

# Prudential Financial, Inc. (PRU)



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## Quarterly Financial Supplement

FINANCIAL SERVICES BUSINESSES  
THIRD QUARTER 2012

Reference is made to Prudential Financial, Inc.'s filings with the Securities and Exchange Commission for general information, and consolidated financial information, regarding Prudential Financial, Inc., including its Closed Block Business. All financial information in this document is unaudited.

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This quarterly financial supplement reflects, for all periods presented, the classification of the results for the Company's long-term care insurance business, formerly reported in the Group Insurance segment, as a "divested business" and excluded from adjusted operating income as a result of the Company's decision to discontinue sales of long-term care policies.

FINANCIAL HIGHLIGHTS  
(in millions, except per share data)

Year-to-date		% Change
2012	2011	
1,504	1,247	21%
313	465	-33%
2,070	1,788	16%
(1,079)	(858)	-26%
2,808	2,642	6%
729	673	8%
2,079	1,969	6%
(1,111)	1,443	-177%
502	170	195%
(446)	(76)	-487%
(657)	49	-1441%
(27)	(201)	87%
(1,739)	1,385	-226%
(193)	612	-132%
(1,546)	773	-300%
533	2,742	-81%
7	117	-94%
540	2,859	-81%
51	64	-20%
591	2,923	-80%
14	21	-33%
605	2,944	-79%
51	64	-20%
554	2,880	-81%
10.2%	10.0%	
554	2,880	
59	64	
613	2,944	

**Financial Services Businesses:**

Pre-tax adjusted operating income (loss) by division:

U.S. Retirement Solutions and Investment Management Division	42	668	698	302	504
U.S. Individual Life and Group Insurance Division	156	180	72	94	147
International Insurance Division	660	595	606	681	783
Corporate and other operations	(349)	(286)	(364)	(263)	(452)
<b>Total pre-tax adjusted operating income</b>	<b>509</b>	<b>1,157</b>	<b>1,012</b>	<b>814</b>	<b>982</b>
Income taxes, applicable to adjusted operating income	103	305	273	196	260
<b>Financial Services Businesses after-tax adjusted operating income</b>	<b>406</b>	<b>852</b>	<b>739</b>	<b>618</b>	<b>722</b>

Reconciling items:

Realized investment gains (losses), net, and related charges and adjustments	1,817	(596)	(1,838)	2,030	(1,303)
Investment gains on trading account assets supporting insurance liabilities, net	10	53	234	4	264
Change in experience-rated contractholder liabilities due to asset value changes	68	(47)	(246)	54	(254)
Divested businesses	43	52	4	24	(685)
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(87)	12	5	8	(40)
<b>Total reconciling items, before income taxes</b>	<b>1,851</b>	<b>(526)</b>	<b>(1,841)</b>	<b>2,120</b>	<b>(2,018)</b>
Income taxes, not applicable to adjusted operating income	743	(183)	(111)	534	(616)
<b>Total reconciling items, after income taxes</b>	<b>1,108</b>	<b>(343)</b>	<b>(1,730)</b>	<b>1,586</b>	<b>(1,402)</b>

**Income (loss) from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures**

Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	1,514	509	(991)	2,204	(680)
<b>Income (loss) from continuing operations attributable to Prudential Financial, Inc.</b>	<b>57</b>	<b>(7)</b>	<b>(4)</b>	<b>(9)</b>	<b>20</b>
Earnings attributable to noncontrolling interests	1,571	502	(995)	2,195	(660)
<b>Income from continuing operations (after-tax) of Financial Services Businesses</b>	<b>10</b>	<b>8</b>	<b>11</b>	<b>15</b>	<b>25</b>
Income (loss) from discontinued operations, net of taxes	1,581	510	(984)	2,210	(635)
<b>Net income (loss) of Financial Services Businesses</b>	<b>(9)</b>	<b>14</b>	<b>7</b>	<b>8</b>	<b>(1)</b>
Less: Income attributable to noncontrolling interests	1,572	524	(977)	2,218	(636)
<b>Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.</b>	<b>10</b>	<b>8</b>	<b>11</b>	<b>15</b>	<b>25</b>
	1,562	516	(988)	2,203	(661)

Operating Return on Average Equity (based on adjusted operating income)

	2011		2012		
	3Q	4Q	1Q	2Q	3Q
	42	668	698	302	504
	156	180	72	94	147
	660	595	606	681	783
	(349)	(286)	(364)	(263)	(452)
	509	1,157	1,012	814	982
	103	305	273	196	260
	406	852	739	618	722
	1,817	(596)	(1,838)	2,030	(1,303)
	10	53	234	4	264
	68	(47)	(246)	54	(254)
	43	52	4	24	(685)
	(87)	12	5	8	(40)
	1,851	(526)	(1,841)	2,120	(2,018)
	743	(183)	(111)	534	(616)
	1,108	(343)	(1,730)	1,586	(1,402)
	1,514	509	(991)	2,204	(680)
	57	(7)	(4)	(9)	20
	1,571	502	(995)	2,195	(660)
	10	8	11	15	25
	1,581	510	(984)	2,210	(635)
	(9)	14	7	8	(1)
	1,572	524	(977)	2,218	(636)
	10	8	11	15	25
	1,562	516	(988)	2,203	(661)
	6.0%	12.3%	11.1%	9.1%	10.3%
	1,562	516	(988)	2,203	(661)
	32	82	21	(5)	43
	1,594	598	(967)	2,198	(618)

**Reconciliation to Consolidated Net Income Attributable to Prudential Financial, Inc.:**

Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc. (above)	1,562	516	(988)	2,203	(661)
Net income (loss) of Closed Block Business attributable to Prudential Financial, Inc.	32	82	21	(5)	43
<b>Consolidated net income (loss) attributable to Prudential Financial, Inc.</b>	<b>1,594</b>	<b>598</b>	<b>(967)</b>	<b>2,198</b>	<b>(618)</b>

FINANCIAL HIGHLIGHTS  
(in millions, except per share data)

Year-to-date		2011					2012				
2012	2011	3Q	4Q	1Q	2Q	3Q					
4.41	4.02	0.84	1.77	1.56	1.32	1.53					
<b>Earnings per share of Common Stock (diluted): (1)</b>											
Financial Services Businesses after-tax adjusted operating income											
Reconciling items:											
(2.34)	2.93	3.71	(1.25)	(3.85)	4.29	(2.76)					
1.06	0.35	0.02	0.11	0.49	0.01	0.56					
(0.94)	(0.15)	0.14	(0.10)	(0.52)	0.11	(0.54)					
(1.39)	0.10	0.09	0.11	0.01	0.05	(1.45)					
0.03	(0.02)	(0.03)	-	0.02	(0.03)	0.01					
(3.58)	3.21	3.93	(1.13)	(3.85)	4.43	(4.18)					
(0.35)	1.43	1.58	(0.40)	(0.19)	1.13	(1.24)					
(3.23)	1.78	2.35	(0.73)	(3.66)	3.30	(2.94)					
<b>Income (loss) from continuing operations (after-tax) of Financial Services Businesses attributable to Prudential Financial, Inc.</b>											
1.18	5.80	3.19	1.04	(2.10)	4.62	(1.41)					
0.03	0.05	(0.01)	0.03	0.01	0.02	-					
1.21	5.85	3.18	1.07	(2.09)	4.64	(1.41)					
<b>Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.</b>											
466.6	484.0	481.2	469.2	469.2	466.1	464.4					
474.3	492.7	489.3	477.0	477.5	473.5	471.8					
20	25	8	(1)	8	8	4					
13	13	4	4	4	5	4					
<b>Earnings allocated to participating unvested share-based payment awards for earnings per share calculation</b>											
21	27	6	11	8	6	7					
6	38	20	9	-	20	-					

(1) Diluted share count used in the diluted earnings per share calculation for GAAP measures is equal to weighted average basic common shares for the three months ended March 31, 2012 and September 30, 2012 as all potential common shares are anti-dilutive due to the loss from continuing operations available to holders of common stock after direct equity adjustment.

(2) In calculating diluted earnings per share under the if-converted method, the potential shares that would be issued related to the exchangeable surplus notes assuming a hypothetical exchange, weighted for the period the notes are outstanding, is added to the denominator, and interest expense, net of tax, is added to the numerator, if the overall effect is dilutive. For the nine months ended September 30, 2012, the hypothetical impact of these shares was antidilutive and therefore excluded from the diluted earnings per share calculation for GAAP measures. The weighted average number of outstanding common shares used in the diluted earnings per share calculation for the nine months ended September 30, 2012 for GAAP measures is 469.2 million.

FINANCIAL HIGHLIGHTS  
 (in millions, except per share data)

Year-to-date						
2012	2011	2011		2012		
		3Q	4Q	1Q	2Q	3Q
<b>Financial Services Businesses Capitalization Data (1):</b>						
Senior Debt:						
		2,899	2,336	3,655	3,226	3,013
		20,651	21,353	21,110	21,030	19,576
		1,519	1,519	1,519	1,519	2,519
Junior Subordinated Long-Term Debt						
Attributed Equity:						
		32,901	32,817	33,509	36,559	37,131
		27,916	27,567	26,436	28,460	27,715
Total Capitalization:						
		55,071	55,689	56,138	59,108	59,226
		50,086	50,439	49,065	51,009	49,810
Book value per share of Common Stock:						
		68.77	69.07	70.80	78.07	79.51
		58.35	58.02	55.85	60.77	59.35
		478.4	475.1	473.3	468.3	467.0
Number of diluted shares at end of period (2)						
<b>Common Stock Price Range (based on closing price):</b>						
64.65	67.32	65.26	57.32	64.65	64.50	58.63
44.74	43.93	43.93	43.91	51.30	44.74	45.46
54.51	46.86	46.86	50.12	63.39	48.43	54.51
		22,113	23,456	29,667	22,472	25,184
<b>Common Stock market capitalization (1)</b>						

(1) As of end of period.

(2) The number of diluted shares at end of period excludes the impact of exchangeable surplus notes due to the anti-dilutive impact of conversion at \$98.78 per share.

OPERATIONS HIGHLIGHTS

Year-to-date		2011		2012		
2012	2011	3Q	4Q	1Q	2Q	3Q
<b>Assets Under Management and Administration (\$ billions) (1) (2):</b>						
Assets Under Management :						
Managed by U.S. Retirement Solutions and Investment Management Division:						
Asset Management Segment - Investment Management & Advisory Services						
		258.8	269.1	283.2	286.4	300.2
		110.1	117.9	123.6	130.2	132.3
		230.5	232.1	230.0	233.6	237.7
		599.4	619.1	636.8	650.2	670.2
Total Investment Management and Advisory Services						
		136.1	152.2	176.8	176.2	193.0
Non-proprietary assets under management						
		735.5	771.3	813.6	826.4	863.2
Total managed by U.S. Retirement Solutions and Investment Management Division						
		13.6	13.8	14.8	13.6	13.7
Managed by U.S. Individual Life and Group Insurance Division						
		122.2	115.6	114.5	121.1	128.0
Managed by International Insurance Division						
		871.3	900.7	942.9	961.1	1,004.9
Total assets under management						
		82.6	85.7	89.2	87.1	88.4
Client assets under administration						
		953.9	986.4	1,032.1	1,048.2	1,093.3
Total assets under management and administration						
Assets managed or administered for customers outside of the United States at end of period						
		213.2	208.9	214.6	223.0	237.3
<b>Distribution Representatives (1):</b>						
		2,571	2,529	2,603	2,607	2,662
Prudential Agents						
		6,699	6,792	6,819	6,806	6,929
International Life Planners						
		12,936	12,791	12,219	12,031	11,683
Gibraltar Life Consultants						
52	50	52	64	45	54	58
<b>Prudential Agent productivity (\$ thousands)</b>						

(1) As of end of period.  
(2) At fair market value.

COMBINED STATEMENTS OF OPERATIONS - FINANCIAL SERVICES BUSINESSES  
(in millions)

Year-to-date		% Change		2011		2012		
2012	2011			3Q	4Q	1Q	2Q	3Q
Revenues (1):								
20,938	15,492	35%	Premiums	5,332	5,546	5,980	6,695	8,263
3,414	2,999	14%	Policy charges and fee income	979	1,033	1,078	1,085	1,251
7,657	7,281	5%	Net investment income	2,508	2,522	2,500	2,526	2,631
2,985	3,026	-1%	Asset management fees, commissions and other income	952	1,034	937	941	1,107
<u>34,994</u>	<u>28,798</u>	22%	Total revenues	<u>9,771</u>	<u>10,135</u>	<u>10,495</u>	<u>11,247</u>	<u>13,252</u>
Benefits and Expenses (1):								
20,117	14,973	34%	Insurance and annuity benefits	5,340	4,946	5,484	6,404	8,229
2,860	2,803	2%	Interest credited to policyholders' account balances	1,040	953	948	971	941
930	864	8%	Interest expense	296	299	308	311	311
(2,602)	(2,266)	-15%	Deferral of acquisition costs	(777)	(761)	(809)	(911)	(882)
1,385	1,187	17%	Amortization of acquisition costs	408	378	406	513	466
9,496	8,595	10%	General and administrative expenses	2,955	3,163	3,146	3,145	3,205
<u>32,186</u>	<u>26,156</u>	23%	Total benefits and expenses	<u>9,262</u>	<u>8,978</u>	<u>9,483</u>	<u>10,433</u>	<u>12,270</u>
<u>2,808</u>	<u>2,642</u>	6%	Adjusted operating income before income taxes	<u>509</u>	<u>1,157</u>	<u>1,012</u>	<u>814</u>	<u>982</u>
Reconciling items:								
(1,609)	3,175	-151%	Realized investment gains (losses), net, and related adjustments	3,385	(672)	(2,716)	3,058	(1,951)
498	(1,732)	129%	Related charges	(1,568)	76	878	(1,028)	648
<u>(1,111)</u>	<u>1,443</u>	-177%	Total realized investment gains (losses), net, and related charges and adjustments	<u>1,817</u>	<u>(596)</u>	<u>(1,838)</u>	<u>2,030</u>	<u>(1,303)</u>
502	170	195%	Investment gains on trading account assets supporting insurance liabilities, net	10	53	234	4	264
(446)	(76)	-487%	Change in experience-rated contractholder liabilities due to asset value changes	68	(47)	(246)	54	(254)
(657)	49	-1441%	Divested businesses	43	52	4	24	(685)
(27)	(201)	87%	Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(87)	12	5	8	(40)
<u>(1,739)</u>	<u>1,385</u>	-226%	Total reconciling items, before income taxes	<u>1,851</u>	<u>(526)</u>	<u>(1,841)</u>	<u>2,120</u>	<u>(2,018)</u>
1,069	4,027	-73%	Income (loss) from continuing operations before income taxes and equity in earnings of operating joint ventures	2,360	631	(829)	2,934	(1,036)
536	1,285	-58%	Income tax expense (benefit)	846	122	162	730	(356)
<u>533</u>	<u>2,742</u>	-81%	Income (loss) from continuing operations before equity in earnings of operating joint ventures	<u>1,514</u>	<u>509</u>	<u>(991)</u>	<u>2,204</u>	<u>(680)</u>

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments; investment gains, net of losses, on trading account assets supporting insurance liabilities, and revenues of divested businesses, and include revenues representing equity in earnings of operating joint ventures other than those classified as divested businesses. Benefits and expenses exclude charges related to realized investment gains, net of losses; change in experience-rated contractholder liabilities due to asset value changes and benefits and expenses of divested businesses and include charges for income attributable to non controlling interests.





