



Prudential plc 2008 Full Year Results

19 March 2009

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.

Prudential plc 2008 Full Year Results

Agenda

Introduction

Mark Tucker

Financial Review

Tidjane Thiam

Business Review & Outlook

Mark Tucker

Questions

2008 Financial Headlines

Embedded Value

- Group new business profit up 8% to £1.3 billion
- EEV operating profit up 17% to £3.0 billion
- Embedded value shareholders' funds £15.0 billion (2007: £14.6 billion)
- Net Asset Value per share £5.99 (2007: £5.91)
- Group Return on Embedded Value 15.0% (2007: 15.4%)

IFRS

- IFRS operating profit up 12% to £1.3 billion
- IFRS shareholders' funds £5.1 billion (2007: £6.1 billion)
- Net Asset Value per share £2.03 (2007: £2.45)

Capital and Cash

- IGD surplus £1.7bn; £2.5bn post completion of Taiwan transfer
- Operating cash positive in 2008
- Full year dividend up 5% to 18.9 pence; cover 2.2 times

Prudent, pro-active and effective management of capital and risk

Operating Discipline

- Early withdrawal from high capital strain uneconomic UK product lines
- Established £1.4bn of credit reserves in UK annuity shareholder business
- Maintained pricing discipline in US VA market
- Long-established and comprehensive US hedging for guarantee risk

Capital Management

- Decision not to proceed with reattribution of PAC inherited estate
- Negotiated partial inclusion of shareholders interest in PAC with-profits fund for IGD
- Release of capital by exiting Taiwan agency operations
- Reduced equity sensitivity in Asia

Prudential plc 2008 Full Year Results

Agenda

Introduction

Mark Tucker

Financial Review

Tidjane Thiam

Business Review & Outlook

Mark Tucker

Questions

Summary

- **Strong operating performance**
- **Prudent but proactive approach to capital and risk management**
 - Resilient solvency position enabled by proactive capital management
 - Prudent management of the credit portfolio
 - Decisive action taken when necessary
- **Preserving Capital and Cash as a primary focus in 2009**

- **Performance on key financial metrics**

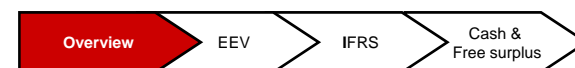
- EEV
- IFRS
- Cash and Free Surplus

- Management of risk & capital

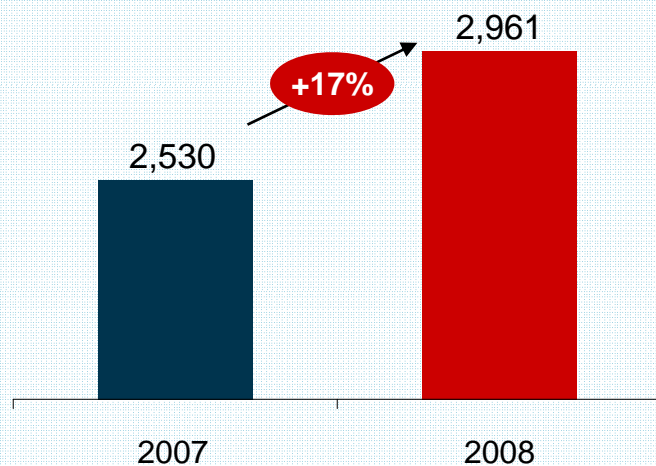
- Solvency capital position
- Profile of Asset portfolio

Group KPIs – Overview

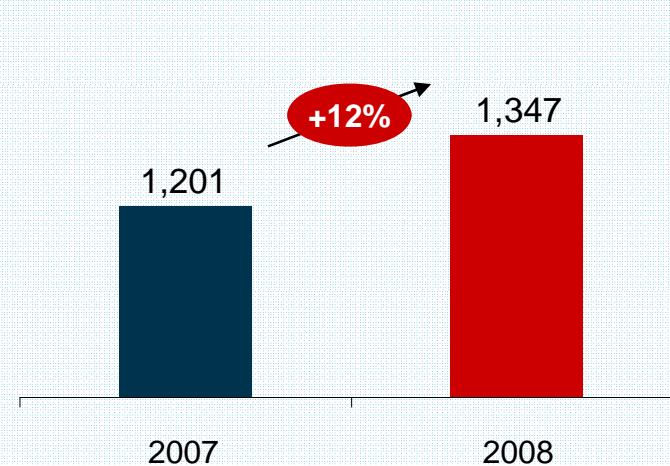
Focus on EEV, IFRS and Cash



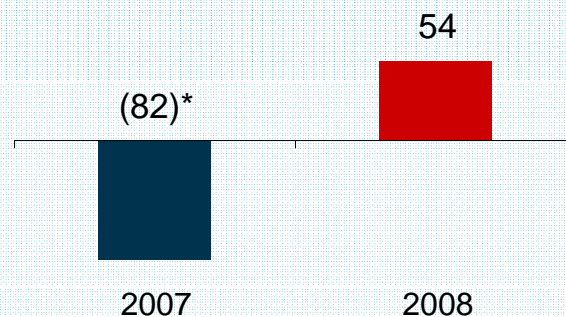
EEV Operating Profit - at AER, £m



IFRS Operating Profit - at AER, £m



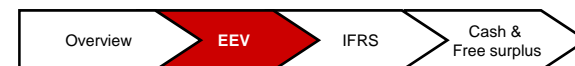
Holding Company Cash Flow - at AER, £m



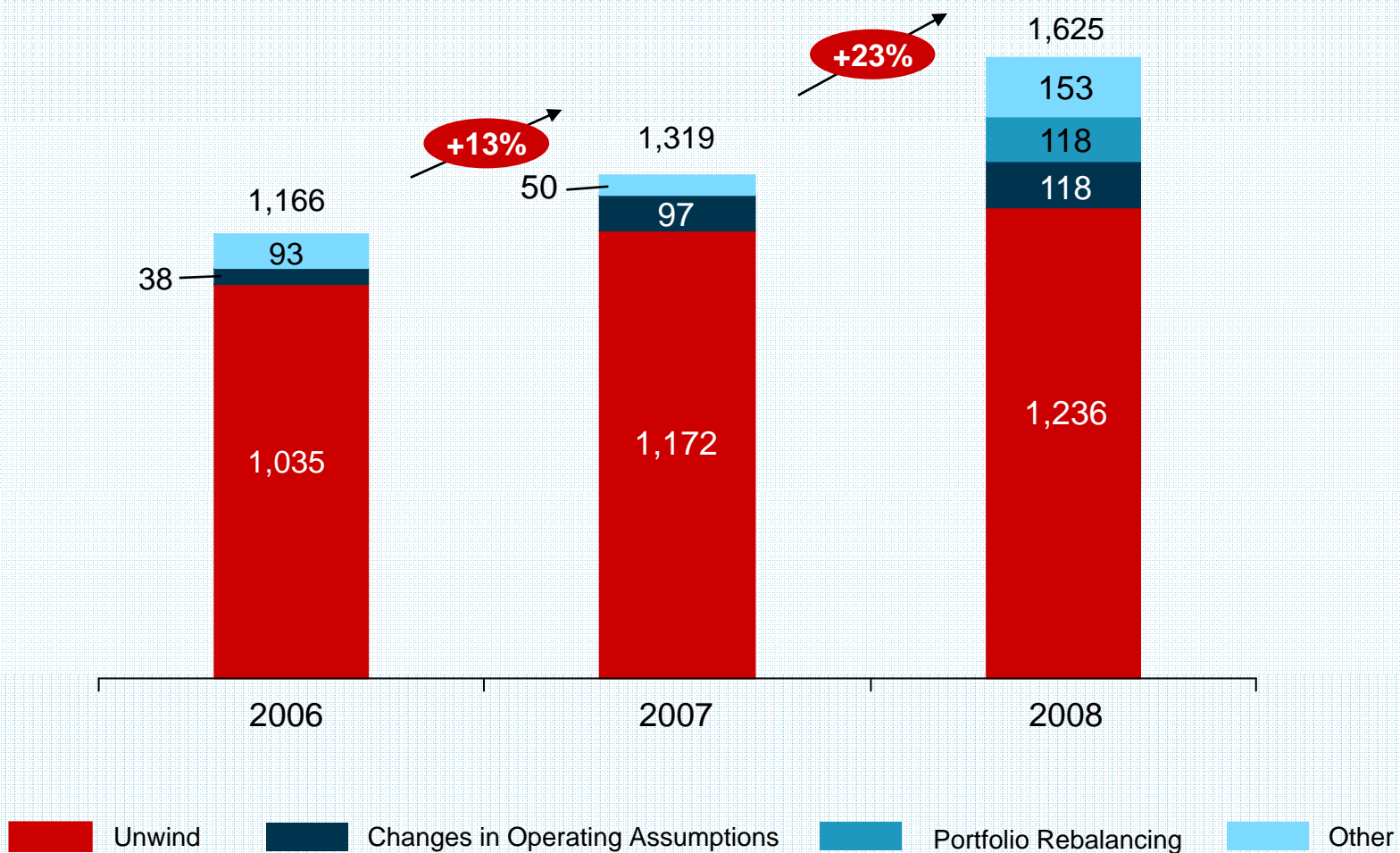
* Excludes Egg proceeds of £527m

EEV Operating Profit - Group

In-Force profit up 23%



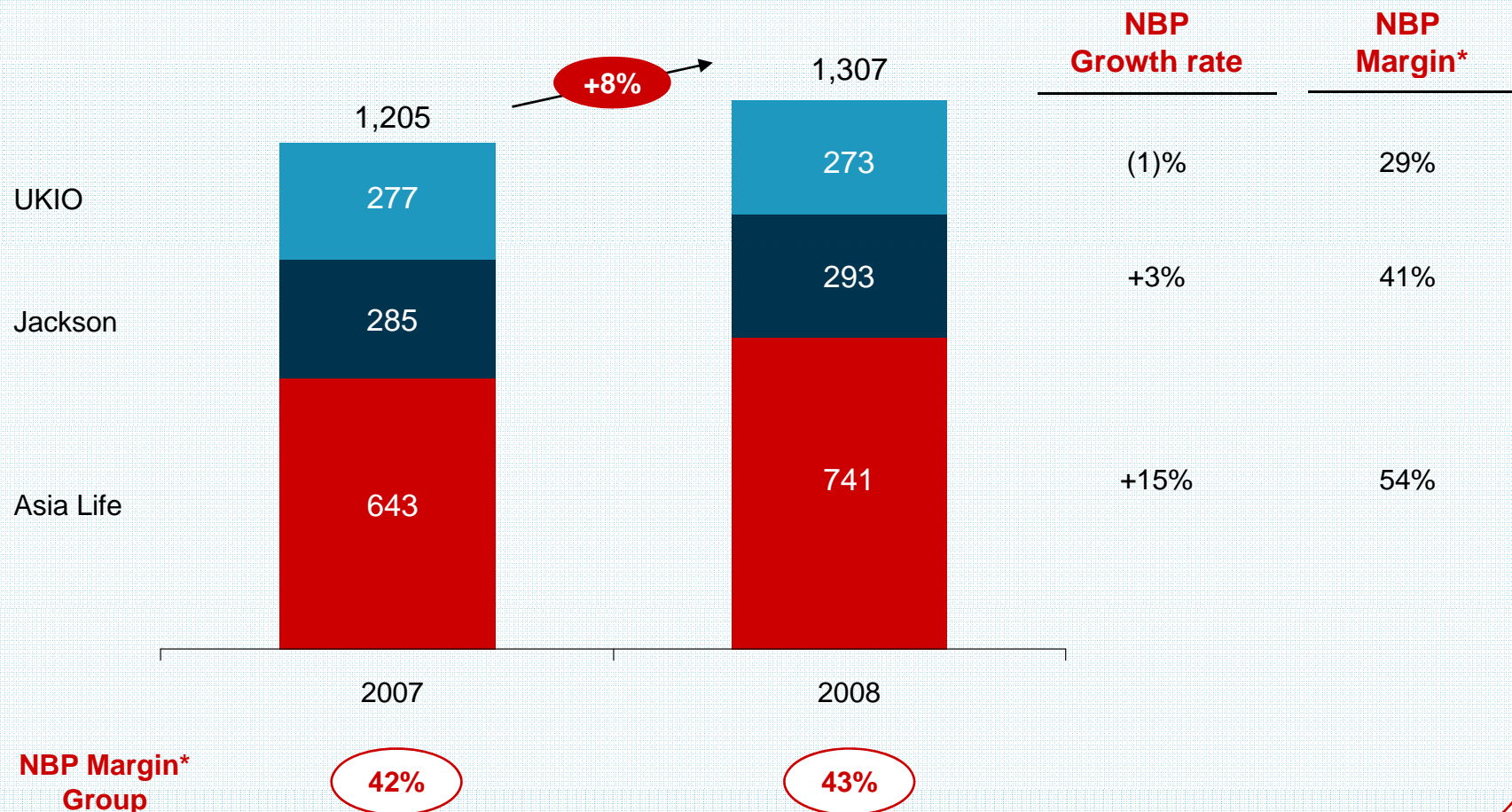
EEV In-Force Profit – at AER, £m



EEV New Business Profit - Group

Targeted investment continues to grow NBP

EEV New Business Profit – at AER, £m



* Based on APE

EEV Shareholders' Funds

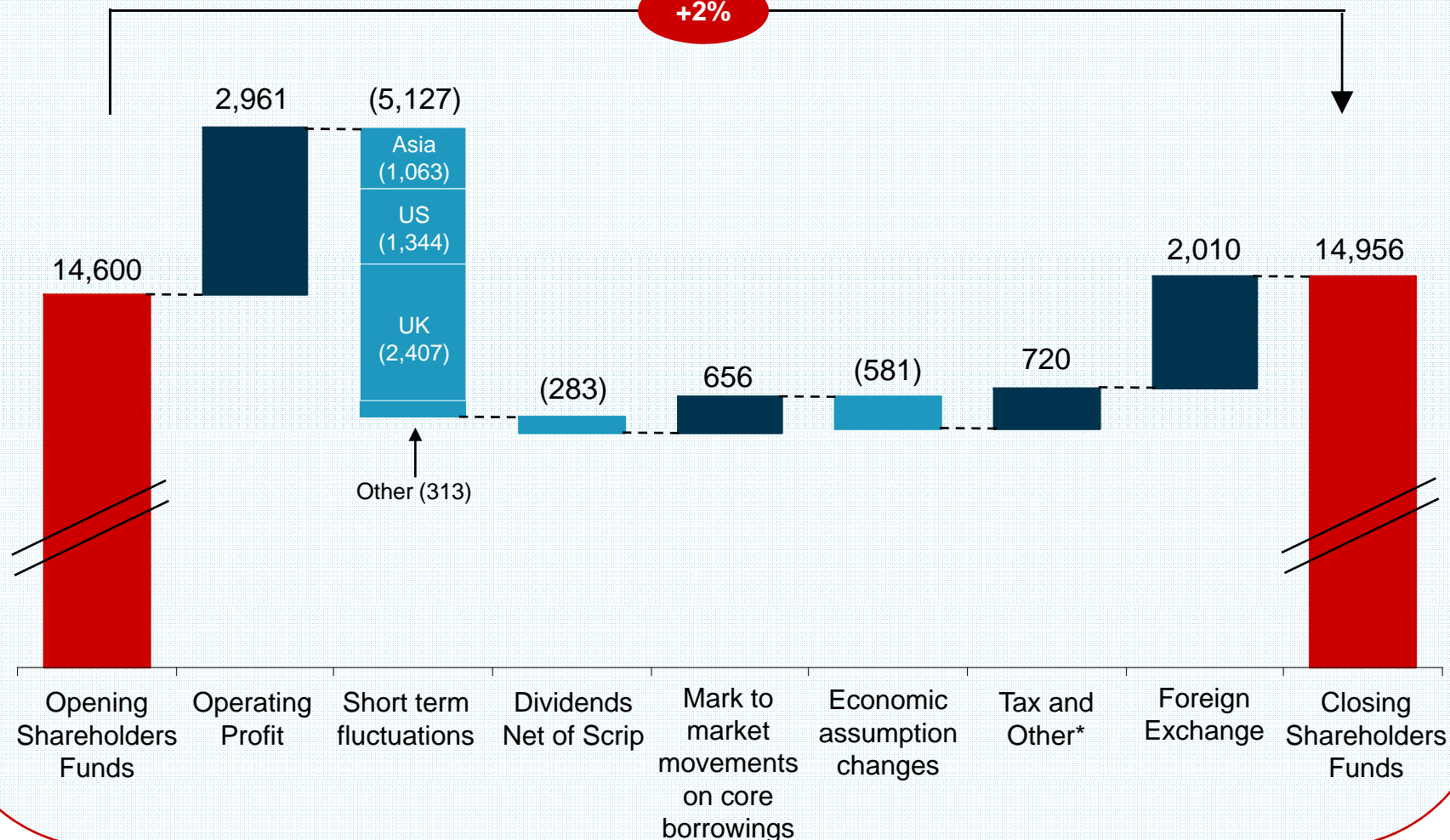
An increase by 2% despite difficult market conditions

