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PRUDENTIAL PLC FIRST QUARTER 2005 NEW BUSINESS RESULTS

Good start to the year across all businesses.

- Group APE sales of £478 million up 11 per cent on first quarter 2004
- UK & Europe APE sales of £208 million up 12 per cent on first quarter 2004
- Jackson National Life APE sales of £128 million up 9 per cent on first quarter 2004
- Prudential Corporation Asia APE sales of £142 million up 13 per cent on first quarter 2004
- M&G external funds under management of £30.1 billion up 27 per cent on first quarter 2004
- Prudential Corporation Asia investment operations' funds under management of £8.1 billion, up 13 per cent on 2004

All comparisons above and the narrative below are quoted at constant exchange rates (CER). See Notes to Editors for further details.

Prudential's Group Finance Director, Philip Broadley, commented:

"This is a strong start to the year, continuing the momentum built across the Group in 2004 with good performances from all our businesses.

Double digit sales growth for Prudential UK & Europe included strong sales of unit-linked bonds and annuities. The partnerships channel saw significant year-on-year growth and this will be enhanced by further distribution opportunities with St James's Place, Barclays and National Australia Bank.

In the US, Jackson National Life's (JNL) total quarterly sales of variable annuities exceeded \$1 billion for the first time and contributed to overall APE sales growth of 9 per cent on the first quarter of 2004.

In Asia, both Korea and India recorded their highest quarterly APE sales and sales in Malaysia increased significantly. In China we were pleased to announce three new city licences during the quarter.

M&G reported gross inflows of £2.1 billion, nearly three times higher than the first quarter of 2004.

We maintain the positive outlook set out in our preliminary results announcement on 2 March. Our businesses across all regions continue to perform strongly and are well positioned to take advantage of the opportunities in their respective markets."

UK and Europe Insurance Operations

APE sales for Prudential UK and Europe of £208 million were up 12 per cent on the first quarter of 2004. This principally reflected strong growth in sales of unit-linked bonds and annuities.

APE sales out-performed the first quarter of last year in each distribution channel: Direct to Customer up 6 per cent; Business to Business (B2B) up 17 per cent; Intermediaries up 8 per cent; and Partnerships up 42 per cent (all figures exclude the inflows from DWP rebates).

Prudential UK is a market leader in annuities. APE sales of individual annuities were up 18 per cent (to £53 million) on the first quarter of 2004 due to increased sales through most distribution channels. Bulk annuities were up 71 per cent on 2004 to £24 million which comprised 16 scheme wins.

Sales of unit-linked products increased significantly in 2004 and this trend continued into 2005 with APE sales of £18 million up 195 per cent on the first quarter of 2004. This increase more than offset the decline in sales of with-profits products from the levels seen in the first quarter of 2004. However, Prudential believes that with-profits continues to be an attractive investment for policyholders when provided by a financially strong and well-managed fund. Our with-profits fund has delivered a total pre-tax return of 20.7 per cent over the last five years while the FTSE 100 fell by 20 per cent. This enabled Prudential UK to maintain annual bonuses and increase policy values for nearly all its 5.5 million with-profits policyholders in 2005.

Prudential re-entered the critical illness protection market with guaranteed rates in March 2005. Earlier this month it launched both on-line and telephone underwriting across its range of protection products, which will substantially reduce the processing time for new business for Independent Financial Advisers (IFAs). Credit Life sales remained strong, up 25 per cent to £20 million on the first quarter of 2004.

In October 2004 we launched PruHealth, an innovative UK healthcare product that links health and fitness to the cost of medical insurance. As PruHealth is not a life insurance product, its premium income is not reported as new business sales; for the first quarter of 2005, the gross written premiums were £1 million. Support for PruHealth is strong in the IFA channel and its rate of growth is accelerating.

Further enhancements to sales processes and greater use of work-site marketing contributed to an increase in B2B corporate pensions APE sales of 6 per cent (to £37 million) on the first quarter of 2004. DWP rebates decreased 9 per cent on 2004 as customers have been encouraged to consider contracting back into the second state pension.

Sales through the partnerships channel have increased year-on-year as more business was written through new agreements. A further agreement was signed with St. James's Place in January (for the sale of annuities) and in March, Barclays announced its intention to appoint Prudential UK as one of its nominated multi-tie product providers. Yesterday, Prudential announced an agreement with National Australia Bank (NAB) under which NAB will sell Prudential's annuity products (on an exclusive basis) and healthcare products through their Clydesdale and Yorkshire Bank networks.

