



PRUDENTIAL

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PRUDENTIAL PLC FULL YEAR 2005 NEW BUSINESS RESULTS

Double-digit growth across all businesses

- Total Group Insurance APE sales of £2.15 billion, up 15 per cent on 2004
- Jackson National Life's (JNL) APE sales of £515 million, up 13 per cent on 2004
- APE sales at Prudential Corporation Asia of £732 million, up 23 per cent on 2004
- Prudential UK and Europe APE sales of £900 million, up 10 per cent on 2004
- M&G had record gross fund inflows of £7.9 billion, up 35 per cent on 2004

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

Commenting, Mark Tucker, Group Chief Executive said:

"All our businesses continued to grow strongly, with double-digit year-on-year percentage sales gains across the board.

"**JNL**, our US business, has maintained healthy growth with total sales up 13 per cent on 2004. Variable annuity sales are ahead 31 per cent from 2004 in what we believe will be a flat market, with Perspective II being the second best-selling VA product in the US in terms of net flows. At the nine month stage, market share in variable annuities had risen to 3.5 per cent from 2.8 per cent at Q3 2004.

"In **Asia**, full year APE sales were up 23 per cent on 2004. Fourth quarter sales of £219 million were 16 per cent ahead of the same quarter in 2004 which was, in itself, a very strong quarter.

"In the **UK and Europe**, APE sales were £900 million, an increase of 10 per cent on last year. Fourth quarter sales on an APE basis of £200 million were 26 per cent ahead of the third quarter with a strong quarter for corporate pensions in particular but also stronger bond and individual annuity sales.

"Both M&G and our Asian Fund Management business have grown their third party funds under management strongly in 2005.

"**M&G** saw the strongest retail sales in its history with £3.8 billion of gross inflows and significant increases in equity and property sales, while maintaining its leading position in fixed income. Institutional sales were £4.1 billion. Overall M&G saw net inflows of £3.9 billion, up from £2 billion in 2004.

"Our Japanese and Korean asset management businesses each saw net inflows of more than £900 million. Total third party funds under management in Asia were £10.1 billion, up 29 per cent on a comparable basis."

News release

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Commentary on Full Year 2005 New Business Results

UK and Europe Insurance Operations

Prudential UK and Europe finished 2005 strongly with fourth quarter APE sales up 26 per cent on the third quarter. APE sales for the full-year increased by 10 per cent on 2004 to £900 million.

Bulk annuity sales were a significant driver of growth, with APE sales of £203 million up 28 per cent on 2004. This included the Phoenix Life & Pensions transaction announced in June 2005 which contributed £145 million to the full-year result.

APE sales of individual annuities were up 2 per cent on 2004 at £222 million, driven by strong sales through the Partnerships and Direct to Consumer channels which increased by 114 per cent and 14 per cent respectively. Despite APE sales of with-profit annuities through the Intermediaries channel increasing 100 per cent year-on-year, total individual annuities sales through this channel decreased 15 per cent reflecting the very competitive pricing environment throughout much of the year. Prudential has maintained a leading position in the annuities market and has reached agreement for an additional two new partnership arrangements, which will start to generate new business sales in 2006.

Prudential launched a distribution partnership with Openwork in November under which Openwork's 2,200 advisers will sell Prudential's range of conventional, with-profits and impaired life annuities to their customers on an exclusive basis. Openwork was previously known as Zurich Advice Network and was re-launched as a new multi-tie distribution company in June 2005.

In December, Prudential and Royal London entered into an agreement under which all pension annuities arising from vestings of policies written under the Scottish Life brand in the period between January 2005 and December 2010 will be reassured by Prudential as they come into payment. Scottish Life (a division of Royal London) will continue to pay the annuitants with Prudential reimbursing the annuity payments to Scottish Life. This arrangement supplements the agreement reached between Prudential and Royal London in December 2004 in relation to Scottish Life's in-payment annuities book.

APE sales of unit-linked bonds increased 31 per cent to £64 million, reflecting Prudential's growing presence in the IFA unit-linked bond market. This offset the year-on-year decrease in with-profit bond sales which fell 31 per cent.

