

Date: 2 March 2005

PRUDENTIAL PLC

2004 Results

Supplementary information

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2004 Results**Achieved Profits basis results**

basic earnings per share (note 1a)	Pre-tax £m	Tax £m	Post-tax £m	Minority interests £m	Post-tax and minority interests £m	Earnings per share (pence)
Based on operating profit after tax and related minority interests before amortisation of goodwill and exceptional items	1,104	(315)	789	2	791	37.2
Amortisation of goodwill	(97)		(97)		(97)	(4.6)
Adjustment from post-tax long-term investment returns to post-tax actual investment returns (Schedule 6)	679	(212)	467	(9)	458	21.5
Adjustment for post-tax effect of changes in economic assumptions	(100)	29	(71)		(71)	(3.4)
Adjustment for post-tax profit on business disposals	48	(19)	29		29	1.4
Adjustment for post-tax Egg France closure cost	(113)	32	(81)	17	(64)	(3.0)
Based on profit for the financial year after minority interests	1,521	(485)	1,036	10	1,046	49.1

Note

1a The average number of shares for 2004 was 2,129m.

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Schedule 2

2004 Results

Restatement of 2003 Achieved Profits basis results

	Pre-tax £m	Tax £m	Post-tax £m	Minority interests £m	Post-tax and minority interests £m	Earnings per share (pence)
Basic earnings per share - Restated for 2004 Rights Issue (note 2a)						
Based on operating profit after tax and related minority interests before amortisation of goodwill and exceptional items	794	(273)	521	6	527	25.4
Amortisation of goodwill	(98)		(98)		(98)	(4.7)
Adjustment from post-tax long-term investment returns to post-tax actual investment returns (Schedule 6)	682	(212)	470	(4)	466	22.4
Adjustment for post-tax effect of changes in economic assumptions	(540)	130	(410)		(410)	(19.7)
Based on profit for the financial year after minority interests	838	(355)	483	2	485	23.4

Note

2a The restated average number of shares for 2003 was 2,076m (previously 1,996m) as a result of the adjustment of 1.04 for the bonus element of the 2004 Rights Issue

2004 Results**Achieved Profits basis results****Economic assumptions and sensitivities****(1) Basis of preparation of results**

The achieved profits basis results have been prepared in accordance with the guidance issued by the Association of British Insurers in December 2001 "Supplementary Reporting for long-term insurance business (the achieved profits method)".

Under this guidance, the basis for setting long-term expected rates of return on investments and risk discount rates are, for countries with developed long-term fixed income securities markets, set by reference to period end rates of return on fixed income securities. This "active" basis of assumption setting has been applied in preparing the results of the Group's UK, Europe and US long-term business operations. For the Group's Asian operations, the active basis is appropriate for business written in Japan and Korea and for US dollar denominated business written in Hong Kong.

For countries where long-term fixed income securities markets are underdeveloped, investment return assumptions and risk discount rates are based on an assessment of long-term economic conditions. Except for the countries listed above, this basis is appropriate to the Group's Asian operations.

The profit and loss account net of tax charge or credit in respect of changes in economic assumptions, which is shown as an item excluded from operating profit, reflects the effect on shareholders' funds at the start of the reporting period. The net of tax effect of changes in operating assumptions, which are included within the analysis of operating profit, also reflect the impact on shareholders' funds at the start of the reporting period.

New business operating profit and the unwind of discount and experience variances included in the analysis of operating profit from business in force are measured using the revised operating and economic assumptions.

The key economic assumptions and sensitivity of the results to changes to those assumptions are described below.

(2) Economic assumptions**UK and Europe Insurance Operations**

	<u>2004</u>	<u>2003</u>
Pre-tax expected long-term nominal rates of investment return:		
UK equities	7.1%	7.3%
Overseas equities	6.8% to 7.8%	6.6% to 7.9%
Property	6.3%	6.6%
Gilts	4.6%	4.8%
Corporate bonds	5.5%	5.8%
Assets of PAC with-profits fund (applying the rates listed above to the investments held by the fund)	6.5%	6.8%
Expected long-term rate of inflation	2.9%	3.1%
Post-tax expected long-term nominal rate of return:		
Pension business (where no tax applies)	6.5%	6.8%
Life business	5.7%	5.9%
Risk margin included within the risk discount rate	2.6%	2.6%
Risk discount rate	7.2%	7.4%

US Operations (Jackson National Life)

Expected long-term spread between earned rate and rate credited to policyholders	1.75%	1.75%
US 10 year treasury bond rate at end of year	4.3%	4.3%
Risk margin included within the risk discount rate	3.1%	3.1%
Risk discount rate	7.4%	7.4%

Economic assumptions and sensitivities (continued)**Prudential Asia**

	<u>2004</u>	<u>2003</u>
Weighted pre-tax expected long-term nominal rate of investment return*	6.6%	7.4%
Weighted expected long-term rate of inflation	3.0%	3.4%
Weighted risk discount rate	9.6%	10.4%

The economic assumptions shown above for Prudential Asia have been determined by weighting each country's economic assumptions by reference to the Achieved Profits basis operating results for new business written in the relevant year.

* Consistent with prior years, for the Taiwanese operation, the projections include an assumption of phased progression from current rates to the long-term expected rates over a remaining period of 8 years. This takes into account the effect on bond values of rising interest rates.

(3) Effect of altered economic assumptions

Pre-tax losses resulting from changes in economic assumptions included within the profit (loss) on ordinary activities before tax arise as follows:

	<u>2004</u>	<u>2003</u>
	£m	£m
UK and Europe Insurance Operations	(19)	(122)
Jackson National Life	(53)	(263)
Prudential Asia	(28)	(155)
Total	<u>(100)</u>	<u>(540)</u>

(4) 2004 Results: sensitivities

The estimated increase (decrease) in the 2004 Group results that would arise from the following changes in economic assumptions are:

<u>2004 Pre-tax operating profit from new business</u>	Group Total £m
Pre-tax expected long-term nominal rates of investment return	
Increase in rates of 1%	79
Decrease in rates of 1%	(82)
Risk discount rates	
Increase in rates of 1%	(86)
Decrease in rates of 1%	102
<u>31 December 2004 Shareholders' Funds</u>	
Pre-tax expected long-term nominal rates of investment return	
Increase in rates of 1%	907
Decrease in rates of 1%	(984)
Risk discount rates	
Increase in rates of 1%	(524)
Decrease in rates of 1%	615

2004 Results**Achieved Profits basis results**

	2004			2003		
	Pre-tax £m	Tax £m	Post-tax £m	Pre-tax £m	Tax £m	Post-tax £m
Operating profit from new long-term insurance business						
UK and Europe Insurance Operations (note 4a)	220	(66)	154	166	(50)	116
Jackson National Life (note 4b)	156	(82)	74	148	(72)	76
Prudential Asia	312	(78)	234	291	(80)	211
	<u>688</u>	<u>(226)</u>	<u>462</u>	<u>605</u>	<u>(202)</u>	<u>403</u>

Note

4a The 2003 UK new business result includes £9m in respect of certain investment mandates previously reported as UK Corporate Pensions but now included as M&G institutional investment flows.

4b Jackson National Life net of tax profits

Pre capital charge	95	95
Capital charge (see note 8a on Schedule 8)	<u>(21)</u>	<u>(19)</u>
Post capital charge	<u>74</u>	<u>76</u>

MEMORANDUM ONLY

	2003		
	Pre-tax £m	Tax £m	Post-tax £m
Estimated results applying the same economic assumptions as for 2004 results (at average 2003 exchange rates)			
UK and Europe Insurance Operations	178	(53)	125
Jackson National Life (note)	143	(75)	68
Prudential Asia	280	(84)	196
	<u>601</u>	<u>(212)</u>	<u>389</u>

Note

Jackson National Life net of tax profits

Pre capital charge	92
Capital charge (see note 8a on Schedule 8)	<u>(24)</u>
Post capital charge	<u>68</u>

2004 Results**Achieved Profits basis results**

Operating profit from business in force	£m	£m
UK and Europe Insurance Operations		
Unwind of discount (notes 5a and 5f)	330	343
Cost of strengthened persistency assumption (note 5b)	(66)	(50)
Other items (note 5b)	(34)	(100)
	<u>230</u>	<u>193</u>
Jackson National Life		
Unwind of discount (note 5f)	139	145
Return on surplus assets (over target surplus)	36	33
Experience variances:		
Spread (notes 5c and 5d)	43	(17)
Persistency	(6)	10
Expenses	(4)	(8)
Averaged realised losses on bonds in excess of long-term default assumption (See Schedule 6 and note 5c)	(56)	(66)
Loss from strengthening operating assumptions	(3)	(21)
Other	12	(27)
	<u>161</u>	<u>49</u>
Prudential Asia		
Unwind of discount (note 5f)	122	115
Change in operating assumptions (note 5e)	(56)	(27)
Experience variances and other items	3	(14)
	<u>69</u>	<u>74</u>
Total	<u>460</u>	<u>316</u>

Notes**5a UK and Europe Insurance Operations - smoothing of asset values**

The unwind of discount for UK and Europe long-term business operations represents the unwind of discount on the value of in force business at the beginning of the year (adjusted for the effect of current year assumption changes); the expected return on smoothed surplus assets retained within the PAC with-profits fund (see Schedule 8), and the expected return on shareholders' assets held in other UK and Europe long-term business operations. Surplus assets retained within the PAC with-profits fund are smoothed for this purpose to remove the effects of short term volatility of investment values (See Schedule 8 - note 8c).

