

# 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 |       | %<br>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  
U.S. Individual Life and Group Insurance Division  
International Insurance Division  
Corporate and other operations  
Total pre-tax adjusted operating income  
Income taxes, applicable to adjusted operating income  
**Financial Services Businesses after-tax adjusted operating income**

Reconciling items:

Realized investment gains (losses), net, and related charges and adjustments  
Investment gains on trading account assets supporting insurance liabilities, net  
Change in experience-rated contractholder liabilities due to asset value changes  
Divested businesses  
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests  
Total reconciling items, before income taxes  
Income taxes, not applicable to adjusted operating income  
Total reconciling items, after income taxes

**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  
**Income (loss) from continuing operations attributable to Prudential Financial, Inc.**  
Earnings attributable to noncontrolling interests  
**Income from continuing operations (after-tax) of Financial Services Businesses**  
Income (loss) from discontinued operations, net of taxes  
**Net income (loss) of Financial Services Businesses**  
Less: Income attributable to noncontrolling interests  
**Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.**

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

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

Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc. (above)  
Net income (loss) of Closed Block Business attributable to Prudential Financial, Inc.  
Consolidated net income (loss) attributable to Prudential Financial, Inc.

|       | 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)   |    |

FINANCIAL HIGHLIGHTS  
(in millions, except per share data)

| Year-to-date  |        |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|
| 2012  | 2011   | 2011   |        | 2012   |        |        |
|   |        | 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  |       | 2011   |        | 2012   |        |        |
|---|-------|--------|--------|--------|--------|--------|
| 2012  | 2011  | 3Q     | 4Q     | 1Q     | 2Q     | 3Q     |
| <b>Financial Services Businesses Capitalization Data (1):</b> |       |        |        |        |        |        |
| Senior Debt:  |       |        |        |        |        |        |
| Short-term debt   |       | 2,899  | 2,336  | 3,655  | 3,226  | 3,013  |
| 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  |
| Attributed Equity:  |       |        |        |        |        |        |
| Including accumulated other comprehensive income              |       | 32,901 | 32,817 | 33,509 | 36,559 | 37,131 |
| Excluding total accumulated other comprehensive income        |       | 27,916 | 27,567 | 26,436 | 28,460 | 27,715 |
| Total Capitalization:   |       |        |        |        |        |        |
| Including accumulated other comprehensive income              |       | 55,071 | 55,689 | 56,138 | 59,108 | 59,226 |
| Excluding total accumulated other comprehensive income        |       | 50,086 | 50,439 | 49,065 | 51,009 | 49,810 |
| Book value per share of Common Stock:                         |       |        |        |        |        |        |
| Including accumulated other comprehensive income              |       | 68.77  | 69.07  | 70.80  | 78.07  | 79.51  |
| Excluding total accumulated other comprehensive income        |       | 58.35  | 58.02  | 55.85  | 60.77  | 59.35  |
| Number of diluted shares at end of period (2)                 |       | 478.4  | 475.1  | 473.3  | 468.3  | 467.0  |
| <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  |
| <b>Common Stock market capitalization (1)</b>                 |       | 22,113 | 23,456 | 29,667 | 22,472 | 25,184 |

(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   |
| Non-proprietary assets under management  |      |        |        |         |         |         |
|  |      | 136.1  | 152.2  | 176.8   | 176.2   | 193.0   |
|  |      | 735.5  | 771.3  | 813.6   | 826.4   | 863.2   |
| Managed by U.S. Individual Life and Group Insurance Division                               |      |        |        |         |         |         |
|  |      | 13.6   | 13.8   | 14.8    | 13.6    | 13.7    |
| Managed by International Insurance Division  |      |        |        |         |         |         |
|  |      | 122.2  | 115.6  | 114.5   | 121.1   | 128.0   |
|  |      | 871.3  | 900.7  | 942.9   | 961.1   | 1,004.9 |
| Client assets under administration   |      |        |        |         |         |         |
|  |      | 82.6   | 85.7   | 89.2    | 87.1    | 88.4    |
|  |      | 953.9  | 986.4  | 1,032.1 | 1,048.2 | 1,093.3 |
| 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   |
|  |      | 6,699  | 6,792  | 6,819   | 6,806   | 6,929   |
|  |      | 12,936 | 12,791 | 12,219  | 12,031  | 11,683  |
| 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               |               | %<br>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<br>(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<br>(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<br>(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 STATEMENTS OF OPERATIONS - BY DIVISION  
(in millions)

