



GEO 2004 5th Annual Conference
MONTREAL
18-22 April





Share Plans in a Financial Environment

Jill Evans - Yorkshire Building Society
Jack Sunday - Group 5



Introduction

- **Panel**
- **Prudential story**
 - Employee mix
 - Share Plans
 - Communication challenges
- **Sponsor and employee research**





Prudential History

- 1848 - established as the Prudential Mutual Assurance Investment and Loan Association
- 1900 - UK's largest life assurance company
- 1900-2000 - expanded internationally and broadened product range. Now a leading provider of retail financial products and fund management with operations in the UK, Europe, USA and Asia
- 1986 - acquisition of Jackson National Life
- 1994 - Prudential Corporation Asia is formed
- 1997 - acquisition of Scottish Amicable Life
- 1998 - Egg plc is established
- 1999 - acquisition of M & G
- 2000 - listed on the New York Stock exchange
- 2001 - PCA acquired life operations

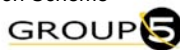
Employee Profile

- **Employees**
- **Financial Expectations**
 - UK 'Planning Pru'
 - 'You Choose'
 - USA continuing education
 - Asia 'PruUniversity'
 - High expectations but always aim for the lowest common denominator



Share Plans

- **All Employee Plans**
 - Prudential Savings-Related Share Option Scheme 2003
 - M & G Savings-Related Share Option Scheme
 - Prudential Europe Management Services Sharesave Plan
 - Prudential International Savings-Related Share Option Scheme for Non-Employees
- **Discretionary Schemes**
 - Prudential Restricted Share Plan
 - Prudential-Jackson National Life US Performance Share Plan
 - Annual Incentive Plan
 - One-off Special Awards
 - Prudential Share participation Plan
 - Prudential GHO Managers' Share Plan
 - Prudential Executive Share Option Scheme
 - Prudential Professional Reward Scheme
 - M & G Executive Share Option Scheme



Share Plan Challenges

- **Challenges**
 - de-centralised nature of the company
 - bureaucracy
 - ‘sabotage’
 - cultural understanding
 - lack of specific employee share plan education
 - tired schemes
 - IASB and new legislation



Share Plan Head Starts

- **Head Starts**
 - established share scheme culture
 - financial environment
 - Pru Planning
 - communication network in the UK
 - new plans



Sharesave summary

- ✓ Safe, secure savings Scheme
- ✓ Guaranteed tax-free bonus
- ✓ 20% discount on current Prudential plc share price
- ✓ Choice of cash or shares
- ✓ Opportunity to share in the future success of Prudential plc

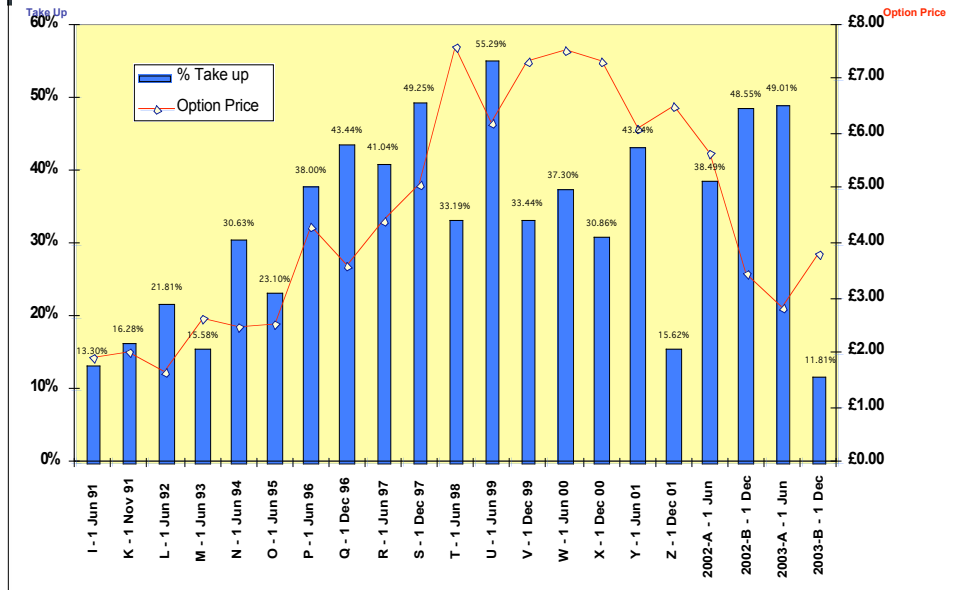


Sharesave facts & figures

- 22nd offer with YBS (1st 1991)
- Offer twice yearly
- 5,000 employees in Scheme
- 65% of eligible workforce
- Average take up rates 32.82%
(lowest 11.81%, highest 55.29%)
- Average Saving per employee £174.45
- 27% of eligible workforce saving £250 max



