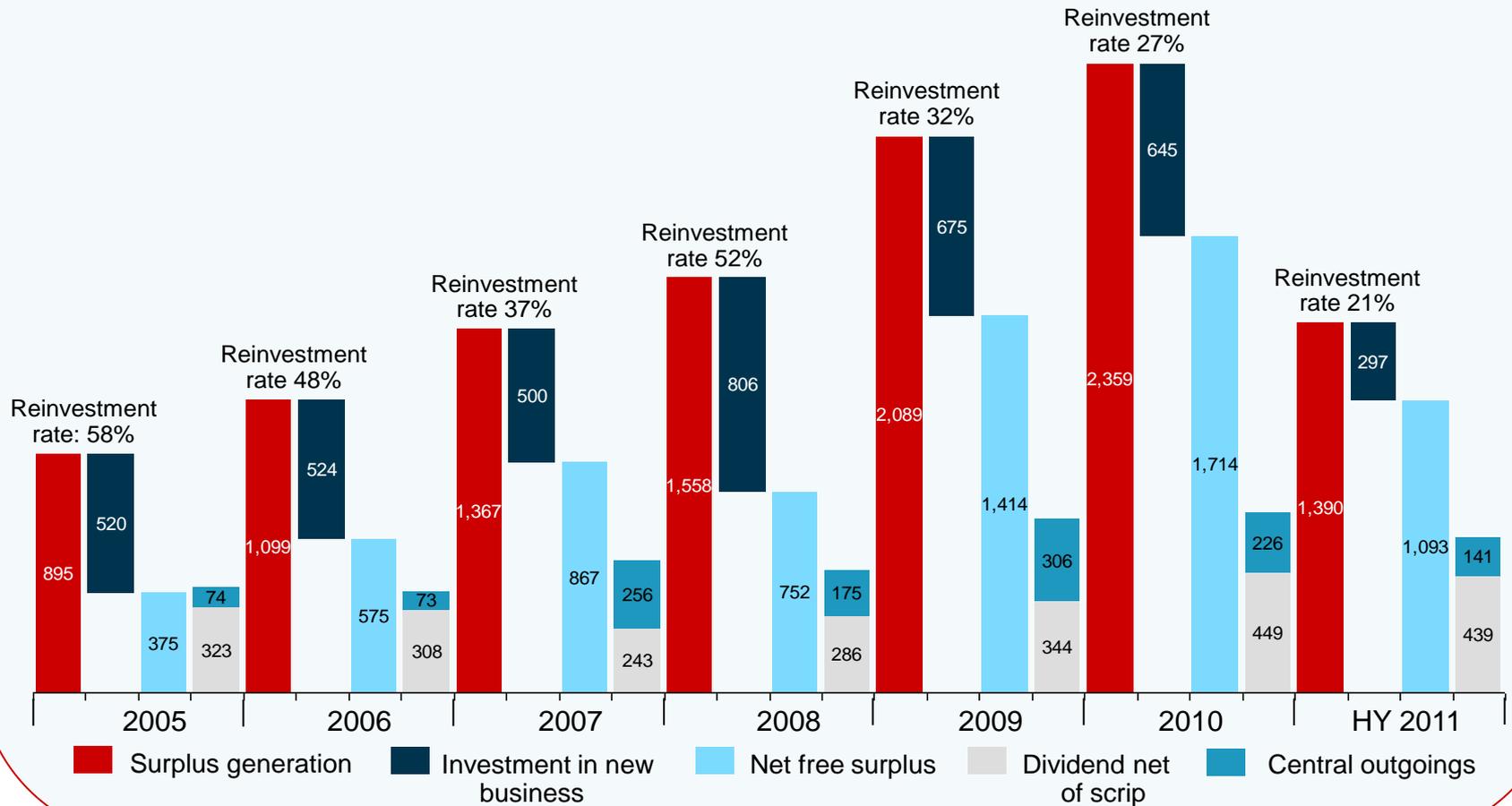


¹ Ratio of Operating underlying free surplus generated by life and asset management businesses net of investment of new business and corporate cash costs to cash dividend paid in the period

