

PRUDENTIAL PLC  
Form 6-K  
May 14, 2009

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934**

For the month of May, 2009

**PRUDENTIAL PUBLIC LIMITED COMPANY**

(Translation of registrant's name into English)

**LAURENCE POUNTNEY HILL,  
LONDON, EC4R 0HH, ENGLAND**  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports  
under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information  
contained in this Form is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Enclosures: 'First Quarter 2009 IMS'

**Embargo** : 07:01am Thursday 14 May 2009

**PRUDENTIAL PLC FIRST QUARTER 2009 INTERIM MANAGEMENT STATEMENT**

**RESILIENT INSURANCE SALES OF £697 MILLION DOWN FIVE PER CENT**

**STRONG ASSET MANAGEMENT NET INFLOWS OF £2.7 BILLION**

**ROBUST CAPITAL POSITION - IGD ESTIMATED AT £2.0 BILLION WHICH WILL INCREASE**

**TO £2.8 BILLION ON COMPLETION OF THE TRANSFER OF THE LEGACY BOOK IN TAIWAN**

	<b>APE</b>	<b>Change in Sterling</b>	<b>Change in Local Currency</b>
<b>Total Group Insurance</b>	£697m	(5)%	(20)%
<b>Asia</b>	£333m	(11)%	(26)%
<b>US</b>	£184m	12%	(19)%
<b>UK Retail</b>	£179m	(7)%	(7)%
<b>UK Total</b>	£180m	(6)%	(6)%
<b>Asia Asset Management</b>	Net inflows of £0.2bn	(66)%	(74)%
<b>M&amp;G</b>	Net inflows of £2.5bn	356%	356%

**Mark Tucker, Group Chief Executive said:**

"Prudential continues to perform well in exceptional global economic conditions.

Back in March we said that we expected the business environment to be very challenging throughout 2009 and that our clear priority was, therefore, to nurture the Group's financial strength through capital conservation and cash generation. Our Plan for 2009 is to maximise sales of our most profitable product lines, reduce new business strain and not to specifically target increases in total sales volume.

In line with this, Groupwide sales in Q1 2009 declined by five per cent at actual exchange rates compared with Q1 2008. Our overall NBP margins showed improvement, compared with Q1 2008 and new business capital consumed is on track to be lower than in 2008, as predicted. Of course, Q1 2008 was an exceptionally strong quarter, on account of one-off sales opportunities in some Asian markets. Overall, comparing Q4 2008 with Q1 2009, sales volumes were

broadly stable.

Our Asian performance was down 11 per cent on Q1 2008 but broadly in line with Q4 2008 at £333 million and our relative position in the region continues to improve. This performance was driven by increases in the more resilient regular premium and health business, both of which are high margin product areas.

In the US, Jackson grew 12 per cent with sales of £184 million, driven by currency movements. We took the decision not to compete for institutional opportunities - in line with our focus on capital.

The UK also delivered a resilient performance, with strong with-profit and internal vesting annuity business: total sales of £180 million were down six per cent on Q1 2008.

M&G delivered an excellent first quarter result, with net inflows of £2.5 billion, significantly outperforming its competitors.

These sales results demonstrate our ability to focus the business on the most profitable opportunities across our international spread of operations, in response to changes in market conditions - a very positive indicator.

Our emphasis on maintaining the Group's financial strength through capital conservation and cash generation has ensured that our IGD position remains robust and post-dividend our IGD capital surplus is £2.0 billion. This will increase to £2.8 billion on completion of the transfer of our Taiwanese agency business, which is on schedule to complete in June.

Our retirement focussed strategy, advantaged international spread and operational excellence give us confidence that we will continue our record of out-performance over the cycle."

## **1. Financial Management**

In 2009, the Group remains focussed on the proactive management of our balance sheet and risk profile. We continue to impose stringent stress testing on our key capital measures, ensuring we could withstand, both in the short and medium term, further significant market shocks and we have been able to maintain liquidity at healthy levels.