Analysis of Movement in EEV shareholders' funds – at AER, £m

EEV Per Share = £5.91

+2%

EEV Per Share = £5.99



* Includes £771m in Tax

- **Performance on key financial metrics**

- EEV
- **IFRS**
- Cash and Free Surplus

- Management of risk & capital

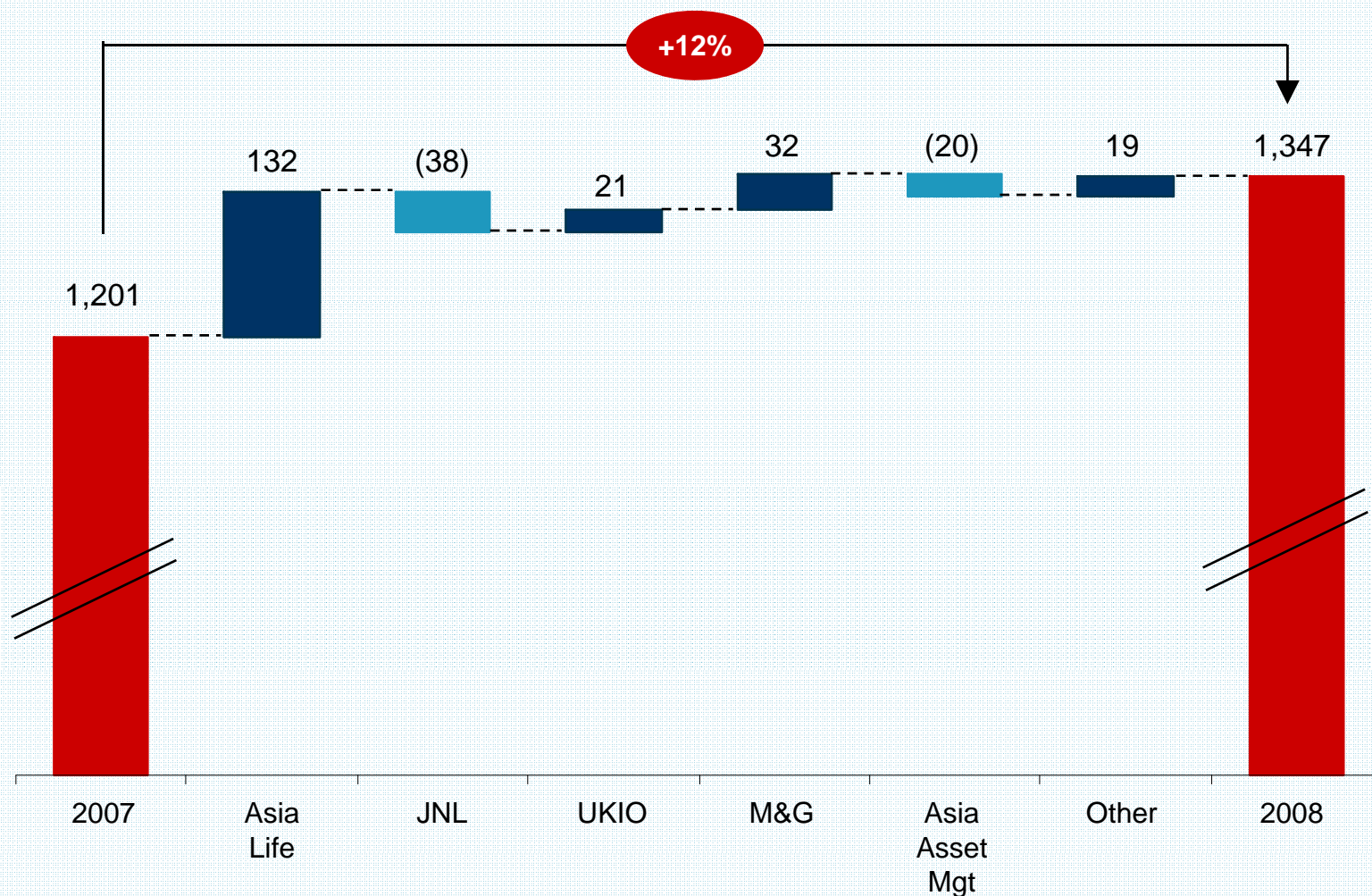
- Solvency capital position
- Profile of Asset portfolio

IFRS Operating profit - Group

Consistent earnings growth driven by Asia



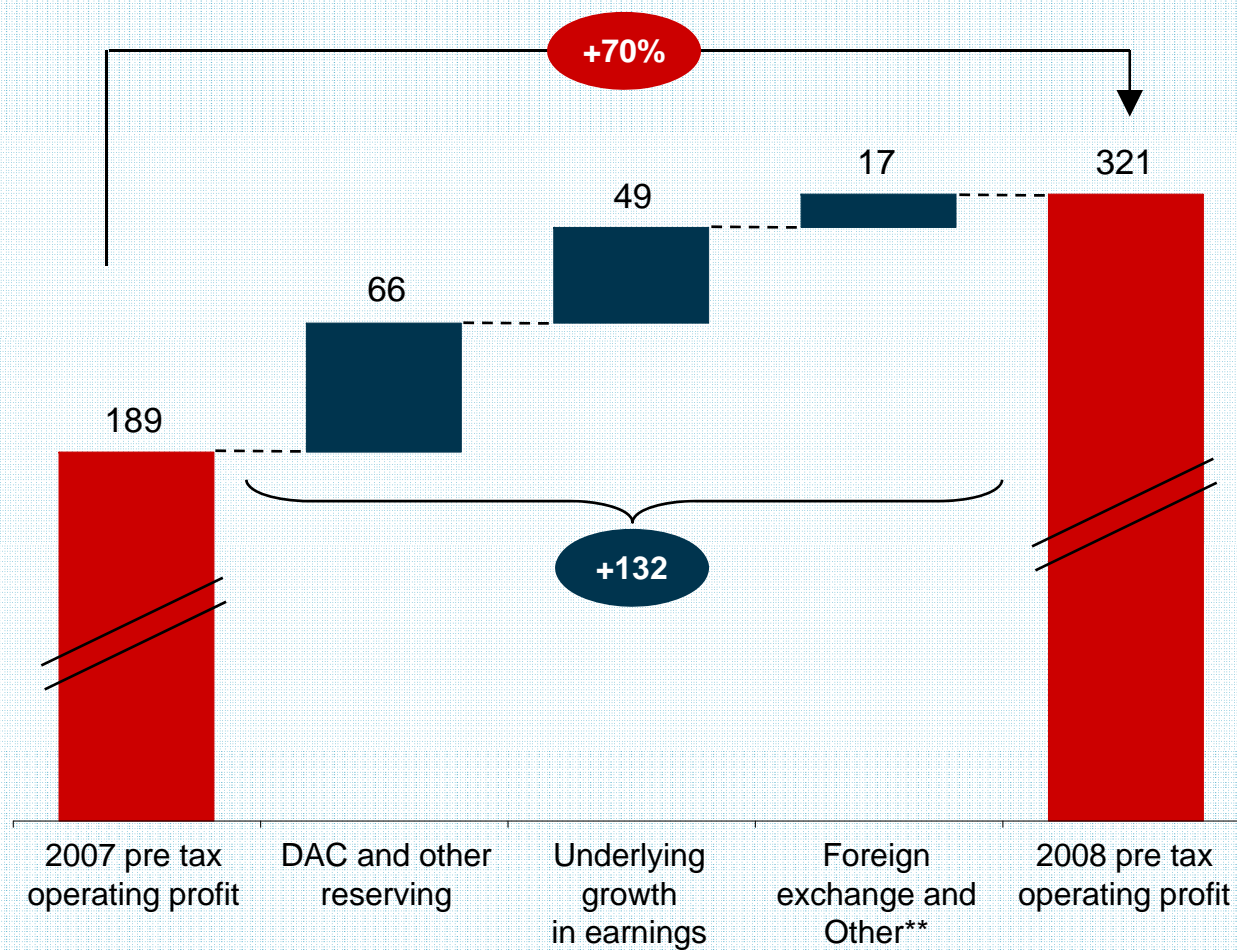
Analysis of movements in IFRS Operating Profit – at AER, £m



IFRS Operating Profit – Asia Life

70 per cent increase in operating profit

IFRS Operating Profit – at AER*, £m



* All movements are calculated on CER and the currency movement is shown separately at £38m

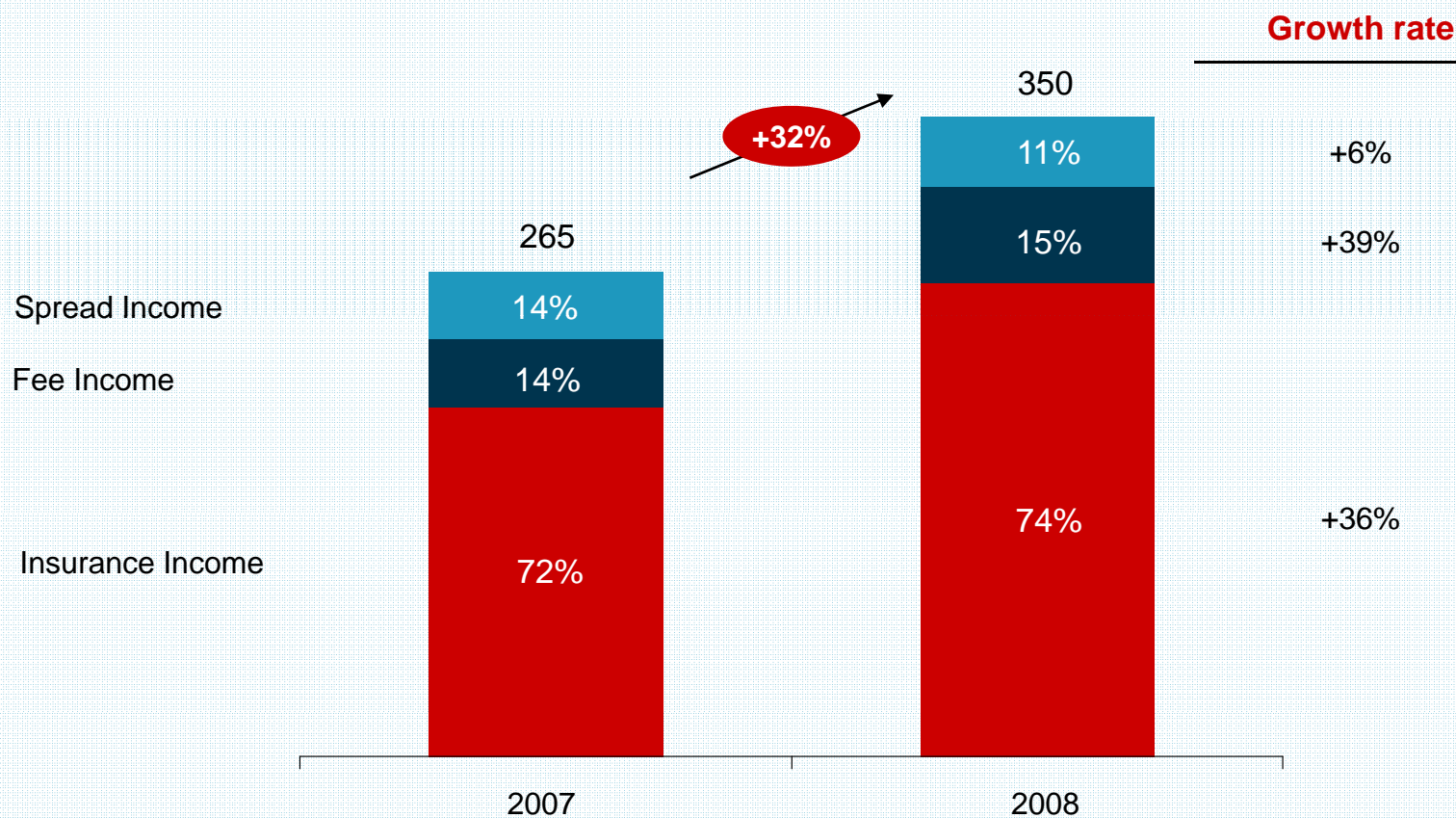
** Foreign Exchange £21m and Other £(4)m

IFRS Operating Profit – Sources for Asia Life

Insurance margin, a key source of profit in Asia



IFRS Operating Profit* – at AER, £m

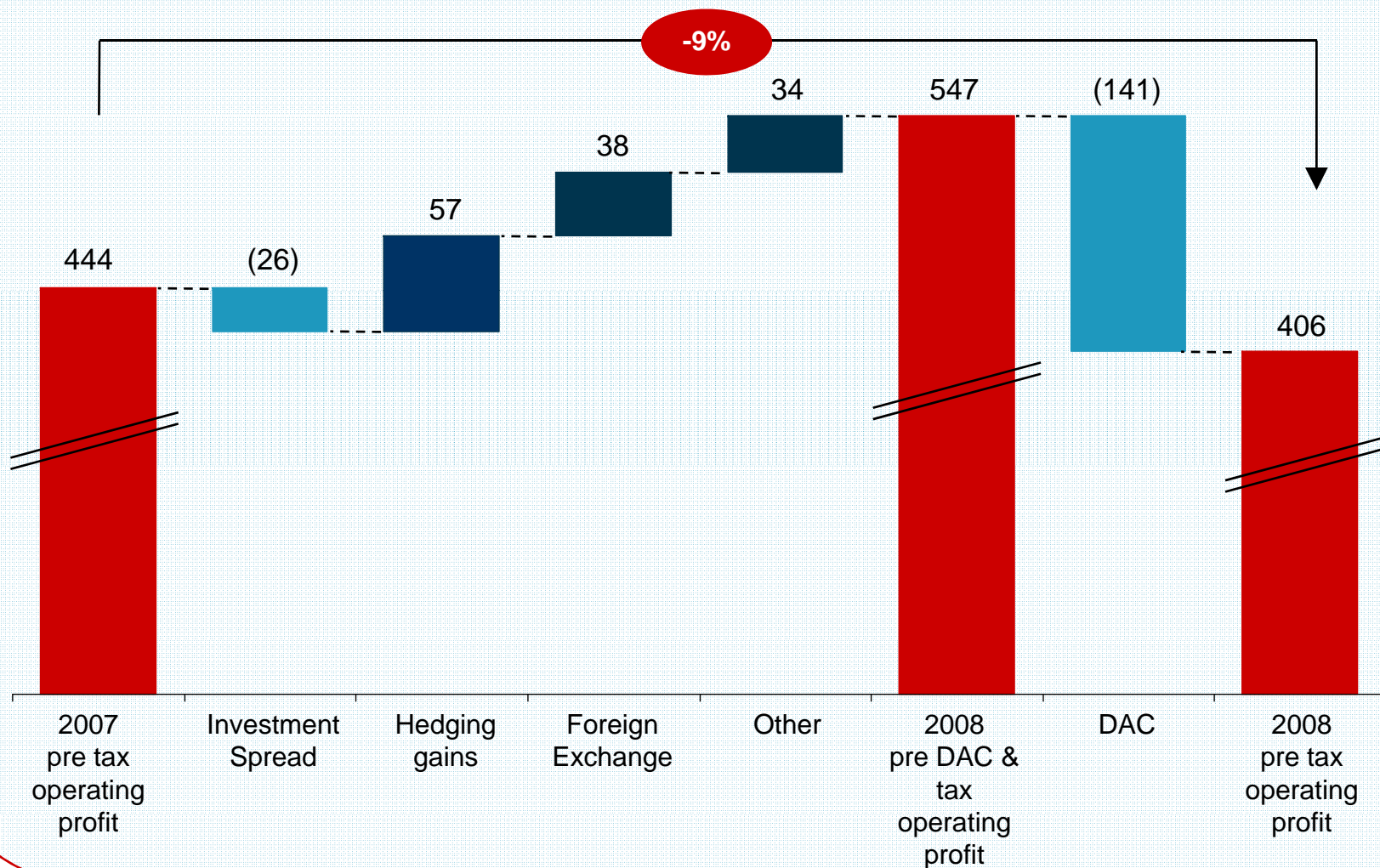


* Does not include With-profits business (2007: £26m, 2008: £30m) and net unallocated costs (2007: -£102m, 2008: -£59m)

IFRS Operating Profit – Jackson Life

Resilient operating earnings

IFRS Operating Profit – at AER*, £m

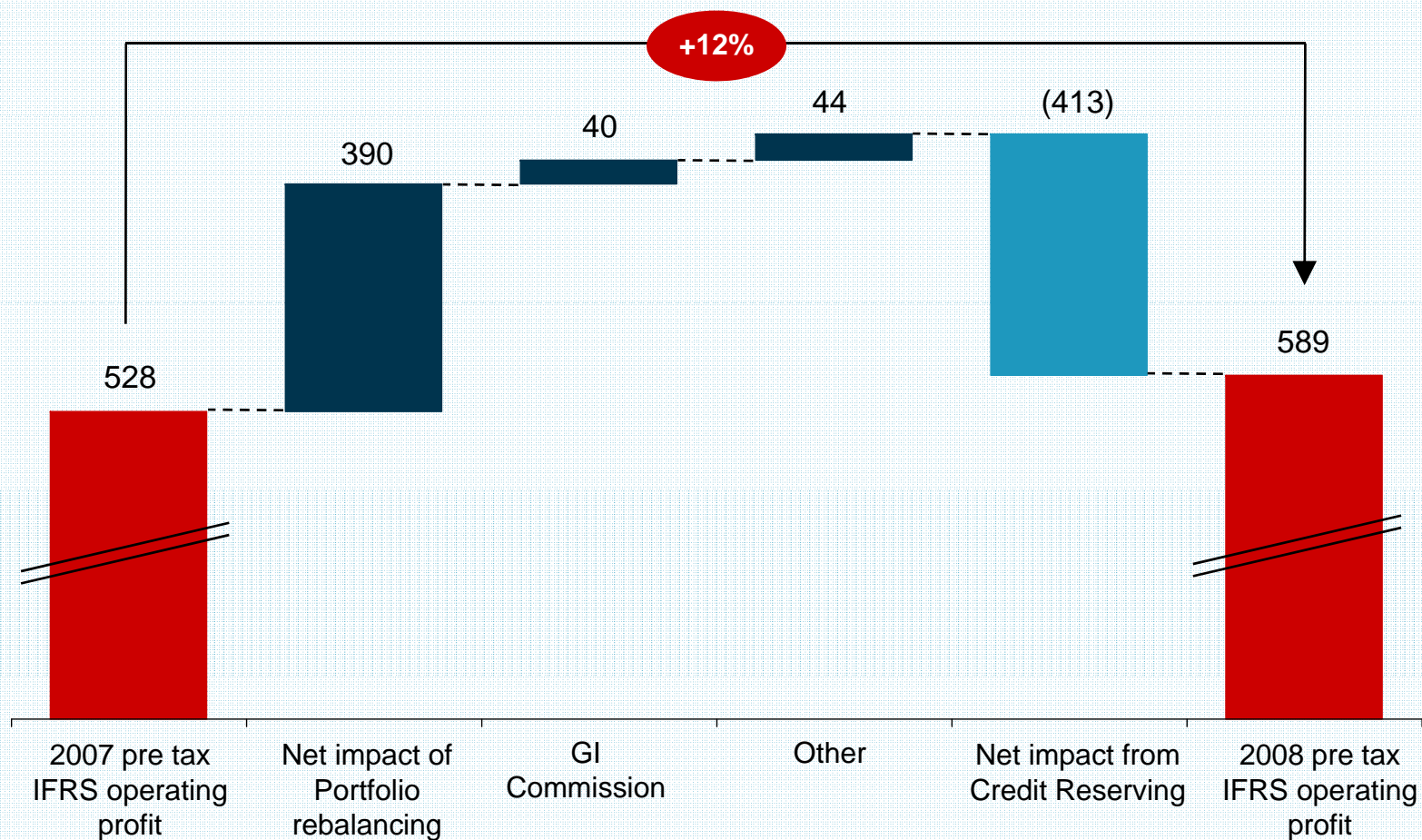


* All movements are calculated on CER and the currency movement is shown separately at £38m