Cash and capital generation

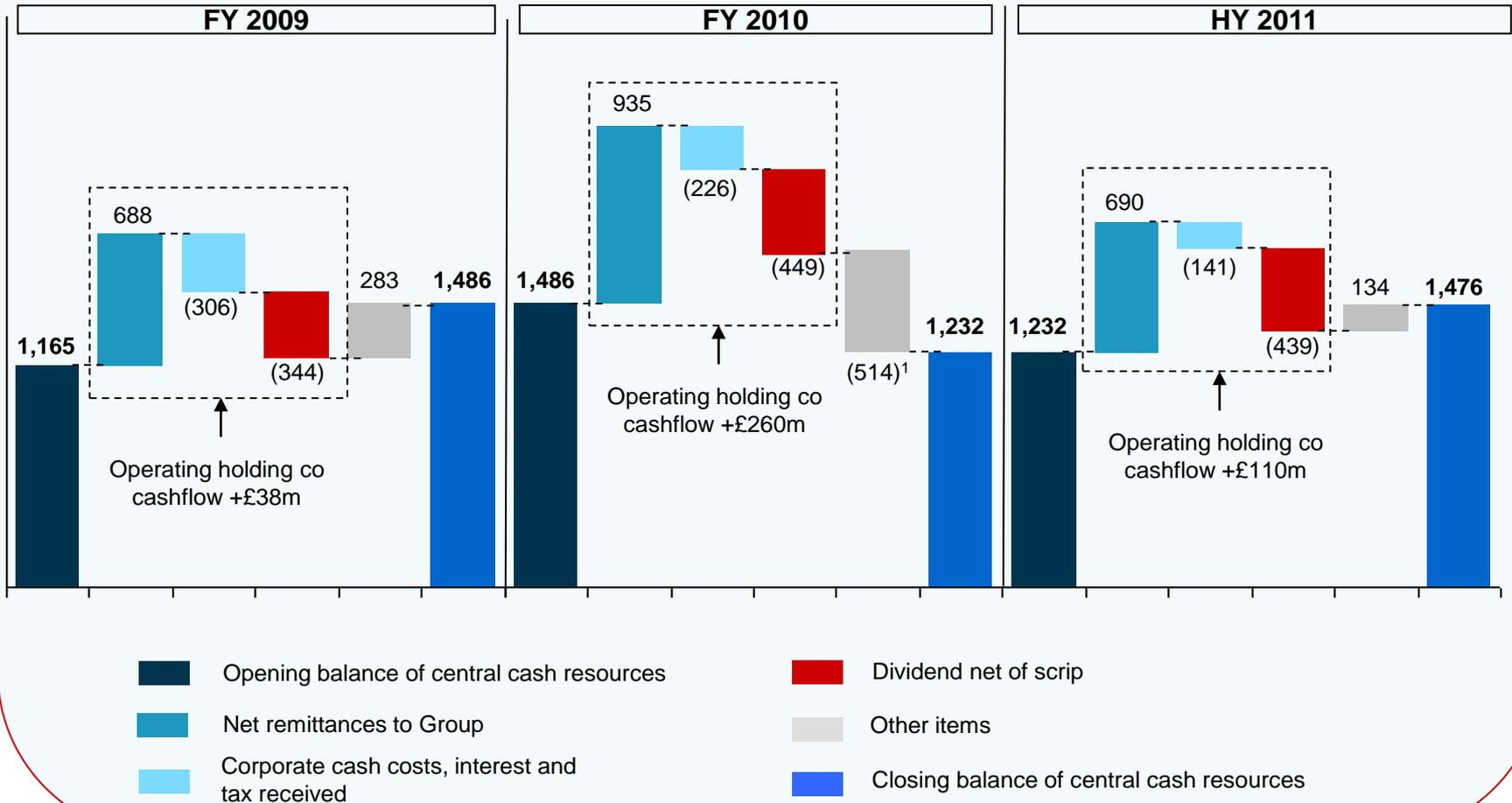
Increasing free surplus generation

Free surplus and dividend, £m



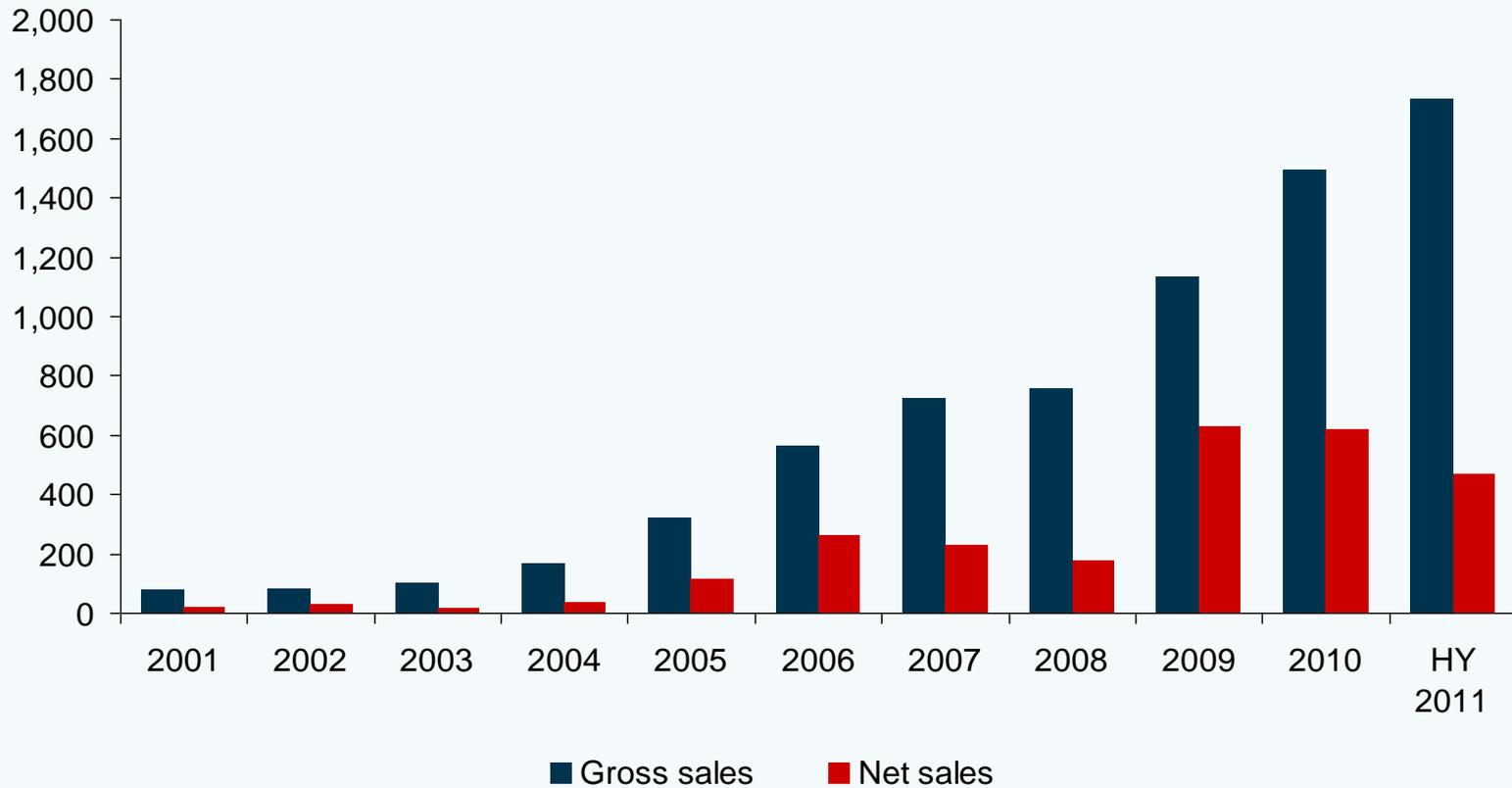
Robust central cash position