### **1.1 Capital Management**

Our capital position remains strong. Faced with a volatile and uncertain environment we have continued to take action to position ourselves defensively. Our Insurance Groups Directive (IGD) capital surplus is estimated at £2.0 billion after taking into account the 2008 final dividend. This is composed of the estimated IGD surplus at 31<sup>st</sup> March of £1.6 billion and £0.4 billion raised during May from a hybrid debt placement.

Furthermore, upon completion of the transfer of the assets and liabilities of our agency distribution business in Taiwan to China Life Insurance Company Ltd (Taiwan), there will be a net increase in the Group's IGD surplus of approximately £800 million to reach £2.8 billion.

The estimated IGD surplus at 31<sup>st</sup> March 2008, of £1.6 billion has been further strengthened post quarter end as we have taken advantage of the recent improvements in debt markets to issue hybrid debt of £0.4 billion (all of which counts as capital for IGD purposes) in part to replace the £249 million of senior debt that matured on 11<sup>th</sup>

May.

We actively manage our IGD capital position and have a range of capital management options e.g. reinsurance and further hedging strategies. The Group is positioned to withstand further significant deteriorations in market conditions should they occur.

- An instantaneous 40 per cent fall in equity markets is estimated to reduce the IGD surplus by £350 million as at 31<sup>st</sup> March 2009
- A 150bps reduction in interest rates is estimated to reduce the IGD surplus by £300 million as at 31<sup>st</sup> March 2009. This would be further reduced post the completion of the sale of our Taiwan legacy agency book
- Credit defaults of ten times the long term assumption would be estimated to reduce IGD surplus by £500 million in excess of the annual reserve release

We have maintained our prudent equity hedging strategy during 2009. We believe that the benefits from maintaining this protection (including balance sheet protection, and the additional flexibility to manage our business) continue to outweigh the associated costs. We dynamically adjust our level of hedging to reflect the evolution of our IGD position, market conditions and cost of hedging.

In addition, the total credit reserve for the UK shareholder annuity funds at 31<sup>st</sup> March 2009 remains unchanged from the 2008 year end at £1.4 billion.

We have also been proactively managing our investment in new business to achieve our capital management targets. Our investment in new business for the first quarter is in line with our expectations and has been achieved through the discipline of each of our businesses in their approach to growth and new business.

## **1.2 Credit**

The Group's debt portfolio on an IFRS basis is estimated at £86 billion at 31<sup>st</sup> March 2009 excluding holdings attributable to external unit holders.

Of this total, £53 billion is in the UK, of which £33 billion is within the UK with-profits fund where protection is primarily provided by the inherited estate. Outside the with-profits fund, £3 billion is held in unit linked funds where shareholder risk is limited and there is £17 billion backing the shareholder annuity business and other non-linked business of which 79 per cent is rated AAA to A, 18 per cent BBB and three per cent non investment grade.

As previously mentioned, we have maintained a significant and we believe appropriate credit reserve at £1.4 billion within the UK shareholder-backed annuity funds to provide for future defaults. This is sufficient to provide for 80bps of losses per annum over the life of the portfolio. In the first quarter of 2009, we have experienced credit defaults of £11 million, or 6.5bps, in relation to shareholder funds.

Asia's debt portfolio totals £8 billion of which £5 billion is invested in unit linked and with-profits funds with minimal shareholder risk and, of the £3 billion held by shareholder backed non-linked business, 87 per cent is in respect of government bonds. This portfolio has performed very well with no defaults in the first quarter of 2009.

Jackson's fixed income portfolio at 31<sup>st</sup> March is estimated at £23.5 billion, in line with year end 2008, 92 per cent being investment grade and eight per cent high yield. This portfolio comprises Corporate Debt of £16.3 billion, Commercial Mortgage Backed Securities (CMBS) of £1.8 billion, Residential Mortgage Backed Securities (RMBS) of £4.3 billion and other securities totalling £1.1 billion.