|  | Quarter Ended September 30, 2012             |   |  |  |                                      |
|--|--|---|--|--|--------------------------------------|
|  | Total<br>Financial<br>Services<br>Businesses | U.S. Retirement<br>Solutions & Investment<br>Management<br>Division | U.S. Individual<br>Life & Group<br>Insurance<br>Division | International<br>Insurance<br>Division | Corporate<br>and Other<br>Operations |
| Revenues (1):  |  |   |  |  |                                      |
| Premiums   | 8,263  | 161   | 1,295  | 6,814                                  | (7)                                  |
| Policy charges and fee income                        | 1,251  | 584   | 537  | 139                                    | (9)                                  |
| Net investment income                                | 2,631  | 1,001   | 409  | 1,126                                  | 95                                   |
| Asset management fees, commissions and other income  | 1,107  | 1,068   | 127  | 100                                    | (188)                                |
| Total revenues                                       | <u>13,252</u>                                | <u>2,814</u>  | <u>2,368</u>   | <u>8,179</u>                           | <u>(109)</u>                         |
| Benefits and Expenses (1):                           |  |   |  |  |                                      |
| Insurance and annuity benefits                       | 8,229  | 736   | 1,433  | 5,982                                  | 78                                   |
| Interest credited to policyholders' account balances | 941  | 504   | 139  | 303                                    | (5)                                  |
| Interest expense                                     | 311  | 37  | 83   | 1                                      | 190                                  |
| Deferral of acquisition costs                        | (882)  | (305)   | (103)  | (494)                                  | 20                                   |
| Amortization of acquisition costs                    | 466  | (20)  | 210  | 279                                    | (3)                                  |
| General and administrative expenses                  | 3,205  | 1,358   | 459  | 1,325                                  | 63                                   |
| Total benefits and expenses                          | <u>12,270</u>                                | <u>2,310</u>  | <u>2,221</u>   | <u>7,396</u>                           | <u>343</u>                           |
| Adjusted operating income (loss) before income taxes | <u>982</u>                                   | <u>504</u>  | <u>147</u>   | <u>783</u>                             | <u>(452)</u>                         |
|  |  |   |  |  |                                      |
|  | Quarter Ended September 30, 2011             |   |  |  |                                      |
|  | Total<br>Financial<br>Services<br>Businesses | U.S. Retirement<br>Solutions & Investment<br>Management<br>Division | U.S. Individual<br>Life & Group<br>Insurance<br>Division | International<br>Insurance<br>Division | Corporate<br>and Other<br>Operations |
| Revenues (1):  |  |   |  |  |                                      |
| Premiums   | 5,332  | 189   | 1,301  | 3,838                                  | 4                                    |
| Policy charges and fee income                        | 979  | 519   | 319  | 150                                    | (9)                                  |
| Net investment income                                | 2,508  | 999   | 393  | 1,026                                  | 90                                   |
| Asset management fees, commissions and other income  | 952  | 882   | 77   | 116                                    | (123)                                |
| Total revenues                                       | <u>9,771</u>                                 | <u>2,589</u>  | <u>2,090</u>   | <u>5,130</u>                           | <u>(38)</u>                          |
| Benefits and Expenses (1):                           |  |   |  |  |                                      |
| Insurance and annuity benefits                       | 5,340  | 698   | 1,459  | 3,034                                  | 149                                  |
| Interest credited to policyholders' account balances | 1,040  | 623   | 134  | 292                                    | (9)                                  |
| Interest expense                                     | 296  | 35  | 48   | -                                      | 213                                  |
| Deferral of acquisition costs                        | (777)  | (243)   | (82)   | (467)                                  | 15                                   |
| Amortization of acquisition costs                    | 408  | 249   | (54)   | 235                                    | (22)                                 |
| General and administrative expenses                  | 2,955  | 1,185   | 429  | 1,376                                  | (35)                                 |
| Total benefits and expenses                          | <u>9,262</u>                                 | <u>2,547</u>  | <u>1,934</u>   | <u>4,470</u>                           | <u>311</u>                           |
| Adjusted operating income (loss) before income taxes | <u>509</u>                                   | <u>42</u>   | <u>156</u>   | <u>660</u>                             | <u>(349)</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.