5b UK and Europe Insurance Operations - cost of strengthened persistency assumption and other items

The £66m (£50m) cost of strengthened persistency assumption relates to the closed book of personal pensions policies sold by the now discontinued direct sales force. The £34m charge for other items in 2004 includes £21m of costs associated with complying with new regulatory requirements and restructuring and £13m of negative experience variances. The £100m charge for other items for 2003 includes a £35m adverse experience variance for persistency; a £29m restructuring charge; an adverse annuitant mortality assumption change of £18m; a strengthening of renewal expense assumptions of £29m, other positive assumption changes of £30m and other negative items and experience variances of £19m.

5c Jackson National Life - spread variance and averaged realised losses on bonds in excess of charge for long-term default assumption

The charge for averaged realised losses shown above is as compared to the long-term default assumption for fixed income securities, which is presented as part of the determination of the spread variance. The charge for the default assumption is calculated using a weighted risk margin (RMR) approach. An RMR charge is individually assigned to asset classes based on credit ratings and, where necessary, credit analysis. This is then weighted to the carrying value of the investments.

The spread variance comprises :

	<u>2004</u>	<u>2003</u>
	£m	£m
Variance excluding long-term default assumption	100	54
Less: long-term default assumption (Schedule 6 -note 6d)	(57)	(71)
As reported above	<u>43</u>	<u>(17)</u>

5d Jackson National Life - spread variance and longer-term returns on equity based investments

The spread variance shown above has been determined after including longer-term returns on equity based investments. This treatment is consistent with the inclusion of longer-term investment returns within operating profits. Short-term fluctuations in investment returns, including those for equity based investments, are excluded from operating profit but included within the total profit or loss for the reporting period. An analysis of the short-term fluctuations in investment returns is shown in Schedule 6.

5e Asia - changes in operating assumptions

The 2004 £56m charge for changes in operating assumptions primarily relates to Singapore (£24m), mainly for persistency, and a strengthening of renewal expense assumptions in Vietnam (£15m). The £27m charge in 2003 primarily reflects expense assumption changes in Japan.

5f Memorandum only - estimated unwind of discount in 2003 applying the same economic assumptions as for the 2004 results:

	2003
	£m
UK and Europe Insurance Operations	332
Jackson National Life	141
Prudential Asia	113
Total	<u>586</u>

2004 Results**Achieved Profits basis results**

Short-term fluctuations in investment returns	2004 £m	2003 £m
Long-term business		
UK and Europe Insurance Operations (note 6a)	402	531
Jackson National Life (note 6b)	207	132
Prudential Asia (note 6e)	48	1
Share of investment return of funds managed by PPM America, that are consolidated into Group results, but attributable to external investors	9	4
Other operations	13	14
Total	679	682

Notes

6a UK and Europe Operations

Short-term fluctuations in investment returns represent the difference between total investment returns in the year attributable to shareholders on the achieved profits basis and the return included within operating profit as described in note 5a on Schedule 5. The £402m of positive fluctuations in 2004 reflects the difference between the PAC life fund actual investment return of 13.4% and the long-term assumed rate of 6.5% (see Schedule 3 - note 2).

6b Jackson National Life - Summary

Short-term fluctuations comprise:	2004 £m	2003 £m
Actual investment return on investments less long-term returns included within operating profit (note 6c)	183	96
Investment return related gain due primarily to changed expectation of profits on in force variable annuity business in future periods based on current period equity returns	24	36
	207	132

6c Jackson National Life - Actual investment return on investments less long-term returns

This comprises:	2004 £m	2003 £m
Actual less averaged realised gains and losses (including impairments) for fixed maturity securities (note 6d)	161	98
Actual less long-term return on equity based investments	23	0
Investment depreciation on preference shares	(1)	(2)
	183	96

6d Jackson National Life - Actual less averaged realised gains and losses (including impairments) for fixed maturity securities

		Year ended 31 December 2004 US\$m	£m
Total realised gains and losses arising in:	2000	(90)	
	2001	(532)	
	2002	(435)	
	2003	(65)	
	2004	88	48
Five year total		(1,034)	(564)
Five year average included in operating result		(207)	(113)
Representing:			
	Long-term default assumption (Schedule 5 - note 5c)	(104)	(57)
	Averaged losses in excess of the long-term default assumption (Schedule 5)	(103)	(56)
		(207)	(113)
Actual less averaged losses excluded from operating result but included in profit before tax (note 6c)		295	161

6e Prudential Asia

Short-term fluctuations for Prudential Asia for 2004 of £48m primarily reflect bond value movements and rising equity markets.

2004 Results**Achieved Profits basis results**

Tax charge	2004 £m	2003 £m
<u>Tax charge (credit) on operating profit (loss) (note 7a)</u>		
Long-term business:		
UK and Europe Insurance Operations	134	133
Jackson National Life (note 7b)	103	67
Prudential Asia (note 7c and 7d)	96	117
	<u>333</u>	<u>317</u>
Other operations (note 7d)	(18)	(44)
Total tax on operating profit	<u>315</u>	<u>273</u>
<u>Tax charge (credit) on items not included in operating profit</u>		
Tax charge on short-term fluctuations in investment returns	212	212
Tax credit on loss from changes in economic assumptions	(29)	(130)
Tax charge on profit on business disposals	19	-
Tax credit on Egg France closure cost	(32)	-
Total tax on items not included in operating profit	<u>170</u>	<u>82</u>
Tax charge on profit on ordinary activities (including tax on actual investment returns)	<u>485</u>	<u>355</u>

Notes

- 7a Tax on operating profit based on long-term investment returns.
- 7b Excluding tax relief on broker dealer and fund management result, which is included in Other operations.
- 7c Including tax relief on development expenses.
- 7d Tax charges on Prudential Asia fund management results are now recorded within those of Other operations rather than Prudential Asia long-term business and the 2003 figures have been restated accordingly.

2004 Results**Achieved Profits basis results**

Shareholders' funds summary (note 8a)	2004 £m	2003 £m
UK and Europe Operations (note 8b)		
Long-term business operations		
Smoothed shareholders' funds (note 8c)	3,894	3,469
Actual shareholders' funds less smoothed shareholders' funds	157	(45)
	4,051	3,424
M&G	312	336
Egg	269	348
	4,632	4,108
US Operations		
Jackson National Life net of surplus note borrowings (note 8g)		
Before capital charge		
Excluding assets in excess of target surplus	1,749	1,741
Assets in excess of target surplus	949	842
	2,698	2,583
Capital charge (note 8d)	(166)	(164)
After capital charge	2,532	2,419
Other US operations (note 8e)	64	71
	2,596	2,490
Prudential Asia		
Long-term business	1,672	1,358
Fund management	66	61
	1,738	1,419
Other operations		
Goodwill (note 8f)	1,352	1,445
Holding company net borrowings (note 8g)	(1,106)	(1,995)
Other net liabilities (note 8h)	(616)	(462)
	(370)	(1,012)
Total (note 8i)	8,596	7,005

Notes

- 8a A charge is deducted from the annual result and balance sheet value for the cost of capital supporting solvency requirements for the Group's long-term business operations. The cost is the difference between the nominal value of solvency capital and the present value, at risk discount rates, of the projected release of this capital and the investment earnings on the capital. Where solvency capital is held within a with-profits long-term fund, the value placed on surplus assets in the fund is already discounted to reflect its release over time and no further adjustment is necessary in respect of solvency capital.
- 8b The proportion of surplus allocated to shareholders from the UK with-profits business has been based on the present level of 10%. Future bonus rates have been set at levels which would fully utilise the assets of the with-profits fund over the lifetime of the business in force.
- 8c UK long-term business smoothed shareholders' funds reflect an adjustment to PAC life fund assets, for the purposes of determining the unwind of discount included in operating profits, to remove the effects of short-term volatility in market values of assets. Shareholders funds in the balance sheet are determined on an unsmoothed basis.
- 8d In determining the cost of capital of Jackson National Life, it has been assumed that an amount equal to 200 per cent of the risk based capital required by the National Association of Insurance Commissioners (NAIC) at the Company Action level must be retained. The impact of the related capital charge is to reduce Jackson National Life's shareholders' funds by £166m (2003 £164m).

8e Relates to broker dealer and fund management operations.

8f Total goodwill comprises :	2004 £m	2003 £m
Held within US Operations	15	53
Held within Egg	-	6
Other operations, relating to M&G and acquired Asian businesses	1,352	1,445
	1,367	1,504

8g Net core structural borrowings of shareholder financed operations comprise:	2004 £m	2003 £m
Holding company cash and short-term investments	1,561	432
Core structural borrowings of shareholder financed operations:		
Holding Company	(2,667)	(2,427)
Jackson National Life surplus notes	(130)	(140)
	(1,236)	(2,135)

8h The 2003 comparative figure has been restated for the implementation of UITF Abstract 38 - "Accounting for ESOP Trusts".

8i If the economic assumptions applied for 2004 had been in place at 31 December 2003, the achieved profits basis shareholders funds at that date would have been lower by £72m. This represents a pre-tax loss of £100m less related tax credit of £29m (as analysed by business operation in Schedule 9) and an adjustment for exchange effects to reflect rates at 31 December 2003 of £(1)m.

