

Embargo: 07.00 hrs Thursday 23 January 2003

PRUDENTIAL PLC 2002 NEW BUSINESS RESULTS

- **Total Group insurance and investment sales of £27.6 billion, an increase of 29 per cent on 2001.**
- **Group insurance sales of £12.8 billion up 12 per cent (sales on an APE basis of £1.9 billion up 9 per cent).**
- **Approximately 74 per cent of Group sales from outside the UK.**
- **Total insurance sales in Prudential UK increased by 6 per cent to £6.1 billion (insurance sales on an APE basis down 5 per cent to £781 million).**
- **Gross fund inflows in M&G of £1 billion up 11 per cent (net fund inflows up 79 per cent).**
- **APE sales up 23 per cent in Jackson National Life, driven by strong sales of both fixed and variable annuities.**
- **APE insurance sales in Prudential Corporation Asia increased by 18 per cent.**

Prudential's Group Chief Executive, Jonathan Bloomer, commented:

"These strong sales figures were achieved in extremely difficult market conditions and fully endorse our strategy of growing internationally, broadening our distribution reach and diversifying our product range.

"We expect market conditions to remain challenging for many areas of our business throughout 2003, particularly in the UK and the United States. However, our international diversification and focus on running the business for value positions us well to deliver sustainable profitable growth over the longer-term".

Prudential UK

Prudential's UK insurance operations recorded a 10 per cent increase in total sales on the previous year as a result of strong sales of bulk and individual annuities throughout 2002. This increase is on a like-for-like basis and excludes sales made through the direct sales force which closed in 2001. APE sales of £781 million for the year were down 1 per cent as a result of positive actions taken by the business to focus sales activity on more profitable single premium products. Fourth-quarter APE sales were up 30 per cent on the previous quarter following a number of significant wins of both corporate pension and bulk annuity business. Overall, this was a particularly strong result given the testing conditions which the insurance sector has faced over the past twelve months.

Successful marketing campaigns and an effective pricing policy helped the business to achieve a significant increase in sales of individual annuities for the year, which were up 39 per cent to £1.76 billion (£176 million APE).

Bulk annuities also performed well with a 23 per cent increase in total sales for the year to £710 million (£71 million APE). Prudential UK has successfully reinforced its position as the leading player in this market, winning the £389 million C&A pension scheme account in the final quarter of the year.

As expected, life product sales were down on 2001 with total sales down 5 per cent and APE sales down 8 per cent to £247 million. However, during the first three quarters of 2002, Prudential UK gained market share in with-profit bonds on the corresponding period in 2001, and believes that the final quarter's performance will confirm Prudential UK's strong position in this sector. In October, the business signed a distribution arrangement with Abbey National to sell its Prudence Bond product through the bank's branches. This was launched on 11 December and sales have been encouraging.

While corporate pension sales on an APE basis were down slightly on 2001, total sales were up 23 per cent, reflecting the move towards single premium products. In the fourth quarter of 2002, Prudential UK won a number of significant schemes and will see increasing contributions from these schemes in 2003.

2002 was a challenging year, with some of the most difficult UK stock market conditions since 1974. However, Prudential UK continues to win new business with further improvements to its product range and distribution network and the fourth quarter of 2002 proved to be the strongest performing quarter for two years (excluding DSS rebates, which generally occur in the first quarter of the year). The 'flight to quality' continues as customers place increasing emphasis on financial strength and a trusted brand. However, we expect market conditions to remain difficult for the foreseeable future.

M&G

M&G recorded gross retail fund inflows of £1 billion in 2002, up 11 per cent on the previous year, and gross retail fund inflows for the fourth quarter alone were £242 million, an increase of 23 per cent on the fourth quarter of 2001. These figures exclude the successful rollover of the M&G Recovery Investment Trust into a new vehicle, which contributed a further £171 million.

Net fund inflows for the fourth quarter were £78 million, an 8 per cent increase on the same period in 2001, bringing net fund inflows for the full year to £350 million, an increase of 79 per cent.

Despite uncertain equity markets and in contrast to the industry trend, M&G experienced a fall in redemptions in 2002. The latest Investment Management Association (IMA) figures to the end of November show that while redemptions across the industry rose during the year, M&G's redemptions fell by 9 per cent.

M&G continued to increase its share of the retail market in 2002. The November IMA figures show that M&G experienced a 10 per cent increase in share of the total retail market over the year to date and a 15 per cent increase in share of the PEP/ISA market. M&G also increased its market share of funds sold via intermediaries by 11 per cent overall and by 27 per cent for PEPs and ISAs.

Egg

Egg published a pre-closed season briefing on 12 December 2002 that covered its activities up to that date. The announcement highlighted that the UK business continues to grow strongly and profitably, and that the group has now successfully launched in France. Egg will announce its preliminary results on 24 February 2003.

Prudential Europe

Sales on an APE basis increased by 12 per cent to £29 million. Total sales were down 14 per cent to £67 million.

In November 2002, we agreed the sale of our German life business to Canada Life Financial Corporation for a total consideration of €129 million (£82 million), and the transaction completed at the end of the year. We will continue to run our existing operations in France for value.