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

As of September 30, 2012

|   | Total<br>Financial<br>Services<br>Businesses | U.S. Retirement<br>Solutions & Investment<br>Management<br>Division | U.S. Individual<br>Life & Group<br>Insurance<br>Division | International<br>Insurance<br>Division | Corporate<br>and Other<br>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<br>Financial<br>Services<br>Businesses | U.S. Retirement<br>Solutions & Investment<br>Management<br>Division | U.S. Individual<br>Life & Group<br>Insurance<br>Division | International<br>Insurance<br>Division | Corporate<br>and Other<br>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>  |
| <br>  |                            |  |                                    |               |                            |  |                                    |               |
|   | As of September 30, 2012   |  |                                    |               | As of December 31, 2011    |  |                                    |               |
|   | Prudential Financial, Inc. | The Prudential Insurance Co. of America (1)(2) | Other Affiliates                   | Total         | Prudential Financial, Inc. | The Prudential Insurance Co. of America (1)(2) | Other Affiliates                   | Total         |
| <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                      |              | %<br>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>       |
|   | <b>-----</b>  |                      |              |                  | <b>-----</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>       |
|   | <b>-----</b>  |                      |              |                  | <b>-----</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                                 |              | %<br>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         | 4Q         | 1Q         | 2Q         | 3Q         |
| 367        | 376        | 386        | 389        | 406        |
| 35         | 98         | 30         | (26)       | 113        |
| <u>111</u> | <u>120</u> | <u>123</u> | <u>120</u> | <u>115</u> |
| <u>513</u> | <u>594</u> | <u>539</u> | <u>483</u> | <u>634</u> |
|            |            |            |            |            |
| 178        | 184        | 187        | 186        | 191        |
| 107        | 107        | 115        | 118        | 126        |
| <u>82</u>  | <u>85</u>  | <u>84</u>  | <u>85</u>  | <u>89</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<br>Income | Real<br>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        |
| Total                   | <u>139.0</u>       | <u>497.8</u>    | <u>33.4</u>    | <u>670.2</u> |
|                         |                    |                 |                |              |
|                         | September 30, 2011 |                 |                |              |
|                         | Equity             | Fixed<br>Income | Real<br>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        |
| Total                   | <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 |       | %<br>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.