2004 Results**Achieved Profits basis results**

Reconciliation of movement in shareholders funds	Long-term business operations				Other operations	Group total
	UK and Europe Insurance Operations	Jackson National Life	Prudential Asia	Total Long-term business operations		
	£m	£m	£m	£m	£m	£m
Operating profit (including investment return based on long-term rates of returns)						
Long-term business						
New business (Schedule 4)	220	156	312	688		688
Business in force (Schedule 5)	230	161	69	460		460
	<u>450</u>	<u>317</u>	<u>381</u>	<u>1,148</u>		<u>1,148</u>
Asia development expenses			(15)	(15)		(15)
M&G					136	136
Egg					43	43
Asian Fund Management Operations					19	19
US broker dealer and fund management					(14)	(14)
Other income and expenditure					(193)	(193)
Operating profit (loss) from continuing operations	<u>450</u>	<u>317</u>	<u>366</u>	<u>1,133</u>	<u>(9)</u>	<u>1,124</u>
Operating profit (loss) from discontinued operations		17		17	(37)	(20)
Operating profit (loss) before amortisation of goodwill and exceptional items	<u>450</u>	<u>334</u>	<u>366</u>	<u>1,150</u>	<u>(46)</u>	<u>1,104</u>
Amortisation of goodwill		(3)		(3)	(94)	(97)
Short-term fluctuations in investment returns (Schedule 6)	402	207	48	657	22	679
Effect of changes in economic assumptions (Schedule 3)	(19)	(53)	(28)	(100)		(100)
Profit on business disposals		41		41	7	48
Egg France closure cost					(113)	(113)
Profit (loss) on ordinary activities before tax	<u>833</u>	<u>526</u>	<u>386</u>	<u>1,745</u>	<u>(224)</u>	<u>1,521</u>
Tax (Schedule 7)						
Tax on operating profit	(134)	(103)	(96)	(333)	18	(315)
Tax on short-term fluctuations in investment returns	(121)	(73)	(12)	(206)	(6)	(212)
Tax on effect of changes in economic assumptions	6	19	4	29		29
Tax charge on profit on business disposals		(16)		(16)	(3)	(19)
Tax on Egg France closure cost					32	32
Total tax charge	<u>(249)</u>	<u>(173)</u>	<u>(104)</u>	<u>(526)</u>	<u>41</u>	<u>(485)</u>
Minority interests					10	10
Profit (loss) for the financial year	<u>584</u>	<u>353</u>	<u>282</u>	<u>1,219</u>	<u>(173)</u>	<u>1,046</u>
Exchange movements net of related tax (note 9a)		(177)	(73)	(250)	21	(229)
Development costs included above (net of tax) borne centrally				2	(2)	
Intragroup dividends (including statutory transfer)	(130)	(66)	(44)	(240)	240	
External dividends					(362)	(362)
Investment in operations (note 9b)	173	15	147	335	(335)	
Adjustment for net of tax losses of Curian subsidiary owned by JNL		(12)		(12)	12	
Consideration paid for own shares					(4)	(4)
Proceeds from issues of share capital by parent company, net of expenses					1,140	1,140
Net increase in shareholders' capital and reserves	<u>627</u>	<u>113</u>	<u>314</u>	<u>1,054</u>	<u>537</u>	<u>1,591</u>
Shareholders' capital and reserves at 1 January 2004						
As originally reported	3,424	2,419	1,358	7,201	(158)	7,043
Prior year adjustment on implementation of UITF 38					(38)	(38)
As restated	<u>3,424</u>	<u>2,419</u>	<u>1,358</u>	<u>7,201</u>	<u>(196)</u>	<u>7,005</u>
Shareholders' capital and reserves at 31 December 2004	<u>4,051</u>	<u>2,532</u>	<u>1,672</u>	<u>8,255</u>	<u>341</u>	<u>8,596</u>
Analysed as:						
Statutory basis shareholders' funds	889	2,298	753	3,940	341	4,281
Additional shareholders' interest on Achieved Profits basis	3,162	234	919	4,315		4,315
Achieved Profits basis shareholders' funds	<u>4,051</u>	<u>2,532</u>	<u>1,672</u>	<u>8,255</u>	<u>341</u>	<u>8,596</u>
Components of achieved profits basis shareholders' funds :						
Net worth (note 9c)	607	1,755	498	2,860	341	3,201
Value of in force business (note 9d)	3,444	777	1,174	5,395		5,395
Achieved profits basis shareholder's funds	<u>4,051</u>	<u>2,532</u>	<u>1,672</u>	<u>8,255</u>	<u>341</u>	<u>8,596</u>

Notes

9a Profits are translated at average exchange rates, consistent with the method applied for modified statutory basis results. The amounts recorded above for exchange rate movements reflect the difference between year end 2004 and 2003 exchange rates as applied to shareholders' funds at 1 January 2004 and the difference between year end and average 2004 rates for profits.

9b Investment in operations reflects increases in share capital. This includes certain non cash items as a result of timing differences.

9c Net worth consists of statutory solvency capital and unencumbered capital.

9d Value of in force business includes the value of future margins from current in force business less the cost of holding statutory solvency capital.

Date: 2 March 2005

Schedule 10

2004 Results

Statutory basis results

	Pre-tax £m	Tax £m	Post-tax £m	Minority interests £m	Post-tax and minority interests £m	Earnings per share (pence)
Basic earnings per share (note 10a)						
Based on operating profit after tax and related minority interests before amortisation of goodwill and exceptional items	583	(177)	406	2	408	19.2
Amortisation of goodwill	(97)		(97)		(97)	(4.6)
Adjustment from post-tax long-term investment returns to post-tax actual investment returns (Schedule 14)	229	(68)	161	(9)	152	7.1
Adjustment for post-tax profit on business disposals	48	(19)	29		29	1.4
Adjustment for post-tax Egg France closure cost	(113)	32	(81)	17	(64)	(3.0)
Based on profit for the financial year after minority interests	650	(232)	418	10	428	20.1

Note

10a The average number of shares for 2004 was 2,129m.

Date: 2 March 2005

Schedule 11

2004 Results

Restatement of 2003 Statutory basis results

	Pre-tax £m	Tax £m	Post-tax £m	Minority interests £m	Post-tax and minority interests £m	Earnings per share (pence)
Basic earnings per share - Restated for 2004 Rights Issue (note 11a)						
Based on operating profit after tax and related minority interests before amortisation of goodwill and exceptional items	357	(106)	251	6	257	12.4
Amortisation of goodwill	(98)		(98)		(98)	(4.7)
Adjustment from post-tax long-term investment returns to post-tax actual investment returns (Schedule 14)	91	(38)	53	(4)	49	2.3
Based on profit for the financial year after minority interests	350	(144)	206	2	208	10.0

Note

11a The restated average number of shares for 2003 was 2,076m (previously 1,996m) as a result of the adjustment of 1.04 for the bonus element of the 2004 Rights Issue

2004 Results**Statutory basis results**

US Operations (note 12a)	2004 US\$m	2003 US\$m	2004 £m	2003 £m
UK basis operating result for continuing operations				
Jackson National Life (note 12b and Schedule 13)	359	234	196	143
Broker dealer and fund management result (Schedule 13)	(26)	(4)	(14)	(3)
Operating result for UK reporting purposes	333	230	182	140
Average exchange rates			1.83	1.64

Notes

12a The result of Jackson Federal Bank that was sold in 2004 has been excluded from the above analysis.

12b UK basis operating profit for the year ended 31 December 2004 includes the following longer-term investment returns (net of related change to amortisation of deferred acquisition costs)	Year ended 31 December 2004	
	US\$m	£m
Averaged realised losses on fixed income securities comprising:		
Long-term default assumption	(104)	(57)
Averaged losses in excess of the long-term default assumption	(103)	(56)
Gross averaged losses	(207)	(113)
Related change to amortisation of deferred acquisition costs	20	11
Total (note 12c)	(187)	(102)
Longer-term returns on equity based investments (note 12d)	57	31

12c Realised gains and losses arising in period (net of related change to amortisation of acquisition costs)	Year ended 31 December 2004	
	US\$m	£m
Total realised gains and losses arising in:		
2000	(69)	
2001	(477)	
2002	(396)	
2003	(64)	
2004	72	39
Five year total	(934)	(510)
Five year average included in operating result above	(187)	(102)
Difference between actual and averaged losses (Schedule 14)	259	141

12d Longer-term returns on Jackson National Life's equity based investments have been determined by applying a longer-term rate of return of 8.0%.

2004 Results

Statutory basis results

Reconciliation from JNL 2004 US GAAP basis result to UK GAAP basis result for US Operations	US GAAP per JNL financial statements US \$m	Reverse FAS 133 and FAS 115 effects and adjust for minority interests (note 13a&b) US \$m	US GAAP adjusted for minority interests and reversal of FAS 133 and FAS 115 effects US \$m	Other US subsidiaries US \$m	Longer-term investment returns and other adjustments (note 13c) US \$m	Segmental result for UK Modified Statutory Basis GAAP purposes (note 13d) US \$m	£m
Profit and loss account							
Operating profit							
Jackson National Life	788	(245)	543		(184)	359	196
Broker dealer and fund management				11	(37)	(26)	(14)
Realised investment gains (losses), net of related change to amortisation of acquisition costs (note 13a) (US GAAP as published also includes the change in the fair value of hedging instruments)	143	(65)	78		(78)		
Short-term fluctuations in investment returns (per Schedule 14)					291	291	159
Gain on sale of Jackson Federal bank	66		66		10	76	41
Income from Discontinued Operations	32		32			32	17
Amortisation of goodwill				(2)	(4)	(6)	(3)
Profit before tax before minority interests	1,029	(310)	719	9	(2)	726	396
Minority interests (note 13b)	(49)	49	0				
Profit before tax after minority interests	980	(261)	719	9	(2)	726	396
Tax (charge) credit:							
on operating profit	(276)	86	(190)	(4)	77	(117)	(64)
on realised investment gains and losses	(33)	6	(27)		27		
on short-term fluctuations in investment returns					(103)	(103)	(56)
on disposals	(30)		(30)			(30)	(16)
on income from discontinued operations	(11)		(11)			(11)	(6)
total tax charge	(350)	92	(258)	(4)	1	(261)	(142)
Net income	630	(169)	461	5	(1)	465	254
Movements in shareholders' funds							
Net income (as shown above)	630	(169)	461	5	(1)	465	
Capital contributions	29		29	6		35	
Net movement in other comprehensive income	(69)	78	9		(9)		
Dividends paid to intermediate holding company	(120)		(120)	(15)		(135)	
Total movement in year	470	(91)	379	(4)	(10)	365	
Shareholders' funds at beginning of year	4,402	(405)	3,997	127	45	4,169	
Shareholders' funds at end of year	4,872	(496)	4,376	123	35	4,534	
				Jackson National Life Broker dealer and fund management		4,411 123 4,534	2,298 64 2,362

Notes

13a UK GAAP results exclude the impact of profits and losses that are recognised under US GAAP as a result of the implementation of FAS 133 on accounting for derivative instruments. Such gains and losses are not generally recognised for UK GAAP purposes.