Take up & Option Price



Communication

- **Evolution**
- **Internal resistance**
- **Initiatives**
- **UK Communication**
 - brochures
 - web site
 - email cascade
 - posters

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Invitation Documentation

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Option Price

Mr John Smith
1 Any Street
Anytown
BT1 2XX
Ireland
22 March 2004

Option Price: £3.80
Monthly Savings Limit: £100

Invitation to join the Prudential Savings-Related Share Option Scheme Offer 2004-A ("the Scheme")

I am pleased to tell you that there will be a further invitation under our Savings-Related Share Option Scheme, which will be subject to the 2004-A. On this occasion you have the choice of applying for an option under the Scheme to the extent or on the invitation.

The Scheme has, again, decided to shorten the specific time period for payment of applications to six months and if you have been continuously employed on a permanent basis since 22 September 2003 you may join.

The Scheme is an approved long-term plan (including and including your already existing plan) under the terms of the Scheme. The Scheme has been running for twenty one years and currently about 1,000 employees participate.

Application period	1 June	31 June
Option period	1 July	30 June
Option price	£3.80	£3.80
Option limit	£1,000	£1,000
£100 of contributions per month	£1,000	£1,000

Please read the enclosed Invitation carefully and also the instructions on how to best invest. You should also read the relevant Building Society Terms & Conditions as you will be asked to confirm acceptance when making your application to apply to an option under the Scheme after telephone banking. Building Society Plus Registration Form is also available on www.plu.com or at any of our branches and click on "Opening Service". You will need the following information:

Plan Number: Plan Password: Personal Identity Number*

*This will be the identity number of a certain security code. Keep this number safe and do not disclose the amount of your option under Section 20 of the Act to any other person after the date of the invitation.

If you have any questions about the Scheme please contact The Yorkshire Building Society Member Contact Centre on 0800 7 200 800 (Monday to Friday 9 AM to 5 PM) and leaving a message on 1 800 900 000 (weekends and evenings) or contact your branch. We will endeavour to improve the quality of service and for your protection and security.

I hope that you will consider the opportunity to invest in Prudential for and in the future. I believe it will allow your benefit from the success that you are now helping to create as a Prudential Group employee.

Yours sincerely,
John Smith
Group Chief Executive

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Prudential Savings-Related
Share Option Scheme Offer 2004-A

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Option Certificate and Acknowledgement ShareSave 2004-A

Mr John Smith
1 Any Street
Anytown
BT1 2XX
Ireland
22 March 2004

Option Certificate and Acknowledgement ShareSave 2004-A

1,000 10 April 2003 1 June 2004

ShareSave	Option Price	Monthly Contribution	Option Under Option	Option Under Option	Option Under Option	Option Under Option
1,000	£3.80	£100	£3,800	£3,800	£3,800	£3,800

IMPORTANT: you now need to sign and return the top of this Section One in the next few business days. Failure to do this will prevent you from making any transactions on your account. Please read the enclosed Invitation carefully and also the instructions on how to best invest. You should also read the relevant Building Society Terms & Conditions as you will be asked to confirm acceptance when making your application to apply to an option under the Scheme after telephone banking. Building Society Plus Registration Form is also available on www.plu.com or at any of our branches and click on "Opening Service". You will need the following information:

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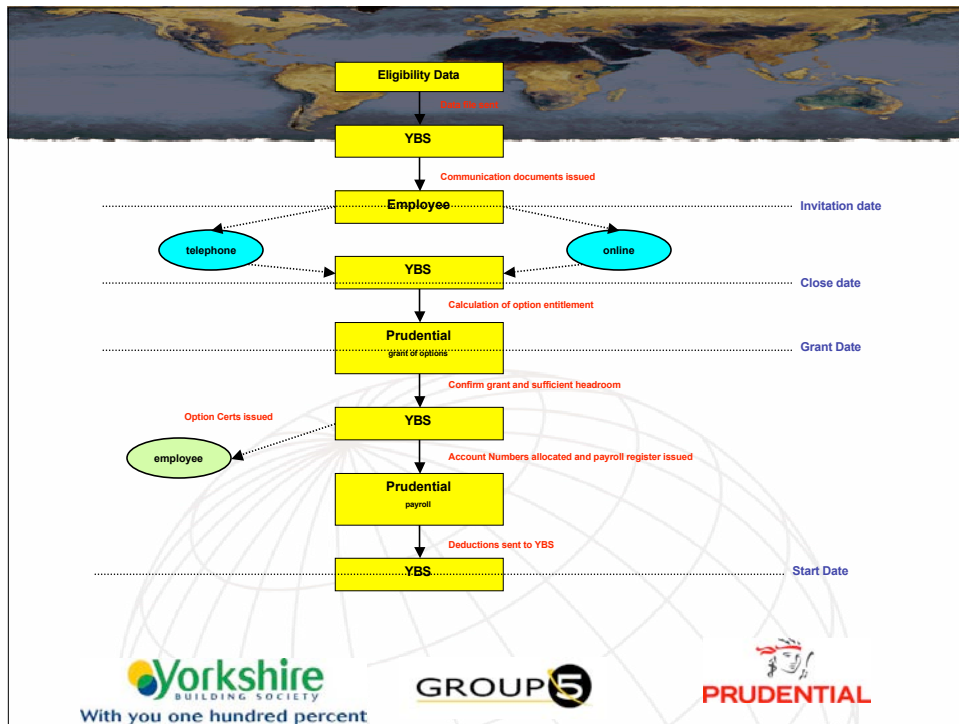
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John Smith
Group Chief Executive

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Prudential Savings-Related
Share Option Scheme Offer 2004-A

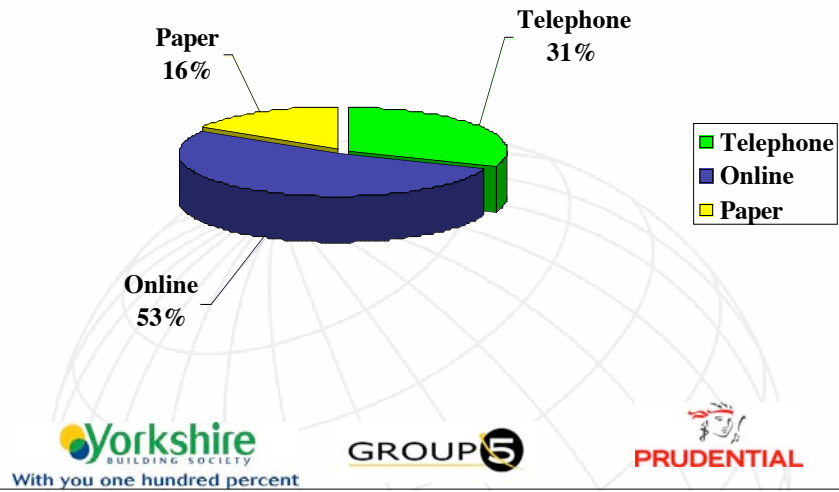
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IVR/Web channel

- Pioneered IVR WEB



Given the choice which method do you prefer?



Essential Elements for Success

- Clear communication
- Good provider partner
- Early planning
- Good project team
- Buy - in from local HR
- Previous success



Future Initiatives

- Integration with HR benefits
- Use UK communication as an example for other parts of the world
- Website
- Employee education
- On - line maturities?



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**GEO 2004 1st Annual Conference**
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Servicing Share Plans

Research Findings



**global equity**



Overview

- **Plan Sponsor Research**
- **Employee Research**
- **Conclusions**



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Plan Sponsor Research

- **Background**
 - Five plan sponsor studies from 1998 to 2003
 - Employee stock purchase and stock option plans in the US
 - 2,284 outsourced plan sponsor participants
 - Outsourced market growth from 1998 to 2003
 - 62% to 70% stock purchase plans
 - 11% to 30% stock option plans