Prudential UK has continued to make good progress with multi-tie networks. In the first quarter of 2005, it was appointed to the Burns Anderson regulated multi-tie panel and by Tenet to work on the design of its multi-tie proposition.

Prudential UK has made an encouraging start in 2005. Its new business growth of 12 per cent exceeded our expected growth rate for the year of 10 per cent given the expectation of UK market growth of 5 per cent.

Jackson National Life (JNL)

APE sales for the first quarter of £128 million were up 9 per cent on the first quarter of 2004. Total quarterly sales of variable annuities exceeded \$1 billion (£529 million) for the first time. Total retail APE sales of £87 million were in line with the first quarter of 2004. Institutional sales were 37 per cent higher than the same period last year.

Total sales of variable annuities exceeded \$1 billion, with particularly strong sales in March of over \$400 million (establishing a monthly sales record). JNL remains a top-10 player in the variable annuity market. Its variable annuity assets grew 36 per cent in 2004 compared with industry growth of 12 per cent. The rate of take-up of the fixed account option for this product was 28 per cent, compared with 25 per cent in the first quarter of 2004.

APE sales of fixed annuities were down 47 per cent on the first quarter of 2004, reflecting the flattened yield curve, which has made rates on short-term certificates of deposits (CDs) more attractive to customers.

Fixed index annuities ^(note 2) APE sales of £13 million were up 86 per cent on the first quarter of 2004, reflecting customers' increasing preference for fixed products with the potential for higher returns linked to equity index performance.

APE sales of life products increased to £3 million in the first quarter of 2005. JNL's continued focus on developing its life business through the creation of a dedicated distribution team in 2003 has helped generate a significant increase in life sales. The company also entered the variable universal life market in March 2004 and introduced its second VUL product in January 2005.

We expect to complete the regulatory approval process of the purchase of Life Insurance Company of Georgia in the second quarter of 2005.

Curian Capital, which provides innovative fee-based separately managed accounts, had deposits of £117 million, up 24 per cent over the first quarter of 2004. In its first full two years of operation, Curian has accumulated US\$1,213 million (£642 million) of funds under management.

APE sales of institutional products were £41 million, up 37 per cent on the first quarter of 2004 reflecting favourable market conditions in this sector. In general, the market is more active in the first quarter as companies begin to address their funding needs for the year. In addition, there was a brief window in the first quarter of 2005 during which spreads were attractive and we were able to opportunistically place business.

Performance in the first quarter was in line with our expectations for the year. We expect the US market to grow at about 4 per cent in 2005 and JNL to grow sales at around twice this rate as current conditions continue to favour companies which have a range of variable and fixed annuity product offerings, a relationship-based distribution model and award-winning service.

Prudential Corporation Asia

Prudential's Asian operations continue to show solid new business growth overall and reflect our focus on building a profitable and sustainable business. APE sales of £142 million were up 13 per cent over the same period last year.

Both Korea and India achieved very strong results in the first quarter with record quarterly APE sales of £27 million and £18 million respectively. In Korea this reflects the continuing popularity of the Variable Universal Life product and the development of the tied and general agency channels that are compensating for increased competition in the direct channel. In India APE growth reflects the ongoing building of scale in the operation as agent numbers grow and geographic coverage increases.

In the more established markets, Malaysia had a very good first quarter with APE sales of £12 million, up 50 per cent on the same quarter last year, reflecting successful sales and productivity programmes. Taiwan APE sales were down 25 per cent on the first quarter of

2004 as we focus on quality new business rather than pursuing volume. Its proportion of unit-linked business increased from 47 per cent in the first quarter of 2004 to 54 per cent in the first quarter of 2005. Singapore APE sales grew 7 per cent with regular premium business growing 10 per cent, reflecting our market leading position in this more profitable sector of the market. Hong Kong APE sales grew 5 per cent driven by continuing growth from the bancassurance distribution channel.

In China our geographic expansion is progressing and APE sales were up 33 per cent over the first quarter of 2004. Prudential's joint venture with China International Trust and Investment Corporation (CITIC) is the country's leading joint venture in terms of sales and we now have seven city licences, including three announced during the quarter in Foshan, Dongguan and Wuhan, as well as a group life insurance licence.

In Japan, sales were slow as our focus remains on strengthening our bancassurance and Financial Advisory model. Indonesia APE sales were in line with the first quarter in 2004, as it continues the steady rebuilding of momentum following the bankruptcy claim that affected the business for part of last year. APE sales of Prudential Corporation Asia's 'Other' operations primarily reflected sales in Vietnam where industry growth has softened over the last year following the initial growth since the liberalisation of the market.