Realised investment gains, net of related change to amortisation of acquisition costs, are \$78m. These comprise gains of \$72m on fixed maturity investments which are included within UK operating results on five year averaged basis (as shown in Schedule 12) and realised gains on equities and preference shares of \$6m.

Under US GAAP, following FAS 115, the fixed income securities of JNL are carried in the balance sheet at fair value. Movements in unrealised gains and losses are accounted for within Other Comprehensive Income. Under UK GAAP, subject to provisions for permanent diminution in value, these securities are carried in the balance sheet at amortised cost. The value movement under US GAAP is therefore not reported for UK GAAP purposes and is a reconciling item within the analysis above.

13b The UK GAAP results are determined after adjustment for minority interests. For UK reporting purposes the segmental result of Jackson National Life reflects its proportionate interests in the results of two investment funds that are consolidated as quasi subsidiaries.

13c Consistent with the ABI SORP, investment returns included in the UK operating result are determined on a longer-term basis. These amounts are explained in Schedule 12. The difference between actual investment returns and longer-term returns is included within the profit and loss account as short-term fluctuations in investment returns as set out in Schedule 14.

13d Exchange rates :

The average rate for 2004 of 1.83 is applied to the profit and loss account.
The closing rate for 2004 of 1.92 is applied to shareholders' funds.

2004 Results**Statutory basis results**

Short-term fluctuations in investment returns	2004 £m	2003 £m
Long-term business:		
Jackson National Life (note 14a)	159	93
Prudential Asia (note 14b)	28	(23)
UK Insurance Operations	20	3
Share of investment return of funds managed by PPM America, that are consolidated into Group results, but attributable to external investors	9	4
Other operations	13	14
Total	229	91

Notes

14a Jackson National Life

Short-term fluctuations (net of related change to amortisation of acquisition costs) comprise actual investment return on investments less longer-term returns (net of related change to amortisation of acquisition costs) as follows:

	2004 £m	2003 £m
Actual gains less averaged realised losses for fixed income securities (see Schedule 12)	141	84
Actual gains less longer-term return on equity based investments	19	9
Realised and unrealised gains on preference shares	(1)	0
	159	93

14b Prudential Asia

Short-term fluctuations for Prudential Asia of £28m primarily reflect bond value movements and rising equity markets.

2004 Results**Statutory basis results**

Tax charge	2004 £m	2003 £m
<u>Tax charge (credit) on operating profit (loss) (note 15a)</u>		
Long-term business :		
UK and Europe Insurance Operations	85	78
Jackson National Life (note 15b)	72	58
Prudential Asia (note 15c and 15d)	38	14
	195	150
Other operations (note 15d)	(18)	(44)
Total tax on operating profit	177	106
<u>Tax on items not included in operating profit</u>		
Tax charge on short-term fluctuations in investment returns	68	38
Tax charge on profit on business disposals	19	-
Tax relief on Egg France closure cost	(32)	-
Total tax on items not included in operating profit	55	38
Tax on profit on ordinary activities (including tax on actual investment returns)	232	144

Notes

15a Tax on operating profit based on long-term investment returns.

15b Excluding tax relief on broker-dealer and fund management result which is included in Other operations.

15c Including tax relief on development expenses.

15d Tax charges on Prudential Asia fund management results are now recorded within those of Other operations rather than Prudential Asia long-term business and the 2003 figures have been restated accordingly.

2004 Results

Funds under management - summary	2004 £bn	2003 £bn
Business Area (Schedule 17)		
UK and Europe Operations	115.6	104.5
US Operations	29.4	28.6
Prudential Asia	8.3	6.9
Internal insurance and investment funds under management (note 16a)	153.3	140.0
External funds	33.5	28.0
Total insurance and investment funds under management	186.8	168.0

Note

16a As included in the summarised consolidated balance sheet.

Date: 2 March 2005

Schedule 17

2004 Results

Funds under management - analysis by business area

	Equities		Fixed Income Securities		Land and Buildings		Other Investments		Investments held to cover linked liabilities		Total	
	2004 £bn	2003 £bn	2004 £bn	2003 £bn	2004 £bn	2003 £bn	2004 £bn	2003 £bn	2004 £bn	2003 £bn	2004 £bn	2003 £bn
UK and Europe Operations	36.2	33.2	43.4	41.0	12.2	10.8	7.3	4.9	16.5	14.6	115.6	104.5
US Operations (note 17a)	0.2	0.2	19.6	20.3	0.1	0.0	4.1	4.2	5.4	3.9	29.4	28.6
Prudential Asia	2.0	1.5	3.8	3.3	0.1	0.1	0.7	0.7	1.7	1.3	8.3	6.9
Total	38.4	34.9	66.8	64.6	12.4	10.9	12.1	9.8	23.6	19.8	153.3	140.0

Note

17a Subject to provisions for permanent diminution in value, the fixed income securities of US Operations are valued at amortised cost.

2004 Results

Accounting for retirement benefitsExplanatory note

As in prior years, the Group's statutory basis results for 2004 have been determined after application of SSAP 24 for accounting for pension costs of defined benefit schemes. This is consistent with FRS 17. For 2004 the standard permits that the financial position of the Group on an FRS 17 basis be explained by way of note to the Group's financial statements rather than that the FRS 17 basis be applied in preparing its profit and loss account and balance sheet position.

The Group's principal defined benefit scheme, the Prudential Staff Pension Scheme (PSPS), was last subject to a full actuarial valuation as at 5 April 2002. The market value of the PSPS scheme assets as at that date of £4,034m exceeded the actuarially determined liabilities of £3,658m by £376m. Consequently, the Scheme assets were sufficient to cover 110% of the benefits that had accrued to members, allowing for expected future increases in earnings. As a result of the valuation, the employers' contribution rate has continued at the minimum rate prescribed under the Scheme rules, which is 12.5% of salaries.

The FRS 17 basis of measurement determines liabilities by applying discount rates that reflect the current rate of return on high quality corporate bonds. The reported excess of assets over liabilities will be particularly volatile from period to period, as a result of movements in the values of equities held by the Scheme and changes in actuarial assumptions.

If the FRS 17 basis was to be applied in determining the Group's statutory basis results, the reported impact would be allocated between the elements attributable to the PAC life fund and shareholders' funds. Movements on the element attributable to the PAC life fund would be reflected in movements in the Fund for Future Appropriations. The impact on shareholders' results would be as shown in the table below.

On the Achieved Profits basis of reporting, the impact of FRS 17 for 2004 would also be limited to that attributable to shareholders' funds as shown in the table below. Pension costs attributable to the PAC with-profits fund are an element of expenses which are incorporated in the valuation of business in force by discounting the value of future contributions to the schemes by the with-profits fund and other UK long-term business operations.

Summary of financial position for defined benefit schemes on an FRS 17 basis

The financial reporting impact if the FRS 17 basis had been applied in preparing the Group's results, rather than the SSAP 24 basis, is as follows:

	Deficit in schemes at 1 Jan 2004 £m	Profit and loss account charge (note 18a) £m	Statement of recognised gains and losses (note 18b) £m	Contributions paid £m	Deficit in schemes at 31 Dec 2004 £m
<u>Movement in year</u>					
Prudential Staff Pension Scheme	(546)				(588)
Other defined benefit schemes	(56)				(61)
Total Group position	(602)	(33)	(45)	31	(649)
less estimated amount attributable to PAC with-profits fund (note 18c)	457	19	37	(19)	494
Estimated shareholders' share that would be reflected in MSB and AP basis results if FRS 17 had been applied to the 2004 financial statements					
Pre-tax	(145)	(14)	(8)	12	(155)
Related tax	44	4	2	(4)	46
Net of shareholders' tax	<u>(101)</u>	<u>(10)</u>	<u>(6)</u>	<u>8</u>	<u>(109)</u>

Notes

18a	£m
Service cost	(66)
Finance (expense) income	
Interest on pension scheme liabilities	(243)
Expected return on assets	276
Total charge	<u>(33)</u>
18b	£m
Actual less expected return on assets	115
Experience losses on liabilities	(18)
Loss on changes of assumptions (principally expectations for increase in rate of pay and increase in pensions and payments and reduced discount rate rate reflecting lower corporate bond yields)	(142)
Total	<u>(45)</u>

18c The apportionment of the deficit between the estimated amounts attributable to the PAC with-profits fund and to shareholders' operations reflects the activities of the retired and active members of the schemes.

2004 Results**Foreign currency translation: Rates of Exchange**

The profit and loss accounts of foreign subsidiaries are converted at average exchange rates for the year. Assets and liabilities of foreign subsidiaries are translated at year end exchange rates. Foreign currency borrowings that have been used to finance or provide a hedge against Group equity investments in foreign subsidiaries are also translated at year end exchange rates. The impact of these currency translations is recorded as a component of the movement in shareholders' capital and reserves.