COMBINED BALANCE SHEETS - FINANCIAL SERVICES BUSINESSES  
 (in millions)

	09/30/2011	12/31/2011	03/31/2012	06/30/2012	09/30/2012
<b>Assets:</b>					
<b>Investments:</b>					
Fixed maturities, available for sale, at fair value (amortized cost \$195,462; \$197,784; \$195,582; \$202,699; \$208,474)	205,102	208,132	208,419	217,232	226,015
Fixed maturities, held to maturity, at amortized cost (fair value \$5,484; \$5,354; \$5,006; \$5,041; \$5,018)	5,195	5,107	4,775	4,771	4,720
Trading account assets supporting insurance liabilities, at fair value	19,535	19,481	19,679	19,729	20,132
Other trading account assets, at fair value	6,237	5,228	4,860	5,349	5,610
Equity securities, available for sale, at fair value (cost \$4,280; \$4,165; \$4,041; \$4,188; \$4,253)	4,561	4,413	4,629	4,651	4,821
Commercial mortgage and other loans	25,315	26,391	26,205	26,643	27,057
Policy loans	6,176	6,263	6,191	6,291	6,551
Other long-term investments	5,919	5,830	5,517	5,655	6,133
Short-term investments	6,764	8,593	7,196	8,253	7,825
<b>Total investments</b>	<b>284,804</b>	<b>289,438</b>	<b>287,471</b>	<b>298,574</b>	<b>308,864</b>
Cash and cash equivalents	14,734	13,201	12,980	13,390	13,102
Accrued investment income	2,147	2,177	2,147	2,180	2,230
Deferred policy acquisition costs	11,658	12,056	13,008	12,612	13,250
Other assets	16,626	15,748	15,641	14,964	15,353
Separate account assets	207,366	218,380	236,567	235,268	247,510
<b>Total assets</b>	<b>537,335</b>	<b>551,000</b>	<b>567,814</b>	<b>576,988</b>	<b>600,309</b>
<b>Liabilities:</b>					
Future policy benefits	118,179	119,248	116,721	123,555	132,209
Policyholders' account balances	129,074	129,074	128,038	128,423	130,227
Securities sold under agreements to repurchase	2,555	3,118	3,806	4,656	4,662
Cash collateral for loaned securities	2,334	2,254	2,226	2,247	2,442
Income taxes	7,308	6,993	8,094	9,073	9,318
Senior short-term debt	2,899	2,336	3,655	3,226	3,013
Senior long-term debt	20,651	21,353	21,110	21,030	19,576
Junior subordinated long-term debt	1,519	1,519	1,519	1,519	2,519
Other liabilities	11,894	13,320	11,973	10,823	11,011
Separate account liabilities	207,366	218,380	236,567	235,268	247,510
<b>Total liabilities</b>	<b>503,779</b>	<b>517,595</b>	<b>533,709</b>	<b>539,820</b>	<b>562,487</b>
<b>Attributed Equity:</b>					
Accumulated other comprehensive income	4,985	5,250	7,073	8,099	9,416
Other attributed equity	27,916	27,567	26,436	28,460	27,715
<b>Total attributed equity</b>	<b>32,901</b>	<b>32,817</b>	<b>33,509</b>	<b>36,559</b>	<b>37,131</b>
Noncontrolling Interest	655	588	596	609	691
<b>Total Equity</b>	<b>33,556</b>	<b>33,405</b>	<b>34,105</b>	<b>37,168</b>	<b>37,822</b>
<b>Total liabilities and equity</b>	<b>537,335</b>	<b>551,000</b>	<b>567,814</b>	<b>576,988</b>	<b>600,309</b>





FINANCIAL SERVICES BUSINESSES COMBINING BALANCE SHEETS - BY DIVISION  
(in millions)

As of September 30, 2012

	Total Financial Services Businesses	U.S. Retirement Solutions & Investment Management Division	U.S. Individual Life & Group Insurance Division	International Insurance Division	Corporate and Other Operations
<b>Assets:</b>					
Total investments	308,864	97,088	35,898	164,819	11,059
Deferred policy acquisition costs	13,250	3,665	3,123	6,683	(221)
Other assets	30,685	10,122	5,093	13,318	2,152
Separate account assets	247,510	210,539	37,944	1,441	(2,414)
<b>Total assets</b>	<b>600,309</b>	<b>321,414</b>	<b>82,058</b>	<b>186,261</b>	<b>10,576</b>
<b>Liabilities:</b>					
Future policy benefits	132,209	22,745	9,922	96,132	3,410
Policyholders' account balances	130,227	57,093	17,771	55,804	(441)
Debt	25,108	5,114	7,347	73	12,574
Other liabilities	27,433	9,178	4,691	13,299	265
Separate account liabilities	247,510	210,539	37,944	1,441	(2,414)
<b>Total liabilities</b>	<b>562,487</b>	<b>304,669</b>	<b>77,675</b>	<b>166,749</b>	<b>13,394</b>
<b>Attributed Equity:</b>					
Accumulated other comprehensive income (loss)	9,416	2,136	1,809	6,708	(1,237)
Other attributed equity	27,715	14,040	2,574	12,672	(1,571)
<b>Total attributed equity</b>	<b>37,131</b>	<b>16,176</b>	<b>4,383</b>	<b>19,380</b>	<b>(2,808)</b>
Noncontrolling Interest	691	569	-	132	(10)
<b>Total Equity</b>	<b>37,822</b>	<b>16,745</b>	<b>4,383</b>	<b>19,512</b>	<b>(2,818)</b>
<b>Total liabilities and equity</b>	<b>600,309</b>	<b>321,414</b>	<b>82,058</b>	<b>186,261</b>	<b>10,576</b>

As of December 31, 2011

	Total Financial Services Businesses	U.S. Retirement Solutions & Investment Management Division	U.S. Individual Life & Group Insurance Division	International Insurance Division	Corporate and Other Operations
<b>Assets:</b>					
Total investments	289,438	97,005	33,282	148,946	10,205
Deferred policy acquisition costs	12,056	2,587	3,324	6,141	4
Other assets	31,126	9,271	4,546	12,756	4,553
Separate account assets	218,380	183,785	35,665	1,118	(2,188)
<b>Total assets</b>	<b>551,000</b>	<b>292,648</b>	<b>76,817</b>	<b>168,961</b>	<b>12,574</b>
<b>Liabilities:</b>					
Future policy benefits	119,248	20,451	9,441	87,199	2,157
Policyholders' account balances	129,074	57,878	16,806	54,908	(518)
Debt	25,208	4,704	7,047	18	13,439
Other liabilities	25,685	10,379	3,623	10,280	1,403
Separate account liabilities	218,380	183,785	35,665	1,118	(2,188)
<b>Total liabilities</b>	<b>517,595</b>	<b>277,197</b>	<b>72,582</b>	<b>153,523</b>	<b>14,293</b>
<b>Attributed Equity:</b>					
Accumulated other comprehensive income (loss)	5,250	2,072	1,333	3,089	(1,244)
Other attributed equity	27,567	12,754	2,902	12,298	(387)
<b>Total attributed equity</b>	<b>32,817</b>	<b>14,826</b>	<b>4,235</b>	<b>15,387</b>	<b>(1,631)</b>
Noncontrolling Interest	588	625	-	51	(88)
<b>Total Equity</b>	<b>33,405</b>	<b>15,451</b>	<b>4,235</b>	<b>15,438</b>	<b>(1,719)</b>
<b>Total liabilities and equity</b>	<b>551,000</b>	<b>292,648</b>	<b>76,817</b>	<b>168,961</b>	<b>12,574</b>

SHORT-TERM AND LONG-TERM DEBT  
(in millions)

	As of September 30, 2012				As of December 31, 2011			
	Senior debt		Junior Subordinated Long-term Debt	Total Debt	Senior debt		Junior Subordinated Long-term Debt	Total Debt
Short-term Debt	Long-term Debt	Short-term Debt			Long-term Debt			
<b>Financial Services Businesses</b>								
<i>Borrowings by use of proceeds:</i>								
Capital Debt	768	8,599	2,519	11,886	450	9,255	1,519	11,224
Investment related	1,372	7,163	-	8,535	926	7,971	-	8,897
Securities business related	545	526	-	1,071	857	661	-	1,518
Specified other businesses	328	3,288	-	3,616	103	3,466	-	3,569
Limited recourse and non-recourse borrowing	-	-	-	-	-	-	-	-
Total debt - Financial Services Businesses	<u>3,013</u>	<u>19,576</u>	<u>2,519</u>	<u>25,108</u>	<u>2,336</u>	<u>21,353</u>	<u>1,519</u>	<u>25,208</u>
<b>Closed Block Business</b>								
Investment related	-	-	-	-	-	-	-	-
Limited recourse and non-recourse borrowing	-	1,750	-	1,750	-	1,750	-	1,750
Total debt	<u>-</u>	<u>1,750</u>	<u>-</u>	<u>1,750</u>	<u>-</u>	<u>1,750</u>	<u>-</u>	<u>1,750</u>
<b>Financial Services Businesses</b>								
<i>Borrowings by sources:</i>								
Capital Debt	10,347	1,041	498	11,886	9,662	1,040	522	11,224
Investment related	4,632	688	3,215	8,535	4,970	710	3,217	8,897
Securities business related	797	163	111	1,071	1,086	422	10	1,518
Specified other businesses	1,820	1,796	-	3,616	2,834	735	-	3,569
Limited recourse and non-recourse borrowing	-	-	-	-	-	-	-	-
Total debt - Financial Services Businesses	<u>17,596</u>	<u>3,688</u>	<u>3,824</u>	<u>25,108</u>	<u>18,552</u>	<u>2,907</u>	<u>3,749</u>	<u>25,208</u>

(1) Includes Prudential Funding, LLC.

(2) Capital debt at Prudential Insurance Co. of America includes \$940 million of Surplus Notes for September 30, 2012 and December 31, 2011 respectively.

COMBINED STATEMENTS OF OPERATIONS - U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION  
 (in millions)

Year-to-date		% Change		2011		2012		
2012	2011			3Q	4Q	1Q	2Q	3Q
<b>Revenues (1):</b>								
525	644	-18%	Premiums	189	257	116	248	161
1,684	1,531	10%	Policy charges and fee income	519	512	544	556	584
2,982	3,077	-3%	Net investment income	999	1,010	996	985	1,001
2,920	2,826	3%	Asset management fees, commissions and other income	882	963	948	904	1,068
<u>8,111</u>	<u>8,078</u>	0%	Total revenues	<u>2,589</u>	<u>2,742</u>	<u>2,604</u>	<u>2,693</u>	<u>2,814</u>
<b>Benefits and Expenses (1):</b>								
1,598	1,654	-3%	Insurance and annuity benefits	698	416	251	611	736
1,616	1,736	-7%	Interest credited to policyholders' account balances	623	549	544	568	504
111	104	7%	Interest expense	35	35	35	39	37
(858)	(853)	-1%	Deferral of acquisition costs	(243)	(240)	(265)	(288)	(305)
245	504	-51%	Amortization of acquisition costs	249	98	97	168	(20)
3,895	3,686	6%	General and administrative expenses	1,185	1,216	1,244	1,293	1,358
<u>6,607</u>	<u>6,831</u>	-3%	Total benefits and expenses	<u>2,547</u>	<u>2,074</u>	<u>1,906</u>	<u>2,391</u>	<u>2,310</u>
<u>1,504</u>	<u>1,247</u>	21%	Adjusted operating income before income taxes	<u>42</u>	<u>668</u>	<u>698</u>	<u>302</u>	<u>504</u>

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities. Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes and include charges for income attributable to non controlling interests.