IFRS Operating Profit – UKIO

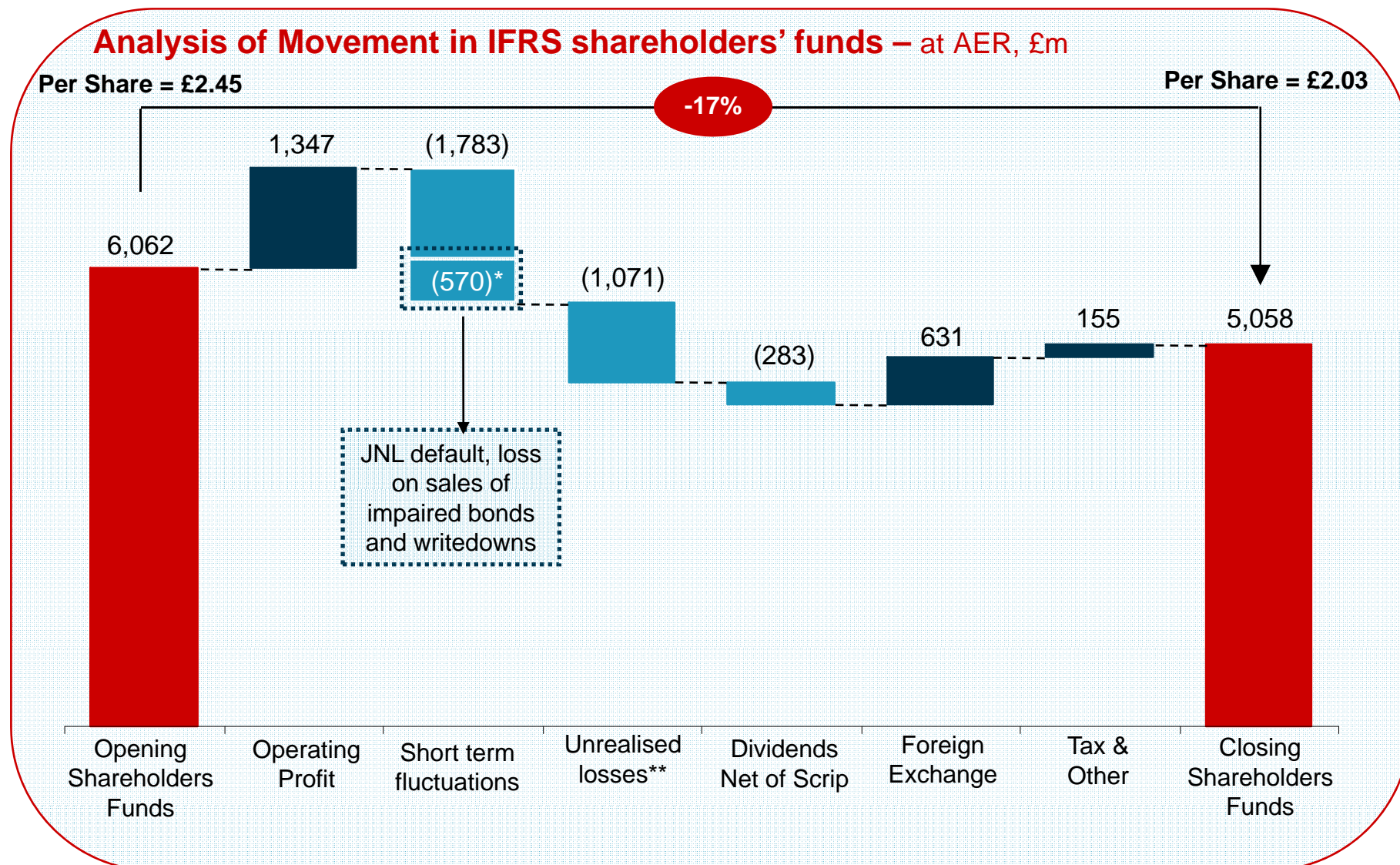
Sustained profits

IFRS Operating Profit – at AER, £m



IFRS Shareholders' Funds

Impact from the adverse environment mitigated by a resilient operating performance



* Net of risk margin reserve (RMR) of £54m (Net of DAC and tax)

** On JNL Debt securities – Net of DAC and Tax

- **Performance on key financial metrics**

- EEV
- IFRS
- **Cash and Free Surplus**

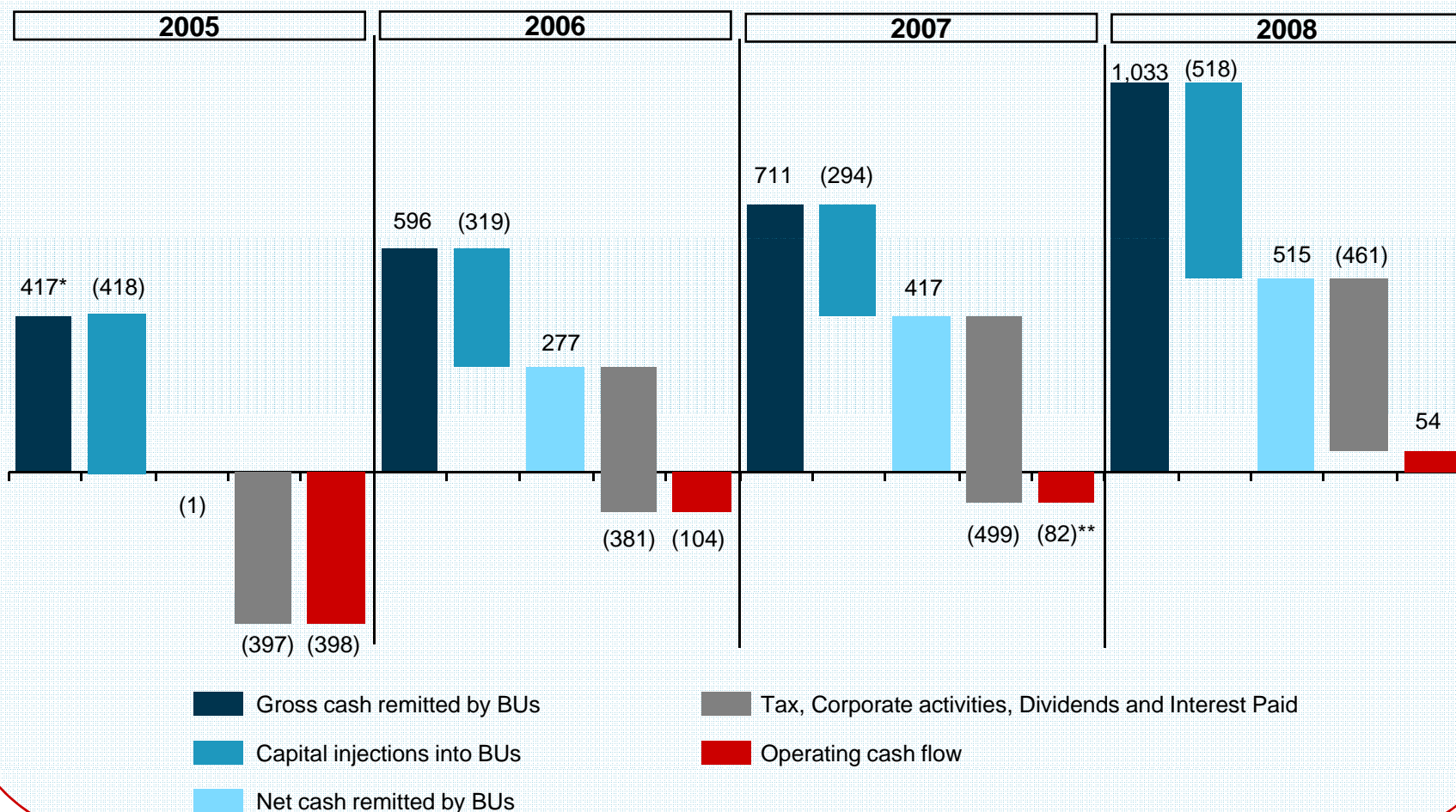
- Management of risk & capital

- Solvency capital position
- Profile of Asset portfolio

Holding Company Cash Flows

Increased cash generation

Holding company cash flow – at AER, £m

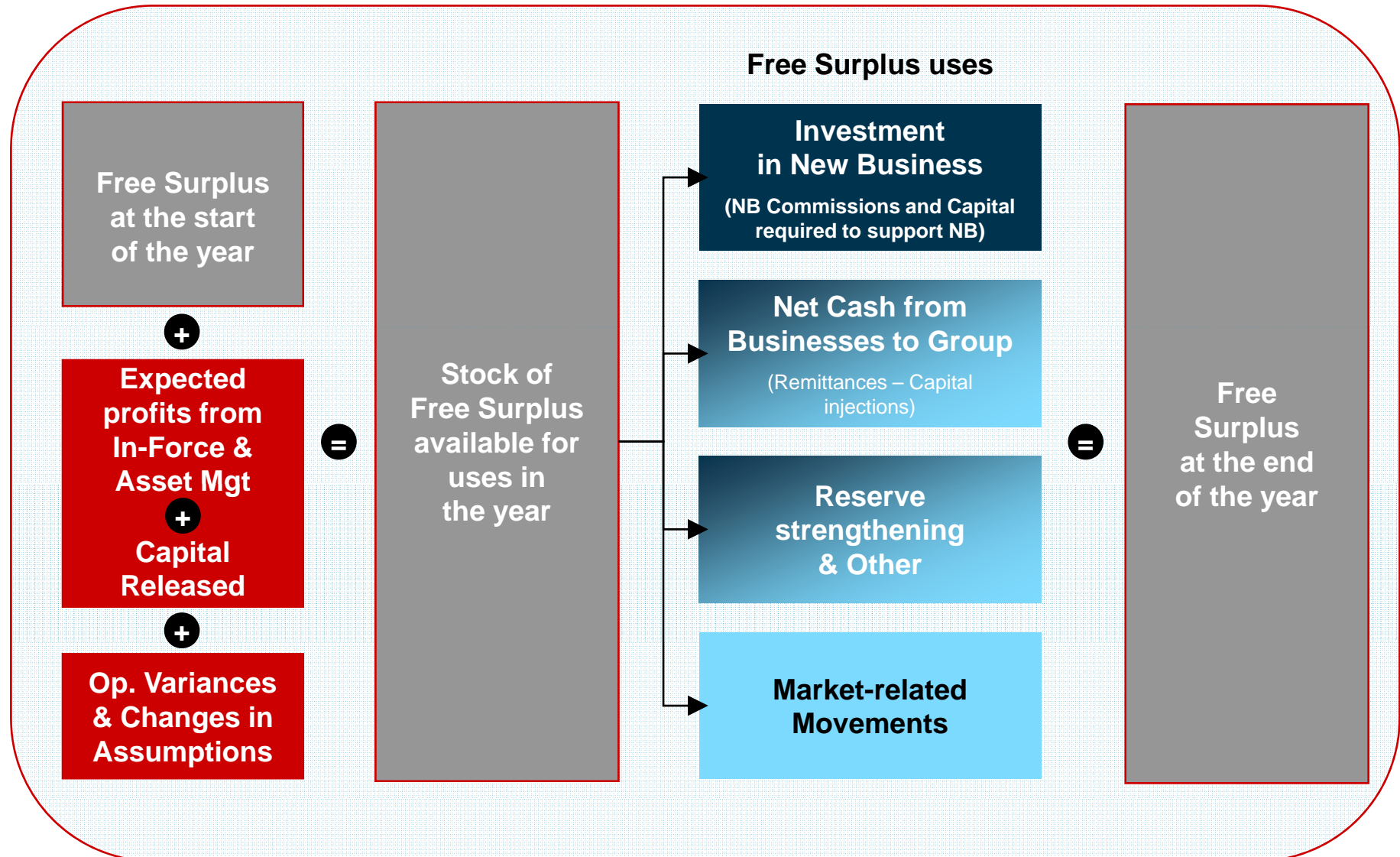


* Excluding the £100m special dividend to PAC shareholders fund occurring because of earlier business disposals

** Excluding Egg proceeds of £527m

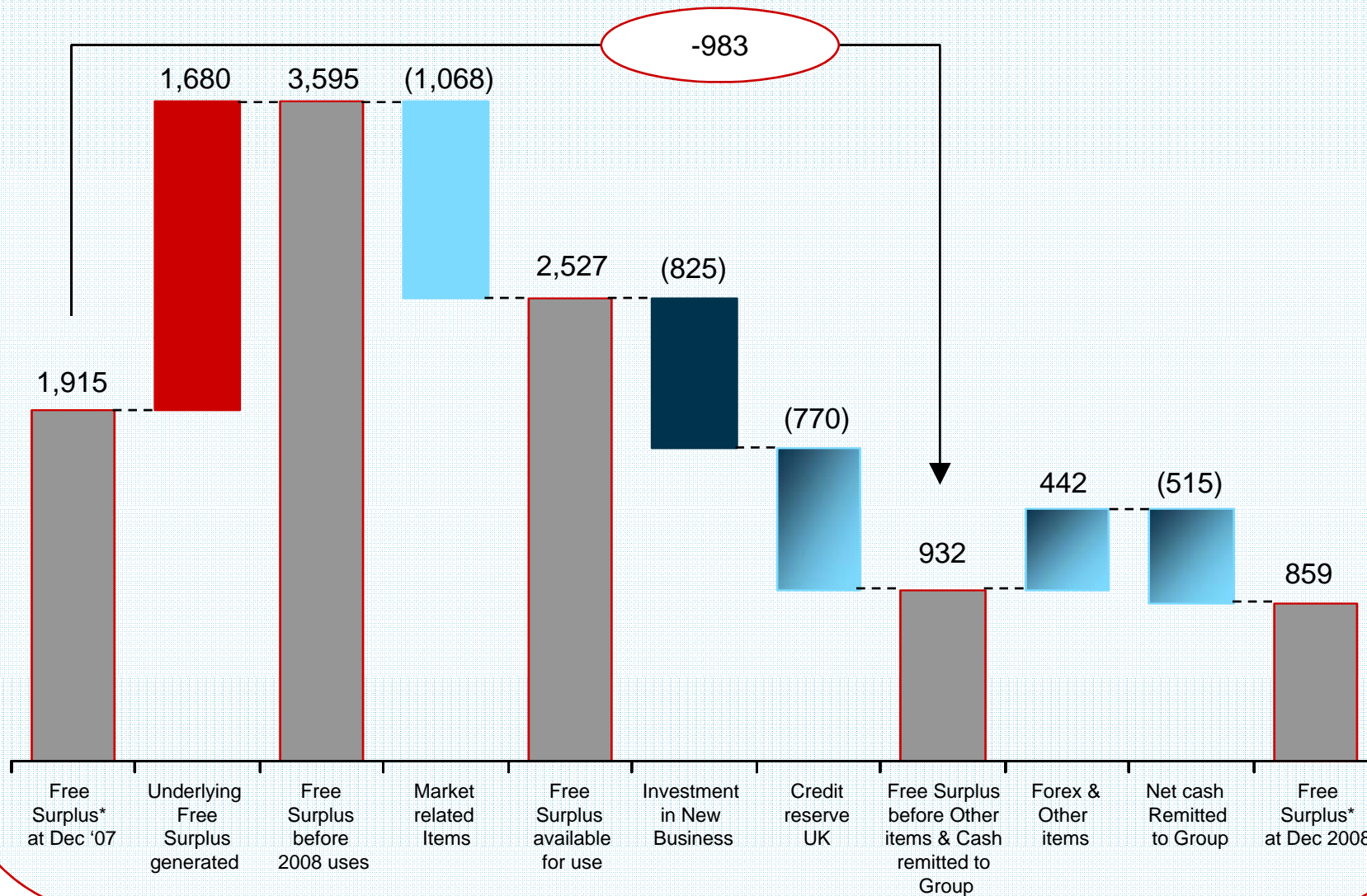
Free Surplus – Overview

Free Surplus, a key area of management focus



Free Surplus – Life & Asset Management (AM)

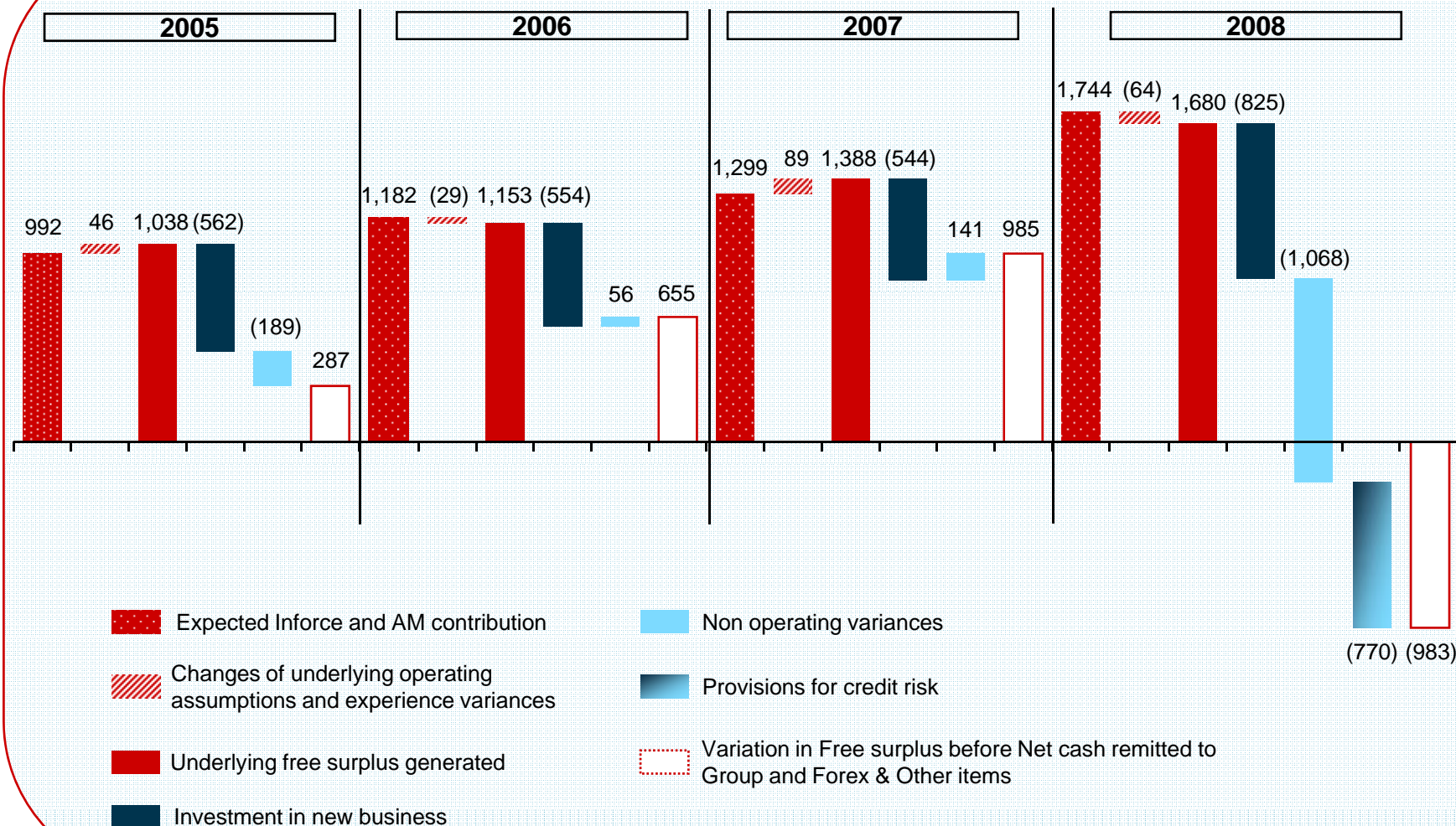
Evolution of Free surplus FY2007 to FY2008 – at AER, £m