The following translation rates have been applied:

Local currency : £	Year end 2004	Average 2004	Year end 2003	Average 2003
Hong Kong	14.92	14.27	13.90	12.73
Japan	196.73	198.08	191.85	189.32
Malaysia	7.30	6.96	6.80	6.21
Singapore	3.13	3.10	3.04	2.85
Taiwan	60.84	61.10	60.78	56.24
USA	1.92	1.83	1.79	1.64

2004 Results

	2004	2003	2003
	As published	Restated (note 19.1a)	Memorandum using 2004 exchange rates (note 19.1b)
Achieved Profits basis results	£m	£m	£m
US Operations			
New business	156	148	132
Business in force	161	49	44
Jackson National Life	317	197	176
Broker-dealer and fund management	(14)	(3)	(3)
Total	303	194	173
Prudential Asia			
New business	312	291	262
Business in force	69	74	66
Long-term operations	381	365	328
Fund management	19	13	11
Total (before development expenses)	400	378	339
Other Operations	421	289	295
Operating profit from continuing operations before amortisation of goodwill and exceptional items	1,124	861	807
Shareholders' funds	8,596	7,005	6,762

	2004	2003	2003
	As published	Restated (note 19.1a)	Memorandum using 2004 exchange rates (note 19.1b)
Statutory basis results	£m	£m	£m
US Operations			
Jackson National Life	196	143	128
Broker-dealer and fund management	(14)	(3)	(3)
Total	182	140	125
Prudential Asia			
Long-term operations	126	85	77
Fund management	19	13	11
Total (before development expenses)	145	98	88
Other Operations	276	186	192
Operating profit from continuing operations before amortisation of goodwill and exceptional items	603	424	405
Shareholders' funds	4,281	3,240	3,060

Notes

19.1a Operating profit for 2003 excludes the results of discontinued operations. Shareholders funds for 2003 has been restated for the implementation of UITF 38.

19.1b The memorandum results for 2003 have been calculated by applying average 2004 exchange rates to operating profit and year end 2004 exchange rates at 31 December 2004 to shareholders' funds.

2004 Results

	2004	2003	2003
<u>Foreign currency translation: Effect of rate movements on New Business results</u>	As published	As preliminary announcement	Memorandum using 2004 exchange rates (note 19.2a)
<u>Annual premium equivalent insurance product sales</u>	£m	£m	£m
UK and Europe Operations	817	584	584
US Operations	453	418	374
Prudential Asia	576	555	506
Total	1,846	1,557	1,464
 <u>Gross investment product inflows</u>			
M&G	5,845	3,797	3,797
US Operations	418	159	142
Prudential Asia	18,845	18,157	16,864
Total	25,108	22,113	20,803
 <u>Total insurance and investment product flows</u>			
Insurance	12,130	9,183	8,658
Investment	25,108	22,113	20,803
Total	37,238	31,296	29,461

Notes

19.2a The memorandum results for 2003 have been calculated by applying average 2004 exchange rates

PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2004

TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

	UK & Europe			US ⁽¹⁾			Asia ⁽¹⁾			Total		
	FY 2004	FY 2003	+/- (%)	FY 2004	FY 2003	+/- (%)	FY 2004	FY 2003	+/- (%)	FY 2004	FY 2003	+/- (%)
	£m	£m		£m	£m		£m	£m		£m	£m	
Total Insurance Products	6,538	4,129	58%	4,420	3,628	22%	1,172	901	30%	12,130	8,658	40%
Total Investment Products - Gross Inflows ⁽²⁾	5,845	3,797	54%	-	-	-	18,845	16,864	12%	24,690	20,661	20%
Group Total	12,383	7,926	56%	4,420	3,628	22%	20,017	17,765	13%	36,820	29,319	26%

INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents ⁽³⁾		
	FY 2004	FY 2003	+/- (%)	FY 2004	FY 2003	+/- (%)	FY 2004	FY 2003	+/- (%)	FY 2004	FY 2003	+/- (%)
	£m	£m		£m	£m		£m	£m		£m	£m	
UK Insurance Operations : ⁽⁴⁾												
Direct to Customer:												
Individual Pensions	8	9	(11%)	8	9	(11%)	16	18	(11%)	9	10	(10%)
Life - With Profit Bond	11	13	(15%)	1	1	0%	12	14	(14%)	2	2	0%
Life - Other	-	-	-	1	2	(50%)	1	2	(50%)	1	2	(50%)
Individual Annuities	630	657	(4%)	-	-	-	630	657	(4%)	63	66	(5%)
Sub-Total	649	679	(4%)	10	12	(17%)	659	691	(5%)	75	80	(6%)
DWP Rebates	265	280	(5%)	-	-	-	265	280	(5%)	27	28	(4%)
Total	914	959	(5%)	10	12	(17%)	924	971	(5%)	101	108	(6%)
Business to Business:												
Corporate Pensions	153	168	(9%)	137	127	8%	290	295	(2%)	152	144	6%
Individual Annuities	229	223	3%	-	-	-	229	223	3%	23	22	5%
Bulk Annuities	474	287	65%	-	-	-	474	287	65%	47	29	62%
Total	856	678	26%	137	127	8%	993	805	23%	223	195	14%
Intermediated Distribution :												
Individual Pensions	55	53	4%	17	23	(26%)	72	76	(5%)	23	28	(18%)
Corporate Pensions	134	67	100%	8	6	33%	142	73	95%	21	13	62%
Life - With Profit Bond	231	450	(49%)	-	-	-	231	450	(49%)	23	45	(49%)
Life - Other Bond	770	366	110%	-	-	-	770	366	110%	77	37	108%
Life - Other	-	2	-	5	22	(77%)	5	24	(79%)	5	22	(77%)
Individual Annuities	1,180	828	43%	-	-	-	1,180	828	43%	118	83	42%
Sub-Total	2,370	1,766	34%	30	51	(41%)	2,400	1,817	32%	267	228	17%
DWP Rebates	89	103	(14%)	-	-	-	89	103	(14%)	9	10	(10%)
Total	2,459	1,869	32%	30	51	(41%)	2,489	1,920	30%	276	238	16%
Partnerships :												
Life - With Profit Bond	3	46	(93%)	-	-	-	3	46	(93%)	0	5	(100%)
Life - Other	787	247	219%	2	-	-	789	247	219%	81	25	224%
Individual Annuities	141	52	171%	-	-	-	141	52	171%	14	5	180%
Bulk Annuities	1,108	-	-	-	-	-	1,108	-	-	111	-	-
Total	2,039	345	491%	2	-	-	2,041	345	492%	206	35	489%
Total :												
Individual Pensions	63	62	2%	25	32	(22%)	88	94	(6%)	31	38	(18%)
Corporate Pensions	287	235	22%	145	133	9%	432	368	17%	174	157	11%
Life - With Profit Bond	245	509	(52%)	1	1	0%	246	510	(52%)	26	52	(50%)
Life - Other Bond	770	366	110%	-	-	-	770	366	110%	77	37	108%
Life - Other	787	249	216%	8	24	(67%)	795	273	191%	87	49	78%
Individual Annuities	2,180	1,760	24%	-	-	-	2,180	1,760	24%	218	176	24%
Bulk Annuities	1,582	287	451%	-	-	-	1,582	287	451%	158	29	445%
Sub-Total	5,914	3,468	71%	179	190	(6%)	6,093	3,658	67%	770	537	43%
DWP Rebates	354	383	(8%)	-	-	-	354	383	(8%)	35	38	(8%)
Total UK Insurance Operations	6,268	3,851	63%	179	190	(6%)	6,447	4,041	60%	806	575	40%
European Insurance Operations : ⁽¹⁾												
Insurance Products	89	88	1%	2	-	-	91	88	3%	11	9	22%
Total European Insurance Operations	89	88	1%	2	-	-	91	88	3%	11	9	22%
Total UK & European Insurance Operations	6,357	3,939	61%	181	190	(5%)	6,538	4,129	58%	817	584	40%
US Insurance Operations : ⁽¹⁾												
Fixed Annuities	1,130	1,227	(8%)	-	-	-	1,130	1,227	(8%)	113	123	(8%)
Equity-Linked Indexed Annuities	429	228	88%	-	-	-	429	228	88%	43	23	87%
Variable Annuities	1,981	1,728	15%	-	-	-	1,981	1,728	15%	198	173	14%
Life	16	-	-	12	12	0%	28	12	133%	14	12	17%
Sub-Total Retail	3,566	3,183	12%	12	12	0%	3,568	3,195	12%	368	330	12%
Guaranteed Investment Contracts	180	163	10%	-	-	-	180	163	10%	18	16	13%
GIC - Medium Term Note	672	270	149%	-	-	-	672	270	149%	67	27	148%
Total US Insurance Operations	4,408	3,616	22%	12	12	0%	4,420	3,628	22%	453	374	21%
Asian Insurance Operations : ⁽¹⁾												
China	9	6	50%	16	10	60%	25	16	56%	17	10	70%
Hong Kong	255	169	51%	78	74	5%	333	243	37%	104	91	14%
India (@26%)	5	4	25%	33	15	120%	38	19	100%	34	15	127%
Indonesia	38	23	65%	28	27	4%	66	49	35%	32	29	10%
Japan	17	9	89%	7	34	(79%)	24	43	(44%)	9	34	(74%)
Korea	36	18	100%	60	28	114%	96	46	109%	64	30	113%
Malaysia	7	10	(30%)	61	53	15%	68	63	8%	62	54	15%
Singapore	199	168	18%	47	53	(11%)	246	221	11%	67	70	(4%)
Taiwan	88	26	238%	143	121	18%	231	147	57%	152	124	23%
Other ⁽⁵⁾	8	6	33%	37	48	(23%)	45	54	(17%)	38	48	(21%)
Total Asian Insurance Operations	662	439	51%	510	462	10%	1,172	901	30%	576	506	14%
Group Total	11,427	7,994	43%	703	664	6%	12,130	8,658	40%	1,846	1,464	26%

PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2004

TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

	UK & Europe			US ^(1b)			Asia ^(1b)			Total		
	FY 2004 £m	FY 2003 £m	+/- (%)	FY 2004 £m	FY 2003 £m	+/- (%)	FY 2004 £m	FY 2003 £m	+/- (%)	FY 2004 £m	FY 2003 £m	+/- (%)
Total Insurance Products	6,538	4,128	58%	4,420	4,066	9%	1,172	989	19%	12,130	9,183	32%
Total Investment Products - Gross Inflows ⁽²⁾	5,845	3,797	54%	-	-	-	18,845	18,157	4%	24,690	21,954	12%
Group Total	12,383	7,925	56%	4,420	4,066	9%	20,017	19,146	5%	36,820	31,137	18%

INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents ⁽³⁾		
	FY 2004 £m	FY 2003 £m	+/- (%)	FY 2004 £m	FY 2003 £m	+/- (%)	FY 2004 £m	FY 2003 £m	+/- (%)	FY 2004 £m	FY 2003 £m	+/- (%)
UK Insurance Operations : ⁽⁴⁾												
<i>Direct to Customer:</i>												
Individual Pensions	8	9	(11%)	8	9	(11%)	16	18	(11%)	9	10	(10%)
Life - With Profit Bond	11	13	(15%)	1	1	0%	12	14	(14%)	2	2	0%
Life - Other	-	-	-	1	2	(50%)	1	2	(50%)	1	2	(50%)
Individual Annuities	630	657	(4%)	-	-	-	630	657	(4%)	63	66	(5%)
Sub-Total	649	679	(4%)	10	12	(17%)	659	691	(5%)	75	80	(6%)
DWP Rebates	265	280	(5%)	-	-	-	265	280	(5%)	27	28	(4%)
Total	914	959	(5%)	10	12	(17%)	924	971	(5%)	101	108	(6%)
<i>Business to Business:</i>												
Corporate Pensions	153	168	(9%)	137	127	8%	290	295	(2%)	152	144	6%
Individual Annuities	229	223	3%	-	-	-	229	223	3%	23	22	5%
Bulk Annuities	474	287	65%	-	-	-	474	287	65%	47	29	62%
Total	856	678	26%	137	127	8%	993	805	23%	223	195	14%
<i>Intermediated Distribution :</i>												
Individual Pensions	55	53	4%	17	23	(26%)	72	76	(5%)	23	28	(18%)
Corporate Pensions	134	67	100%	8	6	33%	142	73	95%	21	13	62%
Life - With Profit Bond	231	450	(49%)	-	-	-	231	450	(49%)	23	45	(49%)
Life - Other Bond	770	366	110%	-	-	-	770	366	110%	77	37	108%
Life - Other	-	2	-	5	22	(77%)	5	24	(79%)	5	22	(77%)
Individual Annuities	1,180	828	43%	-	-	-	1,180	828	43%	118	83	42%
Sub-Total	2,370	1,766	34%	30	51	(41%)	2,400	1,817	32%	267	228	17%
DWP Rebates	89	103	(14%)	-	-	-	89	103	(14%)	9	10	(10%)
Total	2,459	1,869	32%	30	51	(41%)	2,489	1,920	30%	276	238	16%
<i>Partnerships :</i>												
Life - With Profit Bond	3	46	(93%)	-	-	-	3	46	(93%)	0	5	(100%)
Life - Other	787	247	219%	2	-	-	789	247	219%	81	25	224%
Individual Annuities	141	52	171%	-	-	-	141	52	171%	14	5	180%
Bulk Annuities	1,108	-	-	-	-	-	1,108	-	-	111	-	-
Total	2,039	345	491%	2	-	-	2,041	345	492%	206	35	489%
Total :												
Individual Pensions	63	62	2%	25	32	(22%)	88	94	(6%)	31	38	(18%)
Corporate Pensions	287	235	22%	145	133	9%	432	368	17%	174	157	11%
Life - With Profit Bond	245	509	(52%)	1	1	0%	246	510	(52%)	26	52	(50%)
Life - Other Bond	770	366	110%	-	-	-	770	366	110%	77	37	108%
Life - Other	787	249	216%	8	24	(67%)	795	273	191%	87	49	78%
Individual Annuities	2,180	1,760	24%	-	-	-	2,180	1,760	24%	218	176	24%
Bulk Annuities	1,582	287	451%	-	-	-	1,582	287	451%	158	29	445%
Sub-Total	5,914	3,468	71%	179	190	(6%)	6,093	3,658	67%	770	537	43%
DWP Rebates	354	383	(8%)	-	-	-	354	383	(8%)	35	38	(8%)
Total UK Insurance Operations	6,268	3,851	63%	179	190	(6%)	6,447	4,041	60%	806	575	40%
<i>European Insurance Operations : ^(1b)</i>												
Insurance Products	89	87	2%	2	-	-	91	87	5%	11	9	22%
Total European Insurance Operations	89	87	2%	2	-	-	91	87	5%	11	9	22%
Total UK & European Insurance Operations	6,357	3,938	61%	181	190	(5%)	6,538	4,128	58%	817	584	40%
<i>US Insurance Operations : ^(1b)</i>												
Fixed Annuities	1,130	1,375	(18%)	-	-	-	1,130	1,375	(18%)	113	138	(18%)
Equity-Linked Indexed Annuities	429	255	68%	-	-	-	429	255	68%	43	25	72%
Variable Annuities	1,981	1,937	2%	-	-	-	1,981	1,937	2%	198	194	2%
Life	16	-	-	12	13	(8%)	28	13	115%	14	13	8%
Sub-Total Retail	3,556	3,567	(0%)	12	13	(8%)	3,568	3,580	(0%)	368	370	(1%)
Guaranteed Investment Contracts	180	183	(2%)	-	-	-	180	183	(2%)	18	18	0%
GIC - Medium Term Note	672	303	122%	-	-	-	672	303	122%	67	30	123%
Total US Insurance Operations	4,408	4,053	9%	12	13	(8%)	4,420	4,066	9%	453	418	8%
<i>Asian Insurance Operations : ^(1b)</i>												
China	9	7	29%	16	11	45%	25	18	39%	17	12	42%
Hong Kong	255	189	35%	78	83	(6%)	333	272	22%	104	102	2%
India (@26%)	5	4	25%	33	16	106%	38	20	90%	34	16	113%
Indonesia	38	27	41%	28	31	(10%)	66	58	14%	32	34	(6%)
Japan	17	9	89%	7	35	(80%)	24	44	(45%)	9	36	(75%)
Korea	36	19	89%	60	30	100%	96	49	96%	64	32	100%
Malaysia	7	11	(36%)	61	59	3%	68	70	(3%)	62	60	3%
Singapore	199	181	10%	47	57	(18%)	246	238	3%	67	75	(11%)
Taiwan	88	28	214%	143	132	8%	231	160	44%	152	135	13%
Other ⁽⁵⁾	8	7	14%	37	53	(30%)	45	60	(25%)	38	54	(30%)
Total Asian Insurance Operations	662	482	37%	510	507	1%	1,172	989	19%	576	555	4%
Group Total	11,427	8,473	35%	703	710	(1%)	12,130	9,183	32%	1,846	1,557	19%

PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2004

INVESTMENT OPERATIONS

	Opening FUM £m	Gross inflows £m	Redemptions £m	Net inflows £m	Other movements £m	Market & currency movements £m	Net movement in FUM £m	Closing FUM £m
2004								
M&G								
M&G branded retail investment products	8,819	1,795	(1,351)	444	0	960	1,404	10,223
Prudential branded UK retail investment products ⁽⁶⁾	1,325	159	(186)	(27)	0	92	65	1,390
M&G institutional ⁽⁷⁾	14,048	3,891	(2,304)	1,587	145	1,312	3,044	17,092
Total M&G	24,192	5,845	(3,841)	2,004	145	2,364	4,513	28,705
Asia								
India	2,049	9,129	(9,068)	61	(21)	55	95	2,144
Taiwan	2,666	5,696	(6,550)	(854)	0	(15)	(869)	1,797
Korea	933	2,132	(1,696)	436	(42)	99	493	1,426
Other Mutual Fund Operations	752	1,814	(307)	1,507	0	(38)	1,469	2,221
Total Asian Mutual Fund Operations	6,400	18,771	(17,621)	1,150	(63)	101	1,188	7,588
Hong Kong MPF Products ⁽⁸⁾	196	74	(26)	48	0	0	48	244
Total Asian Investment Operations	6,596	18,845	(17,647)	1,198	(63)	101	1,236	7,832
Total Investment Products	30,788	24,690	(21,488)	3,202	82	2,465	5,749	36,537
2003								
M&G								
M&G branded retail investment products	7,587	1,068	(883)	185	(14)	1,061	1,232	8,819
Prudential branded UK retail investment products ⁽⁶⁾	1,137	143	(144)	(1)	0	189	188	1,325
M&G institutional ^{(4) (7)}	11,560	2,586	(1,417)	1,169	0	1,319	2,488	14,048
Total M&G	20,284	3,797	(2,444)	1,353	(14)	2,569	3,908	24,192
Asia								
India	1,372	7,534	(6,906)	628	(67)	116	677	2,049
Taiwan	2,425	7,488	(7,114)	374	0	(133)	241	2,666
Korea	993	2,339	(2,329)	10	(25)	(45)	(60)	933
Other Mutual Fund Operations	306	724	(267)	457	0	(11)	446	752
Total Asian Mutual Fund Operations	5,096	18,085	(16,616)	1,469	(92)	(73)	1,304	6,400
Hong Kong MPF Products ⁽⁸⁾	136	72	(19)	53	0	7	60	196
Total Asian Investment Operations	5,232	18,157	(16,635)	1,522	(92)	(66)	1,364	6,596
Total Investment Products	25,516	21,954	(19,079)	2,875	(106)	2,503	5,272	30,788
2004 movement relative to 2003								
M&G								
M&G branded retail investment products	16%	68%	(53%)	140%	-	(10%)	14%	16%
Prudential branded UK retail investment products ⁽⁶⁾	17%	11%	(29%)	(2600%)	-	(51%)	(65%)	5%
M&G institutional ^{(4) (7)}	22%	50%	(63%)	36%	-	(1%)	22%	22%
Total M&G	19%	54%	(57%)	48%	1136%	(6%)	15%	19%
Asia								
India	49%	21%	(31%)	(90%)	69%	(53%)	(86%)	5%
Taiwan	10%	(24%)	8%	(328%)	-	89%	(461%)	(33%)
Korea	(6%)	(9%)	27%	4260%	(68%)	320%	922%	53%
Other Mutual Fund Operations	146%	151%	(15%)	230%	-	(245%)	229%	195%
Total Asian Mutual Fund Operations	26%	4%	(6%)	(22%)	32%	238%	(9%)	19%
Hong Kong MPF Products ⁽⁸⁾	44%	3%	(37%)	(9%)	0%	0%	(20%)	24%
Total Asian Investment Operations	26%	4%	(6%)	(21%)	32%	253%	(9%)	19%
Total Investment Products	21%	12%	(13%)	11%	177%	(2%)	9%	19%