COMBINING STATEMENTS OF OPERATIONS - U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION  
(in millions)

	Nine Months Ended September 30, 2012				Quarter Ended September 30, 2012			
	Total U.S. Retirement Solutions & Investment Management				Total U.S. Retirement Solutions & Investment Management			
	Division	Individual Annuities	Retirement	Asset Management	Division	Individual Annuities	Retirement	Asset Management
<b>Revenues (1):</b>								
Premiums	525	78	447	-	161	24	137	-
Policy charges and fee income	1,684	1,531	153	-	584	531	53	-
Net investment income	2,982	585	2,323	74	1,001	197	767	37
Asset management fees, commissions and other income	2,920	750	588	1,582	1,068	266	205	597
<b>Total revenues</b>	<b>8,111</b>	<b>2,944</b>	<b>3,511</b>	<b>1,656</b>	<b>2,814</b>	<b>1,018</b>	<b>1,162</b>	<b>634</b>
<b>Benefits and Expenses (1):</b>								
Insurance and annuity benefits	1,598	518	1,080	-	736	385	351	-
Interest credited to policyholders' account balances	1,616	331	1,285	-	504	72	432	-
Interest expense	111	85	15	11	37	29	5	3
Deferral of acquisition costs	(858)	(816)	(22)	(20)	(305)	(288)	(10)	(7)
Amortization of acquisition costs	245	207	20	18	(20)	(36)	10	6
General and administrative expenses	3,895	1,884	720	1,291	1,358	649	264	445
<b>Total benefits and expenses</b>	<b>6,607</b>	<b>2,209</b>	<b>3,098</b>	<b>1,300</b>	<b>2,310</b>	<b>811</b>	<b>1,052</b>	<b>447</b>
<b>Adjusted operating income before income taxes</b>	<b>1,504</b>	<b>735</b>	<b>413</b>	<b>356</b>	<b>504</b>	<b>207</b>	<b>110</b>	<b>187</b>
	Nine Months Ended September 30, 2011				Quarter Ended September 30, 2011			
	Total U.S. Retirement Solutions & Investment Management				Total U.S. Retirement Solutions & Investment Management			
	Division	Individual Annuities	Retirement	Asset Management	Division	Individual Annuities	Retirement	Asset Management
<b>Revenues (1):</b>								
Premiums	644	97	547	-	189	27	162	-
Policy charges and fee income	1,531	1,387	144	-	519	469	50	-
Net investment income	3,077	593	2,396	88	999	195	786	18
Asset management fees, commissions and other income	2,826	659	538	1,629	882	214	173	495
<b>Total revenues</b>	<b>8,078</b>	<b>2,736</b>	<b>3,625</b>	<b>1,717</b>	<b>2,589</b>	<b>905</b>	<b>1,171</b>	<b>513</b>
<b>Benefits and Expenses (1):</b>								
Insurance and annuity benefits	1,654	501	1,153	-	698	331	367	-
Interest credited to policyholders' account balances	1,736	454	1,282	-	623	182	441	-
Interest expense	104	83	11	10	35	28	4	3
Deferral of acquisition costs	(853)	(810)	(25)	(18)	(243)	(230)	(8)	(5)
Amortization of acquisition costs	504	447	38	19	249	233	9	7
General and administrative expenses	3,686	1,772	712	1,202	1,185	553	247	385
<b>Total benefits and expenses</b>	<b>6,831</b>	<b>2,447</b>	<b>3,171</b>	<b>1,213</b>	<b>2,547</b>	<b>1,097</b>	<b>1,060</b>	<b>390</b>
<b>Adjusted operating income (loss) before income taxes</b>	<b>1,247</b>	<b>289</b>	<b>454</b>	<b>504</b>	<b>42</b>	<b>(192)</b>	<b>111</b>	<b>123</b>

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities. Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes and include charges for income attributable to non controlling interests.

U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION - INDIVIDUAL ANNUITIES SALES RESULTS AND ACCOUNT VALUES  
 (in millions)

Year-to-date			2011		2012		
2012	2011		3Q	4Q	1Q	2Q	3Q
<b>SALES AND ACCOUNT VALUES:</b>							
Variable Annuities:							
109,743	102,348	Beginning total account value	112,202	102,879	109,743	120,276	120,326
16,199	15,818	Sales	4,472	4,406	4,943	5,344	5,912
(4,881)	(5,523)	Surrenders and withdrawals	(1,623)	(1,526)	(1,676)	(1,626)	(1,579)
11,318	10,295	Net sales	2,849	2,880	3,267	3,718	4,333
(856)	(816)	Benefit payments	(272)	(276)	(285)	(288)	(283)
10,462	9,479	Net flows	2,577	2,604	2,982	3,430	4,050
10,693	(7,285)	Change in market value, interest credited, and other	(11,330)	4,835	8,171	(2,742)	5,264
(1,949)	(1,663)	Policy charges	(570)	(575)	(620)	(638)	(691)
128,949	102,879	Ending total account value	102,879	109,743	120,276	120,326	128,949
Fixed Annuities:							
3,792	3,837	Beginning total account value	3,825	3,810	3,792	3,778	3,768
44	53	Sales	15	16	16	14	14
(112)	(139)	Surrenders and withdrawals	(46)	(44)	(43)	(34)	(35)
(68)	(86)	Net redemptions	(31)	(28)	(27)	(20)	(21)
(213)	(199)	Benefit payments	(67)	(77)	(83)	(62)	(68)
(281)	(285)	Net flows	(98)	(105)	(110)	(82)	(89)
247	259	Interest credited and other	83	87	96	73	78
(2)	(1)	Policy charges	-	-	-	(1)	(1)
3,756	3,810	Ending total account value	3,810	3,792	3,778	3,768	3,756
<b>SALES BY DISTRIBUTION CHANNEL:</b>							
<u>Variable and Fixed Annuities (1):</u>							
2,466	2,491	Insurance Agents	736	732	764	799	903
4,003	3,383	Wirehouses	1,040	1,180	1,233	1,299	1,471
7,147	7,318	Independent Financial Planners	1,922	1,822	2,103	2,338	2,706
2,627	2,679	Bank Distribution	789	688	859	922	846
16,243	15,871	Total	4,487	4,422	4,959	5,358	5,926

(1) Amounts represent gross sales.



U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION - INDIVIDUAL ANNUITIES ACCOUNT VALUE ACTIVITY  
(in millions)

Year-to-date			2011		2012		
2012	2011		3Q	4Q	1Q	2Q	3Q
<b>INDIVIDUAL ANNUITIES:</b>							
<i>Account Values in General Account (1):</i>							
12,830	13,223	Beginning balance	12,185	12,971	12,830	12,277	12,355
1,884	1,401	Premiums and deposits	489	505	548	662	674
(770)	(935)	Surrenders and withdrawals	(295)	(179)	(278)	(253)	(239)
1,114	466	Net sales	194	326	270	409	435
(271)	(255)	Benefit payments	(82)	(92)	(101)	(84)	(86)
843	211	Net flows	112	234	169	325	349
304	308	Interest credited and other	102	104	96	111	97
(2,046)	(770)	Net transfers (to) from separate account	572	(479)	(818)	(357)	(871)
(2)	(1)	Policy charges	-	-	-	(1)	(1)
<u>11,929</u>	<u>12,971</u>	Ending balance	<u>12,971</u>	<u>12,830</u>	<u>12,277</u>	<u>12,355</u>	<u>11,929</u>
<i>Account Values in Separate Account:</i>							
100,705	92,962	Beginning balance	103,842	93,718	100,705	111,777	111,739
14,359	14,470	Premiums and deposits	3,998	3,917	4,411	4,696	5,252
(4,223)	(4,727)	Surrenders and withdrawals	(1,374)	(1,391)	(1,441)	(1,407)	(1,375)
10,136	9,743	Net sales	2,624	2,526	2,970	3,289	3,877
(798)	(760)	Benefit payments	(257)	(261)	(267)	(266)	(265)
9,338	8,983	Net flows	2,367	2,265	2,703	3,023	3,612
10,636	(7,334)	Change in market value, interest credited and other	(11,349)	4,818	8,171	(2,780)	5,245
2,046	770	Net transfers (to) from general account	(572)	479	818	357	871
(1,949)	(1,663)	Policy charges	(570)	(575)	(620)	(638)	(691)
<u>120,776</u>	<u>93,718</u>	Ending balance	<u>93,718</u>	<u>100,705</u>	<u>111,777</u>	<u>111,739</u>	<u>120,776</u>

(1) Premiums and deposits, and surrenders and withdrawals, are classified within the general account and separate account for purposes of this presentation based on the allocation of customer funds. For example, premiums allocated by customers to separate account investments at the time of sale, while remitted through the company's general account, are shown as separate account premium in this display, rather than as general account premium and transfers to the separate account.

U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION - INDIVIDUAL ANNUITIES LIVING BENEFIT FEATURES  
 (in millions)

	2011		2012		
	3Q	4Q	1Q	2Q	3Q
<b>LIVING BENEFIT FEATURES ACCOUNT VALUE AND NET AMOUNT AT RISK (1):</b>					
<u>Variable Annuity Account Values with Living Benefit Features</u>					
Guaranteed minimum accumulation benefits	8,844	8,771	8,724	8,368	8,224
Guaranteed minimum withdrawal benefits	1,018	1,031	1,066	984	980
Guaranteed minimum income benefits	3,580	3,685	3,874	3,603	3,631
Guaranteed minimum withdrawal & income benefits	66,080	72,154	81,156	83,110	91,366
Total	<u>79,522</u>	<u>85,641</u>	<u>94,820</u>	<u>96,065</u>	<u>104,201</u>
<u>Living Benefit Features Account Values by Product Design Type</u>					
Account Values with Auto-Rebalancing Feature	64,769	70,341	78,622	80,811	88,672
Account Values without Auto-Rebalancing Feature	14,753	15,300	16,198	15,254	15,529
Total	<u>79,522</u>	<u>85,641</u>	<u>94,820</u>	<u>96,065</u>	<u>104,201</u>
<u>Living Benefit Features Net Amount at Risk by Product Design Type</u>					
Net Amount at Risk with Auto-Rebalancing Feature	4,996	4,238	2,650	3,938	3,013
Net Amount at Risk without Auto-Rebalancing Feature	2,934	2,361	1,652	2,008	1,701
Total	<u>7,930</u>	<u>6,599</u>	<u>4,302</u>	<u>5,946</u>	<u>4,714</u>

(1) At end of period.

U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION - INDIVIDUAL ANNUITIES DEATH BENEFIT FEATURES  
 (in millions)

	2011		2012		
	3Q	4Q	1Q	2Q	3Q
<b>DEATH BENEFIT FEATURES ACCOUNT VALUE AND NET AMOUNT AT RISK (1):</b>					
<u>Variable Annuity Account Values by Death Benefit Features</u>					
Return of net deposits:					
Account value	72,971	78,334	86,442	87,311	94,401
Net amount at risk	3,238	2,083	963	1,390	850
<i>Minimum return, anniversary contract value, or maximum contract value:</i>					
Account value	27,022	28,414	30,685	30,037	31,510
Net amount at risk	6,751	5,699	4,173	4,975	4,268
<u>Death Benefit Features Account Values by Product Design Type</u>					
Account Values with Auto-Rebalancing Feature	64,769	70,341	78,622	80,811	88,672
Account Values without Auto-Rebalancing Feature	35,224	36,407	38,505	36,537	37,239
Total	<u>99,993</u>	<u>106,748</u>	<u>117,127</u>	<u>117,348</u>	<u>125,911</u>
<u>Death Benefit Features Net Amount at Risk by Product Design Type</u>					
Net Amount at Risk with Auto-Rebalancing Feature	3,042	2,154	995	1,596	983
Net Amount at Risk without Auto-Rebalancing Feature	6,947	5,628	4,141	4,769	4,135
Total	<u>9,989</u>	<u>7,782</u>	<u>5,136</u>	<u>6,365</u>	<u>5,118</u>

(1) At end of period.

U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION - RETIREMENT SEGMENT SALES RESULTS AND ACCOUNT VALUES  
(in millions)

Year-to-date			2011		2012		
2012	2011		3Q	4Q	1Q	2Q	3Q
<b>RETIREMENT SEGMENT SALES AND ACCOUNT VALUES</b>							
<b>Full Service:</b>							
139,430	141,313	Beginning total account value	146,580	134,198	139,430	145,991	142,405
12,487	12,942	Deposits and sales	3,966	3,879	4,646	4,363	3,478
(14,837)	(13,267)	Withdrawals and benefits	(4,126)	(5,893)	(7,103)	(3,671)	(4,063)
9,854	(6,790)	Change in market value, interest credited, interest income and other activity (1)	(12,222)	7,246	9,018	(4,278)	5,114
<u>146,934</u>	<u>134,198</u>	Ending total account value	<u>134,198</u>	<u>139,430</u>	<u>145,991</u>	<u>142,405</u>	<u>146,934</u>
<u>(2,350)</u>	<u>(325)</u>	Net additions (withdrawals)	<u>(160)</u>	<u>(2,014)</u>	<u>(2,457)</u>	<u>692</u>	<u>(585)</u>
		Stable value account values included above	40,889	41,142	41,169	41,634	42,044
<b>Institutional Investment Products:</b>							
90,089	64,183	Beginning total account value	74,131	80,513	90,089	93,853	102,443
15,813	16,948	Additions	5,571	10,825	4,399	8,457	2,957
(5,909)	(4,066)	Withdrawals and benefits (2)	(1,501)	(2,084)	(1,538)	(2,832)	(1,539)
3,999	3,848	Change in market value, interest credited and interest income	2,176	733	928	1,562	1,509
654	(400)	Other (3)	136	102	(25)	1,403	(724)
<u>104,646</u>	<u>80,513</u>	Ending total account value	<u>80,513</u>	<u>90,089</u>	<u>93,853</u>	<u>102,443</u>	<u>104,646</u>
<u>9,904</u>	<u>12,882</u>	Net additions	<u>4,070</u>	<u>8,741</u>	<u>2,861</u>	<u>5,625</u>	<u>1,418</u>

(1) Includes \$(1.4) billion for the three months ended June 30, 2012 and the nine months ending September 30, 2012, representing the divestiture of bank deposits previously held by Prudential Bank & Trust, as a result of the Company's decision to limit its operations to trust services. Also includes \$469 million for the three months ended December 31, 2011, representing the addition of Prudential's Non-Qualified pension plan transferred from a third party administrator. All divestitures occurred in the second quarter of 2012.

