

# Chairman's statement

**I am pleased to introduce Prudential's 2011 Annual Report. We have followed our excellent results in 2010 with another strong performance, led by our fast-growing Asian business, which is the largest contributor to both the sales and profits of the Group.**

In 2011 we saw continued market volatility around the world, caused in part by concerns about sovereign debt, particularly in the Eurozone. However, our disciplined approach to risk and capital management and our focus on high return markets and products has meant the Group has continued to deliver profitable, cash-generative growth.

The Board has therefore recommended a final dividend of 17.24 pence per share, which brings the total dividend for the reporting period to 25.19 pence per share, 1.34 pence (5.6 per cent) higher than the 2010 total dividend. We are focused on delivering a growing dividend from the new higher base established at the year end 2010.

The cash remittance objectives for the Group and the growth and profitability targets for the Asia business announced at our December 2010 investor conference remain on track to be delivered in 2013. These challenging objectives, alongside our progressive dividend policy, demonstrate our commitment to provide both growth and cash to shareholders.

There have been a number of changes to the Board during the year. Bridget Macaskill stepped down in September, having served as a non-executive director of the Company since September 2003. She had been a member of the Remuneration Committee since

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2003 and became its Chairman in May 2006. She had also been a member of the Nomination Committee since 2004. Lord Turnbull succeeded her as Chairman of the Remuneration Committee and became a member of the Nomination Committee. In December we announced that Kathleen O'Donovan, who has served as a non-executive director for almost nine years, including chairing the Audit Committee from May 2006 to September 2009, would retire from the Board on 31 March 2012. I would like to acknowledge the considerable contribution both Bridget and Kathleen have made to the Group during their time here.

We also announced the appointment of two new non-executive directors, Kai Nargolwala and Alistair Johnston, who joined on 1 January 2012. Kai was non-executive Chairman of Credit Suisse Asia Pacific and will sit on the Risk and Remuneration Committees. From 1998 to 2007, he worked for Standard Chartered PLC where he was a Group Executive Director responsible for Asia Governance and Risk. Alistair brings extensive global markets, international management and accounting experience from many years at KPMG. He joined KPMG in 1973 and was a partner from 1986 to 2010. During this time he held a number of senior leadership positions including being a Global Vice Chairman from 2007 to 2010. He has joined the Audit Committee.

It is with sadness that we note the passing in February 2012 of Lord Carr of Hadley, former Chairman of Prudential. During his 13 years as a Prudential director, and particularly in his time as Chairman from 1980 to 1985, Lord Carr brought to our organisation the benefits of his wide experience of public and business life.

In December 2011 I announced my intention to retire as Chairman in 2012 once a suitable successor has been found. As I said at the time, I felt it was important to give the Board good notice of my intentions so that the process of appointing a successor could get under way. It has been a great honour to serve as Chairman but my other commitments in the public, educational and philanthropic sectors deserve more of my time and energy. My tenure at Prudential has encompassed a period of great turmoil in the markets. It is testament to the Group's strategy, the quality and experience of the Board and the efforts of the management team led by the Group Chief Executive, Tidjane Thiam, that we can say with confidence that Prudential has emerged from this period as one of the leading insurance companies in the world.

As Chairman, I have always been proud of how Prudential and its staff strengthen the communities in which we operate. I strongly believe that organisations have a responsibility not only to do well but, where possible, to do good. We achieve this in a number of ways: through offering our customers financial security; through our role as a long-term investor in businesses and infrastructure; and through our corporate responsibility activities.

We aim to direct our community investment towards initiatives which tackle issues where we can make the most impact given our expertise. We have focused on areas such as financial literacy, education for young people and care for the elderly. Across the Group, we are currently increasing our commitment to education-related charities, while in the UK we are engaged in initiatives to tackle youth unemployment through apprenticeship schemes. We actively encourage employee engagement to support and deliver these initiatives, and many of our employees offer their experience and time to charities and their communities. For example, at Prudential UK 40 per cent of staff took part in volunteering to support good causes during 2011. Group-wide, many employees volunteer as part of the Chairman's Challenge, our flagship volunteering programme, with more than 3,000 colleagues worldwide taking part last year, helping more than 25 projects.

I would like to take this opportunity to express my thanks to our employees around the world who have ensured that Prudential has continued to deliver value to our shareholders. The quality of our people and their commitment to customers, the excellence of our products and our proven strategy mean that we can be confident that the Group will continue to deliver sustainable value in the years to come.



**Harvey McGrath**  
Chairman

