

## PRUDENTIAL PLC - NEW BUSINESS - QUARTER 1 2003 VERSUS QUARTER 4 2002

## INSURANCE OPERATIONS

|  | Single        |               |              | Regular       |               |              | Total         |               |              | Annual Equivalents <sup>(2)</sup> |               |              |
|--|---------------|---------------|--------------|---------------|---------------|--------------|---------------|---------------|--------------|-----------------------------------|---------------|--------------|
|  | Q1 2003<br>£m | Q4 2002<br>£m | +/- (%)      | Q1 2003<br>£m | Q4 2002<br>£m | +/- (%)      | Q1 2003<br>£m | Q4 2002<br>£m | +/- (%)      | Q1 2003<br>£m                     | Q4 2002<br>£m | +/- (%)      |
| <b>UK Insurance Operations : <sup>(13)</sup></b>     |               |               |              |               |               |              |               |               |              |                                   |               |              |
| <i>Direct Distribution :</i>                         |               |               |              |               |               |              |               |               |              |                                   |               |              |
| Individual Pensions                                  | 3             | 2             | 50%          | 2             | 2             | 0%           | 5             | 4             | 25%          | 2                                 | 2             | 0%           |
| Corporate Pensions                                   | 196           | 26            | 654%         | 24            | 35            | (31%)        | 220           | 61            | 261%         | 44                                | 38            | 16%          |
| Life   | 4             | 8             | (50%)        | 1             | 1             | 0%           | 5             | 9             | (44%)        | 1                                 | 2             | (50%)        |
| Individual Annuities                                 | 271           | 275           | (1%)         | -             | -             | -            | 271           | 275           | (1%)         | 27                                | 27            | 0%           |
| <b>Sub-Total</b>                                     | <b>474</b>    | <b>310</b>    | <b>53%</b>   | <b>27</b>     | <b>38</b>     | <b>(29%)</b> | <b>501</b>    | <b>348</b>    | <b>44%</b>   | <b>74</b>                         | <b>69</b>     | <b>7%</b>    |
| DWP Rebates  | 280           | 20            | 1300%        | -             | -             | -            | 280           | 20            | 1300%        | 28                                | 2             | 1300%        |
| <b>Total</b>   | <b>754</b>    | <b>330</b>    | <b>128%</b>  | <b>27</b>     | <b>38</b>     | <b>(29%)</b> | <b>781</b>    | <b>368</b>    | <b>112%</b>  | <b>102</b>                        | <b>71</b>     | <b>44%</b>   |
| <i>Intermediated Distribution :</i>                  |               |               |              |               |               |              |               |               |              |                                   |               |              |
| Individual Pensions                                  | 17            | 11            | 55%          | 6             | 7             | (14%)        | 23            | 18            | 28%          | 8                                 | 8             | 0%           |
| Corporate Pensions                                   | 12            | 7             | 71%          | 2             | 2             | 0%           | 14            | 9             | 56%          | 3                                 | 3             | 0%           |
| Life   | 234           | 387           | (40%)        | 8             | 6             | 33%          | 242           | 393           | (38%)        | 31                                | 45            | (31%)        |
| Individual Annuities                                 | 239           | 263           | (9%)         | -             | -             | -            | 239           | 263           | (9%)         | 24                                | 26            | (8%)         |
| Bulk Annuities                                       | 71            | 424           | (83%)        | -             | -             | -            | 71            | 424           | (83%)        | 7                                 | 42            | (83%)        |
| <b>Sub-Total</b>                                     | <b>573</b>    | <b>1,091</b>  | <b>(47%)</b> | <b>16</b>     | <b>15</b>     | <b>7%</b>    | <b>589</b>    | <b>1,106</b>  | <b>(47%)</b> | <b>73</b>                         | <b>124</b>    | <b>(41%)</b> |
| DWP Rebates  | 60            | 45            | 33%          | -             | -             | -            | 60            | 45            | 33%          | 6                                 | 5             | 20%          |
| <b>Total</b>   | <b>633</b>    | <b>1,136</b>  | <b>(44%)</b> | <b>16</b>     | <b>15</b>     | <b>7%</b>    | <b>649</b>    | <b>1,151</b>  | <b>(44%)</b> | <b>79</b>                         | <b>129</b>    | <b>(39%)</b> |
| <i>Partnerships :</i>                                |               |               |              |               |               |              |               |               |              |                                   |               |              |
| Life   | 32            | 11            | 191%         | -             | -             | -            | 32            | 11            | 191%         | 3                                 | 1             | 200%         |
| <b>Total</b>   | <b>32</b>     | <b>11</b>     | <b>191%</b>  | <b>-</b>      | <b>-</b>      | <b>-</b>     | <b>32</b>     | <b>11</b>     | <b>191%</b>  | <b>3</b>                          | <b>1</b>      | <b>200%</b>  |
| <b>Total :</b>                                       |               |               |              |               |               |              |               |               |              |                                   |               |              |
| Individual Pensions                                  | 20            | 13            | 54%          | 8             | 9             | (11%)        | 28            | 22            | 27%          | 10                                | 10            | 0%           |
| Corporate Pensions                                   | 208           | 33            | 530%         | 26            | 37            | (30%)        | 234           | 70            | 234%         | 47                                | 40            | 18%          |
| Life   | 270           | 405           | (33%)        | 9             | 7             | 29%          | 279           | 412           | (32%)        | 36                                | 48            | (25%)        |