Development of central cash resources, £m



Asset Management - M&G

Average monthly gross and net retail sales, £m



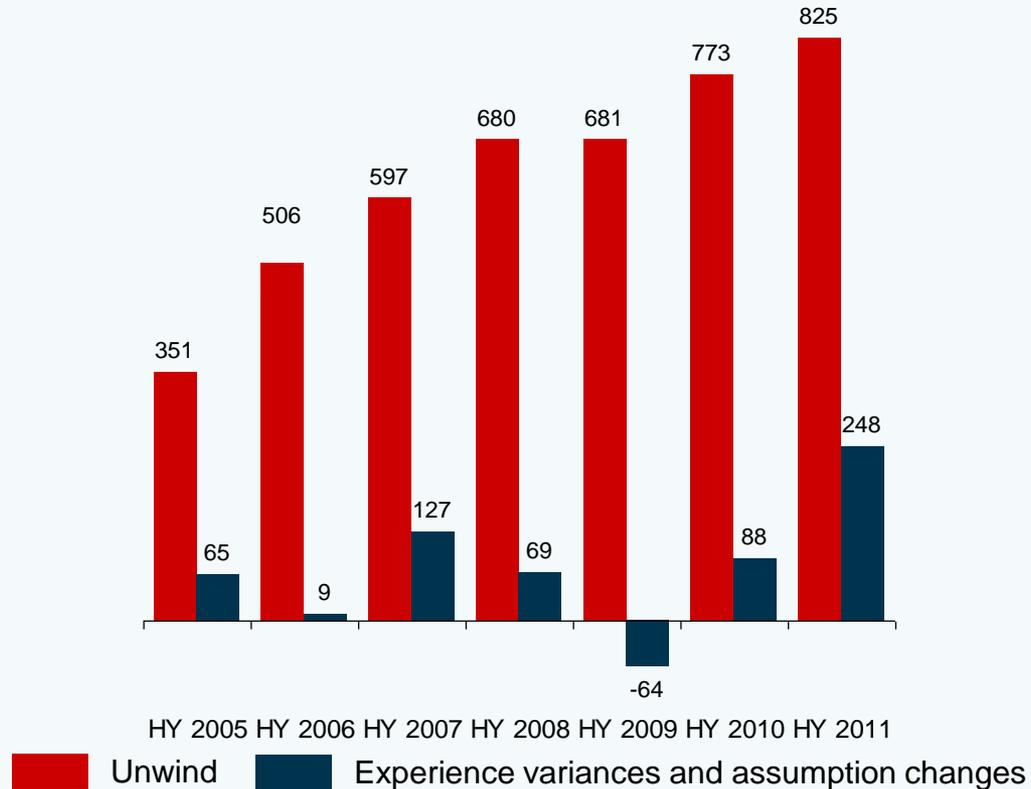
EEV operating profits

History of Life operating variances

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%