* For AM free surplus equates to the IFRS operating profit and net assets excluding goodwill

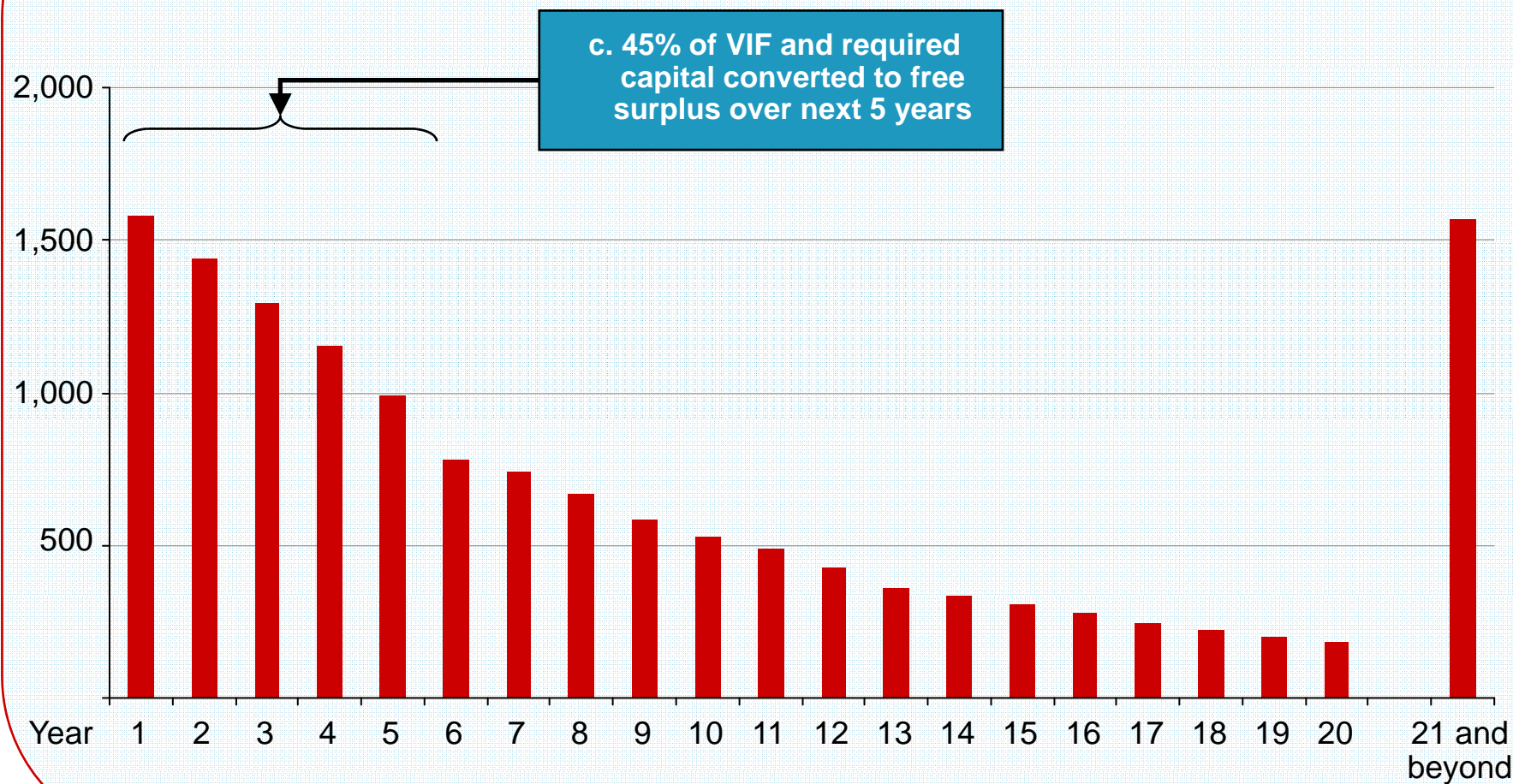
Free Surplus Generation - Life and AM

Annual generation of free surplus – at AER, £m



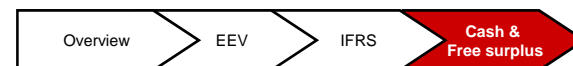
Free Surplus – Expected generation from Life

Expected contribution of In-Force & Release of required capital to Free Surplus* - £m



* Discounted cashflows excluding the inherited estate

Free Surplus – Summary



- Generated **£1.7bn of free surplus from in-force** in 2008
- £825m invested in new business increasing VIF with **a fast payback of 4 to 6* years**
- Paid to group net cash of **£515m** for dividend, interest payment and corporate activities
- **c.45% of the VIF** and required capital to convert to free surplus **over the next 5 years**
- Free surplus for Life and Asset management as at 30th December 2008 including Taiwan £859m and **£1.8bn excluding Taiwan**

* Undiscounted cashflows

- Performance on key financial metrics
 - EEV
 - IFRS
 - Cash and Free Surplus

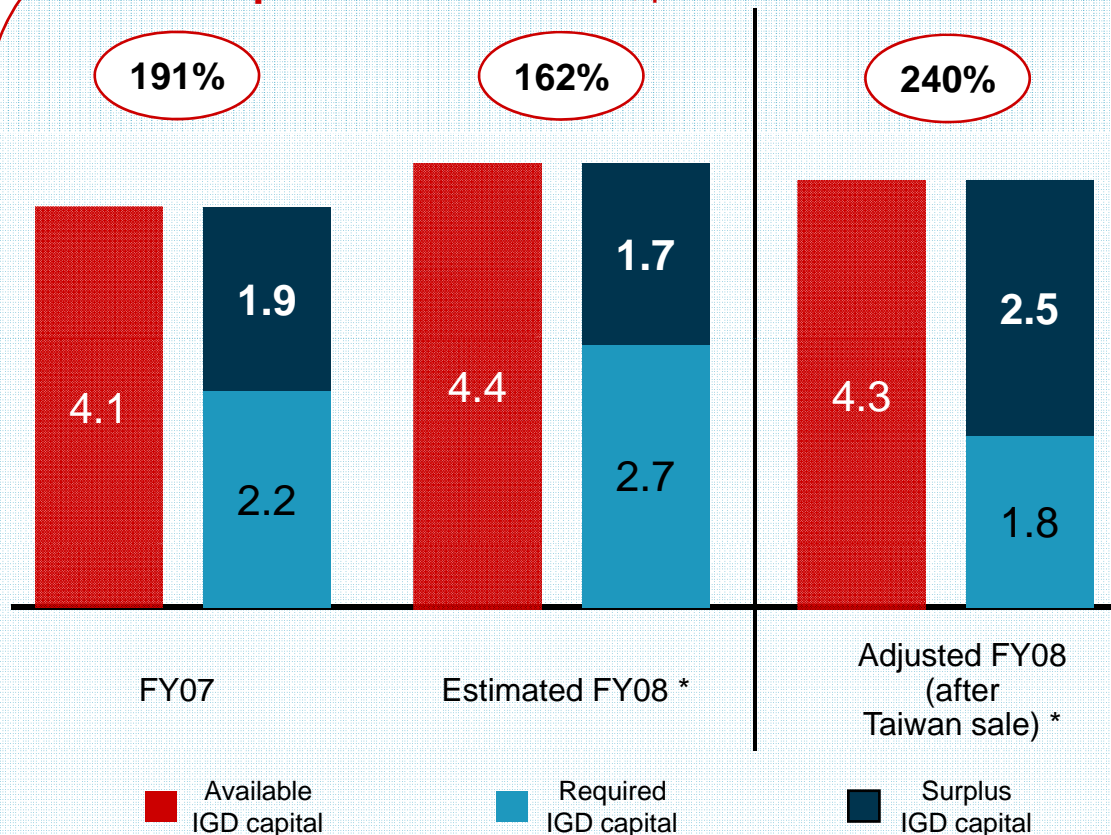
- **Management of risk & capital**

- **Solvency capital position**
 - Profile of Asset portfolio

IGD Capital – Current Position

Strong Capital base

IGD Capital Position – £bn, pre-dividend



- As a result of management actions capital position is strong and resilient.
- Sensitivity** of IGD surplus at FY08:

40% equity fall	£(350)m
150bps fall in interest rates	£(300)m
10x expected Credit defaults	£(500)m

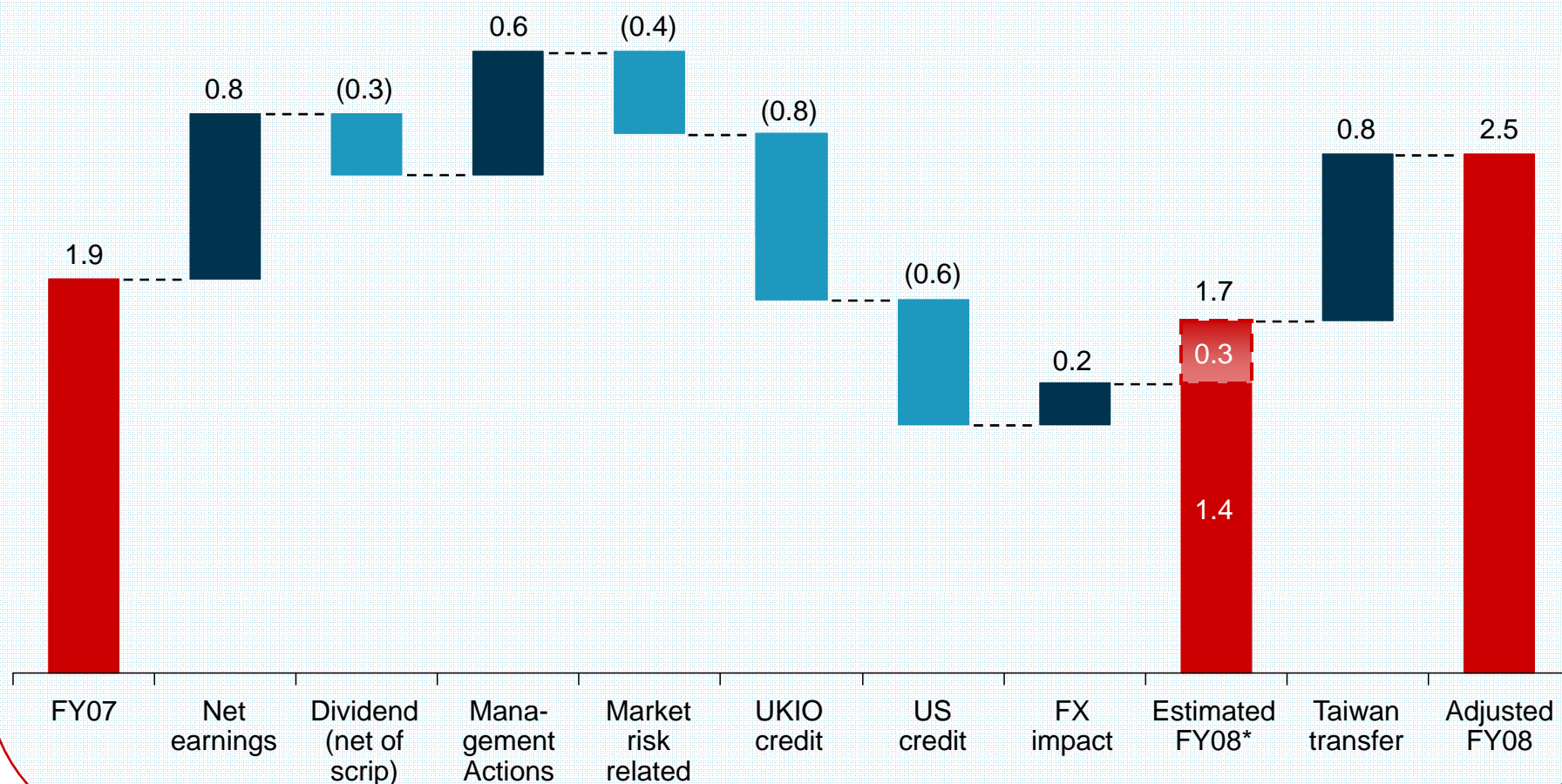
Solvency ratio
(Available / Required IGD Capital)

* Before final dividend. Includes benefit of £0.3bn shareholder interest in PAC With-profits fund

** Before sale of Taiwan business

IGD Capital – Movement over 2008

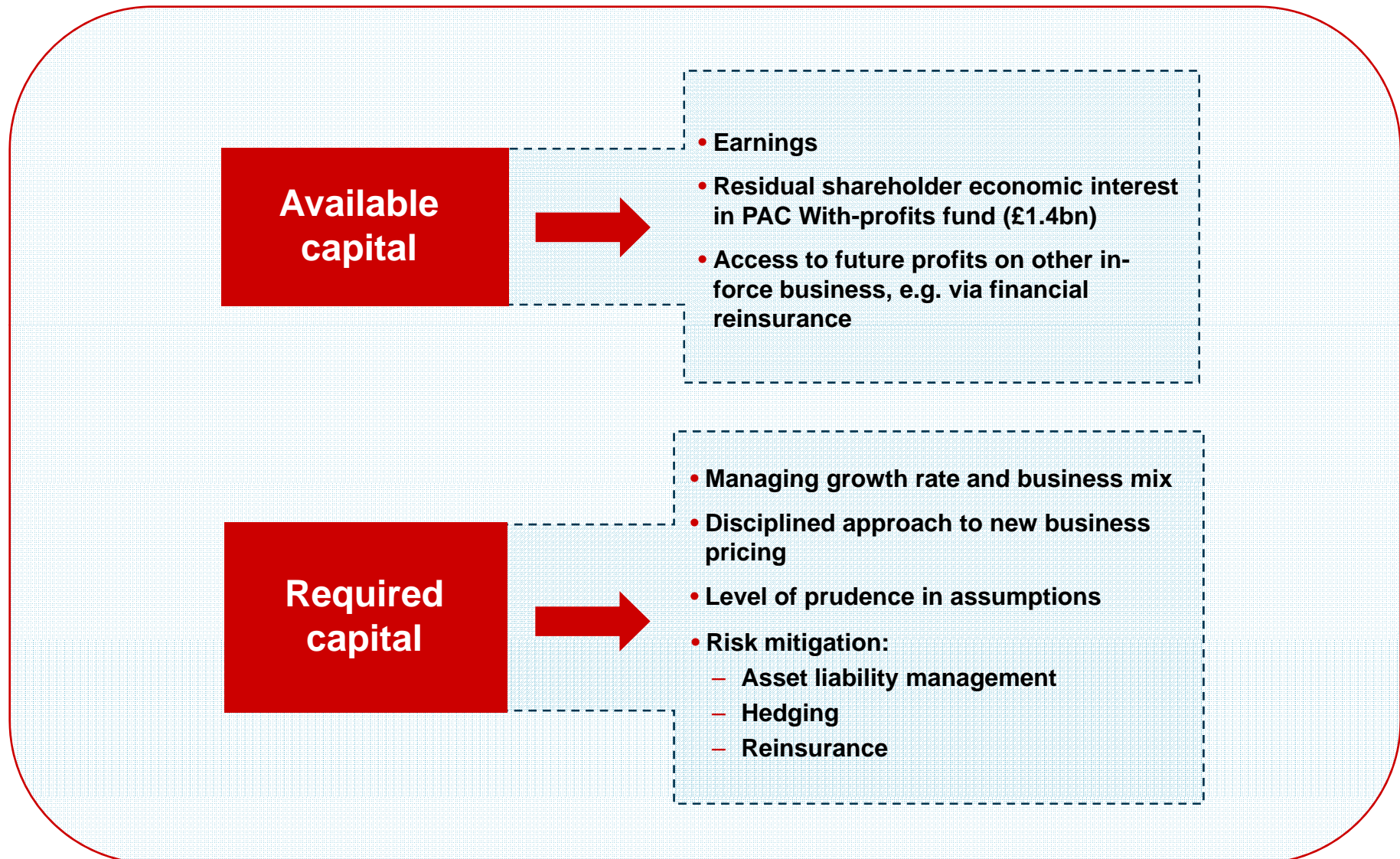
Movement in IGD Capital Position: FY07 to FY08 – £bn



* Including Shareholder Interest in Future Transfers from PAC With-Profit funds for £0.3bn

IGD Capital – Examples of Available Levers

Various levers are available to manage capital



- Performance on key financial metrics
 - EEV
 - IFRS
 - Cash and Free Surplus

- **Management of risk & capital**

- Solvency capital position
- **Profile of Asset portfolio**

Invested assets – Group Overview

Shareholder assets 31% of total group assets

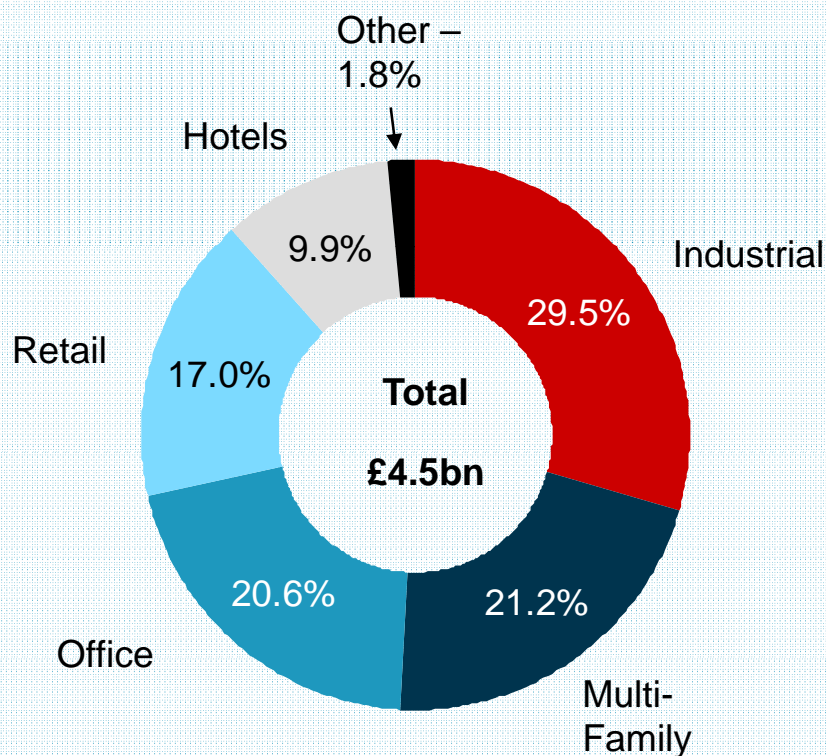
Breakdown of Invested Assets – FY2008, at AER, £bn

