

Embargo: 07.00 hrs Thursday 18 April 2002

PRUDENTIAL PLC FIRST QUARTER 2002 NEW BUSINESS RESULTS

- **Total Group insurance and investment sales of £6.7 billion, up 35 per cent.**
- **Record total UK insurance sales of £1.8 billion, an increase of 20 per cent on the first quarter of 2001.**
- **Net sales at M&G up 59 per cent on the first quarter of 2001.**
- **APE sales up 7 per cent at Jackson National Life, principally driven by sales of fixed annuities and stable value products.**
- **APE insurance sales in Asia (excluding exceptional Central Provident Fund sales in 2001) up 24 per cent. Mutual funds under management grew 7 per cent to £3.4 billion in the quarter.**

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

“Good results from across the Group contributed to this strong start to the year. Our strategy of growing internationally, broadening our distribution reach and diversifying our product range has once again been fully endorsed.”

UK INSURANCE OPERATIONS

The UK insurance business reported record total sales of £1.8 billion, up 20 per cent on the same period last year (total sales were up 31 per cent excluding sales of £126 million in 2001 through the direct sales force which closed during that year). Sales on an APE basis (excluding sales in 2001 through the direct sales force) were up 13 per cent.

In November of last year, we set out our UK strategy in which we stated that the focus of the business would be on high growth medium to long-term savings products including annuities, with-profits bonds and corporate pensions. We have seen strong growth in these product areas during the first quarter of 2002, with total sales of individual annuities up 16 per cent, life products (including with-profits bonds) up 96 per cent and corporate pensions up 35 per cent on the first quarter of last year. These figures exclude sales through the direct sales force in 2001. These results demonstrate the success that the business is achieving in building strong multi-channel distribution while continuing to drive down operating costs.

APE sales via intermediary channels (through independent financial advisers and consulting actuaries) were £128 million, 22 per cent above the prior year. This was due mainly to an increase in sales of Prudence Bond, up 113 per cent on the first quarter of last year to £72 million, reflecting customer preference for more cautious investments while volatility in equity markets continues. In January, we launched an enhanced 'no initial charge' with-profits product to build on the success of Prudence Bond and this has been enthusiastically received by IFAs. In March, International Prudence Bond was launched which is an offshore version of the market-leading Prudence Bond in the UK and is the first new product to be sold under the Prudential International name following the re-branding of Prudential-owned Scottish Amicable European.

Sales of individual annuities improved on the first quarter of 2001 with total sales of £315 million up 16 per cent. In particular, direct annuity sales have remained strong with a year-on-year increase of 17 per cent. Bulk annuity sales through intermediaries of £58 million were down from £144 million in the first quarter of last year, reflecting the uneven nature of this market. Nonetheless, we expect the bulk annuities market to continue to grow and we are seeing unprecedented levels of interest in this area.

Within the pensions market our focus has been on larger corporate schemes, including stakeholder. The characteristics of the one per cent environment now apply to a broad range of our pension products and in the first quarter of 2002, sales of £330 million (APE £62 million) were written on stakeholder terms (representing 90 per cent of total pension sales and 18 per cent of total sales for the UK insurance business).

We are now the corporate pension scheme provider to one-fifth of FTSE 350 companies and in total manage more than 3,500 pension schemes. Our defined contribution schemes currently give us access to 5 million people of whom over 400,000 are scheme members. In the first quarter of this year our corporate pension sales remained strong, with total sales up 35 per cent on the same period last year.

In the stakeholder market, we currently have over 20,000 designations including the schemes for the Trades Union Congress and the British Chambers of Commerce which we underwrite and a number of larger public sector schemes, giving us access to around 2.5 million employees. Many of the larger employers have not designated a stakeholder provider because their current pension arrangements do not require them to do so. However, we believe that our strong defined contribution offering, including stakeholder, positions us well to take advantage of the move from defined benefit to defined contribution in the market for larger company and public sector pensions.

M&G

Gross fund inflows at M&G during the first quarter of 2002 were £427 million. This figure includes £171 million in respect of the successful rollover of a maturing investment trust (the M&G Recovery Investment Trust) into a new investment trust. Excluding this rollover, gross inflows of £256 million were only one per cent less than the first quarter of 2001 despite uncertain equity markets. Net fund inflows were up 59 per cent to £81 million.