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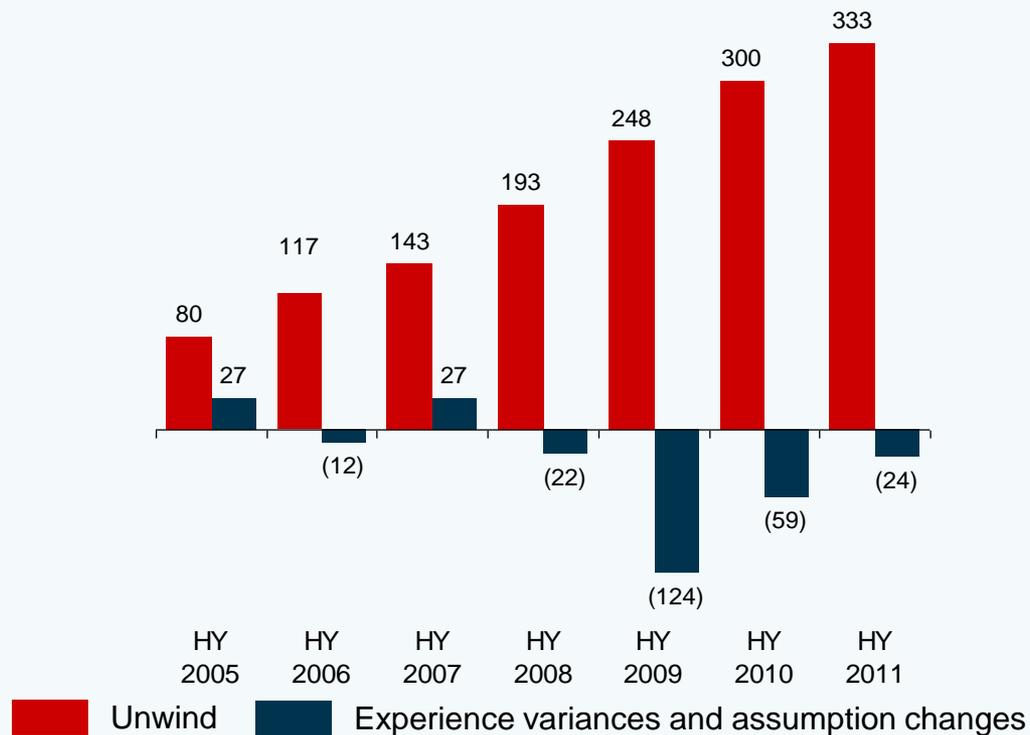
Delivering profitability – EEV

History of Life operating variances

Asia Life operating variances, £m