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

|  | Nine Months Ended September 30, 2012            |                 |                 | Quarter Ended September 30, 2012                |                 |                 |
|--|---|-----------------|-----------------|---|-----------------|-----------------|
|  | Total   | Individual Life | Group Insurance | Total   | Individual Life | Group Insurance |
|  | U.S. Individual Life & Group Insurance Division |                 |                 | U.S. Individual Life & Group Insurance Division |                 |                 |
| Revenues (1):  |   |                 |                 |   |                 |                 |
| Premiums   | 3,854   | 542             | 3,312           | 1,295   | 184             | 1,111           |
| Policy charges and fee income                        | 1,317   | 947             | 370             | 537   | 407             | 130             |
| Net investment income                                | 1,211   | 771             | 440             | 409   | 261             | 148             |
| Asset management fees, commissions and other income  | 348   | 267             | 81              | 127   | 96              | 31              |
| <b>Total revenues</b>                                | <b>6,730</b>                                    | <b>2,527</b>    | <b>4,203</b>    | <b>2,368</b>                                    | <b>948</b>      | <b>1,420</b>    |
| Benefits and Expenses (1):                           |   |                 |                 |   |                 |                 |
| Insurance and annuity benefits                       | 4,358   | 943             | 3,415           | 1,433   | 299             | 1,134           |
| Interest credited to policyholders' account balances | 411   | 241             | 170             | 139   | 83              | 56              |
| Interest expense                                     | 240   | 235             | 5               | 83  | 80              | 3               |
| Deferral of acquisition costs                        | (292)   | (292)           | -               | (103)   | (103)           | -               |
| Amortization of acquisition costs                    | 344   | 341             | 3               | 210   | 209             | 1               |
| General and administrative expenses                  | 1,356   | 774             | 582             | 459   | 268             | 191             |
| <b>Total benefits and expenses</b>                   | <b>6,417</b>                                    | <b>2,242</b>    | <b>4,175</b>    | <b>2,221</b>                                    | <b>836</b>      | <b>1,385</b>    |
| <b>Adjusted operating income before income taxes</b> | <b>313</b>                                      | <b>285</b>      | <b>28</b>       | <b>147</b>                                      | <b>112</b>      | <b>35</b>       |
|  |   |                 |                 |   |                 |                 |
|  | Nine Months Ended September 30, 2011            |                 |                 | Quarter Ended September 30, 2011                |                 |                 |
|  | Total   | Individual Life | Group Insurance | Total   | Individual Life | Group Insurance |
|  | U.S. Individual Life & Group Insurance Division |                 |                 | U.S. Individual Life & Group Insurance Division |                 |                 |
| Revenues (1):  |   |                 |                 |   |                 |                 |
| Premiums   | 3,868   | 537             | 3,331           | 1,301   | 182             | 1,119           |
| Policy charges and fee income                        | 1,088   | 694             | 394             | 319   | 156             | 163             |
| Net investment income                                | 1,164   | 729             | 435             | 393   | 248             | 145             |
| Asset management fees, commissions and other income  | 233   | 171             | 62              | 77  | 57              | 20              |
| <b>Total revenues</b>                                | <b>6,353</b>                                    | <b>2,131</b>    | <b>4,222</b>    | <b>2,090</b>                                    | <b>643</b>      | <b>1,447</b>    |
| Benefits and Expenses (1):                           |   |                 |                 |   |                 |                 |
| Insurance and annuity benefits                       | 4,251   | 868             | 3,383           | 1,459   | 303             | 1,156           |
| Interest credited to policyholders' account balances | 392   | 222             | 170             | 134   | 77              | 57              |
| Interest expense                                     | 141   | 141             | -               | 48  | 48              | -               |
| Deferral of acquisition costs                        | (232)   | (232)           | -               | (82)  | (82)            | -               |
| Amortization of acquisition costs                    | 92  | 88              | 4               | (54)  | (56)            | 2               |
| General and administrative expenses                  | 1,244   | 700             | 544             | 429   | 242             | 187             |
| <b>Total benefits and expenses</b>                   | <b>5,888</b>                                    | <b>1,787</b>    | <b>4,101</b>    | <b>1,934</b>                                    | <b>532</b>      | <b>1,402</b>    |
| <b>Adjusted operating income before income taxes</b> | <b>465</b>                                      | <b>344</b>      | <b>121</b>      | <b>156</b>                                      | <b>111</b>      | <b>45</b>       |