Jackson did not experience any losses on defaults during the first quarter of 2009. As part of our active management of the book we incurred net losses on sales of impaired bonds of £15 million. Additional write downs of impaired securities for the first three months of the year were £152 million, including £82 million on corporate bonds and £70 million on RMBS, of which £58 million relates to the 2006/2007 vintage.

Within the RMBS portfolio of £4.3 billion, £2.5 billion is agency guaranteed, £269 million is sub-prime (which is fixed rate collateral, all originally AAA rated and senior tranches so well protected) and £896 million relates to investments in pre-2006/2007 vintages, where experience has been positive. At 31<sup>st</sup> March, exposure to the 2006/2007 vintages is £596 million. Of the £596 million, £372 million is invested in the senior part of the capital structure. Our actual exposure to non-senior 2006/2007 Prime and Alt-A RMBS is £224 million.

### **1.3 Unrealised Losses**

Jackson's gross unrealised losses across the entire portfolio for the first quarter of 2009 have increased by £283 million to £3.5 billion, or 13 per cent of the portfolio.

Unrealised losses on securities priced below 80 per cent of book value were £2.3 billion at 31<sup>st</sup> March 2009 compared to £1.9 billion at year end 2008. We continue to believe that the accounting impact of these unrealised losses significantly overstates the risk of economic losses on our portfolio at current price levels.

Whilst continuing wider credit and liquidity spreads are causing the average investment grade security to trade around the mid to high 80's, we have no intention to sell these fixed income securities prior to maturity, limiting the impact of ongoing market volatility.

### **1.4 Liquidity**

The Group remains comfortable with its liquidity position at both holding and subsidiary company level. The holding company has significant internal sources of liquidity which are sufficient to meet all of our requirements for the foreseeable future without having to utilise external funding. In aggregate, the Group has £2.1 billion of undrawn external committed facilities.

## **2. Business Review**

### **2.1 Asia insurance operations**

The economic climate in Asia was very challenging during the first quarter 2009 with sharp contractions in GDP that were in part driven by rapidly declining exports. Volatile equity markets and fears of rising unemployment have also adversely impacted customers' discretionary spending and investment.

We believe Prudential continues to outperform its regional peers, delivering a satisfactory first quarter sales result with new business APE of £333 million. This is in line with the fourth quarter 2008 and just 11 per cent lower than the first quarter of 2008 based on actual exchange rates, with lower new business capital consumed compared to Q1 2008. Excluding the benefits of the appreciation of Asian currencies relative to sterling during 2008, APE is 26 per cent lower than the first quarter 2008.

Within this decrease, regular premium and single premium business have behaved differently. Regular premium business has remained resilient declining by only two per cent, whereas single premium business, as expected at this point in the economic cycle has decreased sharply by 72 per cent. It is worth noting that single premium sales in the first quarter 2008 had been boosted by the change of Singapore's CPF rules that came into effect on 1<sup>st</sup> April 2008 which represented five percent of the Region's total APE in that quarter.

The proportion of linked business in the total APE was 40 per cent for the first quarter 2009 compared with 62 per cent for the first quarter 2008. The proportion of higher margin protection products in the mix increased by three per cent to 26 per cent which has a positive impact on margins.

Total average agent numbers for the first quarter 2009 at 428,000 are up three per cent on the same period last year. The average APE per case fell by 23 per cent, attributable to the macroeconomic context and to changes in our product mix.

Looking at each of the markets in more detail:

In **China**, new business APE of £11 million grew by 22 per cent in the first quarter driven by a surge in bancassurance sales following a disciplined management effort to increase the number of bank branches offering CITIC-Prudential products. The main product in this channel is regular premium universal life. In addition to our bancassurance activities we remain focussed on building the agency channel which we believe will deliver more sustainable and profitable growth over the longer term.

**Hong Kong's** APE of £46 million is 15 per cent lower than the first quarter last year and in line with the fourth quarter 2008. Bancassurance activity remains challenging and is the primary driver of lower single premium volumes that are down 94 per cent compared with the same period last year. This is primarily because customer sentiment towards all bank distribution remains adversely influenced by issues around bank distribution of Lehman mini-bonds that arose during the fourth quarter of 2008, issues which were unrelated to our own product offerings. We have also seen some competitors offering short pay endowment products with economics that we consider to be unattractive. We believe our focus on regular premium linked and par products create more value, and sales of these were up and in line with the first quarter 2008 at actual exchange rates.

