**Mark Tucker, Group Chief Executive Officer, Prudential plc**
**Annual General Meeting speech – 17 May 2007**

Thank you Chairman, and may I add my welcome.

Over the next 15 minutes or so I want to take you through last year's Results and then talk about the Group's priorities going forward as we continue to pursue our aim of maximising shareholder value.

2006 saw a year of further success in building our business with a clear and committed focus on value generation and the momentum I referred to last year maintained and even intensified. Financial performance in 2006 was also strong as it was in 2005.

Total profit across the Group was up 15% to almost two billion pounds with both the insurance businesses and asset management showing significant growth.

New business profits exceeded one billion pounds for the first time and aggregate margins moved ahead.

The main reason for the decline in IFRS operating profit in 2006 was the results at Egg. The Egg result was of course disappointing as conditions rapidly deteriorated in the personal lending market and we saw no prospect of enough improvement to justify our continued investment in the sector.

We announced the sale of Egg to Citi in January and that transaction was completed on 1st May.

It was agreed as part of the transaction that we would continue to work with Egg to sell our insurance and protection products in the UK as well as working with Citi to distribute Prudential products in a number of important Asian markets. Both of these distribution agreements are very good news.

In terms of cash and capital the Group's position continues to improve and Philip and his team have continued their excellent work in this area. We now estimate that at the Group level operating cashflow will be positive in 2008. That is ahead of Plan.

We've put in place a new dividend policy that is in line with our expectations on cash flow and profit growth.

And as a demonstration of our confidence in the future of the Group we've increased the dividend by 5% for 2006.

You will be asked to approve this dividend increase in the formal part of the meeting.

In short the Group’s position is strong and we see significant opportunities for profitable growth going forward.

The regional contribution to this strong Group performance has continued to reflect the trend of recent years with Asia and the US now accounting for almost three quarters of the Group’s life new business profits.

And the continuing rapid growth of our Asian life and asset management businesses now means that the Asian region is the largest contributor to the Group’s profits overall.

It was back in 1994 that we started our life focus on Asia and since then the region has grown by around 23% per annum compound. That’s a great track record over some 13 years.

In the UK Nick and his team delivered strong results in 2006 within a clear context of maximising value.

UK retail new business volumes were ahead 14% and overall margins and returns on new business remained towards the top-end of what you’ll see in the UK market. That performance was driven principally by improving margins and returns in the retail business and individual annuities in particular and we see this sector as the mainstay of UK profitability in the years ahead.

Investment in building the shareholder element of the UK business continues to be in line with our expectations and the investment performance in the with-profits fund was again very strong.

Back at the 2006 Interims we set out the strengths and weaknesses of the UK business and we've continued to examine where and how we want to participate in the UK market.

We went through a very rigorous process and we reviewed a number of potential strategic options. We concluded that we would deliver more value for our shareholders by retaining and refocusing the business rather than by pursuing any of the other options. Building from our existing strengths in the retirement market and in particular in the retirement income sector.

Here we've got a very strong platform through our internal pipeline of maturing pensions policies numerous partner relationships and our excellent understanding of trends in longevity.

We'll also use our considerable asset allocation capability to develop new products in the retirement savings market.

At the same time we’ve decided to exit those product areas that we see as structurally uneconomic over the long term and implementation of that is under way.

We’ve set ourselves a cost savings target of £195 million pounds per annum by 2010 cost savings that will both preserve and enhance the returns from our in-force business.

The work of approximately 3,000 people, principally in the customer service, customer operations and Information Technology areas is in the scope of this review. We recognise that these changes are unsettling for those involved and we’ll conclude this process as quickly and as thoughtfully, as possible.

You will also have seen that we are actively considering the reattribution of the UK Inherited Estate and we’ve nominated Peter Bloxham as the provisional Policyholder Advocate to act on behalf of policyholders.

If a decision is taken to proceed Mr Bloxham’s formal appointment as the Policyholder Advocate could be expected to take place later this year.

It's important that shareholders understand that Prudential will only proceed with the reattribution if there are clear benefits for both policyholders and shareholders in doing so.

You can see from this slide that in aggregate over the past 5 years we've had excellent investment performance from the with-profit fund. The with-profit fund is the largest in the UK and one of the strongest. Indeed one in ten UK adults have an investment in this fund.

And, as I mentioned earlier we'll build our approach to the retirement savings market around this very capability.

So based on our review we've set out the structure and priorities for the UK in 2007.

In the Retail Retirement business we see the opportunity for growth with high margin and returns relative to the UK market and overall we'll continue to target a 14% internal rate of return on new business.

In the Wholesale market we'll participate very actively but only when we see appropriate returns and we'll maintain that discipline. This is a sector where there are many facets to the decision process.

It’s also an area where Prudential’s technical expertise and market name are powerful influences.