(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        | Beginning balance  | 3,300        | 2,131        | 2,390        | 3,252        | 2,619        |
| 816                                      | 810          | Capitalization   | 230          | 228          | 254          | 274          | 288          |
| (207)                                    | (447)        | Amortization - operating results                         | (233)        | (89)         | (86)         | (157)        | 36           |
| 446                                      | (1,205)      | Amortization - realized investment gains and losses      | (1,138)      | 73           | 675          | (747)        | 518          |
| 12                                       | (30)         | Impact of unrealized (gains) or losses on AFS securities | (28)         | 47           | 19           | (3)          | (4)          |
| -  | (16)         | Other (1)  | -            | -            | -            | -            | -            |
| <u>3,457</u>                             | <u>2,131</u> | Ending balance   | <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        | Beginning balance  | 3,187        | 3,263        | 3,192        | 3,242        | 3,238        |
| 292                                      | 232          | Capitalization   | 82           | 85           | 89           | 100          | 103          |
| (341)                                    | (88)         | Amortization - operating results                         | 56           | (47)         | (56)         | (76)         | (209)        |
| -  | -            | Amortization - realized investment gains and losses      | -            | -            | -            | -            | -            |
| (149)                                    | (95)         | Impact of unrealized (gains) or losses on AFS securities | (62)         | (109)        | 17           | (28)         | (138)        |
| <u>2,994</u>                             | <u>3,263</u> | Ending balance   | <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          | Beginning balance  | 136          | 134          | 132          | 131          | 130          |
| -  | -            | Capitalization   | -            | -            | -            | -            | -            |
| (3)                                      | (4)          | Amortization - operating results                         | (2)          | (2)          | (1)          | (1)          | (1)          |
| -  | -            | Amortization - realized investment gains and losses      | -            | -            | -            | -            | -            |
| -  | -            | Impact of unrealized losses on AFS securities            | -            | -            | -            | -            | -            |
| <u>129</u>                               | <u>134</u>   | Ending balance   | <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        | Beginning balance  | 1,415        | 915          | 1,000        | 1,306        | 1,032        |
| 240                                      | 279          | Capitalization   | 72           | 79           | 82           | 88           | 70           |
| (115)                                    | (221)        | Amortization - operating results                         | (105)        | (41)         | (45)         | (68)         | (2)          |
| 139                                      | (493)        | Amortization - realized investment gains and losses      | (455)        | 29           | 262          | (295)        | 172          |
| 11                                       | (14)         | Impact of unrealized (gains) or losses on AFS securities | (12)         | 18           | 7            | 1            | 3            |
| -  | 16           | Other (1)  | -            | -            | -            | -            | -            |
| <u>1,275</u>                             | <u>915</u>   | Ending balance   | <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 |         | %<br>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.

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

|  | Nine Months Ended September 30, 2012   |   |   | Quarter Ended September 30, 2012       |   |   |
|--|--|---|---|--|---|---|
|  | Total International Insurance Division | International Insurance - Life Planner Operations | International Insurance - Gibraltar Life & Other Operations | Total International Insurance Division | International Insurance - Life Planner Operations | International Insurance - Gibraltar Life & Other Operations |
| <b>Revenues (1):</b>                                 |  |   |   |  |   |   |
| Premiums   | 16,583                                 | 5,243   | 11,340  | 6,814                                  | 1,727   | 5,087   |
| Policy charges and fee income                        | 441                                    | 271   | 170   | 139                                    | 83  | 56  |
| Net investment income                                | 3,184                                  | 1,185   | 1,999   | 1,126                                  | 418   | 708   |
| Asset management fees, commissions and other income  | 251                                    | 47  | 204   | 100                                    | 9   | 91  |
| Total revenues                                       | 20,459                                 | 6,746   | 13,713  | 8,179                                  | 2,237   | 5,942   |
| <b>Benefits and Expenses (1):</b>                    |  |   |   |  |   |   |
| Insurance and annuity benefits                       | 14,037                                 | 4,328   | 9,709   | 5,982                                  | 1,436   | 4,546   |
| Interest credited to policyholders' account balances | 851                                    | 209   | 642   | 303                                    | 80  | 223   |
| Interest expense                                     | 1                                      | -   | 1   | 1                                      | -   | 1   |
| Deferral of acquisition costs                        | (1,506)                                | (628)   | (878)   | (494)                                  | (190)   | (304)   |
| Amortization of acquisition costs                    | 823                                    | 326   | 497   | 279                                    | 76  | 203   |
| General and administrative expenses                  | 4,183                                  | 1,362   | 2,821   | 1,325                                  | 442   | 883   |
| Total benefits and expenses                          | 18,389                                 | 5,597   | 12,792  | 7,396                                  | 1,844   | 5,552   |
| Adjusted operating income before income taxes        | 2,070                                  | 1,149   | 921   | 783                                    | 393   | 390   |
|  |  |   |   |  |   |   |
|  | Nine Months Ended September 30, 2011   |   |   | Quarter Ended September 30, 2011       |   |   |
|  | Total International Insurance Division | International Insurance - Life Planner Operations | International Insurance - Gibraltar Life & Other Operations | Total International Insurance Division | International Insurance - Life Planner Operations | International Insurance - Gibraltar Life & Other Operations |
| <b>Revenues (1):</b>                                 |  |   |   |  |   |   |
| Premiums   | 10,997                                 | 4,779   | 6,218   | 3,838                                  | 1,612   | 2,226   |
| Policy charges and fee income                        | 406                                    | 279   | 127   | 150                                    | 98  | 52  |
| Net investment income                                | 2,752                                  | 1,076   | 1,676   | 1,026                                  | 378   | 648   |
| Asset management fees, commissions and other income  | 344                                    | (17)  | 361   | 116                                    | (12)  | 128   |
| Total revenues                                       | 14,499                                 | 6,117   | 8,382   | 5,130                                  | 2,076   | 3,054   |
| <b>Benefits and Expenses (1):</b>                    |  |   |   |  |   |   |
| Insurance and annuity benefits                       | 8,910                                  | 3,943   | 4,967   | 3,034                                  | 1,325   | 1,709   |
| Interest credited to policyholders' account balances | 702                                    | 184   | 518   | 292                                    | 66  | 226   |
| Interest expense                                     | 1                                      | -   | 1   | -                                      | -   | -   |
| Deferral of acquisition costs                        | (1,234)                                | (554)   | (680)   | (467)                                  | (185)   | (282)   |
| Amortization of acquisition costs                    | 640                                    | 346   | 294   | 235                                    | 121   | 114   |
| General and administrative expenses                  | 3,692                                  | 1,252   | 2,440   | 1,376                                  | 418   | 958   |
| Total benefits and expenses                          | 12,711                                 | 5,171   | 7,540   | 4,470                                  | 1,745   | 2,725   |
| Adjusted operating income before income taxes        | 1,788                                  | 946   | 842   | 660                                    | 331   | 329   |