**India** recorded APE of £56 million in the first quarter, which is 37 per cent lower than the first quarter last year reflecting our focus on value over volume. The APE sales performance understates the success we achieved with health products which represent one in five of all policies now being sold. The business is also laying solid foundations in the rural areas: these already generate around 17 per cent of new business premium with excellent longer term potential. The momentum in bancassurance remains strong with over 30 per cent of the APE coming from ICICI Bank, driven by the bank's branch expansion programme.

After a resilient performance during 2008, the **Indonesian** market is being affected by the global economic crisis, adversely impacting sentiment during the first quarter with APE of £38 million down five per cent on the first quarter last year. However, agent recruitment activity remains positive and we have a number of productivity initiatives underway. We remain very positive about the prospects for the Indonesian market.

**Korea** remains extremely challenging. We have deliberately ceded market share since we believe many of the products popular in the market at present have unattractive economics particularly in the bank channel. PCA Life's new business of £37 million for the first quarter is 37 per cent lower than the same quarter last year. However we believe the current market preference for interest sensitive products, in which we do not participate, is likely to be adversely affected by possible new regulations that will impose maximum crediting rates.

Prudential's traditional and takaful operations in **Malaysia** continue to perform strongly with APE of £24 million up 60 per cent on the first quarter last year, primarily due to very high growth premiums for protection benefits, which now account for over half of all APE. Systematic implementation of sales and marketing initiatives to improve agency activity in the first half 2008 continue to have a strong and positive impact. Over 500 new agents were added in the first quarter and APE per active agent increased 10 per cent.

**Singapore** recorded APE of £22 million which is 42 per cent lower than the first quarter of 2008. Singapore had a very strong first quarter in 2008 driven by exceptional volumes of CPF business ahead of a regulatory change effective from 1 April 2008. The severe impact of this across the market has been confirmed by recently released statistics for the first quarter of 2009, from the Life Insurance Association, showing that the life industry had its sharpest decline since 2002 with a 77 per cent fall in new single premium sales. This coincided with the economic crisis which is having a dramatic impact in Singapore (first quarter GDP down 11.5 per cent from a year earlier). Regular premium sales for the industry also fell by 27 per cent. By comparison, Prudential's regular premium sales only declined by 14 per cent in local currency significantly outperforming the market. It should also be noted that Prudential delivered a 108 per cent increase in higher margin protection business compared to the first quarter last year.

The sale of the agency force in **Taiwan** was announced on 20<sup>th</sup> February 2009 and the transaction is expected to complete by 30<sup>th</sup> June 2009. Sales from the agency channel have been included in this report, but the management of this channel was effectively handed over to China Life on 28<sup>th</sup> February. Bank distribution, which Prudential is retaining, is showing excellent growth with APE of £31 million over five times larger than the first quarter last year. This reflects changes to the sales management model at E.Sun Bank which now rewards bank staff for insurance product sales and new promotions and incentive programmes at SCB.

New business in Prudential's other Asian operations (Thailand, Vietnam, Philippines and Japan) was collectively down 13 per cent to £13 million compared with the first quarter 2008.

Although we expect market conditions to continue to be challenging for the remainder of 2009, Prudential remains firmly committed to growing profitably in Asia and believes the long term growth potential of the Region remains excellent.

## 2.2 US insurance operations

Jackson delivered total APE sales of £184 million in the first quarter of 2009, representing a 12 per cent increase from the same period in 2008 at actual exchange rates and down 19 per cent in local currency with no institutional sales in the first quarter. Therefore, APE retail sales during the period were £184 million, representing an increase of 48 per cent over first quarter 2008 at actual exchange rates and eight per cent in local currency. The evolution in local currency is an indication of our cautious stance in terms of growth. The growth in retail sales was driven by a significant increase in sales of fixed and fixed index annuities during the period. Jackson's retail annuity net flows, a more important key performance indicator for us than gross sales, were up 66 per cent from 2008, 21 per cent in local currency, reflecting continued low levels of surrender activity.