So in March we were able to announce that we had reached agreement in principle to acquire Equitable Life’s in-force with-profit annuities and this will contribute significantly to the 2007 results.

All in all, we see tremendous potential for profitable growth in the UK retirement market and we have the strengths to be successful.

In the US Clark and the Jackson team have had another strong year. They’ve outperformed the market considerably. With retail sales growing at twice the market growth rate margins moving ahead at the aggregate level and returns on new business also improving.

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Jackson also continues to maintain their expense advantage and deliver world class service levels. That’s a rare and almost unique combination.

Last, but certainly not least capital generation at JNL has remained strong.

Our focus in the US is on the pre and post retirement market and Jackson is very well placed to continue the success we’ve seen over recent years.

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The advice based model that has been established plays well to the needs of the retiring baby boomer generation as those baby boomers look to invest and generate an income from their maturing pension savings.

We have focussed on the unbundling of the variable annuity product and in distribution terms,  on the role of advice through independent broker dealers as the key elements of our successful strategy.

By 2012 it is estimated that over one trillion dollars a year will flow out of qualified pension plans in the US and that’s a very sizeable opportunity for us!

As you can see, growth in variable annuities has been excellent over the last 5 years with sales growing by 48% in 2006.

We’ve continued to take profitable market share in all of our chosen distribution channels but especially through independent broker dealers, where we are now the Number Two provider.

And we feel confident there is plenty of growth still to come.

Clark and his team head into 2007 in a strong position.

We know that the only way to maintain out-performance is to continue to improve the product offering and the customer experience through ongoing innovation and by continuing to develop and grow what is already a first-class wholesaling team.

Of course there's always the possibility that economic conditions could change. We are well aware of that and we're not standing still in either Fixed Indexed or Fixed Annuities with product upgrades planned for both in 2007.

Finally, we are continuing to look for bolt-on opportunities in the US opportunities that are consistent with our retirement focus and clearly ones that are consistent with our value generation aspirations.

Looking now at the Asia business where I'm delighted Barry joined us last year as CEO.

Again sales and new business profits moved ahead strongly and we've continued to build the distribution footprint with over 285,000 agents across the region and a spread of non-agency distribution that is unparalleled.

Margin and returns remain high in the region though obviously influenced by the country mix and we are also improving expense efficiency as we see the scale of the businesses increase.

Last, but certainly not least we went cash positive in Asia for the first time in 2006. And we expect the region to become increasingly cash generative as we move forward.

Proprietary agency distribution remains key in Asia but as you can see the contribution from non-agency channels is also increasing rapidly. That accounts for some 30% of new business in 2006 compared with 26% in 2005. It is a formidable achievement when taken together with our new business profitability and the absolute scale of our revenue streams.

We see this channel diversity combined with our productivity and margins as key factors that differentiate us from competitors in the region.

As I said a moment ago margins and returns remained high in the region and a major factor is the continuing success of the unit-linked offering. We continue to innovate here and in particular in packaging unit-linked products to meet retirement needs in a number of markets.

This innovation is also the case in protection in areas such as for Diabetes Care in India which we think is the first product of its kind anywhere in the world.

Finally we also saw the successful launch of our Takaful or Shariah compliant products in Malaysia and we’ve had a very encouraging start there.

In 2007 you can expect to see more of the same in terms of material further expansion in agency and non-agency distribution and you can also expect a growing focus on initiatives to drive further improvements in agent productivity as well as the continued development of the product range.

But there are also a number of areas as you can see on this slide where we’re going to be pushing even harder.

So all in all Asia remains an incredible opportunity for the Group in terms of strong growth at high margins.

Finally asset management where M&G and our Asian & US businesses go from strength to strength.

If we look back over a 5 year period external funds under management have more than doubled from £24 billion to £57 billion at the end of 2006 and we attracted record net inflows in the year.

Over that same 5 year period operating profit at M&G has nearly trebled and it's exciting to see that asset management profit in Asia has increased at a very rapid pace to reach £50 million.

Our main priority across the asset management businesses remains that of sustaining superior investment performance.

Michael and the M&G team have built a well diversified business and in 2007 the key is to look for further distribution opportunities and deliver attractive returns across the whole platform.

We also need to recognise the major contribution that M&G make to the strength of the UK Life Fund and more generally to the competitiveness of our products.

In Asia the key markets are India, Japan, Korea and China. Along with a clear focus on these markets Ajay and his team will look to expand distribution in all markets. But there are also opportunities to develop our off-shore business further and add new capabilities in a number of areas.

And in the US in January 2007 Jackson launched its first products into the Mutual Fund market. This is an exciting development for Jackson and for the Group.

As I said at the opening we are continuing to increase the momentum in the business and that gives us considerable confidence as we go into 2007.

We've got a business that I know a number of you here today have helped to build and a business that has great opportunities ahead for continued profitable growth as we continue to pursue our aim of maximising shareholder value.

Thank you.