Despite the contraction seen in the corporate pensions market earlier in the year, there was an up-turn in corporate pensions APE sales in the fourth quarter of 2005 which increased 94 per cent on the third quarter. APE sales for the full-year increased 5 per cent on 2004, driven by 83 new scheme wins and by Prudential's worksite marketing capability which led to a significant increase in the number of new entrants to existing schemes.

Prudential UK and Europe has made a good start to 2006. Earlier this month, Prudential reached agreement with Royal London to acquire the portfolio of in-payment pension annuities that had been written primarily under the Royal London brand, but which also included some annuities written under the Refuge Assurance brand. Refuge Assurance was acquired by Royal London as part of the United Assurance Group in 2001.

The book covers approximately 59,000 policies (weighted average age 66 with no deferred annuities) with assets of around £650 million and will generate premium income of around £65 million on an APE basis in 2006 (see Notes to Editors for further details). This is the third in-force annuity book acquisition Prudential has completed since December 2004, with combined assets of over £3 billion.

Prudential UK & Europe will continue to pursue profitable opportunities in its chosen product areas and distribution channels.

M&G

M&G delivered record gross fund inflows of £7.9 billion during 2005, an increase of 35 per cent on the same period last year, reflecting the strengths of its diversified product offering in the areas of retail fund management, institutional fixed income, pooled life and pension funds, property and private finance. Net fund inflows also grew significantly, almost doubling to £3.9 billion. External funds under management, which represent a quarter of M&G's total funds, rose by 26 per cent to £36 billion.

M&G's gross retail fund inflows of £3.8 billion were its highest ever and nearly double the previous year. Net retail fund inflows totalled £1.3 billion, more than triple those in 2004. In the UK, M&G significantly increased its sales of equity funds on the back of strong fund performance, which saw 92 per cent of funds beating their sector average over three years. In addition, M&G continued to see strong fund inflows into property and successfully maintained its leading position in fixed income. M&G International, which sells funds in Germany, Austria, Italy, Luxembourg and Switzerland, continued to experience very strong growth by more than tripling its funds under management last year. In M&G's South African business, market leading products led to a doubling of retail funds under management.

M&G's institutional business also saw strong growth in the areas of private finance and property. In private finance, the leveraged loan business continued to grow and in August M&G broke new ground with the launch of Europe's first pure leveraged loan fund, the M&G European Loan Fund. During the year, M&G continued the success of its Collateralised Debt Obligation programme with the launch of five new CDOs in 2005. In property, the continued development of external vehicles managed by Prudential Property Investment Managers (PruPIM) for third party clients delivered strong fund inflows. Gross fund inflows across M&G's institutional businesses totalled £4.1 billion, with net fund inflows growing 59 per cent to £2.5 billion.

Jackson National Life

Jackson National Life's (JNL) full year APE sales of £515 million represented a 13 per cent increase on the 2004 result, driven by increased sales of variable annuities, fixed index annuities and institutional product sales. Retail APE sales for the year of £416 million were up 12 per cent on 2004.

JNL delivered record variable annuity sales during 2005 of £261 million, up 31 per cent on last year, reflecting JNL's clearly differentiated product structure, distribution proposition and service offering. Total sales of variable annuities exceeded \$1 billion in each quarter of 2005, with sales in each consecutive quarter surpassing the last. This result was achieved against a flat variable annuity market through the first nine months of 2005 and reflects JNL's continued success in product innovation and its relationship-based distribution strategy.

For the first nine months of the year, JNL had a top five market position in terms of variable annuity net flows and JNL's flagship unbundled annuity product "Perspective II" was the second-best selling variable annuity product in the market in terms of net flows. The rate of take up of the fixed account option continued to decline, with only 20 per cent of the variable annuity premium going into the fixed accounts compared with 29 per cent in 2004.

