Mark Tucker, Group Chief Executive, Prudential plc
Annual General Meeting speech - 15 May 2008

Thank you Chairman

As the Chairman said 2007 was a very strong year for Prudential and our figures again reflect the great momentum that the Group has maintained over the last three years. Indeed the strategic growth drivers of the business remain both powerful and positive. Our results demonstrate clearly that we have delivered on our past promises and I'm confident that we are in a very strong position to continue our out-performance in the future.

Our strategy is clear: Our overriding objective is to increase shareholder value and we'll do that with a primary focus on the enormous pre and post retirement opportunity in markets around the world. Quite simply that's where the major growth trends in our industry are to be found. Of course, the cycle of asset accumulation and income drawdown will vary by market but, over time, it's both repeatable and sustainable. That means we can capture wave after wave of value. And we've already got all the right ingredients. We've got the financial strength, the trusted brands the investment and risk management skills, and we've got our local product and distribution expertise. And that's reflected already in our 2007 financial results.

In 2007, all the key metrics were up 20 per cent or more. Growth in new business profit was up 22 per cent. EEV operating profit increased by 25 per cent. And IFRS operating profit was up 20 per cent. The cash profile of the Group continued to improve. Our capital position remains robust and the Board has proposed a five per cent increase in the dividend. We also positioned ourselves defensively and we anticipated deteriorating conditions in credit markets. And to this end, there's been no significant impact on our results.

As you can see our performance in 2007 is a continuation of the momentum developed over the last three years. In that period, EEV operating profit has doubled with strong performance from all our businesses. It's worth pointing out that in 2007 Asia's overall contribution passed £1 billion for the first time. We also achieved a near doubling of IFRS profit across the Group in the same three year period again with major contributions from all of our businesses. And the Balance Sheet expanded by just over £6 billion. We achieved high levels of growth with strong returns and we, the management team, continue to maintain a very clear focus on value.

Geographic diversification of earnings and risk are absolutely fundamental to the Prudential model and in 2007 over three quarters of our New Business Profit came from Asia and the US. And that's clearly a powerful value driver. Asia now accounts for some 40 per cent of our Life EEV operating profit which is a good indication of our success in the region. On an IFRS basis, the UK life business remains a very significant contributor with the combined strength and success of the With-Profit Fund and a growing contribution from the shareholder annuity business. In addition, the rapid growth in our asset management businesses means that they now account for around a quarter of our IFRS profits.

Now I'd like to turn to what we've been doing to build and sustain our performance. I'll start with Asia.

In Asia we had a particularly strong 2007. Our key aim in the region is to grow the absolute level of New Business Profit. We set ourselves a target to at least double our 2005 new business profit by 2009. And with the growth we've achieved so far along with the continued growth we see in the coming months we expect to achieve this target a year early.

We set out our priorities in Asia at the end of 2006 and we are making excellent progress on all fronts. Building distribution power remains key. And, we'll continue to build scale in the agency force. We'll remain very focused on agency management and training so that we can increase productivity and protect the quality of the business we write. We also continued to broaden the reach of our non-agency channels by bringing in new partners as we're doing, for example in Korea. And in Taiwan we've extended our regional relationship with Standard Chartered. We've also made good progress in establishing a region-wide approach so that we can be more effective in up-selling and cross-selling to our existing customers and we're continuing to develop our position in the health market where we see great potential that is complementary to our existing business.

Now there's a powerful cultural drive in Asia for individuals to save and protect. There's also an ever growing awareness of the availability of efficient investment vehicles. It's these powerful trends and the scale of the demographics that underpin the future growth in the region. And, that's especially true in terms of regular premium business which has been at the core of our development. This is very high quality business and business that we've more than doubled over the last three years! We're also gradually gaining a greater share of the single premium market as it develops particularly through the expansion of our non-agency distribution. A range of top class partners and an international range of investment-linked products including local Asian and M&G products have supported our success. Our future prospects in Asia remain very strong and bear in mind that's in the fastest growing region in the world.

