

Embargo: 07.00 hrs Thursday 17 October 2002

PRUDENTIAL PLC THIRD QUARTER 2002 NEW BUSINESS RESULTS

Highlights (all figures are nine-month comparisons unless otherwise specified):

- **Total Group insurance and investment sales of £20.3 billion, an increase of 34 per cent on the first nine months of 2001.**
- **Group insurance sales on an APE basis of £1.4 billion up 3 per cent (total insurance sales up 9 per cent). APE insurance sales of £481 million in the third quarter of 2002 up 6 per cent on the third quarter of 2001 (total insurance sales up 14 per cent).**
- **Almost 75 per cent of Group sales from outside the UK.**
- **Total sales at Prudential UK (excluding sales in 2001 through the direct sales force which closed during that year) increased by 12 per cent to £4.4 billion.**
- **Net fund inflows at M&G of £272 million more than double those in the first nine months of 2001.**
- **APE sales up 17 per cent at Jackson National Life, driven by strong sales of both fixed and variable annuities.**
- **APE insurance sales in Asia increased by 8 per cent (up 22 per cent excluding exceptional Central Provident Fund sales in Singapore in 2001).**

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

"Good contributions from across the Group, which were achieved in difficult market conditions, have resulted in these strong sales figures and our strategy of growing internationally, broadening our distribution reach and diversifying our product range has once again been fully endorsed.

This strategy, combined with our financial strength and active management of capital, has positioned us strongly to continue delivering profitable growth in new business."

Prudential UK

Prudential UK reported total sales of £4.4 billion in the first nine months of 2002, 12 per cent up on the same period last year (excluding sales made through the direct sales force which closed in 2001). On an APE basis, sales of £565 million were down three per cent, reflecting an increasing emphasis on the more profitable single premium products which are recorded at one-tenth of total premium sales. These strong results endorse Prudential UK's strategy of focusing on products where it has a market-leading position and strong multi-channel distribution.

Total insurance sales via intermediary channels were up eight per cent to £2.9 billion with strong sales reported in life products and individual annuities. Total sales through direct channels, where Prudential UK has developed a strong business-to-business proposition, showed an increase of 21 per cent to £1.5 billion against the same nine-month period last year.

Sales of individual annuities at around £1.2 billion showed a marked improvement over the same period last year (£0.9 billion), representing an increase of 37 per cent. Total sales for the third

quarter alone were 63 per cent up on 2001. In September, the innovative Flexible Income Drawdown Plan was launched to work alongside the Flexible Lifetime Annuity, further strengthening Prudential's market-leading position in this field.

Bulk annuity sales were 40 per cent down on the same nine-month period last year to £286 million. However, third quarter sales were up 17 per cent on the second quarter, and Prudential UK remains positive about the potential for future sales and continues to see high levels of interest in this product area.

Life product sales increased by 22 per cent to £1.86 billion. Prudence Bond, the market-leading with-profit bond which is sold via the intermediary channel, continued its strong sales record with APE sales up 24 per cent to £151 million. However, as expected, sales in the third quarter are lower than those experienced at the start of the year due to the current economic climate.

Within the pensions market Prudential UK continues to focus on the larger corporate schemes: it provides schemes to 20 per cent of FTSE 350 companies and holds a market-leading position within the public sector market place. Total sales of corporate pensions improved by 18 per cent on the prior year (single premium sales increased by 30 per cent).

Against the backdrop of uncertain equity markets and an increasingly competitive operating environment, Prudential UK continues to attract new business with its strong brand, financial strength, and focused product range. Its recently-signed agreement to distribute Prudence Bond via Abbey National's 756 branches gives it access to their 15 million customers. This additional distribution channel is expected to come into effect at the start of 2003 and reflects Prudential UK's strategy of building multi-channel distribution and focusing capital on areas of the business that give it competitive advantage.

M&G

M&G's gross retail fund inflows for the first nine months of 2002 were £773 million, up eight per cent on 2001, despite uncertain equity markets. These figures exclude the successful rollover of the M&G Recovery Investment Trust into a new investment vehicle which contributed a further £171 million.

Net fund inflows of £272 million were more than double the comparable period in 2001. According to figures published by the Investment Management Association (IMA) to the end of August 2002, redemptions across the industry remained static. However, M&G continued to counter this trend with a fall of 18 per cent in the value of redemptions over the same time period.

M&G continued to increase its share in both the total retail market and PEP/ISA market, with market share growing by 18 per cent and 28 per cent respectively, according to figures published to August by the IMA.

Current equity market conditions have led to a flight towards fixed interest products, in particular investment grade corporate bond funds, where M&G is positioned as a market leader. This is evident from net sales of the M&G Corporate Bond Fund, which more than trebled over the first nine months of 2002, compared to the same period last year.