(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 | Japan, excluding Gibraltar Life | 2,278 | 2,440 | 2,837 | 3,530 | 5,143 |
| 11,510  | 6,345  | 400   | 407   | 389   | 391   | 394   | Gibraltar Life                  | 3,988 | 4,164 | 4,757 | 5,314 | 6,953 |
| 1,174   | 1,165  | 861   | 849   | 863   | 1,164 | 954   | All other countries             | 209   | 207   | 305   | 316   | 181   |
| 17,024  | 11,403 | 570   | 555   | 469   | 762   | 680   | Total                           | 82    | 87    | 89    | 86    | 93    |
| Annualized new business premiums:                         |        |       |       |       |       |       |                                 |       |       |       |       |       |
| 802   | 609    | 291   | 294   | 394   | 402   | 274   | Life Planners                   | 269   | 280   | 193   | 316   | 208   |
| 1,911   | 1,487  | 173   | 152   | 193   | 261   | 433   | Gibraltar Life Consultants      | 128   | 123   | 83    | 185   | 39    |
| 268   | 247    | 861   | 849   | 863   | 1,164 | 954   | Banks                           | 291   | 294   | 394   | 402   | 274   |
| 2,981   | 2,343  | 861   | 849   | 863   | 1,164 | 954   | Independent Agency              | 269   | 280   | 193   | 316   | 208   |
| Annualized new business premiums by distribution channel: |        |       |       |       |       |       |                                 |       |       |       |       |       |
| 1,070   | 856    | 173   | 152   | 193   | 261   | 433   | Total                           | 128   | 123   | 83    | 185   | 39    |
| 717   | 699    | 861   | 849   | 863   | 1,164 | 954   | Life Planners                   | 291   | 294   | 394   | 402   | 274   |
| 887   | 451    | 291   | 294   | 394   | 402   | 274   | Gibraltar Life Consultants      | 269   | 280   | 193   | 316   | 208   |
| 307   | 337    | 173   | 152   | 193   | 261   | 433   | Banks                           | 128   | 123   | 83    | 185   | 39    |
| 2,981   | 2,343  | 861   | 849   | 863   | 1,164 | 954   | Independent Agency              | 269   | 280   | 193   | 316   | 208   |
| <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 | Japan, excluding Gibraltar Life | 2,135 | 2,268 | 2,633 | 3,378 | 4,806 |
| 10,817  | 6,083  | 371   | 404   | 378   | 391   | 390   | Gibraltar Life                  | 3,731 | 3,899 | 4,471 | 5,105 | 6,532 |
| 1,159   | 1,086  | 810   | 799   | 819   | 1,127 | 900   | All other countries             | 198   | 194   | 294   | 307   | 171   |
| 16,108  | 10,905 | 537   | 519   | 439   | 735   | 636   | Total                           | 75    | 86    | 86    | 85    | 93    |
| Annualized new business premiums:                         |        |       |       |       |       |       |                                 |       |       |       |       |       |
| 772   | 587    | 273   | 280   | 380   | 392   | 264   | Life Planners                   | 253   | 262   | 181   | 305   | 193   |
| 1,810   | 1,424  | 165   | 144   | 182   | 251   | 406   | Gibraltar Life Consultants      | 119   | 113   | 76    | 179   | 37    |
| 264   | 230    | 810   | 799   | 819   | 1,127 | 900   | Banks                           | 273   | 280   | 380   | 392   | 264   |
| 2,846   | 2,241  | 810   | 799   | 819   | 1,127 | 900   | Independent Agency              | 253   | 262   | 181   | 305   | 193   |
| Annualized new business premiums by distribution channel: |        |       |       |       |       |       |                                 |       |       |       |       |       |
| 1,036   | 817    | 165   | 144   | 182   | 251   | 406   | Total                           | 119   | 113   | 76    | 179   | 37    |
| 679   | 666    | 810   | 799   | 819   | 1,127 | 900   | Life Planners                   | 273   | 280   | 380   | 392   | 264   |
| 839   | 436    | 273   | 280   | 380   | 392   | 264   | Gibraltar Life Consultants      | 253   | 262   | 181   | 305   | 193   |
| 292   | 322    | 165   | 144   | 182   | 251   | 406   | Banks                           | 119   | 113   | 76    | 179   | 37    |
| 2,846   | 2,241  | 810   | 799   | 819   | 1,127 | 900   | Independent Agency              | 253   | 262   | 181   | 305   | 193   |
| Total   |        |       |       |       |       |       |                                 |       |       |       |       |       |