(2) Includes \$(16) million, \$(10) million, \$(7) million, \$(886) million, and \$(9) million for the three months ended September 30, 2011, December 31, 2011, March 31, 2012, June 30, 2012, and September 30, 2012 respectively, and \$(902) million and \$(68) million for the nine months ended September 30, 2012 and 2011, respectively, representing transfers of client balances managed by Prudential to externally managed accounts. These withdrawals are offset within the "Other" category and there are no net impacts on ending account values for these transfers.

(3) "Other" activity includes transfers to the Asset Management segment of \$131 million for the three months ended September 30, 2012, and \$0 million and \$(415) million for the nine months ended September 30, 2012 and 2011, respectively. "Other" activity also includes \$16 million, \$10 million, \$7 million, \$886 million, and \$9 million for the three months ended September 30, 2011, December 31, 2011, March 31, 2012, June 30, 2012, and September 30, 2012 respectively, and \$902 million and \$68 million for the nine months ended September 30, 2012 and 2011, respectively, related to transfers discussed above in note 2. The remainder of "Other" activity primarily represents changes in asset balances for externally managed accounts.

U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION - SUPPLEMENTARY REVENUE AND ASSETS UNDER MANAGEMENT INFORMATION FOR ASSET MANAGEMENT SEGMENT

**Supplementary Revenue Information (in millions):**

Year-to-date		% Change	
2012	2011		
1,181	1,091	8%	Asset management fees
117	241	-51%	Other related revenues
358	385	-7%	Service, distribution and other revenues
<u>1,656</u>	<u>1,717</u>	-4%	Total Asset Management segment revenues
Analysis of asset management fees by source:			
564	530	6%	Institutional customers
359	319	13%	Retail customers
258	242	7%	General account
<u>1,181</u>	<u>1,091</u>	8%	Total asset management fees

	2011		2012		3Q
	3Q	4Q	1Q	2Q	
Asset management fees	367	376	386	389	406
Other related revenues	35	98	30	(26)	113
Service, distribution and other revenues	111	120	123	120	115
<u>Total Asset Management segment revenues</u>	<u>513</u>	<u>594</u>	<u>539</u>	<u>483</u>	<u>634</u>
Institutional customers	178	184	187	186	191
Retail customers	107	107	115	118	126
General account	82	85	84	85	89
<u>Total asset management fees</u>	<u>367</u>	<u>376</u>	<u>386</u>	<u>389</u>	<u>406</u>

**Supplementary Assets Under Management Information (in billions):**

	September 30, 2012			
	Equity	Fixed Income	Real Estate	Total
Institutional customers	49.1	220.5	30.6	300.2
Retail customers	85.3	45.6	1.4	132.3
General account	4.6	231.7	1.4	237.7
<u>Total</u>	<u>139.0</u>	<u>497.8</u>	<u>33.4</u>	<u>670.2</u>
	September 30, 2011			
	Equity	Fixed Income	Real Estate	Total
Institutional customers	42.2	189.6	27.0	258.8
Retail customers	63.7	45.0	1.4	110.1
General account	3.8	225.4	1.3	230.5
<u>Total</u>	<u>109.7</u>	<u>460.0</u>	<u>29.7</u>	<u>599.4</u>

U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION - SUPPLEMENTARY ASSETS UNDER MANAGEMENT AND ADMINISTRATION INFORMATION FOR ASSET MANAGEMENT SEGMENT  
(in billions)

Year-to-date			2011		2012		
2012	2011		3Q	4Q	1Q	2Q	3Q
<b>Institutional Assets Under Management:</b>							
Assets gathered by Investment Management & Advisory Services sales force:							
231.5	197.6	Beginning assets under management	218.9	221.6	231.5	244.6	248.6
37.2	33.8	Additions	10.6	14.2	13.9	10.9	12.4
(28.4)	(20.8)	Withdrawals	(8.5)	(10.5)	(8.5)	(10.9)	(9.0)
20.2	10.9	Change in market value	0.8	5.9	7.6	3.8	8.8
0.4	(0.3)	Net money market flows	(0.2)	0.3	0.1	0.1	0.2
-	0.4	Other (1)	-	-	-	0.1	(0.1)
260.9	221.6	Ending assets under management	221.6	231.5	244.6	248.6	260.9
39.3	37.2	Affiliated institutional assets under management	37.2	37.6	38.6	37.8	39.3
300.2	258.8	Total assets managed for institutional customers at end of period	258.8	269.1	283.2	286.4	300.2
8.8	13.0	Net institutional additions, excluding money market activity	2.1	3.7	5.4	-	3.4
<b>Retail Assets Under Management:</b>							
Assets gathered by Investment Management & Advisory Services sales force:							
64.2	61.6	Beginning assets under management	66.8	58.9	64.2	75.0	75.4
24.5	17.3	Additions	6.2	6.6	8.7	9.0	6.8
(15.8)	(15.0)	Withdrawals	(5.7)	(5.4)	(5.5)	(5.2)	(5.1)
8.1	(4.6)	Change in market value	(8.4)	4.1	7.6	(3.4)	3.9
-	-	Net money market flows	-	-	-	-	-
-	(0.4)	Other (2)	-	-	-	-	-
81.0	58.9	Ending assets under management	58.9	64.2	75.0	75.4	81.0
51.3	51.2	Affiliated retail assets under management	51.2	53.7	48.6	54.8	51.3
132.3	110.1	Total assets managed for retail customers at end of period	110.1	117.9	123.6	130.2	132.3
8.7	2.3	Net retail additions, excluding money market activity	0.5	1.2	3.2	3.8	1.7

(1) "Other" activity represents transfers from the Retirement Segment as a result of changes in client contract form.

(2) Amounts for the nine months ended September 2011 represent a reclassification of certain fund balances to affiliated retail assets under management.

COMBINED STATEMENTS OF OPERATIONS - U.S. INDIVIDUAL LIFE AND GROUP INSURANCE DIVISION  
 (in millions)

Year-to-date		% Change		2011		2012		
2012	2011			3Q	4Q	1Q	2Q	3Q
3,854	3,868	0%	Revenues (1):					
1,317	1,088	21%	Premiums	1,301	1,276	1,269	1,290	1,295
1,211	1,164	4%	Policy charges and fee income	319	384	391	389	537
348	233	49%	Net investment income	393	389	400	402	409
6,730	6,353	6%	Asset management fees, commissions and other income	77	104	107	114	127
			Total revenues	2,090	2,153	2,167	2,195	2,368
			Benefits and Expenses (1):					
4,358	4,251	3%	Insurance and annuity benefits	1,459	1,367	1,473	1,452	1,433
411	392	5%	Interest credited to policyholders' account balances	134	135	133	139	139
240	141	70%	Interest expense	48	73	77	80	83
(292)	(232)	-26%	Deferral of acquisition costs	(82)	(85)	(89)	(100)	(103)
344	92	274%	Amortization of acquisition costs	(54)	49	57	77	210
1,356	1,244	9%	General and administrative expenses	429	434	444	453	459
6,417	5,888	9%	Total benefits and expenses	1,934	1,973	2,095	2,101	2,221
313	465	-33%	Adjusted operating income before income taxes	156	180	72	94	147

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments. Benefits and expenses exclude charges related to realized investment gains, net of losses.





U.S. INDIVIDUAL LIFE AND GROUP INSURANCE DIVISION - INDIVIDUAL LIFE ANNUALIZED NEW BUSINESS PREMIUMS, ACCOUNT VALUE ACTIVITY, AND FACE AMOUNT IN FORCE  
(in millions)

Year-to-date			2011		2012		
2012	2011		3Q	4Q	1Q	2Q	3Q
<b>ANNUALIZED NEW BUSINESS PREMIUMS (1) :</b>							
13	21	Variable life	8	4	4	5	4
128	66	Universal life	21	29	34	42	52
127	116	Term life	41	42	41	44	42
<u>268</u>	<u>203</u>	Total	<u>70</u>	<u>75</u>	<u>79</u>	<u>91</u>	<u>98</u>
<b>ANNUALIZED NEW BUSINESS PREMIUMS BY DISTRIBUTION CHANNEL (1):</b>							
66	62	Prudential Agents	21	22	20	24	22
202	141	Third party distribution	49	53	59	67	76
<u>268</u>	<u>203</u>	Total	<u>70</u>	<u>75</u>	<u>79</u>	<u>91</u>	<u>98</u>
<b>ACCOUNT VALUE ACTIVITY:</b>							
<b>Policyholders' Account Balances (2):</b>							
9,500	8,773	Beginning balance	9,086	9,364	9,500	9,792	10,021
1,488	1,177	Premiums and deposits	401	454	480	502	506
(625)	(581)	Surrenders and withdrawals	(184)	(199)	(196)	(220)	(209)
863	596	Net sales	217	255	284	282	297
(175)	(170)	Benefit payments	(70)	(51)	(57)	(65)	(53)
688	426	Net flows	147	204	227	217	244
(79)	208	Interest credited and other	126	(44)	88	28	(195)
216	228	Net transfers from separate account	93	59	70	78	68
(267)	(271)	Policy charges	(88)	(83)	(93)	(94)	(80)
<u>10,058</u>	<u>9,364</u>	Ending balance	<u>9,364</u>	<u>9,500</u>	<u>9,792</u>	<u>10,021</u>	<u>10,058</u>
<b>Separate Account Liabilities:</b>							
16,491	17,156	Beginning balance	17,544	15,506	16,491	17,842	17,113
631	681	Premiums and deposits	246	215	208	211	212
(423)	(544)	Surrenders and withdrawals	(128)	(150)	(145)	(130)	(148)
208	137	Net sales	118	65	63	81	64
(23)	(29)	Benefit payments	(5)	(8)	(7)	(8)	(8)
185	108	Net flows	113	57	56	73	56
1,863	(1,023)	Change in market value, interest credited and other	(1,890)	1,151	1,530	(562)	895
(216)	(228)	Net transfers to general account	(93)	(59)	(70)	(78)	(68)
(488)	(507)	Policy charges	(168)	(164)	(165)	(162)	(161)
<u>17,835</u>	<u>15,506</u>	Ending balance	<u>15,506</u>	<u>16,491</u>	<u>17,842</u>	<u>17,113</u>	<u>17,835</u>
<b>FACE AMOUNT IN FORCE (3):</b>							
		Variable life	113,349	113,039	113,118	111,530	111,159
		Universal life	39,644	41,063	42,751	45,161	47,943
		Term life	471,453	477,235	483,890	491,724	499,051
		Total	<u>624,446</u>	<u>631,337</u>	<u>639,759</u>	<u>648,415</u>	<u>658,153</u>

(1) Excludes corporate-owned life insurance.

(2) Includes fixed rate funds, alliance deposits, supplementary contracts and deferred revenues on variable products.

(3) At end of period; before reinsurance ceded.

U.S. INDIVIDUAL LIFE AND GROUP INSURANCE DIVISION - SUPPLEMENTARY INFORMATION FOR INDIVIDUAL LIFE INSURANCE  
 (dollar amounts in millions)

Year-to-date			2011		2012		
2012	2011		3Q	4Q	1Q	2Q	3Q
<b>Individual Life Insurance:</b>							
Policy Surrender Experience:							
489	623	Cash value of surrenders	148	155	170	155	165
2.7%	3.6%	Cash value of surrenders as a percentage of mean future policy benefits, policyholders' account balances, and separate account balances	2.5%	2.7%	2.8%	2.5%	2.6%
Death benefits per \$1,000 of in force (1):							
4.89	4.66	Variable and universal life	5.00	4.18	4.35	5.90	4.38
1.50	1.13	Term life	1.21	0.99	1.42	2.08	1.00
3.12	2.82	Total, Individual Life Insurance	3.03	2.49	2.86	3.89	2.60

(1) Annualized, for interim reporting periods. Amounts are stated net of reinsurance.

U.S. INDIVIDUAL LIFE AND GROUP INSURANCE DIVISION - SUPPLEMENTARY INFORMATION FOR GROUP INSURANCE  
(dollar amounts in millions)

Year-to-date				2011		2012		
2012	2011			3Q	4Q	1Q	2Q	3Q
<b>GROUP INSURANCE ANNUALIZED NEW BUSINESS PREMIUMS:</b>								
253	437	Group life		23	49	211	24	18
128	129	Group disability		17	20	81	19	28
<u>381</u>	<u>566</u>	Total		<u>40</u>	<u>69</u>	<u>292</u>	<u>43</u>	<u>46</u>
Future Policy Benefits (1):								
		Group life		2,184	2,418	2,325	2,300	2,231
		Group disability		19	8	37	28	17
		Total		<u>2,203</u>	<u>2,426</u>	<u>2,362</u>	<u>2,328</u>	<u>2,248</u>
Policyholders' Account Balances (1):								
		Group life		7,027	7,127	7,188	7,310	7,522
		Group disability		176	179	168	182	193
		Total		<u>7,203</u>	<u>7,306</u>	<u>7,356</u>	<u>7,492</u>	<u>7,715</u>
Separate Account Liabilities (1):								
		Group life		19,148	19,174	19,826	19,506	20,110
		Group disability		-	-	-	-	-
		Total		<u>19,148</u>	<u>19,174</u>	<u>19,826</u>	<u>19,506</u>	<u>20,110</u>
Group Life Insurance:								
3,098	3,162	Gross premiums, policy charges and fee income (2)		1,050	1,040	1,064	1,015	1,019
2,989	3,066	Earned premiums, policy charges and fee income		1,064	999	990	989	1,010
91.5%	90.6%	Benefits ratio		89.3%	86.0%	95.4%	88.6%	90.7%
9.4%	8.3%	Administrative operating expense ratio		8.7%	8.9%	9.1%	9.9%	9.2%
		Persistency ratio		96.2%	95.8%	95.4%	95.0%	94.5%
Group Disability Insurance:								
716	675	Gross premiums, policy charges and fee income (2)		222	228	232	245	239
693	659	Earned premiums, policy charges and fee income		218	224	230	232	231
97.8%	91.5%	Benefits ratio		94.0%	104.0%	102.2%	97.4%	93.9%
24.3%	24.6%	Administrative operating expense ratio		25.2%	25.4%	25.9%	23.3%	23.8%
		Persistency ratio		89.7%	88.5%	93.9%	91.6%	90.5%

(1) As of end of period.