Jackson National Life

Jackson National Life (JNL) recorded total sales in 2002 of £5.8 billion, a 24 per cent increase on 2001, reflecting record fixed annuity sales and strong sales of variable annuities. Fourth quarter total sales were up 55 per cent on the corresponding period in 2001 but down 21 per cent on the third quarter of 2002. Total sales for the year on an APE basis of £595 million were 23 per cent up on 2001.

These strong results were achieved in extremely difficult market conditions, and are testament not only to JNL's strong track record of product innovation but also its high quality relationship-driven distribution model.

Total single premium sales during the year increased by 24 per cent. Total sales of all annuity products to retail customers of £4.3 billion were 47 per cent up on 2001. Annuity sales in the second half of 2002 of £2.7 billion increased by 60 per cent on the first half of the year and 54 per cent of annuity sales in 2002 came from products launched during the year.

Record fixed annuity sales of £2.7 billion were up 43 per cent on 2001, reflecting strong consumer preference for guaranteed returns in the current volatile equity markets. Sales of fixed annuities in the fourth quarter increased by 39 per cent on the corresponding quarter of 2001 but were down 21 per cent on the third quarter of 2002, emphasising JNL's focus on delivering value, not simply volume, while actively managing capital.

Despite the continued challenging market conditions, JNL also recorded excellent variable annuity sales in 2002. Total sales of almost £1.4 billion were up 77 per cent on 2001, and increased quarter-on-quarter throughout the year. This upward trend reflected the successful launch in the first quarter of Perspective II, a new variable annuity product which is highly competitive in this market and can be individually tailored to customers' needs.

Sales of equity linked indexed (ELI) annuities of £254 million were 6 per cent down on 2001.

Regular premium life sales of £22 million were in line with the level of sales seen in 2001.

Sales of stable value products of £1.4 billion decreased by 16 per cent on 2001, reflecting JNL's primary focus on retail sales throughout the year which we expect to continue in 2003.

During 2002, JNL has once again shown that it has the ability to adapt to difficult market environments by delivering strong sales growth while ensuring efficient management of capital. We believe that market conditions in the United States will remain very challenging well into 2003 but that there are significant opportunities over the longer term for high quality, efficient businesses like JNL which has a cost base below the industry average, modern and sophisticated IT systems, and diversified and flexible products and distribution.

Prudential Corporation Asia

Prudential Corporation Asia (PCA) had another strong year in 2002 with total insurance sales on an APE basis increasing by 18 per cent on 2001 to £513 million. This increase was 30 per cent if last year's Central Provident Fund (CPF) single premium sales in Singapore, which were at exceptional levels due to further government liberalisation of CPF funds, are excluded. Total APE insurance sales in the fourth quarter of 2002 were up 53 per cent on the corresponding quarter in 2001.

All of PCA's life operations continued to grow strongly during the year, reflecting the clear strategy of building and strengthening high quality agency distribution as well as the ongoing success in developing complementary channels, including bancassurance. PCA's focus for its life operations continues to be on developing a balanced portfolio of traditional, linked, and accident and health products, with the emphasis on higher value regular premium business which increased by 26 per cent during 2002.

PCA's mutual fund assets under management of £5.1 billion included the additional funds under management following the acquisition of Korea's Good Morning Securities ITMC in October 2002 and despite challenging investment market conditions, net inflows for the year remained positive at over £1 billion.

PCA's share of Bank of China International-Prudential Mandatory Provident Fund (MPF) funds under management in Hong Kong increased by 51 per cent to £136 million.

Despite the global economic downturn in 2002, PCA has once again strengthened its position as a regional leader in the life and mutual fund markets and is very well positioned to continue delivering sustainable profitable new business growth over the long-term.

-ENDS-

Enquiries to:

Media

Geraldine Davies 020 7548 3911
Steve Colton 020 7548 3721
Clare Staley 020 7548 3719

Investors/Analysts

Rebecca Burrows 020 7548 3537
Laura Presland 020 7548 3511

Notes to Editors:

1. There will be a conference call today for wire services at 7.30am on Tel: 020 8288 4700 hosted by Jonathan Bloomer, Group Chief Executive, and Philip Broadley, Group Finance Director.
2. There will be a conference call for international investors at 2:30pm (dial in telephone number: +44 (0) 20 7162 0125, US callers 1 334 323 6203). Callers to quote "Prudential" for access to the call.

A recording of this call will be available for replay until close of business on 30 January 2003 by dialling - UK: 020 8288 4459, US: 1 334 323 6222, access code 513232.

3. High resolution photographs are available to the media free of charge at www.newscast.co.uk (+44 (0)20 7608 1000).
4. Sales for overseas operations have been calculated using average exchange rates. At constant 2001 exchange rates, the increase in Group insurance sales on an APE basis would have been 12 per cent.
5. Annual premium equivalent (APE) sales comprise regular premium sales plus one-tenth of single premium insurance sales.

6. Financial Calendar:

2002 Full-Year Results	Tuesday 25 February 2003
Ex-dividend date for 2002 final dividend	Wednesday 19 March 2003
First-quarter 2003 New Business Figures	Thursday 17 April 2003
2003 Annual General Meeting	Thursday 8 May 2003
Payment of 2002 final dividend	Wednesday 28 May 2003
2003 Interim Results/	Tuesday 29 July 2003
Second-quarter New Business Figures	

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 and results. 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, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Prudential and its affiliates operate. 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.