Fixed annuity APE sales of £79 million were down 31 per cent on 2004, reflecting the continued low interest rates and flat yield curve in the US, which have limited customers' demand for this product. JNL continues to pursue profitable growth and hence has been unwilling to compromise entry spreads in this market. JNL was ranked the tenth largest provider of fixed annuities during the first nine months of 2005.

Fixed index annuity APE sales of £62 million were up 44 per cent on 2004, reflecting customers' increasing preference for products with the potential for higher returns linked to equity index performance. JNL has benefited from its approach to educating broker dealers about a complex product; while at the same time offering lower commissions and passing the benefit to the end consumer. JNL was ranked the eighth largest provider of fixed index annuities for the first nine months of 2005, improving from ninth for the full year 2004.

Life APE sales of £15 million were up 7 per cent on 2004. JNL substantially completed the integration of Life Insurance Company of Georgia's operations at the end of 2005, having converted 1.5 million policies onto its platform.

Curian Capital provides innovative fee based separately managed accounts and continues to build a strong position with total assets under management at the end of 2005 of \$1.67 billion (£973 million) compared with \$1.06 billion (£615 million) at the start of 2005.

Institutional APE sales of £99 million were up 15 per cent on 2004. JNL took advantage of attractive issuance opportunities as they have arisen during the year, and will continue to participate in this market on an opportunistic basis.

In 2006, as the first of the Baby Boomer generation begins to turn 60, the median retirement age in the US, Jackson is well positioned in the financial advice distribution channels with product platforms that offer valuable retirement income guarantees. We remain optimistic about the opportunities for JNL in the US market.

Prudential Corporation Asia

Insurance Operations

Prudential's Asian life operations had a good fourth quarter in 2005 with APE sales up 16 per cent compared to the same quarter in 2004 and 11 per cent compared to third quarter in 2005. For the full year 2005 APE sales of £732 million represent an increase of 23 per cent compared to 2004 and reflect the success of Prudential's dynamic business model in the region coupled with Asia's inherent growth potential.

Prudential Asia's established markets of Malaysia, Singapore and Hong Kong collectively delivered growth of 12 per cent for 2005 compared to 2004. Singapore delivered a 26 per cent increase in APE sales driven by broadening of its unit linked range and increased bank distribution. Prudential's Hong Kong operation delivered a respectable growth of 7 per cent despite some market softness, particularly in bank distribution. Prudential's Malaysian operation saw growth of 6 per cent in 2005 with sales activity slowing in the second half of the year as agents adjusted to new quotation requirements for linked products.

In Taiwan, Prudential remains focused on writing profitable and capital efficient business rather than pursuing pure volume. Although 2005 APE volumes of £162 million were broadly in line with 2004 levels, the proportion of linked business in the mix increased from 49 per cent in 2004 to 72 per cent for 2005 principally from the investment focused pension product launched earlier this year.

The CITIC-Prudential joint venture in China continues to make excellent progress as it extended its geographic coverage and ten cities are now operational. APE sales of £25 million were up 47 per cent in 2005.

Prudential's Indian life joint venture, ICICI-Prudential Life, had another very successful year with Prudential's 26 per cent share APE at £57 million up 63 per cent on 2004 driven by ongoing expansion. The business now has 74 branches and has grown agent numbers by 36 per cent during the year to 70,000.

The multi-channel distribution model in Korea continues to perform strongly with APE sales of £135 million, up 88 per cent, driven mainly by success in the tied financial advisor and general agency channels and the continued appeal of our universal life product.

In Indonesia, Prudential celebrated its 10th anniversary and has continued to strengthen its position with APE sales of £46 million in the year, up 53 per cent compared to 2004, driven principally by a doubling of agents during the year to 22,000.

Prudential's other life operations in Thailand, the Philippines, Japan and Vietnam collectively decreased by 13 per cent in 2005 to £41 million largely due to Vietnam.

Fund Operations

Net third party inflows of £1.3 billion were up 3 per cent on 2004. Strong net inflows in Japan of £905 million and Korea of £926 million were offset by net outflows in Taiwan of £745 million where the bond fund market remains unsettled. Prudential Asset Management has had considerable success in increasing its proportion of equity funds in the flows with these representing 80 per cent of net inflows in 2005 compared to 22 per cent in 2004. This has been driven principally by good equity fund performance, particularly in Korea where all funds are in the top two quartiles.