(2) Before returns of premiums to participating policyholders for favorable claims experience.

DEFERRED POLICY ACQUISITION COSTS & DEFERRED SALES INDUCEMENTS - INDIVIDUAL ANNUITIES, INDIVIDUAL LIFE AND GROUP INSURANCE  
(in millions)

Year-to-date		2011					2012				
2012	2011	3Q	4Q	1Q	2Q	3Q					
<i>DEFERRED POLICY ACQUISITION COSTS</i>											
<b>INDIVIDUAL ANNUITIES:</b>											
2,390	3,019	3,300	2,131	2,390	3,252	2,619					
816	810	230	228	254	274	288					
(207)	(447)	(233)	(89)	(86)	(157)	36					
446	(1,205)	(1,138)	73	675	(747)	518					
12	(30)	(28)	47	19	(3)	(4)					
-	(16)	-	-	-	-	-					
<u>3,457</u>	<u>2,131</u>	<u>2,131</u>	<u>2,390</u>	<u>3,252</u>	<u>2,619</u>	<u>3,457</u>					
<b>INDIVIDUAL LIFE INSURANCE:</b>											
3,192	3,214	3,187	3,263	3,192	3,242	3,238					
292	232	82	85	89	100	103					
(341)	(88)	56	(47)	(56)	(76)	(209)					
-	-	-	-	-	-	-					
(149)	(95)	(62)	(109)	17	(28)	(138)					
<u>2,994</u>	<u>3,263</u>	<u>3,263</u>	<u>3,192</u>	<u>3,242</u>	<u>3,238</u>	<u>2,994</u>					
<b>GROUP INSURANCE:</b>											
132	138	136	134	132	131	130					
-	-	-	-	-	-	-					
(3)	(4)	(2)	(2)	(1)	(1)	(1)					
-	-	-	-	-	-	-					
-	-	-	-	-	-	-					
<u>129</u>	<u>134</u>	<u>134</u>	<u>132</u>	<u>131</u>	<u>130</u>	<u>129</u>					
<i>DEFERRED SALES INDUCEMENTS</i>											
<b>INDIVIDUAL ANNUITIES:</b>											
1,000	1,348	1,415	915	1,000	1,306	1,032					
240	279	72	79	82	88	70					
(115)	(221)	(105)	(41)	(45)	(68)	(2)					
139	(493)	(455)	29	262	(295)	172					
11	(14)	(12)	18	7	1	3					
-	16	-	-	-	-	-					
<u>1,275</u>	<u>915</u>	<u>915</u>	<u>1,000</u>	<u>1,306</u>	<u>1,032</u>	<u>1,275</u>					

(1) "Other" activity for the nine months ended September 2011 reflects a reclassification between the balances, as of January 1, 2011, of deferred policy acquisition costs and deferred sales inducements for Individual Annuities due to a refinement in methodology for allocating such balances.

COMBINED STATEMENTS OF OPERATIONS - INTERNATIONAL INSURANCE DIVISION  
(in millions)

Year-to-date		% Change		2011		2012		
2012	2011			3Q	4Q	1Q	2Q	3Q
16,583	10,997	51%	Revenues (1):					
441	406	9%	Premiums	3,838	4,018	4,605	5,164	6,814
3,184	2,752	16%	Policy charges and fee income	150	146	152	150	139
251	344	-27%	Net investment income	1,026	1,025	1,023	1,035	1,126
20,459	14,499	41%	Asset management fees, commissions and other income	116	101	69	82	100
			Total revenues	5,130	5,290	5,849	6,431	8,179
			Benefits and Expenses (1):					
14,037	8,910	58%	Insurance and annuity benefits	3,034	3,175	3,752	4,303	5,982
851	702	21%	Interest credited to policyholders' account balances	292	276	278	270	303
1	1	0%	Interest expense	-	-	1	(1)	1
(1,506)	(1,234)	-22%	Deferral of acquisition costs	(467)	(450)	(470)	(542)	(494)
823	640	29%	Amortization of acquisition costs	235	240	260	284	279
4,183	3,692	13%	General and administrative expenses	1,376	1,454	1,422	1,436	1,325
18,389	12,711	45%	Total benefits and expenses	4,470	4,695	5,243	5,750	7,396
2,070	1,788	16%	Adjusted operating income before income taxes	660	595	606	681	783

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities and include revenues representing equity in earnings of operating joint ventures. Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes and include charges for income attributable to non controlling interests.



INTERNATIONAL INSURANCE DIVISION - SALES RESULTS AND SUPPLEMENTARY INFORMATION  
(in millions)

Year-to-date		2011					2012				
2012	2011	3Q	4Q	1Q	2Q	3Q	3Q	4Q	1Q	2Q	3Q
<b>INTERNATIONAL INSURANCE OPERATING DATA:</b>											
<b>Actual exchange rate basis (1):</b>											
Net premiums, policy charges and fee income:											
4,340	3,893	1,310	1,317	1,531	1,393	1,416					
11,510	6,345	2,278	2,440	2,837	3,530	5,143					
1,174	1,165	400	407	389	391	394					
<u>17,024</u>	<u>11,403</u>	<u>3,988</u>	<u>4,164</u>	<u>4,757</u>	<u>5,314</u>	<u>6,953</u>					
Annualized new business premiums:											
802	609	209	207	305	316	181					
1,911	1,487	570	555	469	762	680					
268	247	82	87	89	86	93					
<u>2,981</u>	<u>2,343</u>	<u>861</u>	<u>849</u>	<u>863</u>	<u>1,164</u>	<u>954</u>					
Annualized new business premiums by distribution channel:											
1,070	856	291	294	394	402	274					
717	699	269	280	193	316	208					
887	451	173	152	193	261	433					
307	337	128	123	83	185	39					
<u>2,981</u>	<u>2,343</u>	<u>861</u>	<u>849</u>	<u>863</u>	<u>1,164</u>	<u>954</u>					
<b>Constant exchange rate basis (2):</b>											
Net premiums, policy charges and fee income:											
4,132	3,736	1,225	1,227	1,460	1,336	1,336					
10,817	6,083	2,135	2,268	2,633	3,378	4,806					
1,159	1,086	371	404	378	391	390					
<u>16,108</u>	<u>10,905</u>	<u>3,731</u>	<u>3,899</u>	<u>4,471</u>	<u>5,105</u>	<u>6,532</u>					
Annualized new business premiums:											
772	587	198	194	294	307	171					
1,810	1,424	537	519	439	735	636					
264	230	75	86	86	85	93					
<u>2,846</u>	<u>2,241</u>	<u>810</u>	<u>799</u>	<u>819</u>	<u>1,127</u>	<u>900</u>					
Annualized new business premiums by distribution channel:											
1,036	817	273	280	380	392	264					
679	666	253	262	181	305	193					
839	436	165	144	182	251	406					
292	322	119	113	76	179	37					
<u>2,846</u>	<u>2,241</u>	<u>810</u>	<u>799</u>	<u>819</u>	<u>1,127</u>	<u>900</u>					

(1) Translated based on applicable average exchange rates for the period shown.

(2) Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 85 per U.S. dollar; Korean won 1180 per U.S. dollar. U.S. denominated activity is included based on the amounts as transacted in U.S. dollars.

INTERNATIONAL INSURANCE DIVISION - SALES RESULTS AND SUPPLEMENTARY INFORMATION

	2011		2012		
	3Q	4Q	1Q	2Q	3Q
Face amount of individual policies in force at end of period (in billions) (1)(2): (Constant exchange rate basis)					
Japan, excluding Gibraltar Life	326	328	332	335	338
Gibraltar Life	378	380	378	379	385
All other countries	103	105	105	106	106
Total	<u>807</u>	<u>813</u>	<u>815</u>	<u>820</u>	<u>829</u>
Number of individual policies in force at end of period (in thousands) (2):					
Japan, excluding Gibraltar Life	2,647	2,678	2,725	2,773	2,794
Gibraltar Life	7,459	7,477	7,453	7,417	7,432
All other countries	1,555	1,575	1,606	1,624	1,643
Total	<u>11,661</u>	<u>11,730</u>	<u>11,784</u>	<u>11,814</u>	<u>11,869</u>
International life insurance policy persistency: (3)					
<u>Excluding Gibraltar Life:</u>					
13 months	92.7%	92.8%	93.0%	93.0%	93.0%
25 months	85.1%	85.4%	85.2%	85.4%	85.7%
<u>Gibraltar Life:</u>					
13 months	93.0%	93.1%	93.0%	90.6%	90.4%
25 months	85.8%	85.8%	85.8%	81.6%	82.0%
Number of Life Planners at end of period:					
Japan	3,144	3,137	3,165	3,116	3,169
All other countries	3,555	3,655	3,654	3,690	3,760
Total life planners	<u>6,699</u>	<u>6,792</u>	<u>6,819</u>	<u>6,806</u>	<u>6,929</u>
Gibraltar Life Consultants	12,936	12,791	12,219	12,031	11,683

(1) Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 85 per U.S. dollar; Korean won 1180 per U.S. dollar. U.S. denominated activity is included based on the amounts as transacted in U.S. dollars.

(2) Direct business only; policy count includes annuities.

(3) Excludes Star/Edison business for 1Q 2012 and prior periods.



INVESTMENT PORTFOLIO COMPOSITION  
(in millions)

	September 30, 2012				December 31, 2011			
	Consolidated Portfolio	Closed Block Business	Financial Services Businesses		Consolidated Portfolio	Closed Block Business	Financial Services Businesses	
			Amount	% of Total			Amount	% of Total
Fixed maturities:								
Public, available-for-sale, at fair value	226,161	29,549	196,612	65.7%	209,297	30,211	179,086	64.3%
Public, held-to-maturity, at amortized cost	3,438	-	3,438	1.1%	3,743	-	3,743	1.3%
Private, available-for-sale, at fair value	46,685	17,817	28,868	9.7%	43,243	16,305	26,938	9.7%
Private, held-to-maturity, at amortized cost	1,282	-	1,282	0.5%	1,364	-	1,364	0.5%
Trading account assets supporting insurance liabilities, at fair value	20,132	-	20,132	6.7%	19,481	-	19,481	7.0%
Other trading account assets, at fair value	1,917	264	1,653	0.6%	2,421	317	2,104	0.8%
Equity securities, available-for-sale, at fair value	7,979	3,171	4,808	1.6%	7,523	3,122	4,401	1.6%
Commercial mortgage and other loans, at book value	36,109	9,765	26,344	8.8%	34,113	9,040	25,073	9.0%
Policy loans, at outstanding balance	11,701	5,150	6,551	2.2%	11,559	5,296	6,263	2.2%
Other long-term investments (1)	6,832	2,022	4,810	1.5%	6,471	1,990	4,481	1.6%
Short-term investments	6,007	1,470	4,537	1.6%	6,137	528	5,609	2.0%
Subtotal (2)	368,243	69,208	299,035	100.0%	345,352	66,809	278,543	100.0%
Invested assets of other entities and operations (3)	9,829	-	9,829		10,895	-	10,895	
Total investments	378,072	69,208	308,864		356,247	66,809	289,438	

Fixed Maturities by Credit Quality (2):

	September 30, 2012					December 31, 2011				
	Financial Services Businesses					Financial Services Businesses				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	% of Total	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	% of Total
Public Fixed Maturities:										
NAIC Rating (4)										
1	162,378	15,565	918	177,025	88.4%	151,700	11,143	1,756	161,087	88.0%
2	17,408	1,805	476	18,737	9.3%	17,017	1,298	797	17,518	9.6%
Subtotal - High or Highest Quality Securities	179,786	17,370	1,394	195,762	97.7%	168,717	12,441	2,553	178,605	97.6%
3	3,152	77	281	2,948	1.5%	3,446	66	574	2,938	1.6%
4	1,254	76	150	1,180	0.6%	1,328	34	296	1,066	0.6%
5	376	8	108	276	0.1%	443	6	174	275	0.1%
6	123	13	28	108	0.1%	219	15	105	129	0.1%
Subtotal - Other Securities	4,905	174	567	4,512	2.3%	5,436	121	1,149	4,408	2.4%
Total	184,691	17,544	1,961	200,274	100.0%	174,153	12,562	3,702	183,013	100.0%
Private Fixed Maturities:										
NAIC Rating (4)										
1	7,113	804	63	7,854	26.0%	7,018	730	84	7,664	27.0%
2	17,180	1,574	293	18,461	61.1%	15,847	1,273	362	16,758	59.1%
Subtotal - High or Highest Quality Securities	24,293	2,378	356	26,315	87.1%	22,865	2,003	446	24,422	86.1%
3	2,472	180	37	2,615	8.7%	2,532	134	43	2,623	9.2%
4	675	37	7	705	2.3%	715	14	20	709	2.5%
5	406	15	19	402	1.3%	490	5	42	453	1.6%
6	162	31	5	188	0.6%	130	31	3	158	0.6%
Subtotal - Other Securities	3,715	263	68	3,910	12.9%	3,867	184	108	3,943	13.9%
Total	28,008	2,641	424	30,225	100.0%	26,732	2,187	554	28,365	100.0%

(1) Other long-term investments consist of real estate and non-real estate related investments in joint ventures and partnerships, investment real estate held through direct ownership, and other miscellaneous investments.

(2) Excludes (i) assets of our trading and banking, (ii) assets of our asset management operations, including assets managed for third parties, and (iii) those assets classified as "separate account assets" on our balance sheet.

(3) Includes invested assets of trading and banking and asset management operations. Excludes assets of our asset management operations managed for third parties and those assets classified as "separate account assets" on our balance sheet.

(4) Reflects equivalent ratings for investments of the international insurance operations. Includes, as of September 30, 2012 and December 31, 2011, respectively, 138 securities with amortized cost of \$1,318 million (fair value \$1,387 million) and 110 securities with amortized cost of \$817 million (fair value, \$852 million) that have been categorized based on expected NAIC designations pending receipt of SVO ratings.