US ⁽⁹⁾Curian Capital
External Funds under Management

FY 2004 £m	FY 2003 £m	+/- (%)
550	139	296%

PRUDENTIAL PLC - NEW BUSINESS - QUARTER 4 2004 VERSUS QUARTER 4 2003⁽¹⁰⁾

INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents ⁽³⁾		
	Q4 2004 £m	Q4 2003 £m	+/- (%)	Q4 2004 £m	Q4 2003 £m	+/- (%)	Q4 2004 £m	Q4 2003 £m	+/- (%)	Q4 2004 £m	Q4 2003 £m	+/- (%)
UK Insurance Operations : ⁽⁴⁾												
<i>Direct to Customer:</i>												
Individual Pensions	2	1	100%	2	2	0%	4	3	33%	2	2	0%
Life - With Profit Bond	2	3	(33%)	-	-	-	2	3	(33%)	0	0	0%
Life - Other	-	-	-	-	1	-	-	1	-	-	1	-
Individual Annuities	166	138	20%	-	-	-	166	138	20%	17	14	21%
Sub-Total	170	142	20%	2	3	(33%)	172	145	19%	19	17	12%
DWP Rebates	13	-	-	-	-	-	13	-	-	1	-	-
Total	183	142	29%	2	3	(33%)	185	145	28%	20	17	18%
<i>Business to Business:</i>												
Corporate Pensions	45	39	15%	33	30	10%	78	69	13%	38	34	12%
Individual Annuities	68	56	21%	-	-	-	68	56	21%	7	6	17%
Bulk Annuities	222	98	127%	-	-	-	222	98	127%	22	10	120%
Total	335	193	74%	33	30	10%	368	223	65%	67	49	37%
<i>Intermediated Distribution :</i>												
Individual Pensions	10	11	(9%)	1	4	(75%)	11	15	(27%)	2	5	(60%)
Corporate Pensions	7	29	(76%)	2	1	100%	9	30	(70%)	3	4	(25%)
Life - With Profit Bond	43	162	(73%)	-	-	-	43	162	(73%)	4	16	(75%)
Life - Other Bond	250	114	119%	-	-	-	250	114	119%	25	11	127%
Life - Other	0	-	-	1	2	(50%)	1	2	(50%)	1	2	(50%)
Individual Annuities	326	233	40%	-	-	-	326	233	40%	33	23	43%
Sub-Total	636	549	16%	4	7	(43%)	640	556	15%	68	62	10%
DWP Rebates	(3)	43	(107%)	-	-	-	(3)	43	(107%)	(0)	4	(100%)
Total	633	592	7%	4	7	(43%)	637	599	6%	67	66	2%
<i>Partnerships :</i>												
Life - With Profit Bond	-	1	-	-	-	-	-	1	-	-	0	-
Life - Other	214	69	210%	-	-	-	214	69	210%	21	7	200%
Individual Annuities	53	23	130%	-	-	-	53	23	130%	5	2	150%
Bulk Annuities	1,108	-	-	-	-	-	1,108	-	-	111	-	-
Total	1,375	93	1378%	-	-	-	1,375	93	1378%	138	9	1433%
Total :												
Individual Pensions	12	12	0%	3	6	(50%)	15	18	(17%)	4	7	(43%)
Corporate Pensions	52	68	(24%)	35	31	13%	87	99	(12%)	40	38	5%
Life - With Profit Bond	45	166	(73%)	-	-	-	45	166	(73%)	5	17	(71%)
Life - Other Bond	250	114	119%	-	-	-	250	114	119%	25	11	127%
Life - Other	214	69	210%	1	3	(67%)	215	72	199%	22	10	120%
Individual Annuities	613	450	36%	-	-	-	613	450	36%	61	45	36%
Bulk Annuities	1,330	98	1257%	-	-	-	1,330	98	1257%	133	10	1230%
Sub-Total	2,516	977	158%	39	40	(3%)	2,555	1,017	151%	291	138	111%
DWP Rebates	10	43	(77%)	-	-	-	10	43	(77%)	1	4	(75%)
Total UK Insurance Operations	2,526	1,020	148%	39	40	(3%)	2,565	1,060	142%	292	142	106%
<i>European Insurance Operations : ⁽¹⁰⁾</i>												
Insurance Products	18	41	(56%)	1	-	-	19	41	(54%)	3	4	(25%)
Total European Insurance Operations	18	41	(56%)	1	-	-	19	41	(54%)	3	4	(25%)
Total UK & European Insurance Operations	2,544	1,061	140%	40	40	0%	2,584	1,101	135%	294	146	101%
<i>US Insurance Operations : ⁽¹⁰⁾</i>												
Fixed Annuities	282	222	27%	-	-	-	282	222	27%	28	22	27%
Equity-Linked Indexed Annuities	136	71	92%	-	-	-	136	71	92%	14	7	100%
Variable Annuities	492	466	6%	-	-	-	492	466	6%	49	47	4%
Life	6	0	-	3	2	50%	9	2	350%	4	2	100%
Sub-total Retail	916	759	21%	3	2	50%	919	761	21%	95	78	22%
Guaranteed Investment Contracts	74	(9)	922%	-	-	-	74	(9)	922%	7	(1)	800%
GIC - Medium Term Note	48	(4)	1300%	-	-	-	48	(4)	1300%	5	(0)	-
Total US Insurance Operations	1,038	746	39%	3	2	50%	1,041	748	39%	107	77	39%
<i>Asian Insurance Operations : ⁽¹⁰⁾</i>												
China	3	2	50%	5	3	67%	8	5	60%	5	3	67%
Hong Kong	94	55	71%	23	28	(18%)	117	83	41%	32	34	(6%)
India (@26%)	1	1	0%	8	6	33%	9	7	29%	8	6	33%
Indonesia	11	11	0%	8	8	0%	19	19	0%	9	9	0%
Japan	5	2	150%	2	2	0%	7	4	75%	3	2	50%
Korea	6	14	(57%)	20	13	54%	26	27	(4%)	21	14	50%
Malaysia	2	2	0%	22	16	38%	24	18	33%	22	16	38%
Singapore	45	85	(47%)	16	17	(6%)	61	102	(40%)	21	26	(19%)
Taiwan	24	10	140%	48	38	26%	72	48	50%	50	39	28%
Other ⁽⁵⁾	2	2	0%	10	15	(33%)	12	17	(29%)	10	15	(33%)
Total Asian Insurance Operations	193	184	5%	162	146	11%	355	330	8%	181	164	10%
Group Total	3,775	1,991	90%	205	188	9%	3,980	2,179	83%	583	387	51%

INVESTMENT OPERATIONS

	M&G ^{(4) (7)}			Asia Mutual Funds			Hong Kong MPF Products ⁽⁸⁾			Total Investment Products		
	Q4 2004 £m	Q4 2003 £m	+/- (%)	Q4 2004 £m	Q4 2003 £m	+/- (%)	Q4 2004 £m	Q4 2003 £m	+/- (%)	Q4 2004 £m	Q4 2003 £m	+/- (%)
Opening FUM	25,876	23,193	12%	6,540	6,316	4%	232	186	25%	32,648	29,696	10%
Gross inflows	2,393	772	210%	5,051	4,832	5%	17	16	6%	7,460	5,620	33%
Less redemptions	(1,006)	(604)	(67%)	(4,121)	(4,346)	5%	(5)	(3)	(67%)	(5,132)	(4,953)	(4%)
Net flows	1,387	168	726%	930	486	91%	11	13	(15%)	2,328	667	249%
Other movements	122	0	-	(11)	(38)	71%	0	0	-	111	(38)	392%
Market and currency movements	1,321	831	59%	129	(364)	135%	0	(3)	100%	1,450	464	213%
Net movement in FUM	2,830	999	183%	1,048	84	1148%	12	10	20%	3,889	1,093	256%
Closing FUM	28,705	24,192	19%	7,588	6,400	19%	244	196	24%	36,538	30,789	19%