	Total Group	PAR Funds	Policy holders	Shareholder s
Debt securities	95.2	43.0	6.3	45.9
Equity	62.1	31.8	29.2	1.1
Property Investments	12.0	9.9	0.7	1.4
Commercial mortgage loans	5.5	0.2	0.0	5.3*
Other loans	5.0	2.0	0.1	2.9
Deposits	7.3	4.8	0.9	1.6
Other Investments	6.3	3.8	0.2	2.3
Total	193.4	95.5	37.4	60.5

* Out of which the US portfolio is £4.5 bn

US Commercial Mortgage Loan Portfolio

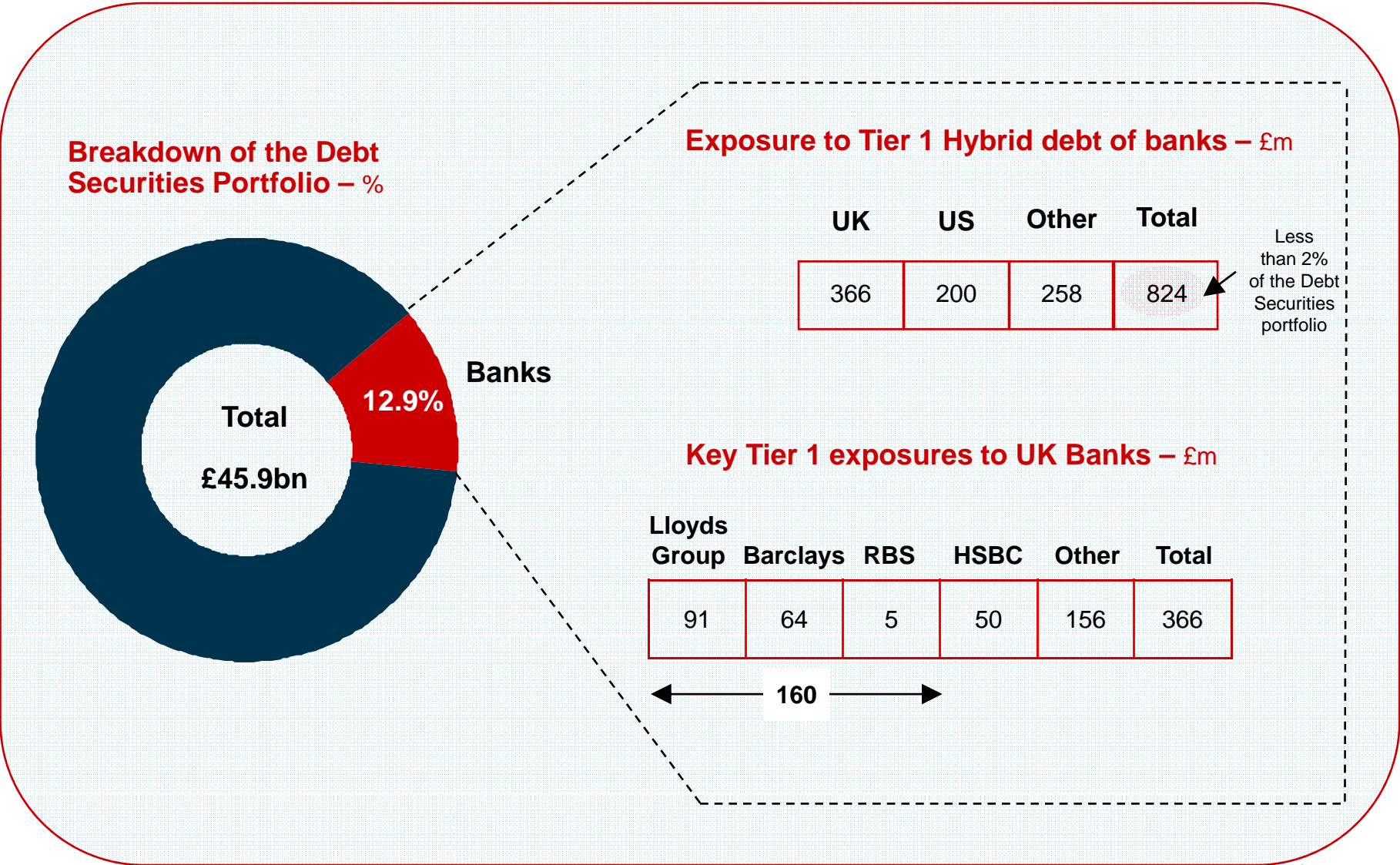
Breakdown by Property type – FY2008, %



- **High level of diversification**
 - Average loan size of £7.5m
 - Spread across property type
 - Geographic diversification
- **Strong underwriting discipline**
 - Estimated average LTV of 73%
 - No foreclosure or restructuring in 2008
 - Only 2 defaults with a loss since May 1995

Exposure to the Banking sector

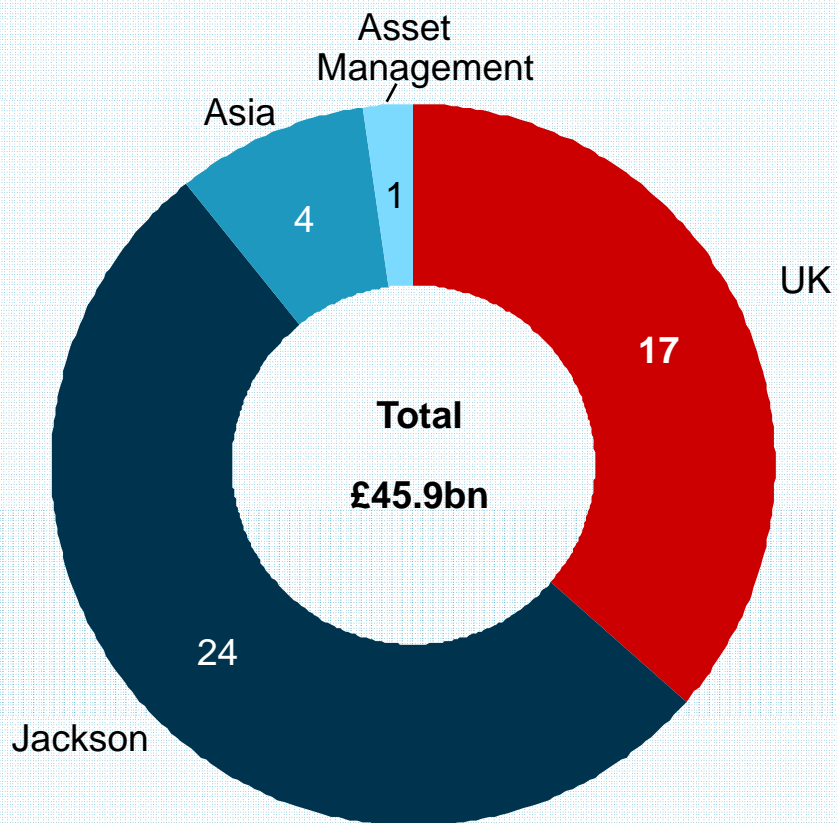
Limited exposure to Tier 1 Hybrid



Group Debt Securities Portfolio

Analysis by business unit

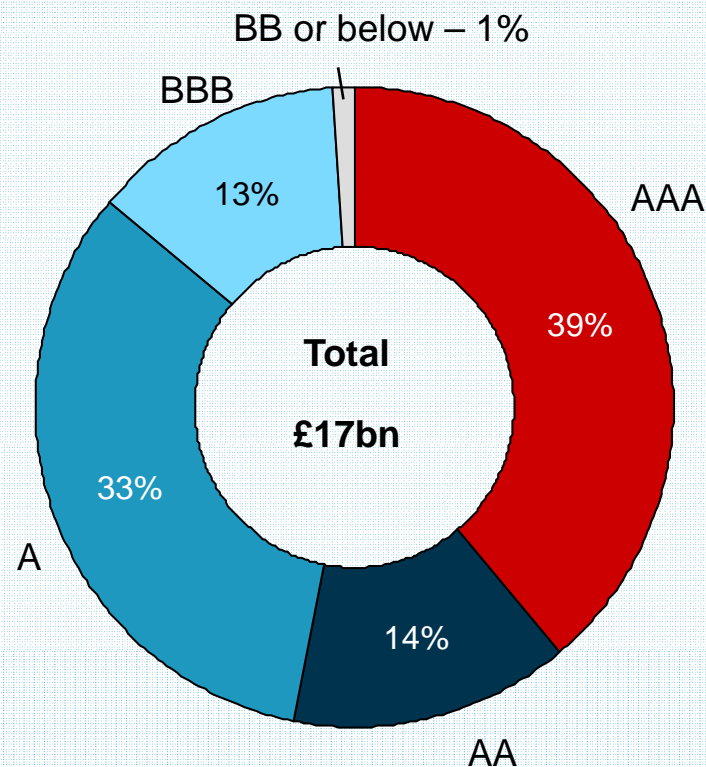
Shareholder Exposure – FY08, £bn



UK Asset Quality – Credit Reserve

Enough to withstand significant default and downgrade risk

UK Shareholder Debt Securities Portfolio by rating* – FY2008, %



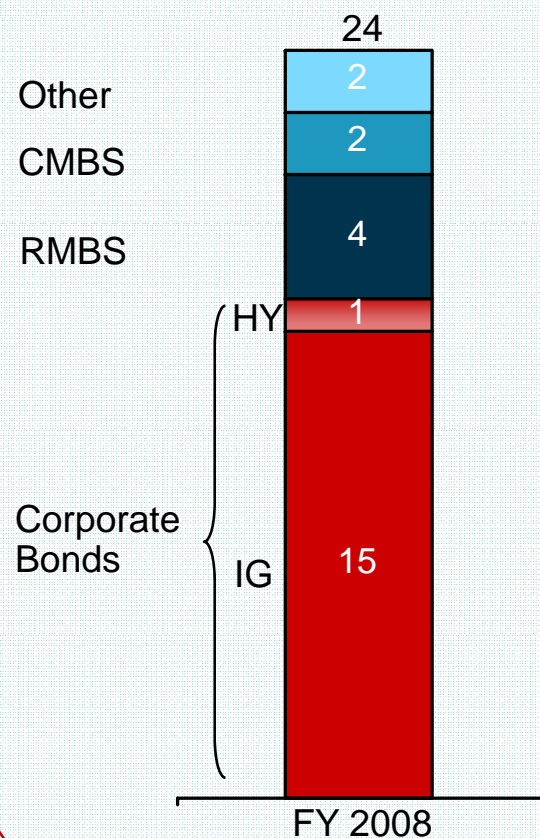
86% A or above

Strength of the £1.4bn Credit reserve

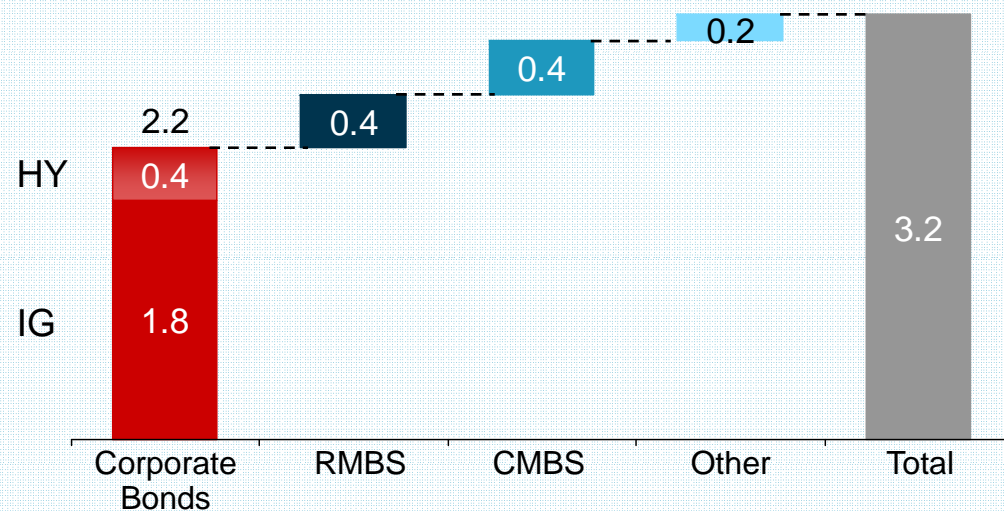
- Equal to 10% of the credit related assets backing shareholders' annuity business
- Covers a repeat of the Great Depression defaults (78bps) occurring each year over the outstanding lifetime of the portfolio
- Equivalent to
 - Defaults of 185bps per annum for three years (more than 12 times long-term expected default levels)
 - Followed by defaults of 45bps per annum

US Asset Quality

US Shareholder Debt Securities Portfolio – Market value, £bn



Breakdown of Unrealised losses – FY2008, £bn

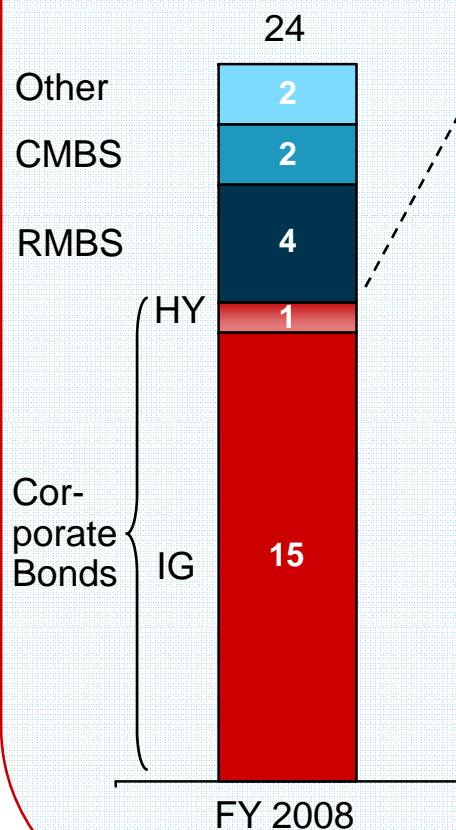


Actual losses booked in IFRS profit – FY2008, £m

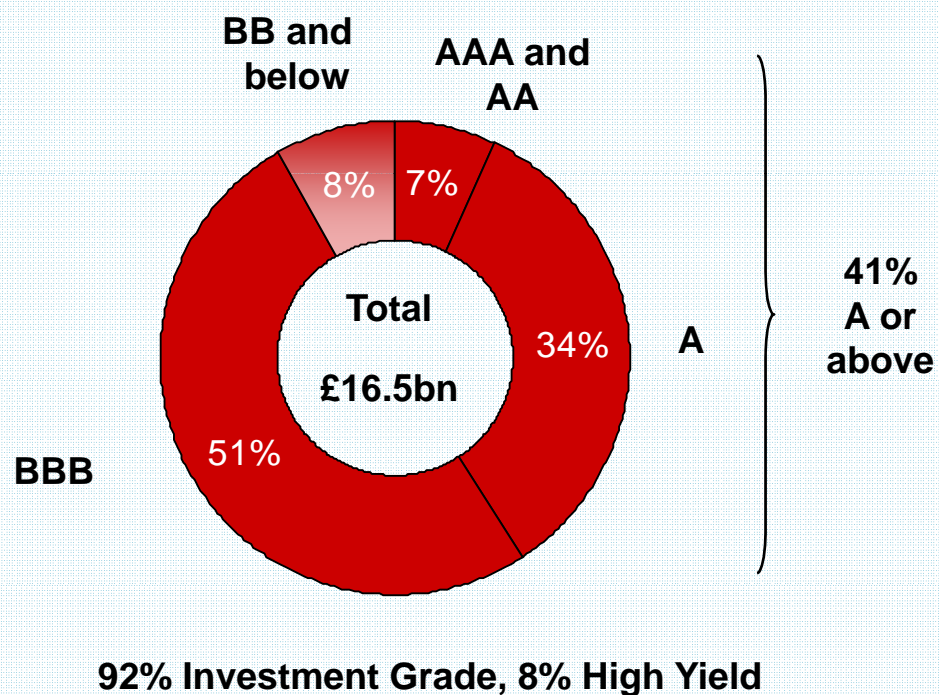
Defaults	Loss on Sale of impaired / deteriorating bonds	Write-downs
£78m	£127m	£419m

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

US Shareholder Debt Securities Portfolio – Market value, £bn



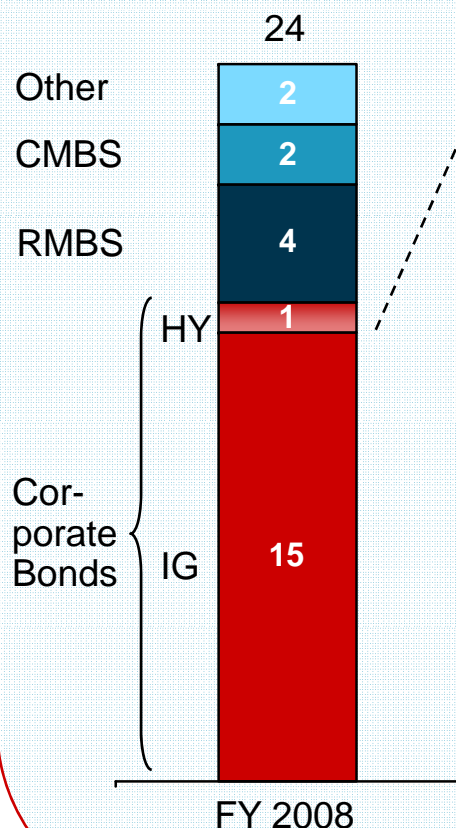
Corporate Bond Portfolio by rating – %



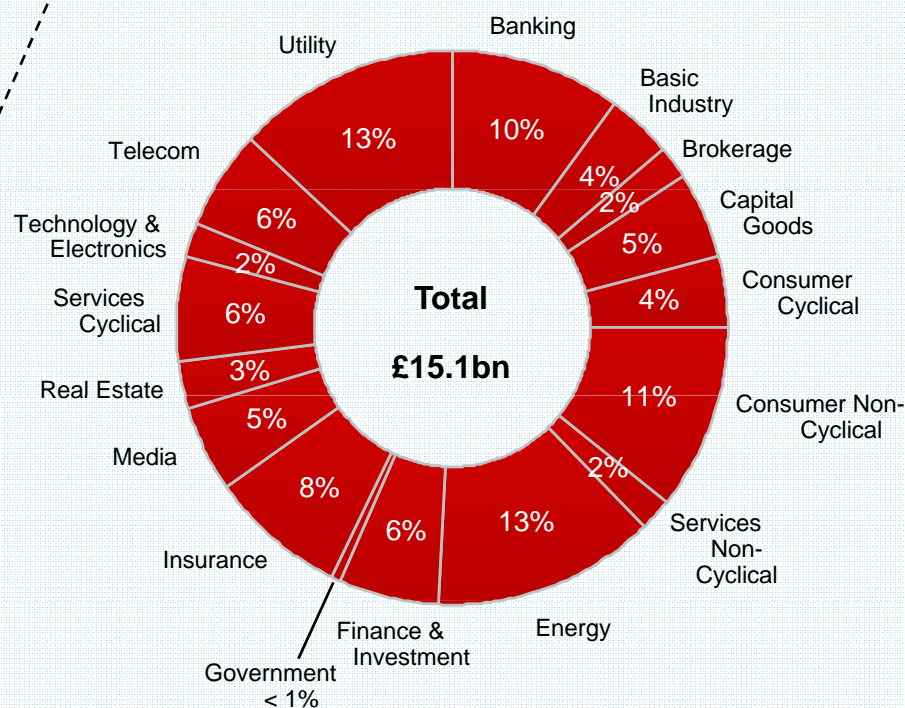
US Asset Quality – Corporate Debt Portfolio (2/3)