In light of continued volatility in US equity markets, customers are increasingly seeking to mitigate risk through the purchase of fixed annuities, fixed index annuities or variable annuities with guaranteed living benefits. Jackson has benefited from this trend across all of its annuity product lines.

Variable annuity APE sales of £105 million increased 17 per cent versus the first quarter of 2008 at actual exchange rates and 15 per cent down in local currency. Jackson continues to maintain its disciplined approach to the pricing of its variable annuities and remains determined to place value generation ahead of sales volume. In 2008, Jackson ranked fourth in variable annuity net flows and compared with the rest of the industry experienced a very low level of outflows as a percentage of inflows. Overall, we believe VA margins have been improving as some

capacity has been withdrawn from the market and as companies' pricing behaviour is becoming more rational.

Fixed annuity APE sales of £48 million were up 153 per cent on the first quarter of 2008. However, compared to Q4 2008, local currency is down 29 per cent, as we put in place measures to manage new business levels and therefore new business strain. Jackson ranked sixth in sales of traditional deferred fixed annuities during 2008, with a market share of 4.5 per cent, up from ninth as at year-end 2007 and fixed annuity spreads are significantly above historic levels. Fixed index annuity APE sales of £25 million in the first quarter were up 150 per cent over 2008 at actual exchange rates. Jackson ranked ninth in sales of fixed index annuities during 2008, with a market share of 3.5 per cent, down from eighth as at year-end 2007. Fixed Index Annuity margins are also increasing.

There were no institutional product sales during the first quarter of 2009 compared to £41 million APE in the first quarter of 2008. Jackson continues to participate in this market on an opportunistic basis, while balancing these opportunities with the goal of capital preservation.

Given the absence of institutional sales in the first quarter we have experienced decreased new business strain and capital consumption compared to Q1 2008 in local currency. This is partially masked by currency fluctuations.

Curian Capital, a specialised asset management company that provides innovative fee-based separately managed accounts, had total assets under management of £1.6 billion at the end of the first quarter 2009 compared with £1.8 billion at the end of 2008. Curian generated deposits of £98 million in the first quarter of 2009, down 38 per cent on the same period of 2008. There were negative net flows of (£25) million in the first quarter of 2009 compared to positive net flows of £74 million in the first quarter of 2008.

## **2.3 UK insurance operations**

Prudential UK's total APE sales in the first quarter of 2009 of £180 million were six per cent down on the same period in 2008, with lower levels of new business strain and capital consumed. This was a strong relative performance in extremely difficult and volatile market conditions. In line with the Group's strategy, Prudential UK has continued to focus on balancing new business with cash and capital preservation while maintaining margins. Sales of with-profits bonds continued to grow during the first quarter of 2009 offset by a reduction in sales of individual annuities, offshore bonds and corporate pensions which benefited from a large one-off Additional Voluntary Contribution ("AVC") transaction in the corresponding quarter last year.

Individual annuity sales of APE £58 million were six per cent lower than those achieved in the same period last year. Throughout the first quarter, Prudential UK maintained a cautious pricing discipline. There continued to be a strong performance from the internal vestings book where sales rose by 22 per cent to APE £39 million, while external sales declined by 37 per cent. The market remains competitive and some consumers are delaying purchasing an annuity due to investment market losses which have led to decreases in the value of their pension funds.

In the first quarter, Prudential UK launched a new Income Choice Annuity which allows customers to choose an income between a defined maximum and minimum level, with the option of re-setting this every two years. It also provides an opportunity for pension income to grow because the product is backed by Prudential's strong with-profits fund.

Sales of with-profit bonds of APE £31 million were 72 per cent up on the first quarter of 2008. Prudential UK's share of the with-profit bond market increased from 23 per cent in 2007 to 31 per cent in 2008, with the total market increasing by 77 per cent over the period. Consumers continue to seek a more cautious investment approach and protect themselves from market downturns, particularly in an actively managed, well-run and financially strong fund.