Fund inflows from ISA sales from the beginning of January until the end of the tax year were £89 million, down 20 per cent on the equivalent period last year. This compares favourably with industry ISA season sales which are believed to be down by between 30-40 per cent. M&G experienced a strong end to the ISA season, with sales volumes in March and the first five days of April double those of the previous two months combined and only 12 per cent down on 2001.

M&G's market leadership in fixed interest products was reflected in strong sales of the M&G Corporate Bond Fund and the M&G High Yield Corporate Bond Fund in the first quarter. Equity sales were also strong, accounting for 47 per cent of gross fund inflows excluding investment trust monies.

EGG

Egg will be announcing its Financial Results and New Business Figures for the first quarter on Wednesday 24 April 2002.

EUROPE

Total sales in the first quarter of £19 million were up 27 per cent on the same period of last year. This result was primarily due to strong sales in France of Prudential Europe Vie, the innovative equity-backed life insurance product.

UNITED STATES

APE sales in the first quarter of £136 million were seven per cent higher than in the same period of 2001. This result was achieved against the background of continued volatility and intense competition in the US market.

While sales of equity based products continued to be affected by the uncertain economic climate, JNL again demonstrated its ability to deliver strong, stable performance in difficult market conditions. Total sales of annuity products of £668 million were in line with the first quarter of 2001. Both fixed and variable annuity sales increased month-on-month in the first quarter of 2002.

Fixed annuity sales of £428 million were 23 per cent up on the first quarter of 2001. This performance was achieved in a market in which key competitors continued to chase top line growth at the expense of product profitability. These market conditions also affected sales of equity linked indexed (ELI) annuities which, at £57 million, were down 21 per cent on the first quarter of 2001.

Variable annuity sales of £183 million, while 23 per cent down on the same period last year, were up 18 per cent on the fourth quarter of 2001. In January, JNL launched an innovative unbundled variable annuity designed to increase its competitiveness in the variable annuity market without compromising its product pricing discipline.

Sales of stable value products of £638 million were up 13 per cent on the same period of 2001 and included £525 million written under the Medium Term Note programme.

JNL has continued to make good progress in widening its product range and its highly rated service and technology capability makes it well positioned for continued growth and diversification.

ASIA

Prudential Corporation Asia's (PCA) focus on delivering the next phase of profitable growth has been maintained with a strong increase in new life business regular premiums, up 33 per cent on the same period last year to £89 million and mutual funds assets under management up 80 per cent to £3.4 billion.

Total sales of insurance products on an APE basis were £96 million, down one per cent on the same period last year. However, after excluding single premium Central Provident Fund (CPF) related sales in Singapore which were at exceptional levels last year due to further government liberalisation of CPF funds, APE sales of insurance products increased by 24 per cent.

Hong Kong and Malaysia have grown by 50 per cent and 57 per cent respectively relative to the corresponding period last year, supported by improved agency productivity and an increasing contribution from bancassurance. Prudential Taiwan Life has seen strong growth of 15 per cent over the fourth quarter of 2001, due principally to the recently launched regular premium unit linked product. In Singapore, regular premium sales increased by 29 per cent, and other operations including Vietnam, India, China, Japan and Korea have also grown very strongly to £27 million on an APE basis, up almost 60 per cent on last year.

Mutual funds assets under management of £3.4 billion were up seven per cent in the first quarter. Net mutual fund inflows in the quarter were £120 million. In Taiwan, net inflows remained strong at £231 million. In India, in line with the industry, the net seasonal outflow of funds during the first quarter of 2002 was largely due to tax planning at the end of the Indian fiscal year. In Hong Kong, Prudential's share of BOCI Prudential Mandatory Provident Fund sales was £21 million with funds under management up 23 per cent in the quarter to £111 million.

PCA, with its significant portfolio of businesses across the region, multi-channel distribution capabilities, excellent strategic partners, and customer-focused product expertise, is very well placed to continue delivering profitable growth in new business.

-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

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.
2. There will be a conference call for international investors at 2:30pm (dial in telephone number: +44 (0) 20 8240 8245, US callers 1 334 323 4040). Callers to quote "Prudential New Business" for access to the call.

A recording of this call will be available for replay for one week by dialling:
UK: 020 8288 4459, US: 1 703 736 7336, access code 638582.

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 and investment sales.
5. **Financial Calendar:**

Annual General Meeting	Thursday 9 May 2002
Interim Results 2002/	Wednesday 24 July 2002
Second quarter new business figures 2002	
Third quarter new business figures 2002	Thursday 17 October 2002

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.