US Shareholder Debt Securities Portfolio –

Market value, £bn



Investment Grade Corporate Bond Portfolio by sector – %

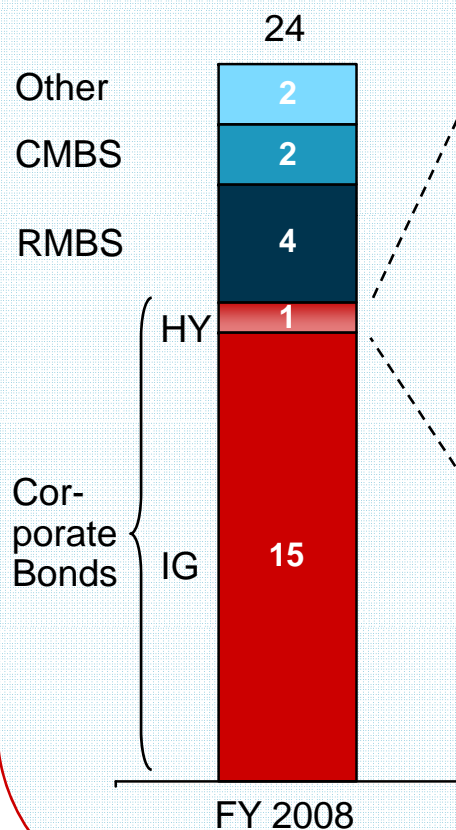


- Portfolio spread over 489 issuers, with an average holding of £31m

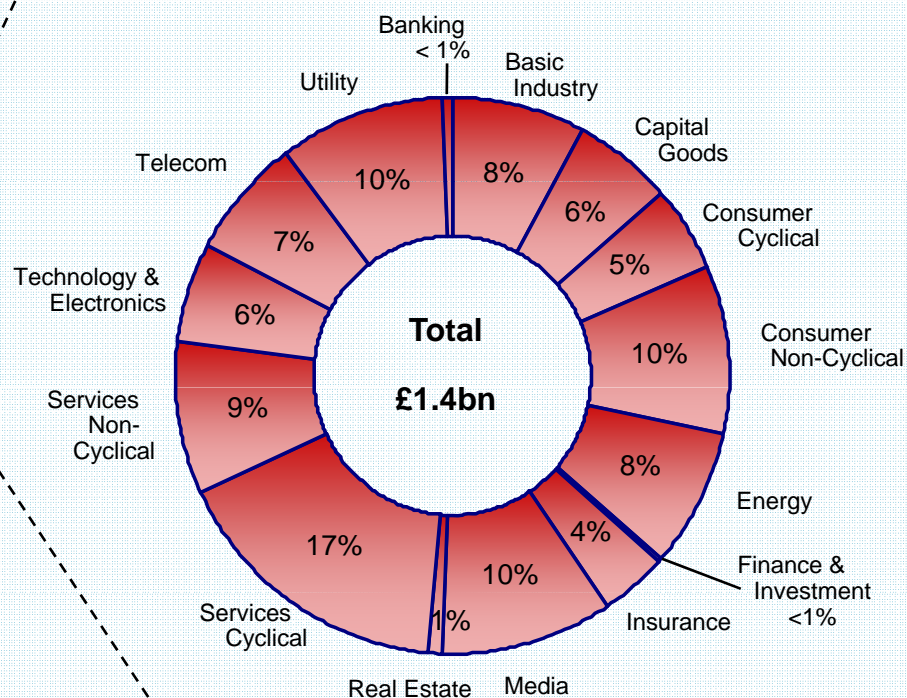
US Asset Quality – Corporate Debt Portfolio (3/3)

US Shareholder Debt Securities Portfolio –

Market value, £bn



Investment Grade Corporate Bond Portfolio by sector – %

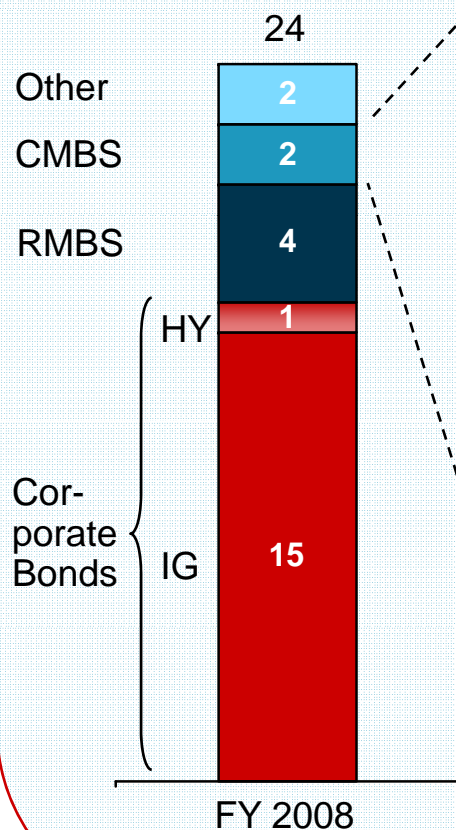


- Portfolio spread across 181 issuers, with an average holding of £8m

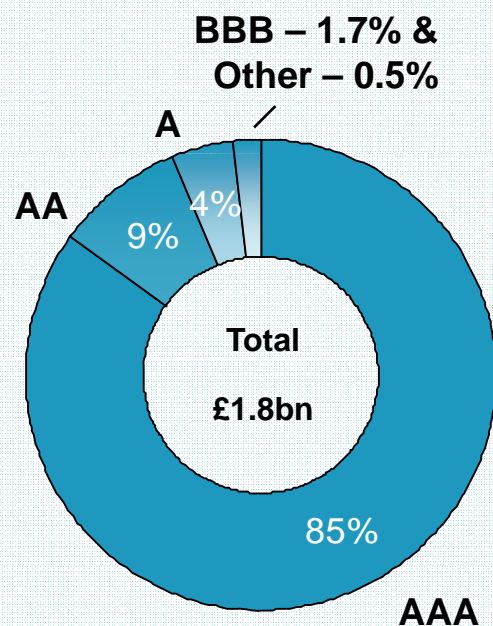
US Asset Quality – CMBS Portfolio

US Shareholder Debt Securities Portfolio –

Market value, £bn



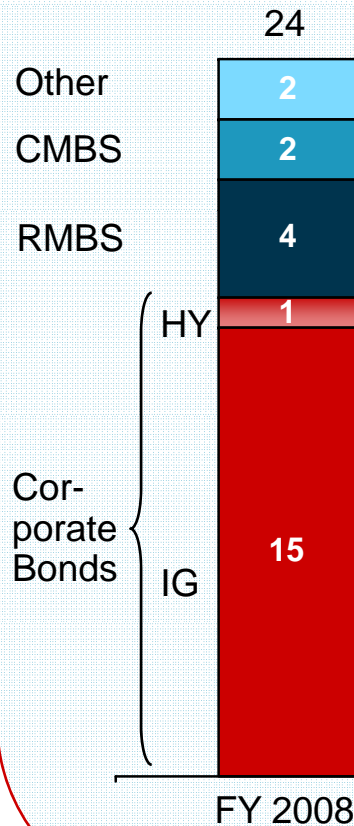
CMBS portfolio by rating– %



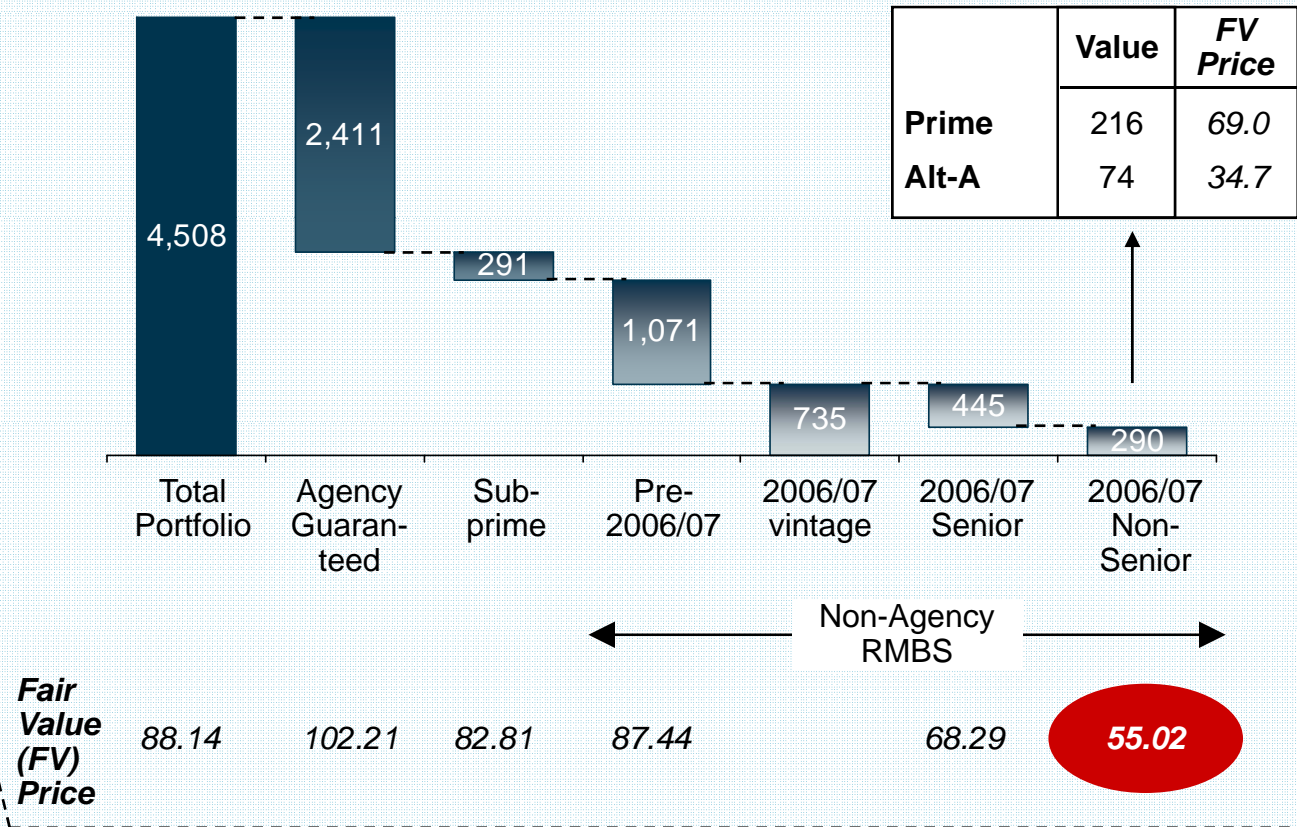
- Average credit enhancement of the portfolio is 30%
- 96% of post-2005 bonds rated AAA
- 81% of the total AAA bonds are in Senior AAA tranche

US Asset Quality – RMBS Portfolio

US Shareholder Debt Securities Portfolio – Market value, £bn



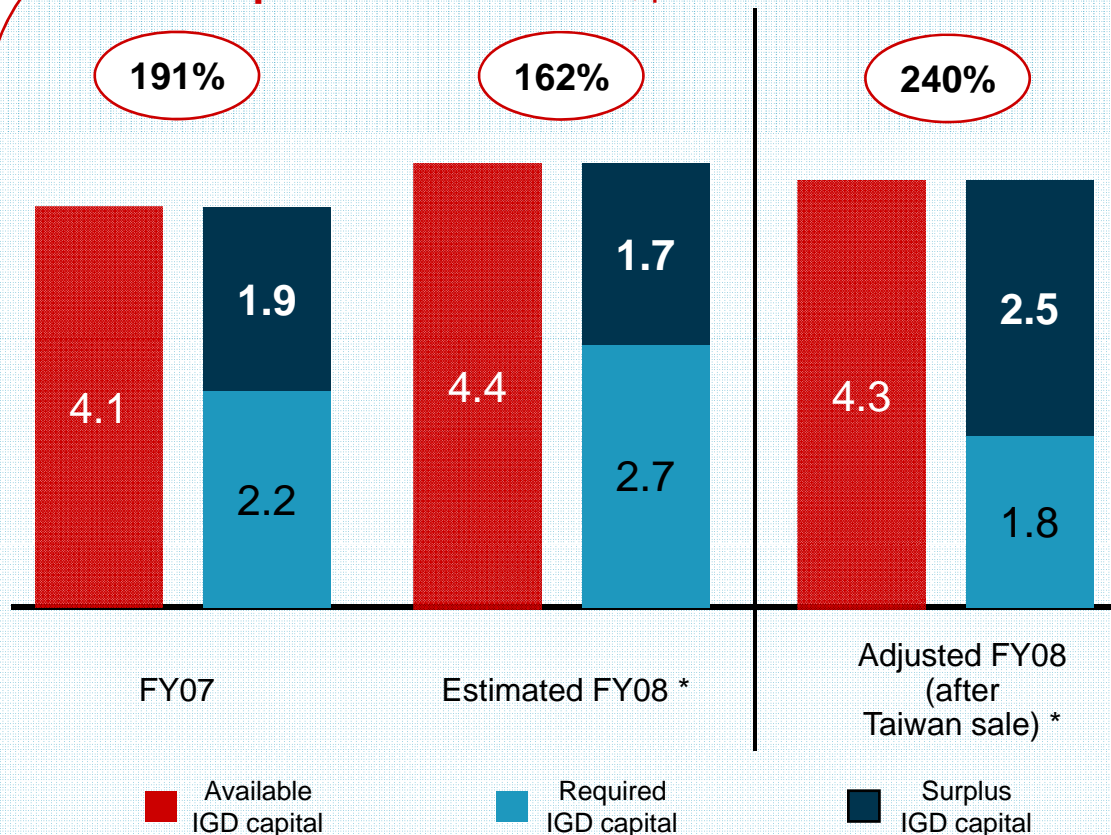
Breakdown of the RMBS portfolio – £m



IGD Capital – Current Position

Credit as our key exposure

IGD Capital Position – £bn, pre-dividend



Solvency ratio
(Available / Required IGD Capital)

- As a result of management actions capital position is strong and resilient.
- Sensitivity** of IGD surplus at FY08:

40% equity fall	£(350)m
150bps fall in interest rates	£(300)m
10x expected Credit defaults	£(500)m

* Before final dividend. Includes benefit of £0.3bn shareholder interest in PAC With-profits fund

** Before sale of Taiwan business

Summary

- **Strong operating performance**
- **Prudent but proactive approach to capital and risk management**
 - Resilient solvency position enabled by proactive capital management
 - Prudent management of the credit portfolio
 - Decisive action taken when necessary
- **Preserving Capital and Cash as a primary focus in 2009**