Individual pension sales increased by 57 per cent, driven by the launch in the fourth quarter of 2008 of PruFund as a fund link and PruSelect, an extended range of unit-linked funds introduced across Prudential UK's bond, pension and



income drawdown portfolio.

Corporate pensions sales of APE £53 million were down 13 per cent, reflecting the inclusion of the large one-off transfer of Nationwide's deposit-based AVC business in the first quarter of 2008. Sales from existing schemes remained healthy.

Sales of offshore products of APE £7 million were substantially down 63 per cent, reflecting difficult conditions in markets outside the UK as well as Prudential UK's focus on higher margin business in the UK.

In an environment of falling house prices and the associated increased risk of negative equity, Prudential UK has maintained its pricing discipline and in the second half of 2008 reduced its loan to value ratio in the lifetime mortgage market. This action resulted in a fall in sales volumes in the first quarter of 2009, with APE sales of £3 million down £2 million on the same quarter last year. Prudential UK will continue to maintain this conservative stance until such time as market conditions improve.

The PruHealth business continues to grow and now covers 192,000 lives, up 25 per cent over the last year.

Prudential UK has continued to maintain its strict focus on value in the bulk annuity and back-book markets in 2009 and will only participate in transactions that meet the group's financial targets and constraints. While there remains a significant pipeline of bulk and back-book opportunities, the market in the first quarter of the year was very subdued in terms of large scale transactions being completed due to the prevailing market and economic conditions.

### **3. Asset Management**

#### **3.1 M&G**

M&G is an investment-led business with a core strategy of delivering superior investment performance. This relentless focus on performance, combined with a well-diversified business mix and well-established distribution capabilities, has helped M&G to make an exceptionally strong start to 2009, despite the challenge posed to the asset management industry by continued uncertainty in markets.

In the first quarter M&G achieved gross fund inflows of £4.4 billion, an increase of 32 per cent over the same period in 2008. Total net inflows of £2.5 billion were more than four times the level of the £0.6 billion achieved in the first quarter of 2008. This level of net inflows - the highest quarterly figure this decade - reflects the strength of fund sales, particularly in the UK Retail business.

M&G's total funds under management at 31<sup>st</sup> March 2009 were £134.6 billion, down by just under five per cent on 2008 year-end and 16 per cent on the first quarter of 2008. M&G's external FUM were down one per cent year to date at £46.5 billion and down seven per cent on the March 2008 level.

M&G's Retail business had an outstandingly successful start to the year, posting gross sales of £3.3 billion in the first quarter, up 79 per cent on the same period in 2008. Net flows for the quarter were at a record level of £2.2 billion against approximately zero net flows in the first quarter of 2008. In the UK, M&G set a new record for net inflows in each consecutive month during the quarter.

Bond funds dominated gross inflows during the quarter, accounting for 74 per cent of sales compared with 24 per cent in the same period of 2008. M&G's ability to benefit from changing investor preferences is a direct result of its considerable strength across asset classes and high degree of diversification. Despite a general shift in the market away from equity-based investments over recent months, M&G's Retail equity funds achieved net inflows of £0.2 billion, compared with a small net outflow in the first quarter of 2008.

In the institutional market, M&G recorded gross sales of £1.1 billion for the quarter, down 27 per cent on 2008. Net flows were £0.3 billion, compared with £0.5 billion in the first quarter of 2008. These figures fail, however, to reflect M&G's robust sales activity during the first quarter, including the win of a £4 billion fixed income mandate which will be included in the half-year results.

### 3.2 Asia

The asset management industry continued to be affected by economic uncertainty and market volatility in Q1 2009. Prudential remains focused on maintaining profitability across our internal Life client and third party client segments.

Funds under management for the first quarter of 2009 were two per cent lower than fourth quarter of 2008 at £36.2 billion and include £16.7 billion from Prudential's Asian life funds, £4.4 billion assets from the Group, and £15.1 billion from retail operations.