Experience variances and assumption changes as a % of opening EEV¹

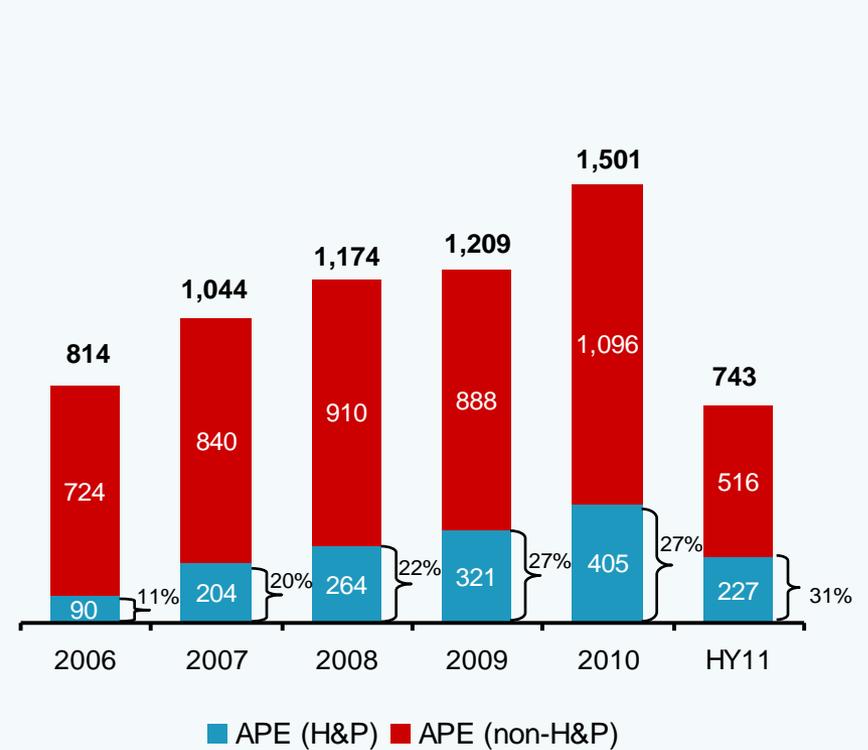
0.3%	(0.6)%	1.9%	(0.3)%	(2.4)%	(1.0)%	(0.3)%
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Asia policyholder liabilities¹, £bn