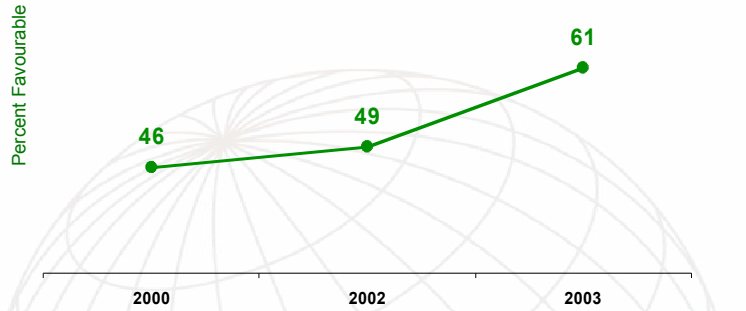
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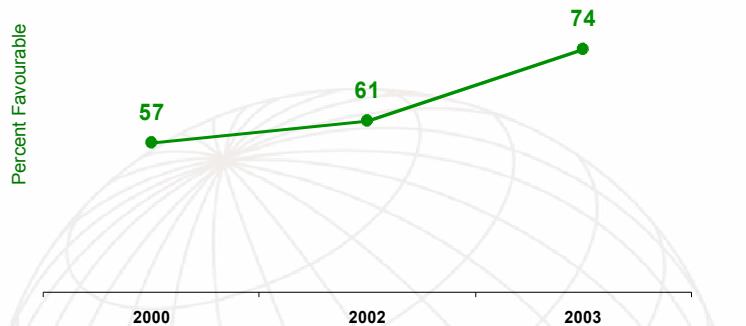
Plan Sponsor Opinions

Overall Satisfaction with Outsourced Plan Administration



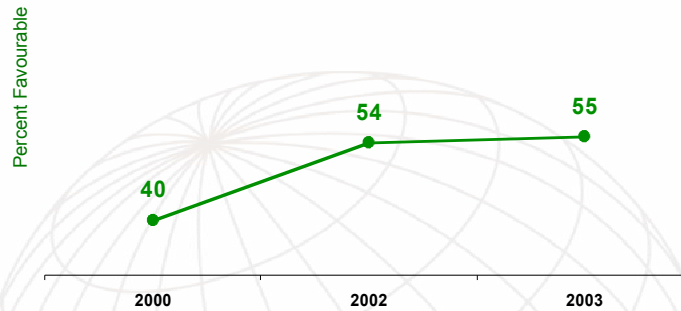
Plan Sponsor Opinions

Satisfaction with Account Administration



Plan Sponsor Opinions

Satisfaction with Service to Employees




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Plan Sponsor Opinions

Plan Sponsor Issues

- **International Plans**
 - language, communications, currency, taxation, regulatory
- **Plan Reporting**
 - ad hoc, internet access
- **Data Accuracy**
 - maintenance
- **Web Access**
 - functionality, availability
- **Regulatory changes**
 - compliance, up-to-date

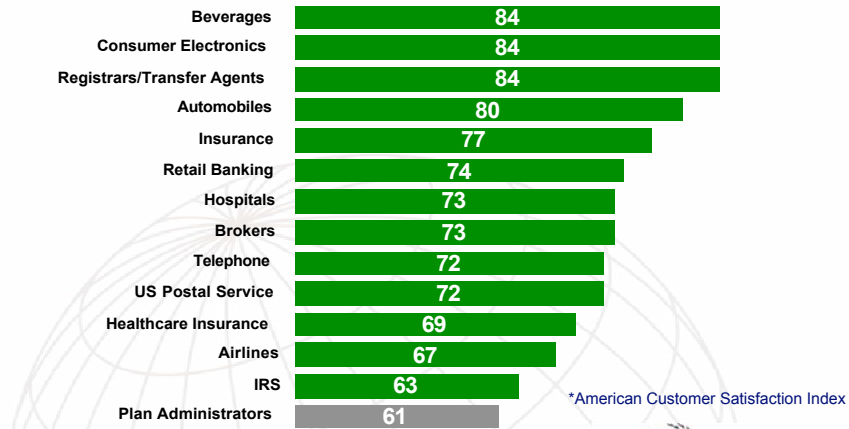

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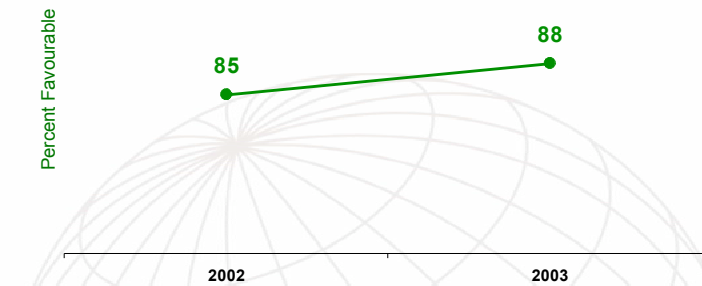
Plan Sponsor Satisfaction