| Individual Annuities                                 | 510           | 537           | (5%)         | -             | -             | -            | 510           | 537           | (5%)         | 51                                | 54            | (6%)         |
| Bulk Annuities                                       | 71            | 424           | (83%)        | -             | -             | -            | 71            | 424           | (83%)        | 7                                 | 42            | (83%)        |
| <b>Sub-Total</b>                                     | <b>1,079</b>  | <b>1,412</b>  | <b>(24%)</b> | <b>43</b>     | <b>53</b>     | <b>(19%)</b> | <b>1,122</b>  | <b>1,465</b>  | <b>(23%)</b> | <b>151</b>                        | <b>194</b>    | <b>(22%)</b> |
| DWP Rebates  | 340           | 65            | 423%         | -             | -             | -            | 340           | 65            | 423%         | 34                                | 7             | 386%         |
| <b>Total UK Insurance Operations</b>                 | <b>1,419</b>  | <b>1,477</b>  | <b>(4%)</b>  | <b>43</b>     | <b>53</b>     | <b>(19%)</b> | <b>1,462</b>  | <b>1,530</b>  | <b>(4%)</b>  | <b>185</b>                        | <b>201</b>    | <b>(8%)</b>  |
| <i>European Insurance Operations: <sup>(4)</sup></i> |               |               |              |               |               |              |               |               |              |                                   |               |              |
| Insurance Products                                   | 12            | 8             | 50%          | -             | 9             | -            | 12            | 17            | (29%)        | 1                                 | 10            | (90%)        |
| <b>Total European Insurance Operations</b>           | <b>12</b>     | <b>8</b>      | <b>50%</b>   | <b>-</b>      | <b>9</b>      | <b>-</b>     | <b>12</b>     | <b>17</b>     | <b>(29%)</b> | <b>1</b>                          | <b>10</b>     | <b>(90%)</b> |
| <b>Total UK &amp; European Insurance Operations</b>  | <b>1,431</b>  | <b>1,485</b>  | <b>(4%)</b>  | <b>43</b>     | <b>62</b>     | <b>(31%)</b> | <b>1,474</b>  | <b>1,547</b>  | <b>(5%)</b>  | <b>186</b>                        | <b>211</b>    | <b>(12%)</b> |
| <i>US Insurance Operations: <sup>(11)</sup></i>      |               |               |              |               |               |              |               |               |              |                                   |               |              |
| Fixed Annuities                                      | 532           | 730           | (27%)        | -             | -             | -            | 532           | 730           | (27%)        | 53                                | 73            | (27%)        |
| Equity Linked Indexed Annuities                      | 44            | 50            | (12%)        | -             | -             | -            | 44            | 50            | (12%)        | 4                                 | 5             | (20%)        |
| Variable Annuities                                   | 442           | 511           | (14%)        | -             | -             | -            | 442           | 511           | (14%)        | 44                                | 51            | (14%)        |
| Life   | -             | -             | -            | 3             | 4             | (25%)        | 3             | 4             | (25%)        | 3                                 | 4             | (25%)        |
| <b>Sub-total Retail</b>                              | <b>1,018</b>  | <b>1,291</b>  | <b>(21%)</b> | <b>3</b>      | <b>4</b>      | <b>(25%)</b> | <b>1,021</b>  | <b>1,295</b>  | <b>(21%)</b> | <b>105</b>                        | <b>133</b>    | <b>(21%)</b> |
| Guaranteed Investment Contracts                      | -             | (5)           | -            | -             | -             | -            | -             | (5)           | -            | -                                 | (1)           | -            |
| GIC - Medium Term Note                               | -             | (16)          | -            | -             | -             | -            | -             | (16)          | -            | -                                 | (1)           | -            |
| <b>Total US Insurance Operations</b>                 | <b>1,018</b>  | <b>1,270</b>  | <b>(20%)</b> | <b>3</b>      | <b>4</b>      | <b>(25%)</b> | <b>1,021</b>  | <b>1,274</b>  | <b>(20%)</b> | <b>105</b>                        | <b>131</b>    | <b>(20%)</b> |
| <i>Asian Insurance Operations: <sup>(4)</sup></i>    |               |               |              |               |               |              |               |               |              |                                   |               |              |
| Singapore  | 29            | 85            | (66%)        | 12            | 13            | (8%)         | 41            | 98            | (58%)        | 15                                | 22            | (32%)        |
| Hong Kong  | 34            | 51            | (33%)        | 14            | 22            | (36%)        | 48            | 73            | (34%)        | 17                                | 27            | (37%)        |
| Malaysia   | 3             | 4             | (25%)        | 13            | 22            | (41%)        | 16            | 26            | (38%)        | 13                                | 22            | (41%)        |
| Taiwan   | 1             | 2             | (50%)        | 47            | 45            | 4%           | 48            | 47            | 2%           | 47                                | 45            | 4%           |
| Japan  | 3             | 1             | 200%         | 12            | 10            | 20%          | 15            | 11            | 36%          | 12                                | 10            | 20%          |
| Other <sup>(3)</sup>                                 | 7             | 7             | 0%           | 28            | 28            | 0%           | 35            | 35            | 0%           | 29                                | 29            | 0%           |
| <b>Total Asian Insurance Operations</b>              | <b>77</b>     | <b>150</b>    | <b>(49%)</b> | <b>126</b>    | <b>140</b>    | <b>(10%)</b> | <b>203</b>    | <b>290</b>    | <b>(30%)</b> | <b>133</b>                        | <b>155</b>    | <b>(14%)</b> |
| <b>Group Total</b>                                   | <b>2,526</b>  | <b>2,905</b>  | <b>(13%)</b> | <b>172</b>    | <b>206</b>    | <b>(17%)</b> | <b>2,698</b>  | <b>3,111</b>  | <b>(13%)</b> | <b>424</b>                        | <b>497</b>    | <b>(15%)</b> |

