



**Harvey McGrath** Chairman

# CHAIRMAN'S STATEMENT

## I am delighted to welcome you to Prudential's 2009 Annual Report, and very pleased to report a year of outstanding performance.

During 2009, our clear and consistent strategy delivered a strong rise in profits in very challenging and rapidly changing conditions. All our businesses performed extremely well, enabling the Group to deliver exceptional growth in shareholder value.

Against this backdrop of performance, the Board has recommended a final dividend of 13.56 pence per share, bringing the full-year dividend to 19.85 pence per share, an increase of 5 per cent.

### Full-year dividend per share

**+5%**



From our origins in the UK, and for over 160 years, our mission has been to meet our customers' changing needs for savings, income and protection. At the same time, our prudent but proactive approach to capital management has ensured that our financial position remains robust and resilient.

What has changed in more recent years is our geographical presence in Asia. We are now present in 13 countries with 28 businesses, which offer the right combination of mature and rapidly emerging markets. Without doubt, Asia is the most attractive region in the world for Prudential. The region's changing demography, wealth and savings ratios offer a unique opportunity for profitable growth which, in turn, is underpinned by the bedrock of our established businesses in the UK and the US. On 1 March 2010, we announced an agreement with AIG for the combination of Prudential and AIA, a wholly owned subsidiary of AIG. This agreement provides Prudential with a one-off opportunity to transform the growth profile of the Group and offers long-term material benefits to our shareholders.

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Alongside our clear strategic focus, unrivalled strength in Asia, established positions in the UK and the US, and our unique asset management business, we continue to benefit from our powerful and trusted brands, our outstanding product expertise and the strength of our leadership team.

During 2009, we reinforced our leadership and continued our smooth succession to a new generation. Mark Tucker, whose decision to leave Prudential was announced in March 2009, was succeeded as Group Chief Executive on 1 October by Tidjane Thiam, formerly our Chief Financial Officer. We thank Mark for his immense contribution to the Group over the past 25 years.

Throughout the year, Tidjane has demonstrated his ability to drive performance and build value, and has consistently proven his ability to lead Prudential to the next level.

In April 2009, we announced the appointment of Nic Nicandrou as Chief Financial Officer in succession to Tidjane. Nic, who joined from Aviva, combines technical depth and experience with high-quality leadership skills, making him the ideal person to maintain our commitment to leading best-in-class disclosure and transparency.

In July, we announced Rob Devey's appointment as Chief Executive, Prudential UK and Europe, in succession to Nick Prettejohn. Rob joined from Lloyds Banking Group, where he held several leadership roles. Also at Board level, Sir Win Bischoff stepped down as a non-executive director in September 2009 on his appointment as Chairman of Lloyds Banking Group plc. He leaves with our thanks for his contribution and best wishes for his new role.

Our strong performance in 2009 was not just about financial returns. Sustainability remains a philosophy that is a fundamental part of how we do business. Our founding principles of integrity, security and prudence continue to drive our commitment to supporting our customers and the well-being of the communities in which we operate.

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I would particularly like to highlight the contribution of our employees who volunteer their time supporting local communities and good causes. During 2009, over 6,400 employees signed up as volunteers – amounting to approximately one in four of our workforce – with nearly half of them participating in our flagship programme, The Chairman's Award. This programme has gone from strength to strength, bringing together employees as volunteers on key projects working with our global charity partners. Our volunteering programme is a demonstration of our brand values in action.

After an outstanding year for Prudential, I remain extremely confident about the prospects for our business. I believe our strategy, skills and powerful brands uniquely position us in the sector to drive profitable growth and create sustainable value.

I would like to express my thanks to all our people across the world for their immense contribution to our continued success.

**Harvey McGrath**  
Chairman