Total investment product funds under management are £8.1 billion, up 13 per cent on 2004. Net investment product inflows were £209 million, down 31 per cent on the same quarter in 2004. Strong net inflows in Japan of £365 million, and in Korea of £314 million were partially offset by net outflows in Taiwan of £163 million where industry-wide concerns over the liquidity of some bond funds have unsettled the market. In India, net outflows of £231 million reflect anticipated end of year tax planning by many unit holders.

We are confident of our ability to grow strongly and profitably in Asia: the opportunities in our newer markets, coupled with the strength of our larger operations, should enable us to accelerate our level of sales growth in 2005.

M&G

M&G has made a strong start to the year with overall gross fund inflows in the quarter of £2.1 billion, nearly three times greater than the previous year. Overall net fund inflows were £1.3 billion, a significant improvement on the first quarter of last year when there were net outflows of £886 million.

Gross fund inflows within M&G's retail businesses more than doubled to £801 million, resulting in net fund inflows of £220 million against a small net outflow last year. This improvement was due to increased equity and property sales in the UK and strong growth from its international businesses.

M&G's institutional businesses delivered gross fund inflows of £1.3 billion, boosted by a one-off contribution of £967 million from Prudential Property Investment Managers (PruPIM). This related to the transfer of 50% of Prudential's economic interests in three UK shopping centres into new external vehicles which PruPIM will continue to manage. Net inflows of £1.0 billion compare to net outflows of £879 million last year when the figures reflected a single large segregated withdrawal following a change of strategy by the client.

Egg

Egg will announce its first quarter 2005 results on 27 April.

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Notes to Editors

1. There will be a conference call today for wire services hosted by Philip Broadley, Group Finance Director, at 7.45am. Dial-in telephone number: **+44 (0) 20 8609 0205**. Pin code: **155439#** for access to the call.
2. Equity-Indexed Annuities (EIAs) are now referred to as Fixed Index Annuities (FIAs), a term that more accurately describes the product design and its benefits and features.
3. Sales for overseas operations have been reported using average exchange rates as shown in the attached schedules. Commentary is given on the results on a constant exchange rate (CER) basis. The two bases are compared in the table below.

	Annual Premium Equivalent Sales					
	Actual exchange rates			Constant exchange rates		
	2005 Q1	2004 Q1	+/- (%)	2005 Q1	2004 Q1	+/- (%)
	£m	£m		£m	£m	
UK & Europe	208	185	12%	208	185	12%
US	128	121	6%	128	117	9%
Asia	142	125	14%	142	126	13%
Total	478	431	11%	478	429	11%

	Gross Inflows					
	Actual exchange rates			Constant exchange rates		
	2005 Q1	2004 Q1	+/- (%)	2005 Q1	2004 Q1	+/- (%)
	£m	£m		£m	£m	
M&G	2,092	722	190%	2,092	722	190%
Asia	4,635	4,909	(6%)	4,635	5,046	(8%)
Total	6,727	5,631	19%	6,727	5,768	17%

	Total Insurance and Investment New Business					
	Actual exchange rates			Constant exchange rates		
	2005 Q1	2004 Q1	+/- (%)	2005 Q1	2004 Q1	+/- (%)
	£m	£m		£m	£m	
Insurance	3,247	2,935	11%	3,247	2,902	12%
Investment	6,727	5,631	19%	6,727	5,768	17%
Total	9,974	8,566	16%	9,974	8,670	15%

4. Annual premium equivalent (APE) sales comprise regular premium sales plus one-tenth of single premium insurance sales.

Prudential plc, a company incorporated and with its principal place of business in the United Kingdom, and its affiliated companies constitute one of the world's leading financial services groups. It provides insurance and financial services directly and through its subsidiaries and affiliates throughout the world. It has been in existence for over 150 years and has £187 billion in assets under management, as at 31 December 2004. Prudential plc is not affiliated in any manner with Prudential Financial, Inc, a company whose principal place of business is in the United States of America.

Forward-Looking Statements

This statement may contain certain "forward-looking statements" with respect to certain of Prudential's plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements containing the words "believes", "intends", "expects", "plans", "seeks" and "anticipates", and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Prudential's control including among other things, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, the impact of competition, inflation, and deflation; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; and the impact of changes in capital, solvency or accounting standards, and

tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate. This may for example result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. As a result, Prudential's actual future financial condition, performance and results may differ materially from the plans, goals, and expectations set forth in Prudential's forward-looking statements. Prudential undertakes no obligation to update the forward-looking statements contained in this statement or any other forward-looking statements it may make.