On to the US where we also had a very successful 2007. The Variable Annuity market is key and you can see from the graph that Jackson has materially out-performed in this market. A big part of that out-performance has been in the Independent Broker Dealer channel, which in itself now accounts for over a third of all

VA sales in the US. Our flagship product Perspective II has been the top selling product in that channel in each of the last five years! We are not price-led. We have an advice-based proposition. And, we have a sector-leading wholesale team which we grew by 25 per cent during the year while still increasing productivity per wholesaler. Effective servicing by the wholesaler team and supporting our product flexibility requires the right technology base. For Jackson, this technology combined with internationally recognised world class service is a key and very important differentiator.

Jackson remains in a very strong position in the US market. The flow of retirement assets will continue to be fuelled by the baby boomer generation. And we remain confident that over time we can continue to take a greater profitable share. We have a differentiated model, based on advice combined with a clear expense advantage and world class service levels. It’s also important to be strong across the whole annuity range so that we’re in a position to deal with changing economic circumstances. Along with our success in the VA market we remained top ten in both the Fixed Annuity and Fixed Indexed Annuity markets.

In the UK our strategy is built around three key themes: first our acknowledged capabilities and strengths in the retirement income market with a concentration on risk-based products that offer higher returns and greater visibility over cash flows; second a reshaping of our approach in the retirement savings, market; and finally, taking the necessary action to reduce the expense base.

First retirement income. Our leading position in the retail annuity market continues to be supported by the strong internal flows from maturing pensions and a growing partnership business. As well as individual annuities we're also extending successfully into the Lifetime Mortgage market and we've launched a new Income Drawdown product. Our approach in the wholesale market remains very much value-driven. The very significant Equitable deal played to all our strengths and was an excellent transaction for both Prudential and the Equitable policyholders.

In retirement savings we are implementing major change to improve returns. We've got out of the structurally unprofitable areas of the market, such as up-front commission single premium pensions and commoditised protection and we've launched our factory gate product suite. We've also put a renewed emphasis on cautiously-managed investment products. What we've done, combined with the volatility in the markets has led to a real resurgence in with-profit sales up 21 per cent across all product types in 2007 and representing a third of overall retail volumes. Investment performance in the With Profit fund has been truly excellent and the fund was ranked first in 2006 in the WM Company's survey based on gross investment performance over one, three, five and 10 years. We also achieved market leading performance in 2007. And on costs we are making excellent progress too. By the end of 2007 we had delivered £115 million of the cost saving target of £195 million and plans are in place to deliver the additional £80 million including a major outsourcing agreement materially reducing future expense risk. On the Inherited Estate our work is continuing and as previously announced a decision will be made by the end of June.

2007 was another tremendous year for our asset management businesses. Profits from M&G and Asia combined were up 30 per cent and External funds under management increased to almost £70 billion. In tougher market conditions M&G had its second highest net inflows ever following on from a record year in 2006! M&G have built a strong UK market position across both the retail and the institutional sectors. That market position is based on their excellent long-term investment performance and multi asset capabilities and they've also successfully expanded into Mainland Europe. Asset management in Asia is now a significant contributor to overall Group profits generating over £70 million in 2007. That's up more than 50 per cent on 2006! External Funds under management increased by 39 per cent to £17 billion with particular success in India, Korea, Japan and Taiwan. We are continuing to expand our distribution reach and we're also expanding geographically launching into Hong Kong and the United Arab Emirates. The long term prospects are excellent.

2008 first quarter new business has shown a continuation of our strong growth profile both in the insurance business which was up

13 per cent for the Group as a whole and with £1.1 billion of net inflows in asset management in very tough conditions.

Clearly there is ongoing volatility and nervousness in the markets. And it's pretty clear that we are entering a period of slower economic growth trends in the US and the UK. But, in spite of this we believe that our retirement-led strategy and our business model with its geographic mix and diversification are very robust and will continue to deliver sustainable value. Critically the demographic, economic and social factors driving our business will continue. And, in my view we are ideally positioned to capture a bigger share of that growth. We have a clear agenda to do just that and the prospects for the Group remain positive.

Thank you