FINANCIAL SERVICES BUSINESSES INVESTMENT PORTFOLIO COMPOSITION  
(in millions)

	September 30, 2012		December 31, 2011	
	Amount	% of Total	Amount	% of Total
Japanese Insurance Operations (1):				
Fixed maturities:				
Public, available-for-sale, at fair value	125,028	81.8%	111,857	80.3%
Public, held-to-maturity, at amortized cost	3,438	2.3%	3,743	2.7%
Private, available-for-sale, at fair value	5,973	3.9%	5,020	3.6%
Private, held-to-maturity, at amortized cost	1,282	0.8%	1,364	1.0%
Trading account assets supporting insurance liabilities, at fair value	1,833	1.2%	1,732	1.2%
Other trading account assets, at fair value	1,367	0.9%	1,496	1.1%
Equity securities, available-for-sale, at fair value	2,030	1.3%	1,932	1.4%
Commercial mortgage and other loans, at book value	6,179	4.1%	5,672	4.1%
Policy loans, at outstanding balance	2,857	1.9%	2,873	2.0%
Other long-term investments (2)	2,316	1.5%	2,892	2.1%
Short-term investments	467	0.3%	702	0.5%
Total	<u>152,770</u>	<u>100.0%</u>	<u>139,283</u>	<u>100.0%</u>

	September 30, 2012		December 31, 2011	
	Amount	% of Total	Amount	% of Total
Financial Services Businesses excluding Japanese Insurance Operations (1):				
Fixed maturities:				
Public, available-for-sale, at fair value	71,584	48.9%	67,229	48.3%
Public, held-to-maturity, at amortized cost	-	0.0%	-	0.0%
Private, available-for-sale, at fair value	22,895	15.7%	21,918	15.7%
Private, held-to-maturity, at amortized cost	-	0.0%	-	0.0%
Trading account assets supporting insurance liabilities, at fair value	18,299	12.5%	17,749	12.8%
Other trading account assets, at fair value	286	0.2%	608	0.4%
Equity securities, available-for-sale, at fair value	2,778	1.9%	2,469	1.8%
Commercial mortgage and other loans, at book value	20,165	13.8%	19,401	13.9%
Policy loans, at outstanding balance	3,694	2.5%	3,390	2.4%
Other long-term investments (2)	2,494	1.7%	1,589	1.2%
Short-term investments	4,070	2.8%	4,907	3.5%
Total	<u>146,265</u>	<u>100.0%</u>	<u>139,260</u>	<u>100.0%</u>

(1) Excludes assets classified as "Separate account assets" on our balance sheet.

(2) Other long-term investments consist of real estate and non-real estate related investments in joint ventures and partnerships, investment real estate held through direct ownership, derivatives and other miscellaneous investments.

FINANCIAL SERVICES BUSINESSES INVESTMENT RESULTS

(in millions)

	Quarter Ended September 30					
	2012			2011		
	Investment Income		Realized	Investment Income		Realized
	Yield (3)	Amount	Gains / (Losses)	Yield (3)	Amount	Gains / (Losses)
Financial Services Businesses (1):						
Fixed maturities	3.69%	1,897	(92)	3.81%	1,825	(84)
Equity securities	6.49%	68	10	5.78%	49	(82)
Commercial mortgage and other loans	5.27%	282	8	5.31%	262	26
Policy loans	4.60%	73	-	4.72%	72	-
Short-term investments and cash equivalents	0.24%	8	-	0.39%	13	-
Other investments	5.20%	82	(1,473)	3.86%	80	2,353
Gross investment income before investment expenses	3.76%	2,410	(1,547)	3.81%	2,301	2,213
Investment expenses	-0.12%	(61)	-	-0.12%	(59)	-
Subtotal	3.64%	2,349	(1,547)	3.69%	2,242	2,213
Investment results of other entities and operations (2)		316	28		301	75
Less, investment income related to adjusted operating income reconciling items		(34)			(35)	
Total		2,631	(1,519)		2,508	2,288

	Nine Months Ended September 30					
	2012			2011		
	Investment Income		Realized	Investment Income		Realized
	Yield (3)	Amount	Gains / (Losses)	Yield (3)(4)	Amount	Gains / (Losses)
Financial Services Businesses (1):						
Fixed maturities	3.75%	5,610	(224)	3.92%	5,214	(114)
Equity securities	6.11%	186	(59)	6.22%	185	(97)
Commercial mortgage and other loans	5.27%	824	11	5.45%	763	47
Policy loans	4.62%	215	-	4.72%	205	-
Short-term investments and cash equivalents	0.25%	24	-	0.42%	40	-
Other investments	4.09%	194	(1,050)	4.45%	213	2,463
Gross investment income before investment expenses	3.77%	7,053	(1,322)	3.93%	6,619	2,299
Investment expenses	-0.12%	(186)	-	-0.13%	(172)	-
Subtotal	3.65%	6,867	(1,322)	3.79%	6,447	2,299
Investment results of other entities and operations (2)		890	38		929	162
Less, investment income related to adjusted operating income reconciling items		(100)			(95)	
Total		7,657	(1,284)		7,281	2,461

(1) Excludes assets of our trading, banking, commercial loans and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders, assets of our asset management operations, including assets managed for third parties, and those assets classified as "separate account assets" on our balance sheet. Realized gains / (losses) for Other investments includes changes in fair value of product-related and other derivatives and embedded derivatives.

(2) Includes investment income of trading, banking, asset management operations, commercial loans, and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders.

(3) Yields are based on net investment income as reported under U.S. GAAP and do not include adjustments, such as settlements of duration management swaps that are included in adjusted operating income. Yields are annualized, for interim periods, and are based on quarterly average carrying values except for fixed maturities, equity securities and securities lending activity. Yields for fixed maturities are based on amortized cost. Yields for equity securities are based on cost. Yields for fixed maturities and short term investments and cash equivalents are calculated net of liabilities and rebate expenses corresponding to securities lending activity. Yields exclude investment income and assets related to commercial loans and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders and investment income on assets other than those included in invested assets. Prior period's yields are presented on a basis consistent with the current presentation.

(4) Yields for the nine months ended September 30, 2011 are weighted for seven months of income and assets related to the Star and Edison businesses.



FINANCIAL SERVICES BUSINESSES INVESTMENT RESULTS - JAPANESE INSURANCE OPERATIONS

(in millions)

	Quarter Ended September 30					
	2012			2011		
	Investment Income		Realized	Investment Income		Realized
	Yield (1)	Amount	Gains / (Losses)	Yield (1)	Amount	Gains / (Losses)
Japanese Insurance Operations:						
Fixed maturities	2.71%	844	(97)	2.75%	774	(115)
Equity securities	4.58%	22	(10)	3.70%	12	(75)
Commercial mortgage and other loans	4.18%	62	4	4.07%	55	4
Policy loans	3.57%	25	-	3.51%	24	-
Short-term investments and cash equivalents	0.14%	1	-	0.70%	7	-
Other investments (3)	6.00%	59	18	4.25%	63	539
Gross investment income before investment expenses	2.83%	1,013	(85)	2.84%	935	353
Investment expenses	-0.11%	(39)	-	-0.11%	(37)	-
Total	2.72%	974	(85)	2.73%	898	353

	Nine Months Ended September 30					
	2012			2011		
	Investment Income		Realized	Investment Income		Realized
	Yield (1)	Amount	Gains / (Losses)	Yield (1)(2)	Amount	Gains / (Losses)
Japanese Insurance Operations:						
Fixed maturities	2.73%	2,456	(209)	2.74%	2,047	(237)
Equity securities	3.40%	50	(89)	3.47%	56	(121)
Commercial mortgage and other loans	4.09%	174	9	4.15%	155	13
Policy loans	3.50%	73	-	3.44%	66	-
Short-term investments and cash equivalents	0.16%	4	-	0.77%	20	1
Other investments (3)	4.45%	133	78	4.44%	144	405
Gross investment income before investment expenses	2.80%	2,890	(211)	2.83%	2,488	61
Investment expenses	-0.12%	(124)	-	-0.12%	(105)	-
Total	2.68%	2,766	(211)	2.71%	2,383	61

(1) Yields are based on net investment income as reported under U.S. GAAP and do not include adjustments, such as settlements of duration management swaps that are included in adjusted operating income. Yields are annualized, for interim periods, and are based on quarterly average carrying values except for fixed maturities, equity securities and securities lending activity. Yields for fixed maturities are based on amortized cost. Yields for equity securities are based on cost. Yields for fixed maturities and short term investments and cash equivalents are calculated net of liabilities and rebate expenses corresponding to securities lending activity. Yields exclude investment income and assets related to commercial loans and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders and investment income on assets other than those included in invested assets. Prior period's yields are presented on a basis consistent with the current presentation.

(2) Yields for the nine months ended September 30, 2011 are weighted for seven months of income and assets related to the Star and Edison businesses.

(3) Realized gains / (losses) for Other investments includes changes in fair value of product-related and other derivatives and embedded derivatives.



FINANCIAL SERVICES BUSINESSES INVESTMENT RESULTS - EXCLUDING JAPANESE INSURANCE OPERATIONS  
(in millions)

	Quarter Ended September 30					
	2012			2011		
	Investment Income		Realized	Investment Income		Realized
	Yield (2)	Amount	Gains / (Losses)	Yield (2)	Amount	Gains / (Losses)
Financial Services Businesses excluding Japanese Insurance Operations (1):						
Fixed maturities	5.21%	1,053	5	5.31%	1,051	31
Equity securities	8.19%	46	20	8.13%	37	(7)
Commercial mortgage and other loans	5.69%	220	4	5.78%	207	22
Policy loans	5.41%	48	-	5.72%	48	-
Short-term investments and cash equivalents	0.28%	7	-	0.28%	6	-
Other investments	3.91%	23	(1,491)	2.83%	17	1,814
Gross investment income before investment expenses	4.94%	1,397	(1,462)	4.96%	1,366	1,860
Investment expenses	-0.13%	(22)	-	-0.13%	(22)	-
Total	4.81%	1,375	(1,462)	4.83%	1,344	1,860

	Nine Months Ended September 30					
	2012			2011		
	Investment Income		Realized	Investment Income		Realized
	Yield (2)	Amount	Gains / (Losses)	Yield (2)	Amount	Gains / (Losses)
Financial Services Businesses excluding Japanese Insurance Operations (1):						
Fixed maturities	5.30%	3,154	(15)	5.43%	3,167	123
Equity securities	8.65%	136	30	8.97%	129	24
Commercial mortgage and other loans	5.72%	650	2	5.93%	608	34
Policy loans	5.53%	142	-	5.75%	139	-
Short-term investments and cash equivalents	0.28%	20	-	0.30%	20	(1)
Other investments	3.49%	61	(1,128)	4.46%	69	2,058
Gross investment income before investment expenses	4.98%	4,163	(1,111)	5.12%	4,131	2,238
Investment expenses	-0.13%	(62)	-	-0.14%	(67)	-
Total	4.85%	4,101	(1,111)	4.99%	4,064	2,238

(1) Excludes assets of our trading, banking, commercial loans and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders, assets of our asset management operations, including assets managed for third parties, and those assets classified as "separate account assets" on our balance sheet. Realized gains / (losses) for Other investments includes changes in fair value of product-related and other derivatives and embedded derivatives.

(2) Yields are based on net investment income as reported under U.S. GAAP and do not include adjustments, such as settlements of duration management swaps that are included in adjusted operating income. Yields are annualized, for interim periods, and are based on quarterly average carrying values except for fixed maturities, equity securities and securities lending activity. Yields for fixed maturities are based on amortized cost. Yields for equity securities are based on cost. Yields for fixed maturities and short term investments and cash equivalents are calculated net of liabilities and rebate expenses corresponding to securities lending activity. Yields exclude investment income and assets related to commercial loans and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders and investment income on assets other than those included in invested assets. Prior period's yields are presented on a basis consistent with the current presentation.

INDIVIDUAL ANNUITIES - LINE ITEM IMPACT OF THIRD QUARTER 2011 AND 2012 ACTUARIAL UPDATES  
 (in millions)

	Insurance and Annuity Benefits		Interest Credited to Policyholders' Account Balances		Amortization of Deferred Policy Acquisition Costs		General and Administrative Expenses		Pre-Tax Adjusted Operating Income	
	Third Quarter 2011	Third Quarter 2012	Third Quarter 2011	Third Quarter 2012	Third Quarter 2011	Third Quarter 2012	Third Quarter 2011	Third Quarter 2012	Third Quarter 2011	Third Quarter 2012
Actuarial Item:										
Annual review of assumptions including: actual and expected fund performance, persistency, investment margins, costs associated with guaranteed benefits, and other elements of gross profits.	230	296	59	(57)	129	(168)	6	(16)	(424)	(55)
Reported amount	331	385	182	72	233	(36)	553	649		
Amount excluding impact of items indicated above	101	89	123	129	104	132	547	665		

INDIVIDUAL LIFE - LINE ITEM IMPACT OF THIRD QUARTER 2011 AND 2012 ACTUARIAL UPDATES  
 (in millions)

	Policy Charges and Fee Income (1)		Insurance and Annuity Benefits (2)		Amortization of Deferred Policy Acquisition Costs		Pre-Tax Adjusted Operating Income	
	Third Quarter 2011	Third Quarter 2012	Third Quarter 2011	Third Quarter 2012	Third Quarter 2011	Third Quarter 2012	Third Quarter 2011	Third Quarter 2012
Actuarial Item:								
Annual review of assumptions for mortality, persistency, premium payment pattern, and other elements of expected gross profits, and guaranteed minimum death benefits	(125)	121	(4)	11	(148)	137	27	(27)
Reported amount	156	407	303	299	(56)	209		
Amount excluding impact of items indicated above	281	286	307	288	92	72		

(1) Includes unearned revenue reserve, subject to amortization based on gross profits.