Total third party funds under management were £10.1 billion, up 13 per cent on 2004. In August last year, ICICI increased its stake in Prudential's India asset management joint venture from 45 per cent to 51 per cent. As a result, Prudential no longer consolidates this business at 100 per cent and the year end numbers are reported at 49 per cent, resulting in a £1.1 billion reduction in funds under management for the year. On a comparable basis, full year 2005 funds under management grew 29 per cent on 2004.

Prudential remains confident of its ability to grow its life and funds management businesses strongly and profitably in Asia.

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Notes to Editors

1. Annual premium equivalent (APE) sales comprise regular premium sales plus one-tenth of single premium insurance sales and are subject to roundings.
2. 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 basis. The two bases are compared in the table below.

	Annual Premium Equivalent Sales					
	Actual exchange rates			Constant exchange rates		
	FY 2005	FY 2004	+/- (%)	FY 2005	FY 2004	+/- (%)
	£m	£m		£m	£m	
UK & Europe	900	817	10%	900	818	10%
US	515	453	14%	515	456	13%
Asia	732	576	27%	732	594	23%
Total	2,146	1,846	16%	2,146	1,867	15%

	Gross Inflows					
	Actual exchange rates			Constant exchange rates		
	FY 2005	FY 2004	+/- (%)	FY 2005	FY 2004	+/- (%)
	£m	£m		£m	£m	
M&G	7,916	5,845	35%	7,916	5,845	35%
Asia	18,457	19,068	(3%)	18,457	19,906	(7%)
Total	26,373	24,913	6%	26,373	25,751	2%

	Total Insurance and Investment New Business					
	Actual exchange rates			Constant exchange rates		
	FY 2005	FY 2004	+/- (%)	FY 2005	FY 2004	+/- (%)
	£m	£m		£m	£m	
Insurance	13,784	12,130	14%	13,784	12,191	13%
Investment	26,373	24,913	6%	26,373	25,751	2%
Total	40,157	37,043	8%	40,157	37,943	6%

3. Prudential is initially providing reinsurance to Royal London, which will continue to pay the annuitants with Prudential reimbursing the annuity payments to Royal London. During 2006, the intention is for these annuity policies to transfer to Prudential, subject to legal and regulatory approvals, at which point Prudential will take over direct responsibility for the payment of all annuitants.
4. For JNL market share data is provided for the first nine months of the year being the latest available. Variable annuity data is sourced from VARDS, fixed annuity data is sourced from LIMRA and fixed index annuities data is sourced from The Advantage Group.
5. There will be a conference call today for wire services at 7.45am (GMT) hosted by Mark Tucker, Group Chief Executive and Philip Broadley, Group Finance Director. Dial in telephone number: +44 (0)20 8609 0793. Passcode: 155439#
6. There will be a conference call for investors and analysts at 9.30am (GMT) hosted by Mark Tucker, Group Chief Executive and Philip Broadley, Group Finance Director. Dial in telephone number +44 (0)20 8609 0793. Pin number 487687#. A recording of this call will be available for replay for one week by dialling: +44 (0)20 8609 0289 from the UK or +1 866 676 5865 from the US. The conference reference number is 136838.
7. High resolution photographs are available to the media free of charge at www.newscast.co.uk (+44 (0) 207 608 1000).
8. Total number of Prudential plc shares in issue as at 31st December 2005 was 2,386,784,266.

9. **Financial Calendar 2005-2006:**

Full Year 2005 Results	16 th March 2006
Q1 New Business Figures	20 th April 2006
AGM	18 th May 2006
Interim Results	28 th July 2006
Q3 New Business Figures	19 th October 2006

10. Egg results will be announced on March 16th 2006 as part of the Prudential Plc results announcement.

*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 £214 billion in assets under management, (as at 27 July 2005). 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.