Retail FUM was one per cent lower than fourth quarter of 2008 and was supported by positive net flows of £185 million and positive market movement of £447 million offset by negative currency movements of £731 million.

In February, our China JV business CITIC-Pru introduced its fifth product, a pure bond fund and successfully raised £159 million at the close of its IPO in March.

Similarly, PCA Japan launched its High Investment Grade Bond Fund, a three year close-ended fixed income fund, which invests mainly in US high investment grade corporate bonds. The fund had raised £16 million at the close of the IPO. The product launch was backed by PCA Japan's new distribution relationships with Nikko Securities and Citibank.

In Taiwan we have launched a Dynamic Regular Savings Plan, a scheme through which investors have the flexibility to manage their monthly subscription amount, based on their predetermined investment criteria.

### ENDS

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#### Notes to Editor:

1. Annual premium equivalent (APE) sales comprise regular premium sales plus one-tenth of single premium insurance sales and are subject to rounding.
2. Present Value of New Business Premiums (PVNBP) are calculated as equalling single premiums plus the present value of expected new business premiums of regular premium business, allowing for lapses and other assumptions made in determining the EEV new business contribution.
3. UK Retail sales include all products except bulk annuities and credit life sales.
4. Prudential has received commitments in aggregate amount of £0.4 billion which counts towards lower tier two capital resources for IGD purposes. Prudential is planning to re-finance these

commitments by issuing listed lower tier two bonds on similar economic terms.

5. There will be a conference call today for wire services at 7.30am (GMT) hosted by Mark Tucker, Group Chief Executive, and Tidjane Thiam, Chief Financial Officer. Dial in telephone number: +44 (0)20 8609 0793. Passcode:797476#.
6. There will be a conference call today for investors and analysts at 8:30am (GMT) hosted by Mark Tucker, Group Chief Executive, and Tidjane Thiam, Chief Financial Officer. From the UK please call +44 (0)20 8609 0793. Passcode 851650#. 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 261613#.
7. High resolution photographs are available to the media free of charge at [www.newscast.co.uk](http://www.newscast.co.uk) (+44 (0) 207 608 1000).
8. Sales for overseas operations have been reported using average exchange rates as shown in the attached schedules. Commentary is given on the results on an actual exchange rate basis. The two bases are compared in the table below.

Annual Premium Equivalent Sales

	Actual Exchange Rates			Constant Exchange Rates		
	2009 Q1	2008 Q1	+/- (%)	2009 Q1	2008 Q1	+/- (%)
	YTD	YTD		YTD	YTD	
	£m	£m		£m	£m	
UK	180	192	(6%)	180	192	(6%)
US	184	165	12%	184	227	(19%)
Asia	333	375	(11%)	333	450	(26%)
Total	<u>697</u>	<u>732</u>	<u>(5%)</u>	<u>697</u>	<u>869</u>	<u>(20%)</u>

Gross Inflows

	Actual Exchange Rates			Constant Exchange Rates		
	2009 Q1	2008 Q1	+/- (%)	2009 Q1	2008 Q1	+/- (%)
	YTD	YTD		YTD	YTD	
	£m	£m		£m	£m	
M&G	4,408	3,340	32%	4,408	3,340	32%
US	3	17	(82%)	3	23	(87%)
Asia	14,743	11,411	29%	14,743	12,948	14%
Total	<u>19,154</u>	<u>14,768</u>	<u>30%</u>	<u>19,154</u>	<u>16,311</u>	<u>17%</u>

Total Insurance and Investment New Business

	Actual Exchange Rates			Constant Exchange Rates		
	2009 Q1	2008 Q1	+/- (%)	2009 Q1	2008 Q1	+/- (%)
	YTD	YTD		YTD	YTD	
	£m	£m		£m	£m	
Insurance	3,527	3,856	(9%)	3,527	4,678	(25%)
Investment	19,154	14,768	30%	19,154	16,311	17%
Total	<u>22,681</u>	<u>18,624</u>	<u>22%</u>	<u>22,681</u>	<u>20,989</u>	<u>8%</u>

**9. Financial Calendar:**

2009 Half Year Results	13 August 2009
Third Quarter 2009 Interim Management Statement	28 October 2009

**10. About Prudential plc**

Prudential plc, is a company incorporated and with its principal place of business in England, 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 160 years and has £249 billion in assets under management (as at 31 December 2008). 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.