Egg

Egg will be announcing its third quarter Results on Wednesday 23 October 2002.

Prudential Europe

Sales on an APE basis increased by six per cent to £19 million. Total sales of £50 million were down from £54 million in the first nine months of 2001.

Jackson National Life

Jackson National Life (JNL) recorded an 18 per cent increase in total sales to £4.5 billion in the first nine months of the year compared to the corresponding period in 2001, reflecting strong sales of variable and fixed annuities (total sales in the third quarter of 2002 were up 35 per cent on the third quarter of 2001). APE sales during the period increased by 17 per cent to £464 million.

These strong results once again demonstrated JNL's ability to deliver strong performance in difficult market conditions and were testament to its excellent track record of product innovation and ability to broaden distribution channels.

Total single premium sales during the period increased by 18 per cent. Total sales of annuity products to retail customers of £3 billion were 39 per cent up on the first nine months of 2001 (third quarter annuity sales increased by 37 per cent on the second quarter of 2002 and 74 per cent on the third quarter of 2001), driven principally by strong variable and fixed annuity sales.

Variable annuity sales of £852 million were 39 per cent up on the first nine months of 2001. Sales in the third quarter of 2002 were 22 per cent up on the second quarter, reflecting the successful launch of Perspective II, a new variable annuity product, in January of this year. Sales of fixed annuities of £2 billion were 44 per cent up on the first nine months of 2001 (sales in the third quarter were up 48 per cent on the second quarter of 2002 and up 65 per cent on the third quarter of 2001).

During 2002, JNL has made a number of revisions to its product lines which have had a positive impact on sales; in September 2002, 65 per cent of new annuities business was from products launched this year.

Sales of equity linked indexed (ELI) annuities in the first nine months of 2002 of £204 million were four per cent ahead of the corresponding period last year and sales have increased quarter-on-quarter in 2002.

Regular premium life sales of £18 million were 13 per cent up on the first nine months of 2001.

Sales of stable value products of £1.4 billion were 11 per cent down, reflecting JNL's primary focus on retail sales which we expect to continue for the remainder of this year.

Looking ahead, we believe that there are significant growth prospects in the United States, bringing with them outstanding opportunities for high quality, efficient businesses like JNL which has a cost base well below the industry average, modern IT systems and diversified products and distribution.

Prudential Corporation Asia

Prudential Corporation Asia (PCA) has delivered another strong performance with total insurance sales on an APE basis increasing by eight per cent on the same period last year to £358 million. Excluding 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, this increase was 22 per cent. APE insurance sales in the third quarter of 2002 were up 17 per cent on the second quarter of the year and 16 per cent up on the third quarter of 2001.

APE insurance sales (excluding CPF sales) in the more established markets of Singapore, Hong Kong and Malaysia increased by an average 37 per cent on the first nine months of 2001. However, the economic environment in these markets has been challenging, particularly for unit-linked products, and growth rates have been slowing.

In Taiwan, APE insurance sales were particularly strong in the third quarter, up 85 per cent compared to the second quarter of the year. Following the successful launch of regular premium unit-linked products earlier this year, PCA has introduced a new range of complementary non-unit-linked products which have proved popular in the current economic environment.

In Japan, PCA continued to make solid progress with APE insurance sales up 36 per cent in the first nine months of 2002 compared to the corresponding period last year (APE insurance sales in the third quarter of 2002 were up 22 per cent on the second quarter). In PCA's other life markets (including China, Vietnam, India and Korea), APE insurance sales increased by 74 per cent compared to the first nine months of last year as these operations continued to build scale.

PCA's regional mutual funds assets under management of £3.7billion have remained broadly level since 30 June 2002 despite the challenging market conditions (up 48 per cent on the third quarter of 2001), with net inflows in 2002 remaining positive at £0.7 billion.

PCA has a proven track record of delivering strong, profitable growth and despite the slowdown in some Asian economies, the long-term outlook remains very positive. With its significant portfolio of businesses across the region, multi-channel distribution capabilities, excellent strategic partners, and customer-focused product expertise, PCA is very well placed to continue delivering profitable growth in new business.

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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 8240 8245, US callers 1 703 925 2406). Callers to quote "Prudential New Business" for access to the call.

A recording of this call will be available for replay for five working days by dialling:
UK: 020 8288 4459, US: 1 703 736 7336, access code 614562.

3. Photographs are available at www.newscast.co.uk.
4. Annual premium equivalent (APE) sales comprise regular premium sales plus one-tenth of single premium insurance sales.

5. Financial Calendar:

Payment of 2002 Interim Dividend	Thursday 28 November 2002
2002 Full-Year New Business Figures	Thursday 23 January 2003
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

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.