

## **Prudential plc AGM 18 May 2006 - Speech by Chairman, Sir David Clementi**

Good morning everyone. Thank you for coming along to our Annual General Meeting today. As it is 11 o'clock I would like to start today's proceedings.

Before we move on to the business of the meeting, we would like to show you a short video; then I will say a few words about our businesses around the world and the environment in which they operate.

As you will have seen, we feel that the figures for 2005 represent a very strong set of results by the Group. Operating profit on a European Embedded Value basis increased by 33% during the year, and operating profit under the International Financial Reporting Standards increased 36%.

During the year we were delighted to welcomed Mark Tucker back to the Group as Chief Executive. The strategic review that he and the executive team undertook in the latter part of the year, has brought great clarity and focus to our longer term plans and capital management programme, enabling us to map out the steps we need to take to deliver long term value for you, our shareholders.

Mark will have more to say about this in a moment, and how each of our businesses is taking our strategy forward; but let me first set out briefly the reasons why the Board feels confident about our future.

In the UK, we continued during the course of 2005 to build our shareholder-backed business and we plan to extract significantly more value from the market as a whole by taking a more collaborative approach between our individual businesses based in this country.

In the United States, we see enormous potential to capitalise on the distribution and product strength of Jackson, particularly as the baby-boomer generation moves into retirement.

In Asia, the drivers of growth are as compelling as ever and we expect to continue to expand aggressively in the region over the coming years.

I particularly want to mention the importance to the group of our asset management businesses, lead by M&G. We see these as significant and increasing contributors to the overall group. First, they have ensured that Prudential's performance across our product range has been excellent. Second, our fund management business provides an important alternative source of savings products to complement our traditional life insurance range. Third, and just as importantly, asset management provides a powerful source of non-capital intensive profits for the group.

Beyond the performance of our individual businesses, we are increasingly sharing knowledge, skills and resources on a global basis, with our new global IT division a prime example. We see considerable scope for further collaboration of this kind in future.

I referred in my Chairman's letter within the Annual Report to some changes in the executive team. In addition to Mark, I welcome Nick Prettejohn, who now runs the UK/Egg business, to his first Annual General Meeting.

Turning to the non executives, this will be the last Annual General Meeting for Rob Rowley who retires after this meeting. Rob has served the Company with distinction for almost 7 years, and in particular he has for the majority of this acted as Chairman of our Audit Committee. This has been a heavy responsibility which he has discharged with care and integrity and I am most grateful to him for all he has done. At today's meeting we are putting a Resolution (you will see that it is Resolution X in the Notice of the Meeting) that Andrew Turnbull should join our Board. He was, up until the middle of last year, Secretary to the Cabinet and prior to that Permanent Secretary at the Treasury. Subject to the passing of the Resolution Andrew will join our Board tomorrow and I am sure he will make a major contribution.

I would like also to mention in these opening remarks the approach we received from Aviva some weeks ago. The proposal was that we should combine our two businesses, with you, Prudential shareholders, receiving shares in the combined company. Overall, we did not believe that the proposal, including the specific terms, that Aviva put forward was in your best interests. We believe we already well placed, with the business opportunities, the management depth and the capital strength to continue to expand profitably our operations around the globe, and we are confident about our ability to generate further growth in the value of your company.

I am now going to hand over to Mark Tucker who will provide a closer look at some of our individual businesses.