Prudential plc 2008 Full Year Results

Agenda

Introduction

Mark Tucker

Financial Review

Tidjane Thiam

Business Review & Outlook

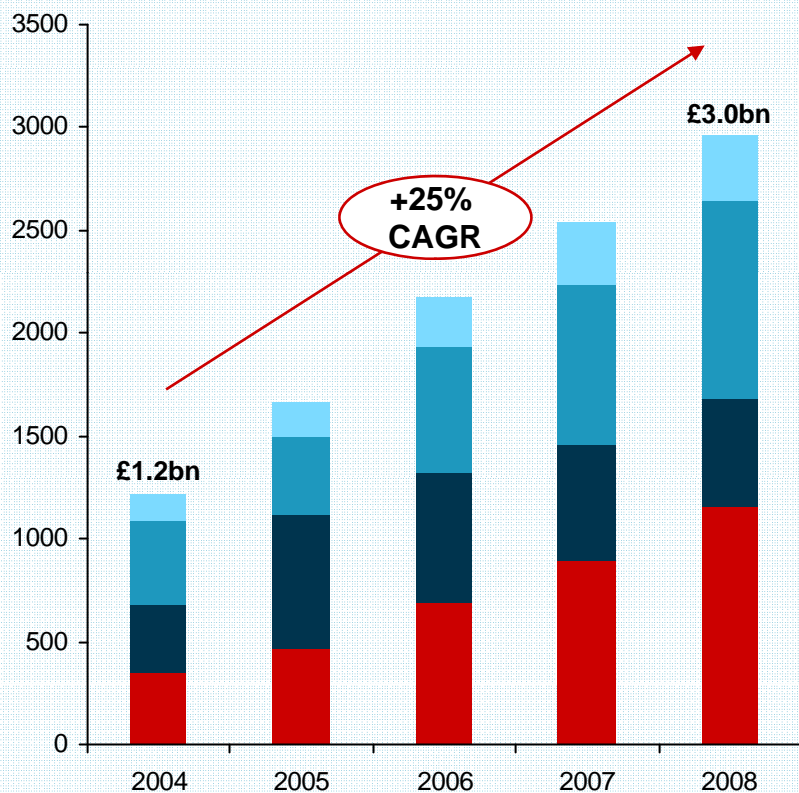
Mark Tucker

Questions

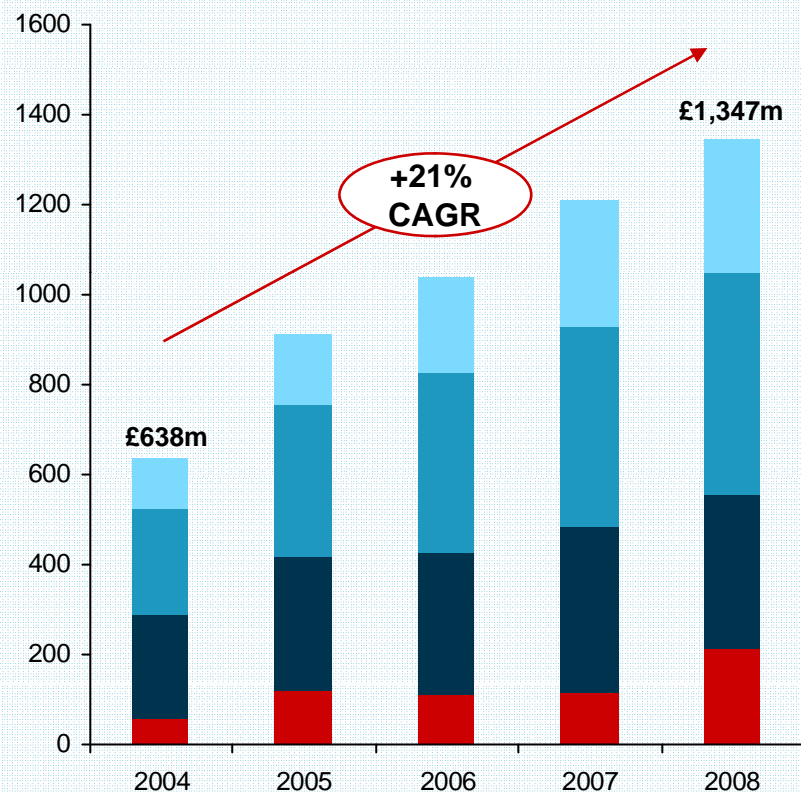
Business Review

Delivery of strategy - sustained financial performance

EEV Operating Profit – in £m



IFRS Operating Profit – in £m



Asia Life

Jackson

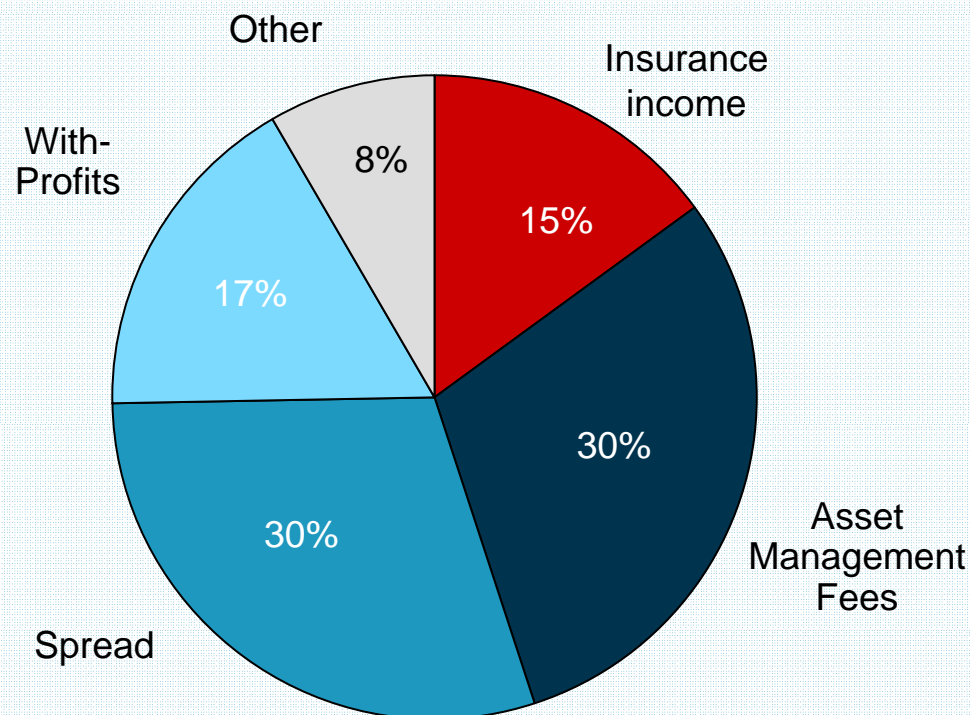
UKIO

Asset Management

Business Review

Diversified business model – Earnings

Sources of Profit – IFRS Operating profit 2008*

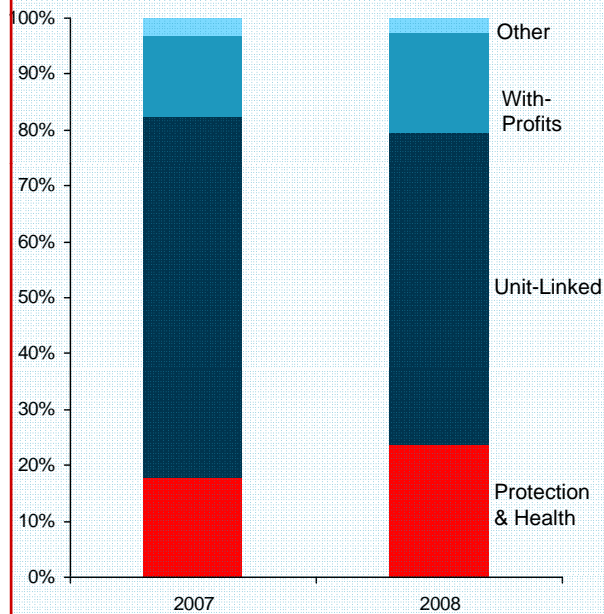


* Life (excluding net unallocated expenses, US DAC amortisation and Group expenses) and Asset Management

Business Review

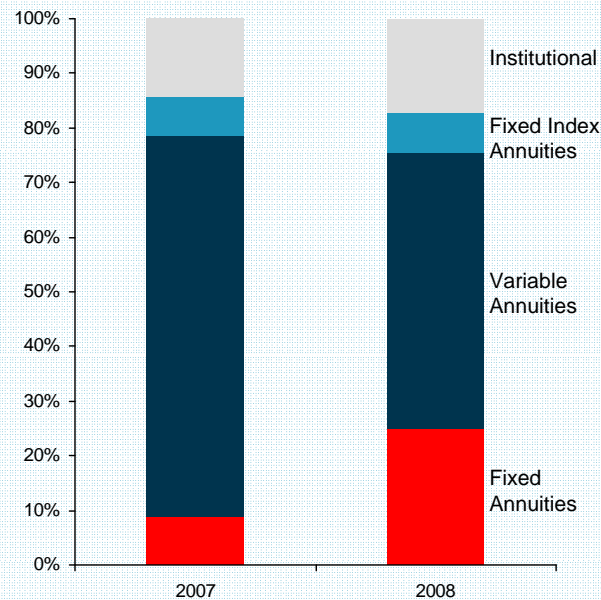
Diversified business model – Product

**Asia resilient regular premiums;
growth in protection and health
% of APE**



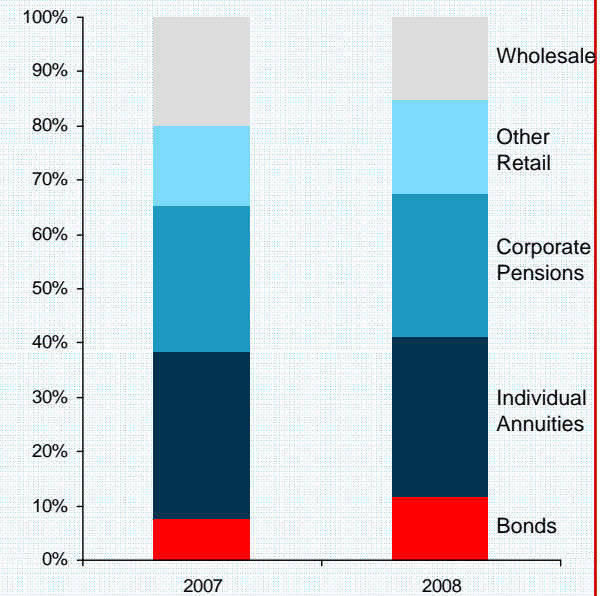
Regular premiums ↑ 10%
Single premiums ↓ 19%

**Jackson strength across annuities
% of APE**



Record sales in
2008

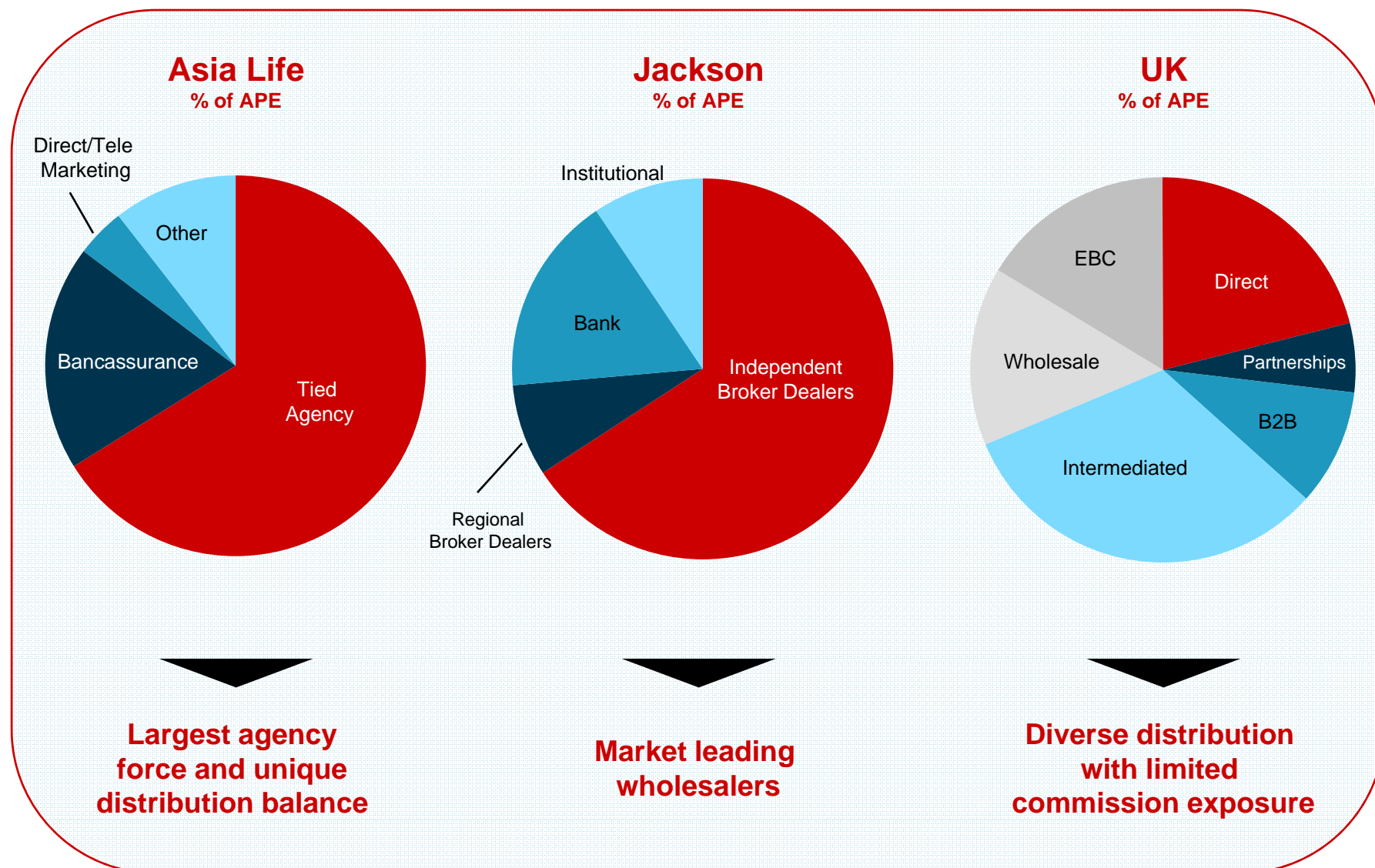
**UK defensive portfolio
% of APE**



With-Profits
37% of retail sales

Business Review

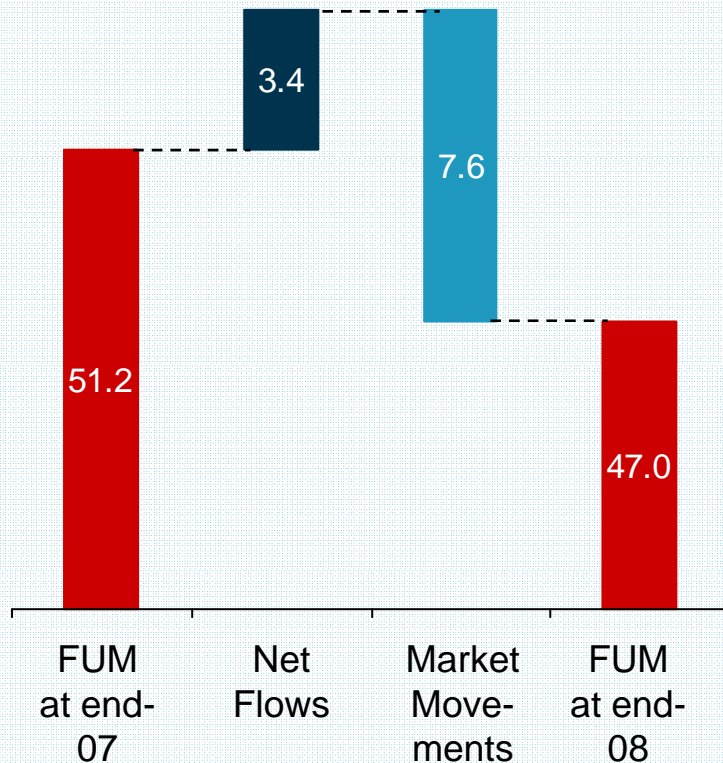
Diversified business model – Distribution



Business Review

M&G a clear differentiator

M&G External Funds Under Management (FUM) – in £bn



Retail

- 25% of funds top-decile over 3 years
- 35% of funds top-quartile over 3 years
- 62% increase in UK net inflows compared to a 57% fall across the UK industry (Source: IMA)
- Decline in FUM of 12% v average 23% across the industry
- Ranked third for UK net inflows in 2008 and first in the fourth quarter (Source IMA)

Institutional

- £1.3bn of net inflows compared with outflows of £6.3bn across the UK industry (Source: Lipper)
- 70% of institutional fixed income mandates met or exceeded benchmark over 3 years

Business Review

Life operations performance in 2008

Asia: Outgrowing the region by 2.5 times¹

Country	Market Share	Rank
Indonesia	↑	1 st
Singapore	↓	1 st
Vietnam	-	1 st
Malaysia	↑	n/a
China ²	↑	2 nd
India	↑	2 nd
Hong Kong	↑	2 nd
Philippines	↑	4 th
Taiwan	↓	8 th
Thailand	-	10 th
Korea	↓	14 th

Jackson: Strong profitable positions in VAs and FAs

Market Share	2007	2008
Variable annuities	5.1%	4.3%
Fixed annuities	2.5%	3.9%
Fixed Indexed annuities	3.5%	3.5%

UKIO: Profitable share gains in UK Retail

Prudentia Growth	↑	+10%
Market Growth	↓	(10%)

Business Review

Consistent strategy and rigorous operating principles

- ① Focus on the retirement opportunity
 - Largest profit pool in retail financial services
- ② Attractive geographic spread
- ③ Profitable product lines
- ④ Options in terms of capital allocation
- ⑤ Value driven approach to delivering growth
- ⑥ Financial conservatism

Summary and Outlook

- Consistent and compelling strategy
- Well diversified and resilient business model
- Focussed management team
- Balancing new business with cash generation and capital in 2009

Q&A



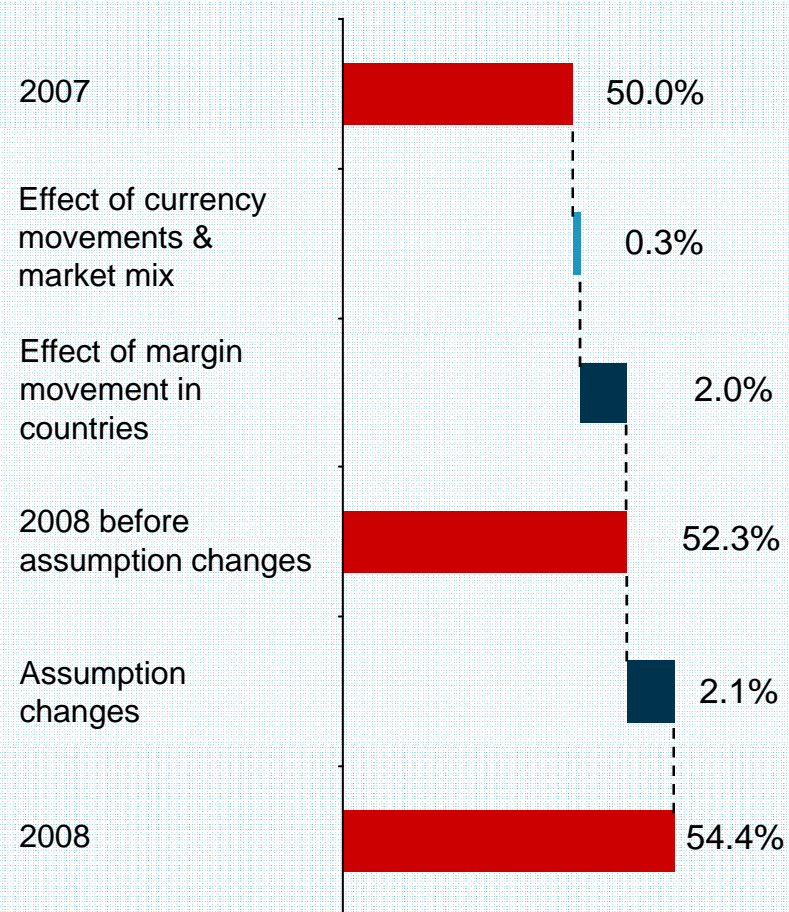
APPENDIX

Appendix 1: New business profitability – Asia Life

NBP Margin* per country - %

	2007	2008
Hong Kong	73%	79%
Taiwan	58%	59%
Indonesia	55%	58%
China	50%	52%
Korea	37%	34%
India	12%	19%
Others**	61%	72%
Total Asia Life	50%	54%