(2) Includes terminal dividend reserve, accumulated over estimated contract period.

RECLASSIFIED FINANCIAL HIGHLIGHTS  
(in millions, except per share data)

Years ended December 31		2011				2012	
2010	2009	1Q	2Q	3Q	4Q	1Q	2Q
<b>Financial Services Businesses:</b>							
Pre-tax adjusted operating income (loss) by division:							
2,002	1,218	600	605	42	668	698	302
656	817	133	176	156	180	72	94
1,915	1,676	628	500	660	595	606	681
(954)	(793)	(270)	(239)	(349)	(286)	(364)	(263)
3,619	2,918	1,091	1,042	509	1,157	1,012	814
947	707	294	276	103	305	273	196
2,672	2,211	797	766	406	852	739	618
<b>Financial Services Businesses after-tax adjusted operating income</b>							
Reconciling items:							
(27)	(1,669)	(375)	1	1,817	(596)	(1,838)	2,030
501	1,601	(17)	177	10	53	234	4
(631)	(899)	34	(178)	68	(47)	(246)	54
18	2,117	(4)	10	43	52	4	24
(95)	(2,364)	(133)	19	(87)	12	5	8
(234)	(1,214)	(495)	29	1,851	(526)	(1,841)	2,120
41	(657)	(144)	13	743	(183)	(111)	534
(275)	(557)	(351)	16	1,108	(343)	(1,730)	1,586
<b>Income (loss) from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures</b>							
2,397	1,654	446	782	1,514	509	(991)	2,204
71	1,557	79	(19)	57	(7)	(4)	(9)
2,468	3,211	525	763	1,571	502	(995)	2,195
11	(34)	25	29	10	8	11	15
2,479	3,177	550	792	1,581	510	(984)	2,210
32	(19)	14	16	(9)	14	7	8
2,511	3,158	564	808	1,572	524	(977)	2,218
11	(34)	25	29	10	8	11	15
2,500	3,192	539	779	1,562	516	(988)	2,203
11.3%	11.3%	12.5%	11.6%	6.0%	12.3%	11.1%	9.1%
<b>Reconciliation to Consolidated Net Income Attributable to Prudential Financial, Inc.:</b>							
2,500	3,192	539	779	1,562	516	(988)	2,203
495	(286)	22	10	32	82	21	(5)
2,995	2,906	561	789	1,594	598	(967)	2,198



RECLASSIFIED FINANCIAL HIGHLIGHTS  
(in millions, except per share data)

Years ended December 31		2011				2012	
2010	2009	1Q	2Q	3Q	4Q	1Q	2Q
<b>Earnings per share of Common Stock (diluted): (1)</b>							
5.66	4.98	1.62	1.55	0.84	1.77	1.56	1.32
Financial Services Businesses after-tax adjusted operating income							
Reconciling items:							
(0.06)	(3.72)	(0.76)	-	3.71	(1.25)	(3.85)	4.29
1.05	3.57	(0.03)	0.36	0.02	0.11	0.49	0.01
(1.33)	(2.01)	0.07	(0.36)	0.14	(0.10)	(0.52)	0.11
0.04	4.72	(0.01)	0.02	0.09	0.11	0.01	0.05
-	(0.02)	0.01	-	(0.03)	-	0.02	(0.03)
(0.30)	2.54	(0.72)	0.02	3.93	(1.13)	(3.85)	4.43
0.12	0.33	(0.18)	0.02	1.58	(0.40)	(0.19)	1.13
(0.42)	2.21	(0.54)	-	2.35	(0.73)	(3.66)	3.30
<b>Income (loss) from continuing operations (after-tax) of Financial Services Businesses attributable to Prudential Financial, Inc.</b>							
5.24	7.19	1.08	1.55	3.19	1.04	(2.10)	4.62
0.06	(0.04)	0.02	0.03	(0.01)	0.03	0.01	0.02
5.30	7.15	1.10	1.58	3.18	1.07	(2.09)	4.64
<b>Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.</b>							
466.8	444.6	484.9	486.0	481.2	469.2	469.2	466.1
475.4	448.2	493.9	494.8	489.3	477.0	477.5	473.5
36	43	9	8	8	(1)	8	8
17	5	4	5	4	4	4	5
<b>Earnings allocated to participating unvested share-based payment awards for earnings per share calculation</b>							
34	25	11	10	6	11	8	6
32	36	7	11	20	9	0	20

(1) Diluted share count used in the diluted earnings per share calculation for GAAP measures is equal to weighted average basic common shares for the three months ended March 31, 2012 as all potential common shares are anti-dilutive due to the loss from continuing operations available to holders of common stock after direct equity adjustment.

RECLASSIFIED COMBINED STATEMENTS OF OPERATIONS - FINANCIAL SERVICES BUSINESSES  
(in millions)

Years ended December 31		2011				2012	
2010	2009	1Q	2Q	3Q	4Q	1Q	2Q
		<b>Revenues (1):</b>					
14,912	12,925	4,741	5,419	5,332	5,546	5,980	6,695
3,482	3,032	982	1,038	979	1,033	1,078	1,085
8,501	8,144	2,277	2,496	2,508	2,522	2,500	2,526
3,192	2,279	1,039	1,035	952	1,034	937	941
<u>30,087</u>	<u>26,380</u>	<u>9,039</u>	<u>9,988</u>	<u>9,771</u>	<u>10,135</u>	<u>10,495</u>	<u>11,247</u>
		<b>Benefits and Expenses (1):</b>					
14,557	12,382	4,559	5,074	5,340	4,946	5,484	6,404
3,418	3,376	829	934	1,040	953	948	971
1,049	955	279	289	296	299	308	311
(2,432)	(2,135)	(732)	(757)	(777)	(761)	(809)	(911)
1,027	937	356	423	408	378	406	513
8,849	7,947	2,657	2,983	2,955	3,163	3,146	3,145
<u>26,468</u>	<u>23,462</u>	<u>7,948</u>	<u>8,946</u>	<u>9,262</u>	<u>8,978</u>	<u>9,483</u>	<u>10,433</u>
<u>3,619</u>	<u>2,918</u>	<u>1,091</u>	<u>1,042</u>	<u>509</u>	<u>1,157</u>	<u>1,012</u>	<u>814</u>
		<b>Reconciling items:</b>					
152	(1,213)	(365)	155	3,385	(672)	(2,716)	3,058
(179)	(456)	(10)	(154)	(1,568)	76	878	(1,028)
<u>(27)</u>	<u>(1,669)</u>	<u>(375)</u>	<u>1</u>	<u>1,817</u>	<u>(596)</u>	<u>(1,838)</u>	<u>2,030</u>
501	1,601	(17)	177	10	53	234	4
(631)	(899)	34	(178)	68	(47)	(246)	54
18	2,117	(4)	10	43	52	4	24
(95)	(2,364)	(133)	19	(87)	12	5	8
<u>(234)</u>	<u>(1,214)</u>	<u>(495)</u>	<u>29</u>	<u>1,851</u>	<u>(526)</u>	<u>(1,841)</u>	<u>2,120</u>
3,385	1,704	596	1,071	2,360	631	(829)	2,934
988	50	150	289	846	122	162	730
<u>2,397</u>	<u>1,654</u>	<u>446</u>	<u>782</u>	<u>1,514</u>	<u>509</u>	<u>(991)</u>	<u>2,204</u>

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments; investment gains, net of losses, on trading account assets supporting insurance liabilities, and revenues of divested businesses, and include revenues representing equity in earnings of operating joint ventures other than those classified as divested businesses. Benefits and expenses exclude charges related to realized investment gains, net of losses; change in experience-rated contractholder liabilities due to asset value changes and benefits and expenses of divested businesses and include charges for income attributable to non controlling interests.

RECLASSIFIED COMBINED STATEMENTS OF OPERATIONS - U.S. INDIVIDUAL LIFE AND GROUP INSURANCE DIVISION

(in millions)

Years ended December 31		2011				2012	
2010	2009	1Q	2Q	3Q	4Q	1Q	2Q
		<b>Revenues (1):</b>					
4,613	4,427	1,284	1,283	1,301	1,276	1,269	1,290
1,455	1,508	385	384	319	384	391	389
1,477	1,361	381	390	393	389	400	402
312	365	74	82	77	104	107	114
<u>7,857</u>	<u>7,661</u>	<u>2,124</u>	<u>2,139</u>	<u>2,090</u>	<u>2,153</u>	<u>2,167</u>	<u>2,195</u>
		<b>Benefits and Expenses (1):</b>					
5,058	4,749	1,425	1,367	1,459	1,367	1,473	1,452
511	492	128	130	134	135	133	139
162	181	45	48	48	73	77	80
(327)	(419)	(72)	(78)	(82)	(85)	(89)	(100)
176	159	68	78	(54)	49	57	77
1,621	1,682	397	418	429	434	444	453
<u>7,201</u>	<u>6,844</u>	<u>1,991</u>	<u>1,963</u>	<u>1,934</u>	<u>1,973</u>	<u>2,095</u>	<u>2,101</u>
<u>656</u>	<u>817</u>	<u>133</u>	<u>176</u>	<u>156</u>	<u>180</u>	<u>72</u>	<u>94</u>

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments. Benefits and expenses exclude charges related to realized investment gains, net of losses.

RECLASSIFIED COMBINED STATEMENTS OF OPERATIONS - GROUP INSURANCE SEGMENT

(in millions)

Years ended December 31		2011				2012	
2010	2009	1Q	2Q	3Q	4Q	1Q	2Q
		<b>Revenues (1):</b>					
3,899	3,741	1,112	1,100	1,119	1,097	1,094	1,107
478	484	121	110	163	126	126	114
574	552	145	145	145	140	146	146
89	117	21	21	20	21	25	25
<u>5,040</u>	<u>4,894</u>	<u>1,399</u>	<u>1,376</u>	<u>1,447</u>	<u>1,384</u>	<u>1,391</u>	<u>1,392</u>
		<b>Benefits and Expenses (1):</b>					
3,938	3,707	1,128	1,099	1,156	1,091	1,179	1,102
227	229	57	56	57	58	56	58
-	-	-	-	-	-	-	2
(3)	(11)	-	-	-	-	-	-
10	9	1	1	2	2	1	1
694	657	178	179	187	191	195	196
<u>4,866</u>	<u>4,591</u>	<u>1,364</u>	<u>1,335</u>	<u>1,402</u>	<u>1,342</u>	<u>1,431</u>	<u>1,359</u>
<u>174</u>	<u>303</u>	<u>35</u>	<u>41</u>	<u>45</u>	<u>42</u>	<u>(40)</u>	<u>33</u>

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments. Benefits and expenses exclude charges related to realized investment gains, net of losses.

RECLASSIFIED COMBINED STATEMENTS OF OPERATIONS - CORPORATE AND OTHER OPERATIONS

(in millions)

Years ended December 31		2011				2012	
2010	2009	1Q	2Q	3Q	4Q	1Q	2Q
		Revenues (1):					
(27)	(22)	(10)	(11)	4	(5)	(10)	(7)
(42)	(39)	(8)	(9)	(9)	(9)	(9)	(10)
318	233	87	111	90	98	81	104
(487)	(425)	(127)	(127)	(123)	(134)	(187)	(159)
<u>(238)</u>	<u>(253)</u>	<u>(58)</u>	<u>(36)</u>	<u>(38)</u>	<u>(50)</u>	<u>(125)</u>	<u>(72)</u>
		Benefits and Expenses (1):					
45	25	2	7	149	(12)	8	38
(70)	(121)	(10)	(8)	(9)	(7)	(7)	(6)
788	702	200	205	213	191	195	193
63	57	22	16	15	14	15	19
(40)	(36)	(12)	(15)	(22)	(9)	(8)	(16)
(70)	(87)	10	(2)	(35)	59	36	(37)
<u>716</u>	<u>540</u>	<u>212</u>	<u>203</u>	<u>311</u>	<u>236</u>	<u>239</u>	<u>191</u>
<u>(954)</u>	<u>(793)</u>	<u>(270)</u>	<u>(239)</u>	<u>(349)</u>	<u>(286)</u>	<u>(364)</u>	<u>(263)</u>

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities and include revenues representing equity in earnings of operating joint ventures. Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes and include charges for income attributable to non controlling interests.

RECLASSIFIED SUPPLEMENTARY INFORMATION - GROUP INSURANCE SEGMENT  
(dollar amounts in millions)

Years ended December 31		2011				2012	
2010	2009	1Q	2Q	3Q	4Q	1Q	2Q
<b>GROUP INSURANCE ANNUALIZED NEW BUSINESS PREMIUMS:</b>							
446	339	392	22	23	49	211	24
122	192	97	15	17	20	81	19
<u>568</u>	<u>531</u>	<u>489</u>	<u>37</u>	<u>40</u>	<u>69</u>	<u>292</u>	<u>43</u>
<b>Future Policy Benefits (1):</b>							
		2,233	2,202	2,184	2,418	2,325	2,300
		42	31	19	8	37	28
		<u>2,275</u>	<u>2,233</u>	<u>2,203</u>	<u>2,426</u>	<u>2,362</u>	<u>2,328</u>
<b>Policyholders' Account Balances (1):</b>							
		6,943	7,075	7,027	7,127	7,188	7,310
		167	172	176	179	168	182
		<u>7,110</u>	<u>7,247</u>	<u>7,203</u>	<u>7,306</u>	<u>7,356</u>	<u>7,492</u>
<b>Separate Account Liabilities (1):</b>							
		19,292	20,027	19,148	19,174	19,826	19,506
		-	-	-	-	-	-
		<u>19,292</u>	<u>20,027</u>	<u>19,148</u>	<u>19,174</u>	<u>19,826</u>	<u>19,506</u>
<b>Group Life Insurance:</b>							
3,721	3,601	1,066	1,046	1,050	1,040	1,064	1,015
3,538	3,414	1,010	992	1,064	999	990	989
89.7%	88.4%	92.3%	90.4%	89.3%	86.0%	95.4%	88.6%
9.0%	9.2%	8.2%	8.1%	8.7%	8.9%	9.1%	9.9%
92.1%	94.3%	97.2%	96.6%	96.2%	95.8%	95.4%	95.0%
<b>Group Disability Insurance:</b>							
857	835	227	226	222	228	232	245
839	811	223	218	218	224	230	232
91.2%	84.9%	87.5%	93.0%	94.0%	104.0%	102.2%	97.4%
24.2%	20.6%	23.9%	24.6%	25.2%	25.4%	25.9%	23.3%
92.1%	90.9%	93.3%	91.6%	89.7%	88.5%	93.9%	91.6%
<b>DEFERRED POLICY ACQUISITION COSTS:</b>							
145	143	<b>GROUP INSURANCE:</b>					
3	11	138	137	136	134	132	131
(10)	(9)	-	-	-	-	-	-
-	-	(1)	(1)	(2)	(2)	(1)	(1)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>138</u>	<u>145</u>	<u>137</u>	<u>136</u>	<u>134</u>	<u>132</u>	<u>131</u>	<u>130</u>

(1) As of end of period.