(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):<br>(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<br>Portfolio | Closed<br>Block<br>Business | Financial Services<br>Businesses |            | Consolidated<br>Portfolio | Closed<br>Block<br>Business | Financial Services<br>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<br>Cost             | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value | % of Total | Amortized<br>Cost             | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>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 /<br>(Losses) | Yield (1)         | Amount | Gains /<br>(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 /<br>(Losses) | Yield (1)(2)      | Amount | Gains /<br>(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 /<br>(Losses) | Yield (2)         | Amount | Gains /<br>(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 /<br>(Losses) | Yield (2)         | Amount | Gains /<br>(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:<br>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>Income (loss) from discontinued operations, net of taxes, 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  |
| Weighted average number of outstanding Common shares (basic)  |        |        |        |        |        |        |        |
| 36  | 43     | 9      | 8      | 8      | (1)    | 8      | 8      |
| 17  | 5      | 4      | 5      | 4      | 4      | 4      | 5      |
| Direct equity adjustments for earnings per share calculation  |        |        |        |        |        |        |        |
| Earnings related to interest, net of tax, on exchangeable surplus notes   |        |        |        |        |        |        |        |
| <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     |
| Financial Services Businesses after-tax adjusted operating income   |        |        |        |        |        |        |        |
| Income from continuing operations (after-tax) of Financial Services Businesses  |        |        |        |        |        |        |        |

(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>Adjusted operating income before income taxes</b>   |              |              |               |                |               |
|                         |                | <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>  |
|                         |                | <b>Income (loss) from continuing operations before income taxes and equity in earnings of operating joint ventures</b> |              |              |               |                |               |
|                         |                | <b>Income tax expense</b>  |              |              |               |                |               |
|                         |                | <b>Income (loss) from continuing operations before equity in earnings of operating joint ventures</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, 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         | Beginning balance                                   | 138           | 137           | 136           | 134           | 132           | 131        |
| (10)   | (9)        | Capitalization                                      | -             | -             | -             | -             | -             | -          |
| -  | -          | Amortization - operating results                    | (1)           | (1)           | (2)           | (2)           | (1)           | (1)        |
| -  | -          | Amortization - realized investment gains and losses | -             | -             | -             | -             | -             | -          |
| -  | -          | Impact of unrealized losses on AFS securities       | -             | -             | -             | -             | -             | -          |
| <u>138</u>   | <u>145</u> | Ending balance                                      | <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