Evolution of NBP Margin* - %

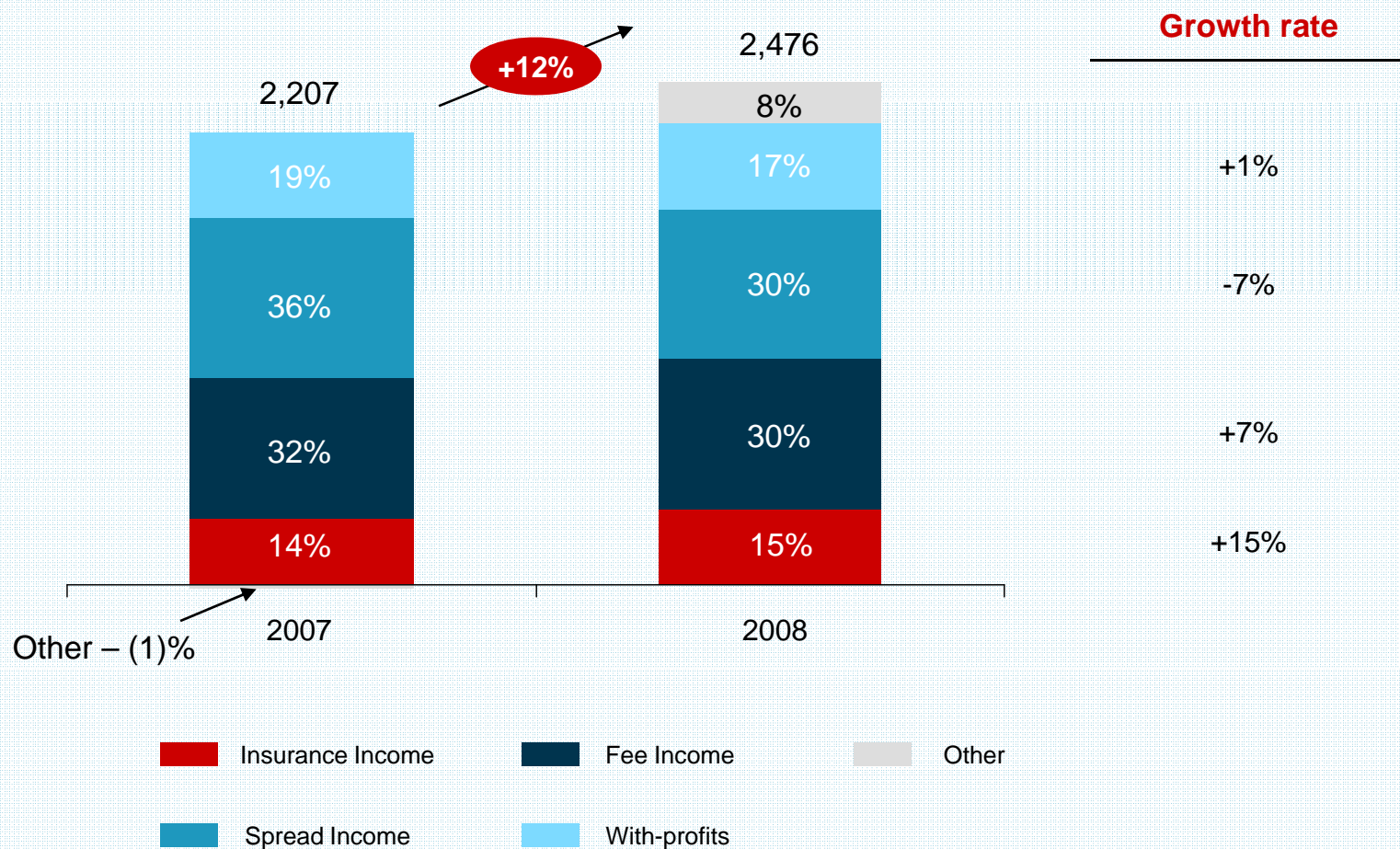


* Based on APE

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

Appendix 2: Sources of IFRS Operating Profit – Group

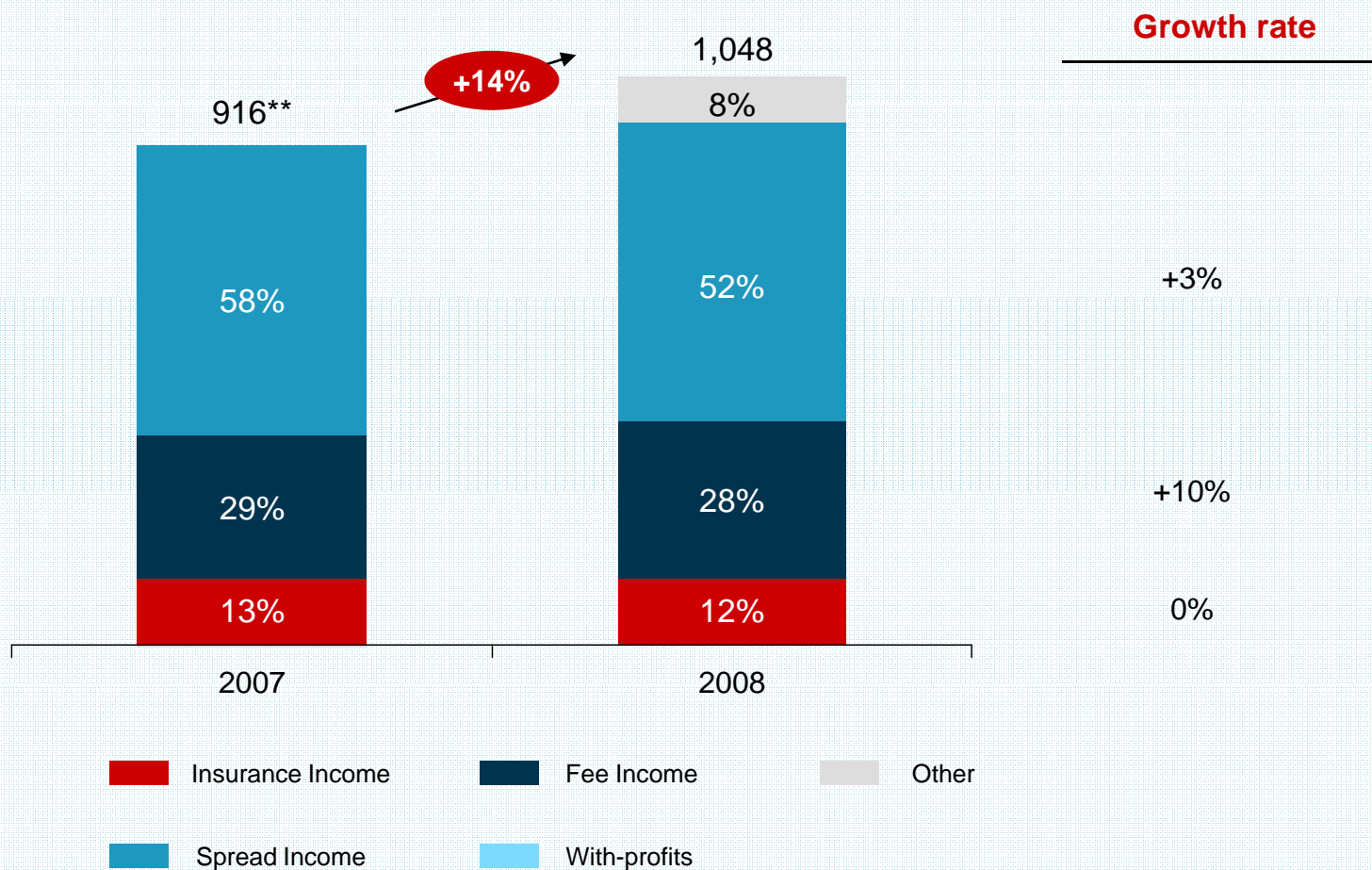
IFRS Operating Profit* – at AER, £m



* Does not include Net unallocated costs (2007: -£426m, 2008: -£365m), JNL DAC (2007: -£286m, 2008: -£450m) and Group expenses (2007: -£294m, 2008: -£314m)

Appendix 2: Sources of IFRS Operating Profit – Jackson

IFRS Operating Profit* – at AER, £m

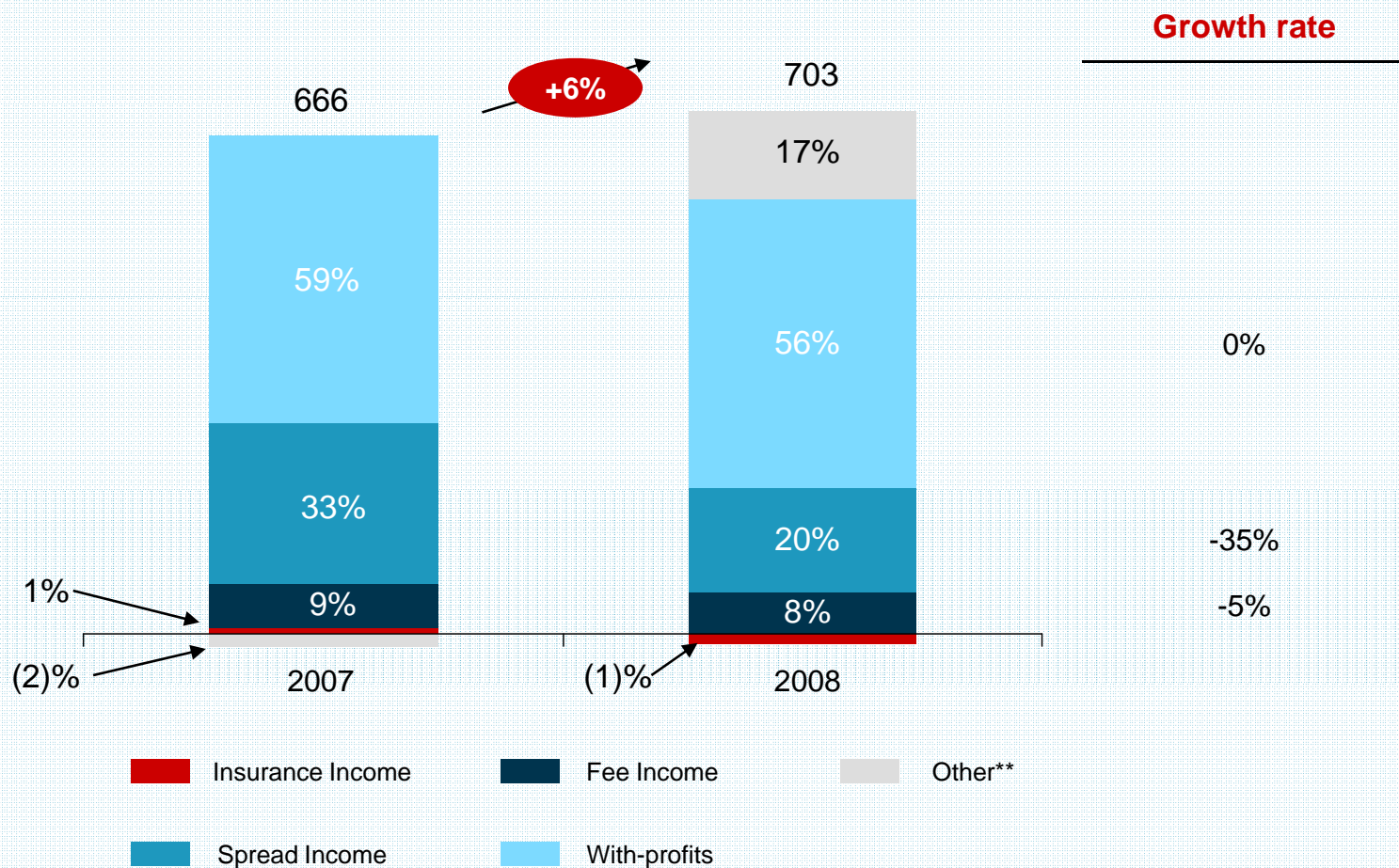


* Does not include Net unallocated costs and DAC (2007: -£472m; 2008: -£642m)

** Includes -£5m of Other (not shown on the graph given less than 1%)

Appendix 2: Sources of IFRS Operating Profit – UKIO

IFRS Operating Profit* – at AER, £m

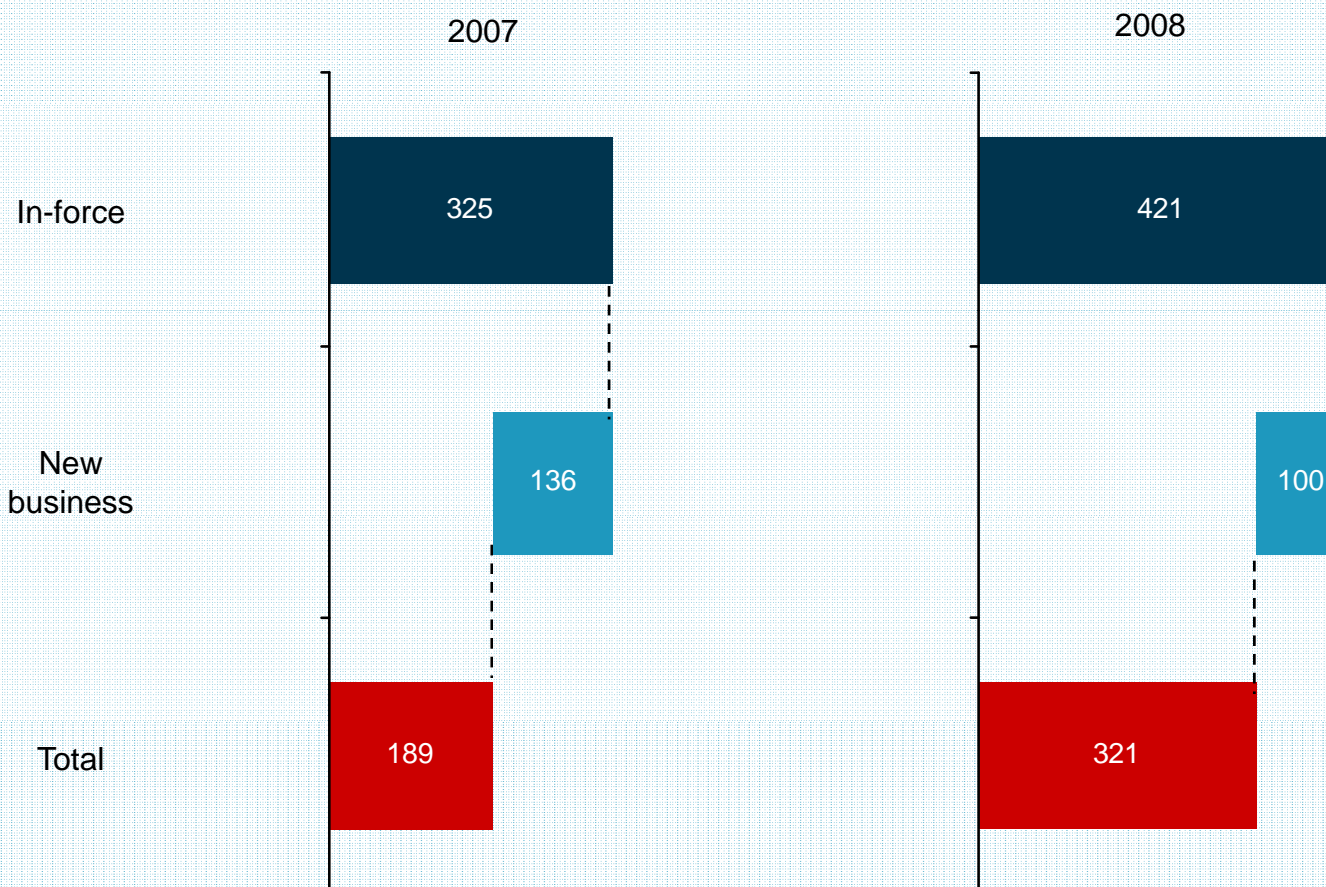


* Does not include Net unallocated costs (2007: -£138m, 2008: -£114m)

** Includes GI Commission

Appendix 3: IFRS Operating Profit – Asia Life

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



Appendix 4: Impact of Taiwan transfer to China Life (Taiwan)

Summary of the transaction

- Transfer of assets and liabilities of agency distribution business to China Life (Taiwan)
- 94% of in-force liabilities transferred, including negative spread products
- Growing Bancassurance and Direct Marketing capabilities retained
- £45m invested for c. 10% stake in China Life (Taiwan), the fourth largest life company in Taiwan

Pro-forma impact on 2008 Group results

EEV

- NBP down £105m
- Operating profit down £90m
- Profit Before tax up £240m
- EEV Shareholder funds up £160m

IFRS

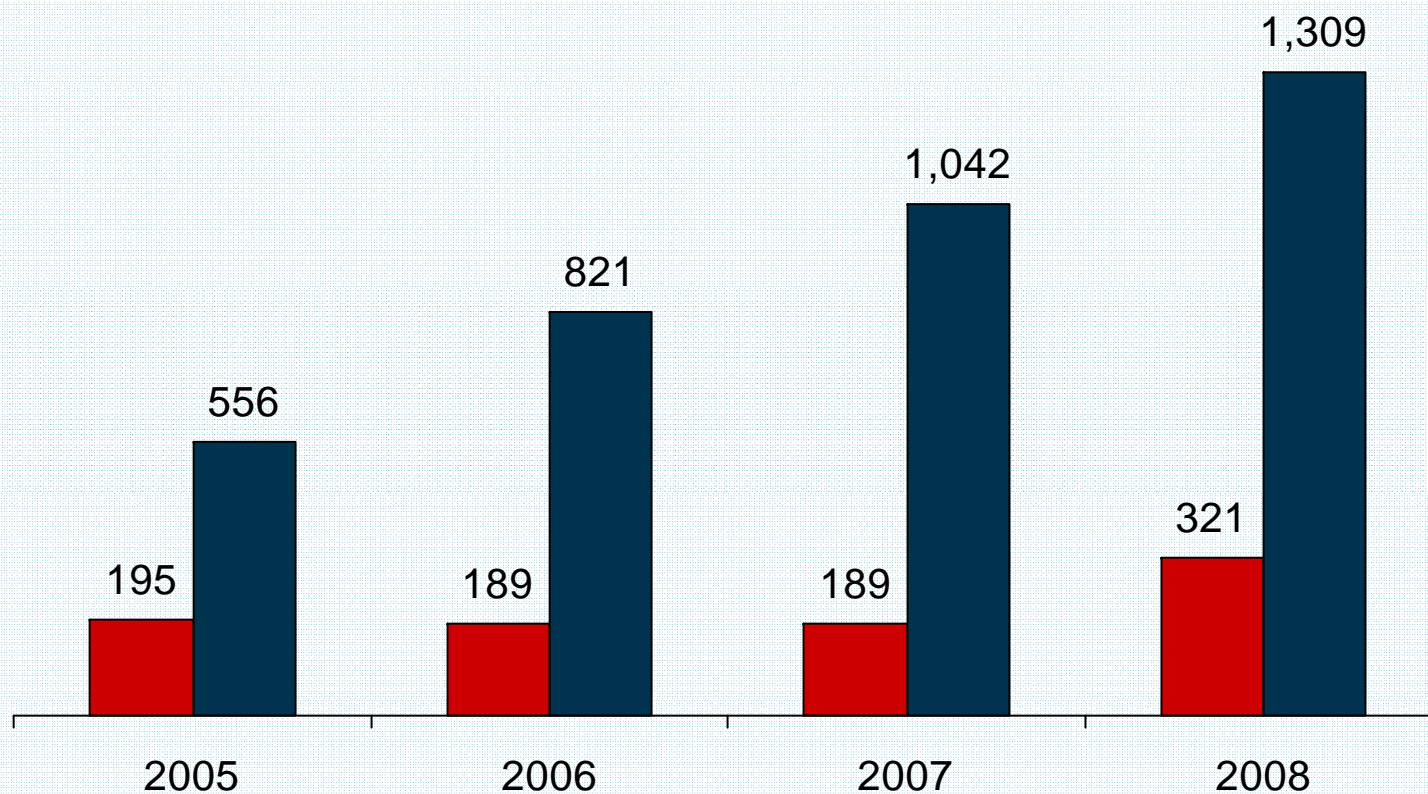
- Operating Profit down £55m
- Profit before tax up £10m
- Shareholder funds down £520m

Cash, Capital

- £0.8 billion increase in IGD surplus
- £0.9 billion increase in Free Surplus

Appendix 5: Growth in IFRS and EEV Operating Profits in Asia

Operating profits* – at AER, £m



* Long-term business, before development costs



Prudential plc 2008 Full Year Results

19 March 2009