Schedule 1A - Constant Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS - QUARTER 1 2009

TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

UK			US <sup>(1a)</sup>			Asia <sup>(1a)</sup>			Total		
2009 Q1 YTD £m	2008 Q1 YTD £m	+/-(%)	2009 Q1 YTD £m	2008 Q1 YTD £m	+/-(%)	2009 Q1 YTD £m	2008 Q1 YTD £m	+/-(%)	2009 Q1 YTD £m	2008 Q1 YTD £m	+/-(%)

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Total Insurance Products	1,273	1,407	(10%)	1,789	2,209	(19%)	465	1,062	(56%)	3,527	4,678	(25%)
Total Investment Products - Gross Inflows <sup>(2)</sup>	4,408	3,340	32%	3	23	(87%)	14,743	12,948	14%	19,154	16,311	17%
	<u>5,681</u>	<u>4,747</u>	<u>20%</u>	<u>1,792</u>	<u>2,232</u>	<u>(20%)</u>	<u>15,208</u>	<u>14,010</u>	<u>9%</u>	<u>22,681</u>	<u>20,989</u>	<u>8%</u>

INSURANCE OPERATIONS

	Single		+/- (%)	Regular		+/- (%)	Total		+/- (%)	Annual Equivalents <sup>(3)</sup>		
	2009 Q1 YTD	2008 Q1 YTD		2009 Q1 YTD	2008 Q1 YTD		2009 Q1 YTD	2008 Q1 YTD		2009 Q1 YTD	2008 Q1 YTD	+/- (%)
	£m	£m		£m	£m		£m	£m		£m	£m	
UK Insurance Operations												
Product Summary												
Internal Vesting annuities	391	322	21%	-	-	-	391	322	21%	39	32	22%
Direct and Partnership Annuities	129	176	(27%)	-	-	-	129	176	(27%)	13	18	(28%)
Intermediated Annuities	59	124	(52%)	-	-	-	59	124	(52%)	6	12	(50%)
Total Individual Annuities	<u>579</u>	<u>622</u>	<u>(7%)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>579</u>	<u>622</u>	<u>(7%)</u>	<u>58</u>	<u>62</u>	<u>(6%)</u>
Equity Release	25	51	(51%)	-	-	-	25	51	(51%)	3	5	(40%)
Individual Pensions	42	14	200%	1	-	-	43	14	207%	5	1	400%

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Corporate Pensions	37	46	(20%)	20	22	(9%)	57	68	(16%)	24	27	(11%)
Unit Linked Bonds	24	38	(37%)	-	-	-	24	38	(37%)	2	4	(50%)
With-Profit Bonds	300	147	104%	-	-	-	300	147	104%	30	15	100%
Protection	-	-	-	3	1	200%	3	1	200%	3	1	200%
Offshore Products	59	179	(67%)	1	1	0%	60	180	(67%)	7	19	(63%)
Pru Health <sup>(12)</sup>	-	-	-	2	3	(33%)	2	3	(33%)	2	3	(33%)
Income Drawdown	18	13	38%	-	-	-	18	13	38%	2	1	100%
Total Retail Retirement	1,084	1,110	(2%)	27	27	0%	1,111	1,137	(2%)	135	138	(2%)
Corporate Pensions	26	93	(72%)	26	25	4%	52	118	(56%)	29	34	(15%)
Other Products	19	40	(53%)	5	5	0%	24	45	(47%)	7	9	(22%)
DWP Rebates	80	103	(22%)	-	-	-	80	103	(22%)	8	10	(20%)
Total Mature Life and Pensions	125	236	(47%)	31	30	3%	156	266	(41%)	44		