*Plan Sponsor Satisfaction Compared with the ACSI**



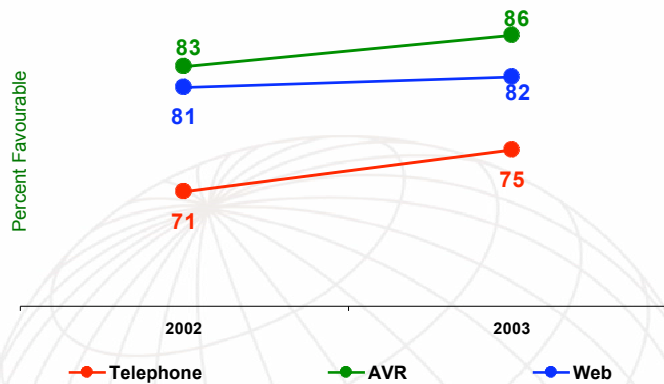
Employee Opinions

Overall Employee Satisfaction with Service



Employee Opinions

Satisfaction with Service Elements




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Employee Opinions

Employee Issues

- **Internet transactions**
 - not available, cumbersome, confirmations, PIN management
- **Stock purchase**
 - enrolment, set-up, changes
- **Telephone representatives**
 - knowledge
- **Fees**
 - awareness

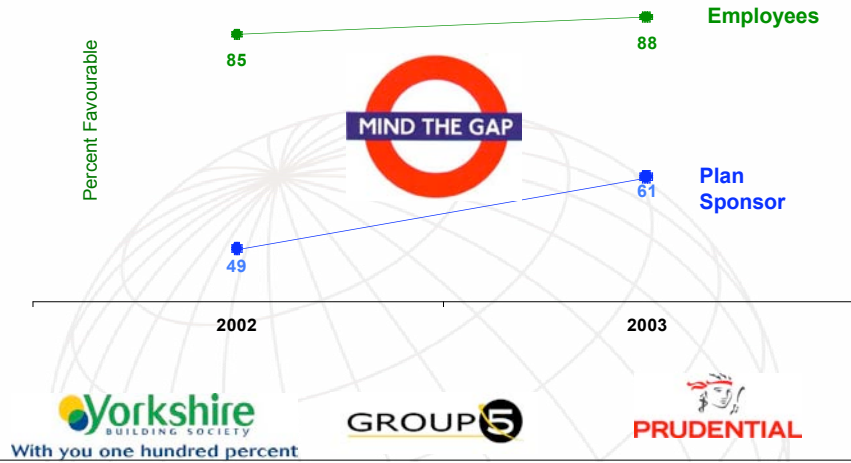

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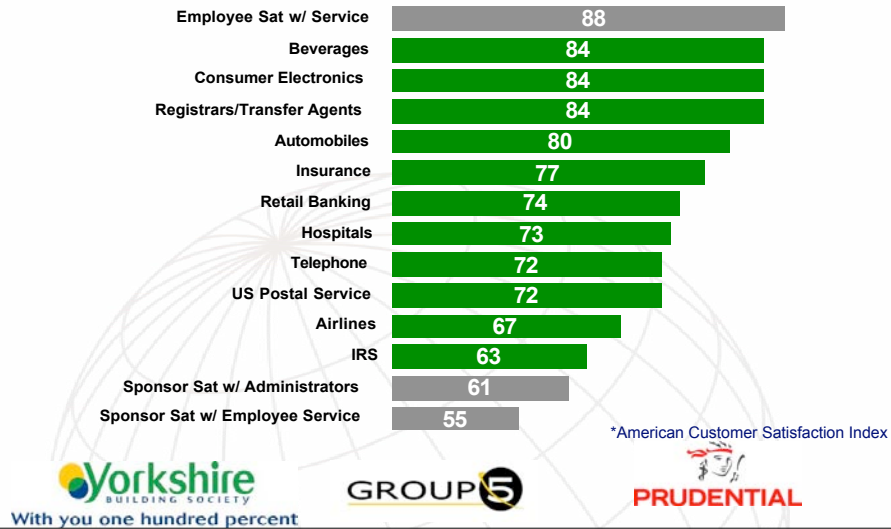
Service to Employees

Plan Sponsor and Employee Perspective



Satisfaction in Context

Plan Sponsors and Employees Compared with the ACSI*



Summary

- Plan sponsor satisfaction with outsourced plan administration is improving.
- Plan sponsor satisfaction varies considerably across plan administrators.
- Employee satisfaction with outsourced plan administration is good and is getting better.
- There is a perception gap between plan sponsors' and employees' opinions of how good the service is to employees.



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