## INVESTMENT OPERATIONS

|                               | M&G & UK Operations |               |           | Asia Mutual Funds <sup>(10)</sup> |               |             | Hong Kong MPF Products <sup>(5)</sup> |               |            | Total Investment Products |               |           |
|-------------------------------|---------------------|---------------|-----------|-----------------------------------|---------------|-------------|---------------------------------------|---------------|------------|---------------------------|---------------|-----------|
|                               | Q1 2003<br>£m       | Q4 2002<br>£m | +/- (%)   | Q1 2003<br>£m                     | Q4 2002<br>£m | +/- (%)     | Q1 2003<br>£m                         | Q4 2002<br>£m | +/- (%)    | Q1 2003<br>£m             | Q4 2002<br>£m | +/- (%)   |
| <b>Opening FUM</b>            | <b>19,528</b>       | <b>18,846</b> | <b>4%</b> | <b>5,096</b>                      | <b>3,652</b>  | <b>40%</b>  | <b>136</b>                            | <b>121</b>    | <b>12%</b> | <b>24,760</b>             | <b>22,619</b> | <b>9%</b> |
| Gross inflows                 | 1,183               | 743           | 59%       | 3,772                             | 3,812         | (1%)        | 18                                    | 17            | 6%         | 4,973                     | 4,572         | 9%        |
| Less redemptions              | (543)               | (442)         | (23%)     | (3,870)                           | (3,487)       | (11%)       | (3)                                   | (2)           | (50%)      | (4,416)                   | (3,931)       | (12%)     |
| Net flows                     | 640                 | 301           | 113%      | (98)                              | 325           | (130%)      | 15                                    | 15            | 0%         | 557                       | 641           | (13%)     |
| Other movements               | 4                   | -             | -         | (13)                              | 1,130         | (101%)      | -                                     | -             | -          | (9)                       | 1,130         | (101%)    |
| Market and currency movements | (246)               | 381           | (165%)    | 37                                | (12)          | 408%        | -                                     | -             | -          | (209)                     | 369           | (157%)    |
| Net movement in FUM           | 398                 | 682           | (42%)     | (74)                              | 1,444         | (105%)      | 15                                    | 15            | 0%         | 339                       | 2,141         | (84%)     |
| <b>Closing FUM</b>            | <b>19,926</b>       | <b>19,528</b> | <b>2%</b> | <b>5,022</b>                      | <b>5,096</b>  | <b>(1%)</b> | <b>151</b>                            | <b>136</b>    | <b>11%</b> | <b>25,099</b>             | <b>24,760</b> | <b>1%</b> |

## Notes to Schedules:

<sup>(2)</sup> Annual Equivalents (AE), calculated as regular new business contributions + 10% single new business contributions, are subject to roundings.

<sup>(3)</sup> In Asia, 'Other' insurance operations include Thailand, Indonesia, The Philippines, Vietnam, India (26% interest), China and Korea.

<sup>(4)</sup> Sales for overseas operations have been calculated using average exchange rates.

<sup>(5)</sup> Mandatory Provident Fund product sales in Hong Kong are included at Prudential's 36% interest of the Hong Kong MPF operation.

<sup>(10)</sup> Funds under management arising from the Korean fund management acquisition in Q4 are included in Other movements.

<sup>(11)</sup> Sales for overseas operations are converted to sterling using the year to date average exchange rate applicable at the time. The sterling results for individual quarters represent the difference between the year to date reported sterling results at successive quarters and will include foreign exchange movements from earlier periods.

<sup>(12)</sup> Reflecting the expanded investment business new business analysis on Schedule 2, certain investment fund mandates previously classified from UK Corporate Pensions sales are now reported as M&G institutional funds under management. 2002 UK insurance sales now reflect this change in presentation.