(2) Before returns of premiums to participating policyholders for favorable claims experience.

## KEY DEFINITIONS AND FORMULAS

### **1. Adjusted operating income before income taxes:**

Adjusted operating income is a non-GAAP measure of performance of our Financial Services Businesses that excludes "Realized investment gains (losses), net", as adjusted, and related charges and adjustments; net investment gains and losses on trading account assets supporting insurance liabilities; change in experience-rated contractholder liabilities due to asset value changes; results of divested businesses and discontinued operations; earnings attributable to noncontrolling interests; and the related tax effects thereof. Adjusted operating income includes equity in earnings of operating joint ventures and the related tax effects thereof. Revenues and benefits and expenses shown as components of adjusted operating income, are presented on the same basis as pre-tax adjusted operating income and are adjusted for the items above as well.

Realized investment gains (losses) within certain of our businesses for which such gains (losses) are a principal source of earnings, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments are included in adjusted operating income. Adjusted operating income excludes realized investment gains and losses from products that contain embedded derivatives, and from associated derivative portfolios that are part of a hedging program related to the risk of those products. Adjusted operating income also excludes gains and losses from changes in value of certain assets and liabilities relating to foreign currency exchange movements that have been economically hedged or considered part of our capital funding strategies for our international subsidiaries, as well as gains and losses on certain investments that are classified as other trading account assets.

Adjusted operating income does not equate to "Income from continuing operations" as determined in accordance with GAAP but is the measure of profit or loss we use to evaluate segment performance. Adjusted operating income is not a substitute for income determined in accordance with GAAP, and our definition of adjusted operating income may differ from that used by other companies. The items above are important to an understanding of our overall results of operations. However, we believe that the presentation of adjusted operating income as we measure it for management purposes enhances the understanding of our results of operations by highlighting the results from ongoing operations and the underlying profitability factors of our businesses.

### **2. After-tax adjusted operating income:**

Adjusted operating income before taxes, as defined above, less the income tax effect applicable to adjusted operating income before taxes.

### **3. Annualized New Business Premiums:**

Premiums from new sales that are expected to be collected over a one year period. Group insurance annualized new business premiums exclude new premiums resulting from rate changes on existing policies, from additional coverage issued under our Servicemembers' Group Life Insurance contract, and from excess premiums on group universal life insurance that build cash value but do not purchase face amounts. Group insurance annualized new business premiums include premiums from the takeover of claim liabilities. Excess (unscheduled) and single premium business for the company's domestic individual life and international insurance operations are included in annualized new business premiums based on a 10% credit.

### **4. Assets Under Management:**

Fair market value or account value of assets which Prudential manages directly in proprietary products, such as mutual funds and variable annuities, in separate accounts, wrap-fee products and the general account, and assets invested in investment options included in the Company's products that are managed by third party sub-managers (i.e., the non-proprietary investment options in the Company's products).

### **5. Attributed Equity:**

Amount of capital assigned to each of the Company's segments for purposes of measuring segment adjusted operating income before income taxes, established at a level which management considers necessary to support the segment's risks. Attributed equity for the Financial Services Businesses represents all of the Company's equity that is not included in the Closed Block Business or attributable to noncontrolling interests.

### **6. Book value per share of Common Stock:**

Equity attributed to Financial Services Businesses divided by the number of Common shares outstanding at end of period, on a diluted basis.

### **7. Borrowings - Capital Debt:**

Borrowings that are or will be used for capital requirements at Prudential Financial, Inc as well as borrowings invested in equity or debt securities of direct or indirect subsidiaries of Prudential Financial, Inc., and subsidiary borrowings, utilized for capital requirements.

### **8. Borrowings - Investment Related:**

Debt issued to finance specific investment assets or portfolios of investment assets, including institutional spread lending investment portfolios, real estate, and real estate related investments held in consolidated joint ventures, as well as institutional and insurance company portfolio cash flow timing differences.

### **9. Borrowings - Securities Business Related:**

Debt issued to finance primarily the liquidity of our broker-dealers, and our capital markets and other securities business related operations including our discontinued commercial mortgage conduit related activities.

### **10. Borrowings - Specified Other Businesses:**

Borrowings associated with consumer banking activities, the individual annuity business, real estate franchises, and relocation services.

## KEY DEFINITIONS AND FORMULAS

### **11. Client Assets:**

Fair market value of assets in client accounts of International brokerage operations, Prudential Bank and mortgage loan servicing business, that are not included in Assets Under Management. Prudential does not receive a management or administrative fee on these assets, but may receive a fee for executing trades, custody or recordkeeping services.

### **12. Earned Premiums:**

The portion of a premium, net of any amount ceded, that represents coverage already provided or that belongs to the insurer based on the part of the policy period that has passed.

### **13. Earnings Per Share of Common Stock:**

Net income (loss) for the Financial Services Businesses and the Closed Block Business is determined in accordance with GAAP and includes general and administrative expenses charged to each of the businesses based on the Company's methodology for the allocation of such expenses. Cash flows between the Financial Services Businesses and the Closed Block Business related to administrative expenses are determined by a policy servicing fee arrangement that is based upon insurance and policies in force and statutory cash premiums. To the extent reported administrative expenses vary from these cash flow amounts, the differences are recorded, on an after-tax basis, as direct equity adjustments to the equity balances of each business. The direct equity adjustments modify earnings available to holders of Common Stock and Class B Stock for earnings per share purposes. Earnings per share of Common Stock based on adjusted operating income (loss) of the Financial Services Businesses reflects these adjustments as well.

### **14. Full Service:**

The Full Service line of business provides retirement plan products and services to public, private and not-for-profit organizations. This business provides recordkeeping, plan administration, actuarial advisory services, participant education and communication services, trustee services and institutional and retail investment funds. This business mainly services defined contribution and defined benefit plans; non-qualified plans are also serviced. For clients with both defined contribution and defined benefit plans, integrated recordkeeping services are available. For participants leaving these plans, a range of rollover products are provided through a broker-dealer bank.

### **15. Full Service Stable Value:**

Our Full Service Stable Value products represent fixed rate options on investment funds offered to customers. These products contain an obligation to pay interest at a specified rate for a specific period of time. Upon termination these products repay account balances at market value immediately or may be liquidated at book value over time. Substantially all of these products are either fully or partially participating, with annual or semi-annual resets giving effect to previous investment experience. These products are issued through the general account, separate accounts or client-owned trusts. Profits from partially participating general account products result from the spread between the rate of return on investment assets and the interest rates credited to the customer, less expenses. For fully participating products, generally subject to a minimum interest rate guarantee, we earn fee income.

### **16. General Account:**

Invested assets and policyholder liabilities and reserves for which the Company bears the investment risk. Excludes assets recognized for statutory purposes that are specifically allocated to a separate account. General account assets also include assets of the parent company, Prudential Financial, Inc.

### **17. Gibraltar Life Consultants:**

Insurance representatives for Gibraltar Life, previously identified as Life Advisors.

### **18. Group Life Insurance and Group Disability Insurance Administrative Operating Expense Ratios:**

Ratio of administrative operating expenses (excluding commissions) to gross premiums, policy charges and fee income.

### **19. Group Life Insurance and Group Disability Insurance Benefits Ratios:**

Ratio of policyholder benefits to earned premiums, policy charges and fee income.

### **20. Individual Annuity Account Values in General Account and Separate Account:**

Amounts represent the breakdown of invested customer funds in annuities either written or reinsured by the Company.

### **21. Individual Annuities - Net Amounts at Risk:**

Living Benefit Features - For guarantees of benefits that are payable at annuitization, the net amount at risk is generally defined as the present value of the minimum guaranteed annuity payments available to the contractholder determined in accordance with the terms of the contract in excess of the current account balance. For guarantees of benefits that are payable at withdrawal, the net amount at risk is generally defined as the present value of the minimum guaranteed withdrawal payments available to the contractholder determined in accordance with the terms of the contract in excess of the current account balance. For guarantees of accumulation balances, the net amount at risk is generally defined as the guaranteed minimum accumulation balance minus the current account balance.

Death Benefit Features - Net amount at risk is generally defined as the current guaranteed minimum death benefit in excess of the current account balance at the balance sheet date.



#### KEY DEFINITIONS AND FORMULAS

**22. Insurance and Annuity Benefits:**

Total death benefits, annuity benefits, disability benefits, other policy benefits, and losses paid or incurred, under insurance and annuity contracts, plus the change in reserves for future policy benefits, losses and loss adjustment expenses.

**23. International Life Planners:**

Insurance agents in our insurance operations outside the United States, excluding Gibraltar Life Advisors.

**24. Non-recourse and Limited-recourse Debt:**

Limited and non-recourse borrowing is where the holder is entitled to collect only against the assets pledged to the debt as collateral or has only very limited rights to collect against other assets.

**25. Operating return on average equity (based on adjusted operating income):**

Adjusted operating income after-tax (giving effect to the direct equity adjustment for earnings per share calculation), annualized for interim periods, divided by average attributed equity for the Financial Services Businesses excluding accumulated other comprehensive income.

An alternative measure to operating return on average equity (based on adjusted operating income) is return on average equity (based on income from continuing operations). Return on average equity (based on income from continuing operations) represents income from continuing operations after-tax, for the Financial Services Businesses, attributable to Prudential Financial, Inc. as determined in accordance with GAAP (giving effect to the direct equity adjustment for earnings per share calculation), annualized for interim periods, divided by average total attributed equity for the Financial Services Businesses. Return on average equity (based on income from continuing operations) is 2.1% for the nine months ended September 30, 2012, 12.8% for the nine months ended September 30, 2011, (7.1)% for the three months ended September 30, 2012, 25.2% for the three months ended June 30, 2012, (11.9)% for the three months ended March 31, 2012, 6.1% for the three months ended December 31, 2011, and 19.8% for the three months ended September 30, 2011.

**26. Policy Persistency - Group Insurance:**

Percentage of the premiums in force at the end of the prior year that are still in force at the end of the period (excluding Servicemembers' Group Life Insurance and Prudential Employee Benefit Plan).

**27. Policy Persistency - International Insurance:**

13 month persistency represents the percentage of policies issued that are still in force at the beginning of their second policy year. 25 month persistency represents the percentage of policies issued that are still in force at the beginning of their third policy year.

**28. Prudential Agents:**

Insurance agents in our insurance operations in the United States.

**29. Prudential Agent productivity:**

Commissions on new sales of all products by Prudential Agents under contract for the entire period, divided by the number of those Prudential Agents. Excludes commissions on new sales by Prudential Agents hired or departed during the period. For interim reporting periods, the productivity measures are annualized.

**30. Separate Accounts:**

Assets of our insurance companies allocated under certain policies and contracts that are segregated from the general account and other separate accounts. The policyholder or contractholder predominantly bears the risk of investments held in a separate account.

**31. Wrap-Fee Products:**

Investment products generating asset-based fees in which the funds of the customer are generally invested in other investment products such as mutual funds.



**RATINGS AND INVESTOR INFORMATION**

**FINANCIAL STRENGTH RATINGS  
 as of November 7, 2012**

	A.M. Best	Standard & Poor's	Moody's	Fitch Ratings
The Prudential Insurance Company of America	A+	AA-	A2	A+
PRUCO Life Insurance Company	A+	AA-	A2	A+
PRUCO Life Insurance Company of New Jersey	A+	AA-	NR *	A+
Prudential Annuities Life Assurance Corporation	A+	AA-	NR	A+
Prudential Retirement Insurance and Annuity Company	A+	AA-	A2	A+
The Prudential Life Insurance Co., Ltd. (Prudential of Japan)	NR	AA-	NR	NR
Gibraltar Life Insurance Company, Ltd.	NR	AA-	NR	NR

**CREDIT RATINGS:  
 as of November 7, 2012**

Prudential Financial, Inc.:				
Short-Term Borrowings	AMB-1	A-1	P-2	F2
Long-Term Senior Debt (1)	a-	A	Baa2	BBB+
Junior Subordinated Long-Term Debt	bbb	BBB+	Baa3	BBB-
The Prudential Insurance Company of America :				
Capital and surplus notes	a	A	Baa1	A-
Prudential Funding, LLC:				
Short-Term Debt	AMB-1	A-1+	P-2	F1
Long-Term Senior Debt	a+	AA-	A3	A
PRICOA Global Funding I				
Long-Term Senior Debt	aa-	AA-	A2	A+

\* NR indicates not rated.

(1) Includes the retail medium-term notes program.

**INVESTOR INFORMATION:**

*Corporate Offices:*

Prudential Financial, Inc.  
 751 Broad Street  
 Newark, New Jersey 07102

*Common Stock:*

Common Stock of Prudential Financial, Inc. is traded on the New York Stock Exchange under the symbol PRU.

*Investor Information Hotline:*

Dial 877-998-ROCK for additional printed information or inquiries.

*Web Site:*

www.prudential.com