

Chairman's statement



'We feel that the prospects for the Group continue to be exciting, and that we have the positioning, the skills and the capabilities to continue to deliver profitable growth for our shareholders.'

David Clementi

Full year dividend per share

+5%

2007	18.00p
2006	17.14p

2007 was a highly successful year for Prudential, building on our strong performances in both 2005 and 2006. Over the last three years we have doubled EEV operating profits and almost doubled statutory profits by pursuing our international growth ambitions in a targeted and disciplined way.

In 2007 more than three quarters of the Group's new business profits came from Asia and the US, which truly differentiates us from other UK and EU life insurers. At the same time, our UK insurance operation is achieving some of the highest returns in its market, and continues to be a significant contributor to IFRS profits through its strong with-profits fund and shareholder-backed annuity business. Our growing asset management businesses also provided almost a quarter of statutory profits in 2007.

Throughout the year we continued to strengthen the Group's cash flow and capital position, and the Board has recommended a full year dividend of 18 pence per share, an increase of five per cent on 2006.

Perhaps the most significant trend affecting retail financial services today is the transition into retirement of an unprecedented proportion of the working population. This demographic trend is well documented in the UK and the US, but is also happening in many other markets in which we operate. Individuals worldwide are accepting the need to take charge of their own retirement planning and finances to an extent that has not happened before.

This retirement opportunity plays well to Prudential's strengths. We have trusted brands and the distribution, investment management, risk management and product innovation skills to meet customers' changing needs as they save for, and draw an income in, retirement.

Over the last three years the Group's senior management, led by Mark Tucker, has developed a robust and sustainable operating model, designed to capitalise on these strengths and capture a significant share of the retirement opportunity in our chosen markets.

We are also successfully leveraging the knowledge and experience of our more mature businesses to create solutions for our newer markets more quickly and effectively than would be possible on a standalone basis.

During the year we made a number of Board changes. In August we announced the appointments of Win Bischoff and Ann Godbehere as non-executive directors. We are delighted by the addition of their talents to our Board.

In September we announced that Philip Broadley, the Group's Finance Director, would leave the company in May 2008 after eight years' service. I would like to thank him for his immense contribution over that time. His successor, Tidjane Thiam, has an outstanding track record, and his broad knowledge and experience of the industry will be of great value to the Group.

This year Prudential will be 160 years old, and the values that have guided the organisation throughout its history remain evident today. Our founding principles of integrity, security and prudence continue to underpin our ambition to promote the financial well-being of our customers and their families, and we remain committed to supporting the communities in which we operate.

In 2007 over 2,000 of our people gave their time to projects to improve their local environment, through the Chairman's Award scheme. At the end of the year, employees across the Group were invited to vote for the project which they felt had had the greatest impact. This year's winning project involved some 370 employees in Thailand in a reforestation and forest conservation project supporting 16 communities in the Chiang Rai region of the country.

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Financial capability remains at the heart of our Corporate Responsibility programme and, during the year, we added a new scheme in the US to our existing programmes in the UK and Asia. More details about our Corporate Responsibility programme can be found later in this Report.

Looking to the future, we feel that the prospects for the Group continue to be exciting, and that we have the positioning, the skills and the capabilities to continue to deliver profitable growth for our shareholders. As ever, my thanks go to all our people around the world for their contribution to our ongoing success.