APE² and H&P³ share of premiums, £m

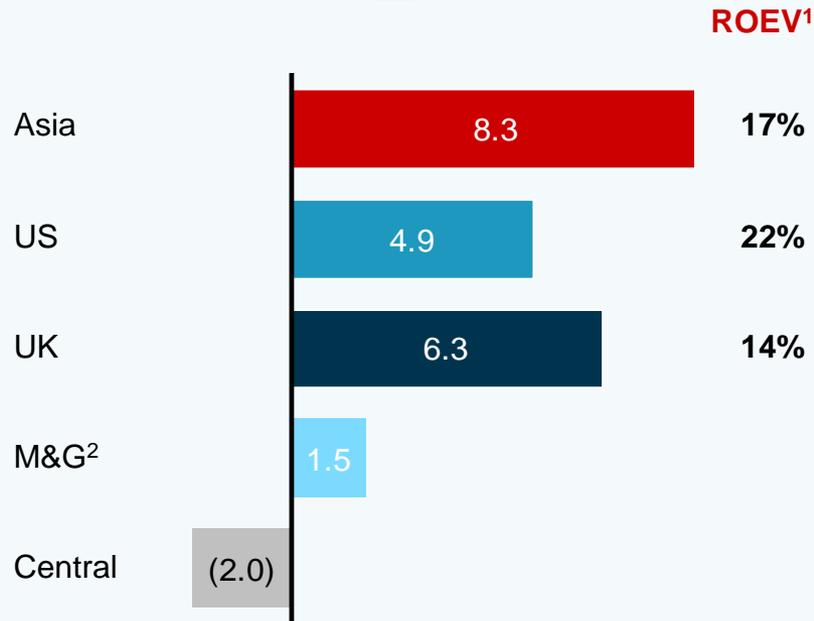


EEV shareholders' funds

Asia 44% of EEV and delivering high return

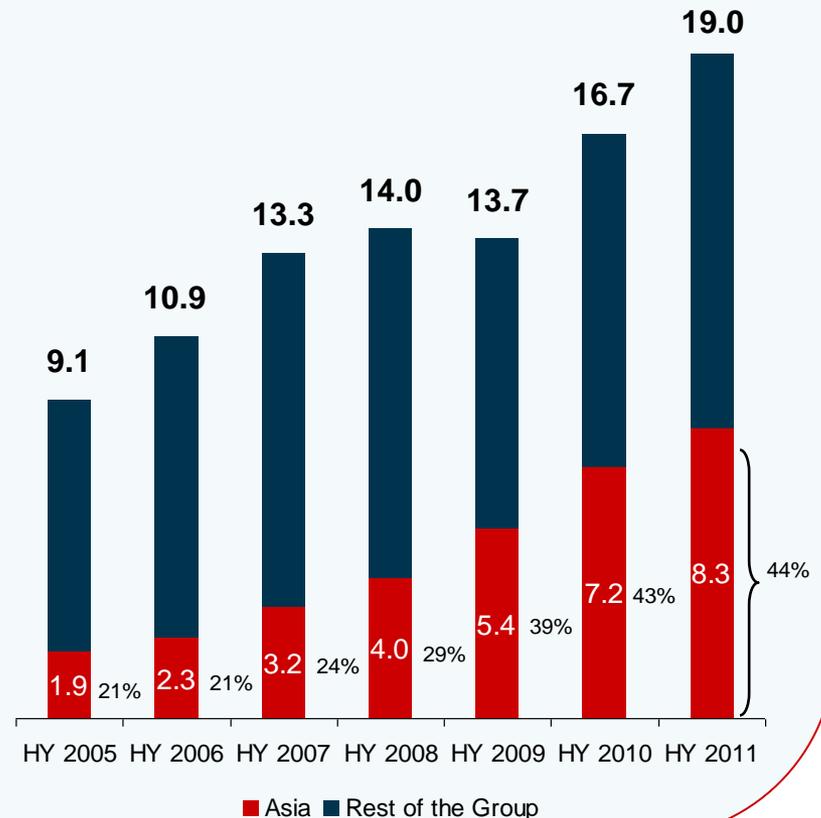
Geographical split June 2011, £bn

Total Group EEV = 19.0



EEV shareholders' funds, £bn

Group EEV growth : +13% CAGR
 Asia EEV growth : +28% CAGR



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