PRUDENTIAL PLC - NEW BUSINESS - QUARTER 4 2004 VERSUS QUARTER 3 2004 ⁽¹⁰⁾

INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents ⁽³⁾		
	Q4 2004	Q3 2004	+/- (%)	Q4 2004	Q3 2004	+/- (%)	Q4 2004	Q3 2004	+/- (%)	Q4 2004	Q3 2004	+/- (%)
	£m	£m		£m	£m		£m	£m		£m	£m	
UK Insurance Operations : ⁽⁴⁾												
<i>Direct to Customer:</i>												
Individual Pensions	2	1	100%	2	2	0%	4	3	33%	2	2	0%
Life - With Profit Bond	2	3	(33%)	-	-	-	2	3	(33%)	0	0	0%
Individual Annuities	166	159	4%	-	-	-	166	159	4%	17	16	6%
Sub-Total	170	163	4%	2	2	0%	172	165	4%	19	18	6%
DWP Rebates	13	-	-	-	-	-	13	-	-	1	-	-
Total	183	163	12%	2	2	0%	185	165	12%	20	18	11%
<i>Business to Business:</i>												
Corporate Pensions	45	31	45%	33	28	18%	78	59	32%	38	31	23%
Individual Annuities	68	68	0%	-	-	-	68	68	0%	7	7	0%
Bulk Annuities	222	43	416%	-	-	-	222	43	416%	22	4	450%
Total	335	142	136%	33	28	18%	368	170	116%	67	42	60%
<i>Intermediated Distribution :</i>												
Individual Pensions	10	12	(17%)	1	5	(80%)	11	17	(35%)	2	6	(67%)
Corporate Pensions	7	10	(30%)	2	2	0%	9	12	(25%)	3	3	0%
Life - With Profit Bond	43	55	(22%)	-	-	-	43	55	(22%)	4	6	(33%)
Life - Other Bond	250	206	21%	-	-	-	250	206	21%	25	21	19%
Life - Other	-	-	-	1	1	0%	1	1	0%	1	1	0%
Individual Annuities	326	309	6%	-	-	-	326	309	6%	33	31	6%
Sub-Total	636	592	7%	4	8	(50%)	640	600	7%	68	67	1%
DWP Rebates	(3)	-	-	-	-	-	(3)	-	-	(0)	-	-
Total	633	592	7%	4	8	(50%)	637	600	6%	67	67	0%
<i>Partnerships :</i>												
Life - With Profit Bond	-	1	-	-	-	-	-	1	-	-	0	-
Life - Other	214	234	(9%)	-	1	-	214	235	(9%)	21	24	(13%)
Individual Annuities	53	40	33%	-	-	-	53	40	33%	5	4	25%
Bulk Annuities	1,108	-	-	-	-	-	1,108	-	-	111	-	-
Total	1,375	275	400%	-	1	-	1,375	276	398%	138	29	376%
Total :												
Individual Pensions	12	13	(8%)	3	7	(57%)	15	20	(25%)	4	8	(50%)
Corporate Pensions	52	41	27%	35	30	17%	87	71	23%	40	34	18%
Life - With Profit Bond	45	59	(24%)	-	-	-	45	59	(24%)	5	6	(17%)
Life - Other Bond	250	206	21%	-	-	-	250	206	21%	25	21	19%
Life - Other	214	234	(9%)	1	2	(50%)	215	236	(9%)	22	25	(12%)
Individual Annuities	613	576	6%	-	-	-	613	576	6%	61	58	5%
Bulk Annuities	1,330	43	2993%	-	-	-	1,330	43	2993%	133	4	3225%
Sub-Total	2,516	1,172	115%	39	39	0%	2,555	1,211	111%	291	156	87%
DWP Rebates	10	-	-	-	-	-	10	-	-	1	-	-
Total UK Insurance Operations	2,526	1,172	116%	39	39	0%	2,565	1,211	112%	292	156	87%
European Insurance Operations : ⁽¹⁰⁾												
Insurance Products	18	35	(49%)	1	1	0%	19	36	(47%)	3	5	(40%)
Total European Insurance Operations	18	35	(49%)	1	1	0%	19	36	(47%)	3	5	(40%)
Total UK & European Insurance Operations	2,544	1,207	111%	40	40	0%	2,584	1,247	107%	294	161	83%
US Insurance Operations : ⁽¹⁰⁾												
Fixed Annuities	282	275	3%	-	-	-	282	275	3%	28	28	0%
Equity-Linked Indexed Annuities	136	135	1%	-	-	-	136	135	1%	14	14	0%
Variable Annuities	492	483	2%	-	-	-	492	483	2%	49	48	2%
Life	6	5	20%	3	4	(25%)	9	9	0%	4	5	(20%)
Sub-total Retail	916	898	2%	3	4	(25%)	919	902	2%	95	94	1%
Guaranteed Investment Contracts	74	74	0%	-	-	-	74	74	0%	7	7	0%
GIC - Medium Term Note	48	55	(13%)	-	-	-	48	55	(13%)	5	6	(17%)
Total US Insurance Operations	1,038	1,027	1%	3	4	(25%)	1,041	1,031	1%	107	107	0%
Asian Insurance Operations : ⁽¹⁰⁾												
China	3	1	200%	5	5	0%	8	6	33%	5	5	0%
Hong Kong	94	53	77%	23	19	21%	117	72	63%	32	24	33%
India (@26%)	1	1	0%	8	7	14%	9	8	13%	8	7	14%
Indonesia	11	6	83%	8	6	33%	19	12	58%	9	7	29%
Japan	5	5	0%	2	2	0%	7	7	0%	3	3	0%
Korea	6	3	100%	20	13	54%	26	16	63%	21	13	62%
Malaysia	2	2	0%	22	18	22%	24	20	20%	22	18	22%
Singapore	45	57	(21%)	16	11	45%	61	68	(10%)	21	17	24%
Taiwan	24	34	(29%)	48	38	26%	72	72	0%	50	41	22%
Other ⁽⁵⁾	2	2	0%	10	10	0%	12	12	0%	10	10	0%
Total Asian Insurance Operations	193	164	18%	162	129	26%	355	293	21%	181	145	25%
Group Total	3,775	2,398	57%	205	173	18%	3,980	2,571	55%	583	413	41%

INVESTMENT OPERATIONS

	M&G ^{(4) (7)}			Asia Mutual Funds			Hong Kong MPF Products ⁽⁸⁾			Total Investment Products		
	Q4 2004	Q3 2004	+/- (%)	Q4 2004	Q3 2004	+/- (%)	Q4 2004	Q3 2004	+/- (%)	Q4 2004	Q3 2004	+/- (%)
	£m	£m		£m	£m		£m	£m		£m	£m	
Opening FUM	25,876	24,442	6%	6,539	6,876	(5%)	233	216	8%	32,648	31,534	4%
Gross inflows	2,393	1,274	88%	5,051	4,176	21%	17	16	6%	7,460	5,466	36%
Less redemptions	(1,006)	(567)	(77%)	(4,121)	(4,608)	11%	(5)	(5)	0%	(5,132)	(5,179)	1%
Net flows	1,387	707	96%	930	(432)	315%	11	11	0%	2,328	287	711%
Other movements	122	63	94%	(11)	(14)	21%	0	0	-	111	49	127%
Market and currency movements	1,321	664	99%	129	110	17%	0	5	(100%)	1,450	779	86%
Net movement in FUM	2,830	1,434	97%	1,048	(336)	412%	12	16	(25%)	3,889	1,114	249%
Closing FUM	28,705	25,876	11%	7,588	6,540	16%	244	232	5%	36,538	32,648	12%

PRUDENTIAL PLC - ANNUITY NEW BUSINESS - Q4 2004 VERSUS Q4 2003				
INSURANCE OPERATIONS				
	Q4 2004	+/- (%)	Q4 2003	+/- (%)
	£m		£m	
TOTAL SALES				
UK Insurance Operations:				
ANNUITIES				
<i>Bulks:</i>				
Life fund backed	1	0%	4	4%
Shareholder backed	1,329	100%	94	96%
Total	1,330	100%	98	100%
<i>Individual:</i>				
Life fund backed	20	3%	190	42%
Shareholder backed	593	97%	260	58%
Total	613	100%	450	100%
<i>Total Annuities:</i>				
Life fund backed	21	1%	194	35%
Shareholder backed	1,922	99%	354	65%
Total	1,943	100%	548	100%

PRUDENTIAL PLC - ANNUITY NEW BUSINESS - FY 2004 VERSUS FY 2003					
INSURANCE OPERATIONS					
	FY 2004	+/- (%)	v	FY 2003	+/- (%)
	£m			£m	
TOTAL SALES					
UK Insurance Operations:					
ANNUITIES					
<i>Bulks:</i>					
Life fund backed	7	0%		10	4%
Shareholder backed	1,575	100%		277	96%
Total	1,582	100%		287	100%
<i>Individual:</i>					
Life fund backed	433	20%		893	51%
Shareholder backed	1,747	80%		867	49%
Total	2,180	100%		1,760	100%
<i>Total Annuities:</i>					
Life fund backed	440	12%		903	44%
Shareholder backed	3,322	88%		1,144	56%
Total	3,762	100%		2,047	100%

Notes to the New Business Schedules :

- ⁽¹⁾ Insurance and investment new business for overseas operations has been calculated using constant exchange rates. The applicable rate for Jackson National Life is 1.83.
- ^(1b) Insurance and investment new business for overseas operations has been calculated using average exchange rates. The applicable rate for Jackson National Life is 1.83 (2003 - 1.64).
- ⁽²⁾ Represents cash received from sale of investment products.
- ⁽³⁾ Annual Equivalents, calculated as regular new business contributions + 10% single new business contributions, are subject to roundings.
- ⁽⁴⁾ Certain investment mandates previously reported as UK corporate pensions are now reported as M&G institutional investment flows. The impact is to reduce UK corporate pensions APE sales by £32 million for the full-year 2003.
- ⁽⁵⁾ In Asia, 'Other' insurance operations include Thailand, The Philippines and Vietnam.
- ⁽⁶⁾ Scottish Amicable and Prudential branded Investment Products.
- ⁽⁷⁾ Balance includes segregated pensions fund business, private finance flows and M&G South Africa institutional business. M&G institutional funds under management for 2003 have been restated to include funds managed on behalf of the Prudential Staff Pension Scheme previously categorised as internal funds. Other movements reflect the net flows arising from the cash portion of a tactical asset allocation fund managed in South Africa.
- ⁽⁸⁾ Mandatory Provident Fund product sales in Hong Kong are included at Prudential's 36% interest in the Hong Kong MPF operation.
- ⁽⁹⁾ Balance sheet figures have been calculated at the closing exchange rate. The 2003 balance is shown on a constant exchange rate.
- ⁽¹⁰⁾ Sales are converted 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