

# The strength of The Rock<sup>®</sup>

We continue to believe the strength of a company can be measured primarily by its **liquidity, capital, and business model**. In August, we released the second quarter 2009 consolidated results of Prudential Financial, Inc. ("Prudential Financial").<sup>1</sup> Below are some updated facts concerning our liquidity, capital, and business model that we think you should know.<sup>2</sup>

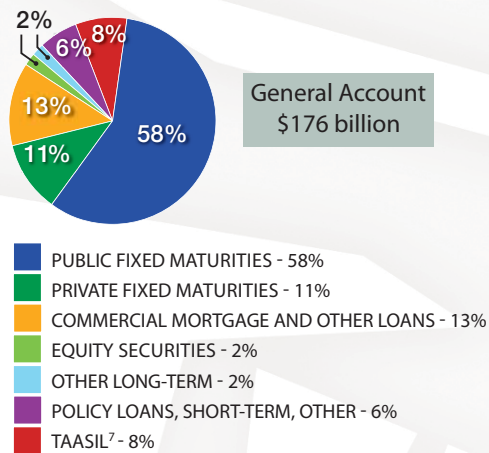
## We have ample liquidity

- ▶ As of June 30, 2009, Prudential Financial had \$4.7 billion of cash and short-term investments on its parent company balance sheet, and ample sources of liquidity.
- ▶ As of October 6, 2009, ratings for our holding company's senior debt by agency are Moody's Baa2, Fitch BBB, AM Best a- and S&P A. S&P's rating remains only two notches below the insurance company's financial strength rating, reflecting their belief that Prudential Financial has strong and diverse sources of cash flows from its many businesses, domestically and internationally.<sup>4</sup>
- ▶ Prudential Financial has ample sources of liquidity, including \$4.3 billion of available committed lines of credit and approximately \$9 billion Federal Home Loan Bank of NY estimated total borrowing capacity with outstanding borrowings of \$3.5 billion.<sup>5</sup> Prudential Funding has \$9.8 billion of total capacity under the Federal Reserve's Commercial Paper Funding Facility, with none outstanding.<sup>6</sup>

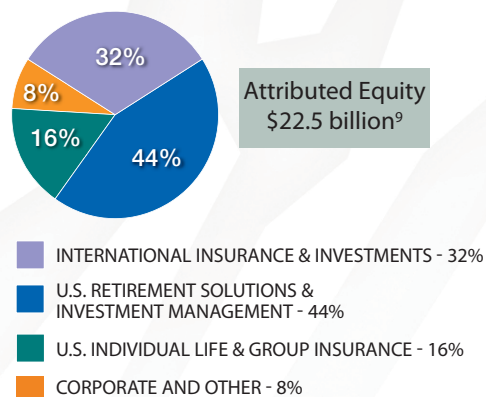
## We have a solid balance sheet

- ▶ During the quarter, we bolstered our capital position through public issues of equity and long-term debt, adding to our ability to withstand future market downturns and take advantage of opportunities to grow our businesses.
- ▶ As of June 30, 2009, the Financial Services Businesses (FSB) of Prudential Financial had attributed equity of \$22.5 billion, of which \$13.4 billion comes from the U.S. businesses.<sup>8</sup>
- ▶ The commercial mortgage-backed securities portfolio of our FSB general account amounted to \$7.9 billion (at amortized cost) as of June 30, with 94% rated AAA.
- ▶ Less than one half of one percent of the FSB general account commercial mortgage loan portfolio was delinquent or in foreclosure as of June 30, 2009.
- ▶ As of June 30, 2009, sub-prime asset-backed securities are a manageable exposure for Prudential: just under \$5 billion at amortized cost for the FSB. This represents a decrease of about \$500 million from the first quarter. To put this in perspective, sub-prime asset-backed securities represent 3% of our total investment portfolio for the FSB of approximately \$176 billion as of June 30, 2009.

Financial Services Businesses<sup>3</sup>  
General Account



Financial Services Businesses  
Attributed Equity

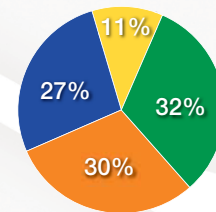


**Prudential**  
Growing and Protecting Wealth<sup>®</sup>

## We have a diverse business model

- ▶ Our global operations diversify our business risk across a broad range of both geographic and demographic profiles. As of December 31, 2008, our \$2.77 trillion in life insurance worldwide balances the risks for many of our other businesses, including variable annuities.
- ▶ A significant portion of our earnings comes from businesses not highly correlated to the U.S. equity markets. Our earnings are diverse and our businesses are competitive in their markets.
- ▶ For the second quarter of 2009, Prudential's U.S. Retirement, Annuities and Asset Management businesses had positive net flows, our Individual Annuity gross sales reached a record high, and our domestic Group and International Insurance businesses reported record results.<sup>10</sup>
  - Individual Annuity<sup>11</sup> gross sales reached a record high \$3.4 billion, up from \$2.8 billion a year ago, and net sales of \$2.0 billion, up from \$518 million a year ago.
  - Group Insurance annualized new business premiums of \$61 million were up from \$47 million a year ago.
- ▶ Prudential Financial companies have approximately 15,000 agents worldwide.
- ▶ The guarantees provided in the insurance, annuity, and retirement contracts are backed by the claims-paying ability of the issuing company and are the contractual obligation solely of the issuing company.

Financial Services Businesses  
Attributed Equity: U.S. Businesses



Attributed Equity  
\$13.4 billion<sup>9</sup>

- INDIVIDUAL ANNUITIES - 32%  
Equity markets, interest rates, longevity
- INDIVIDUAL LIFE, GROUP INSURANCE - 27%  
Mortality, morbidity
- RETIREMENT - 30%  
Fixed income, equity markets
- ASSET MANAGEMENT - 11%  
Commercial real estate, debt, equity markets

## We continue to outpace the industry in sales

- ▶ Individual life insurance<sup>12</sup> annualized new business premiums were \$98 million, up from \$84 million a year ago.
- ▶ Prudential reported a 9% increase in individual life insurance sales through the first six months of 2009 compared to the first half of 2008. Second quarter sales were 15% higher than the same three-month period a year ago.<sup>13</sup>
- ▶ As of as June 30, 2009, year-to-date sales for the life insurance industry were down 24% versus 2008, and discrete second quarter sales declined 21%.<sup>13</sup>
- ▶ Individual Life Insurance had a 10% increase in term insurance sales, and it continues to be the #1 seller of term insurance, a position it achieved last quarter. The company's Universal Life sales increased 39%.<sup>13</sup>
- ▶ Individual Life Insurance's sales ranking improved four positions from a year ago and it now ranks 8th with a 4.6% market share, a 140 basis point share increase.<sup>13</sup>

We believe these facts highlight our strength and reasons for a "flight to quality" to many of our businesses. No matter how markets change, you can remain confident the Prudential Financial companies will be here to serve you and your clients.

1. Prudential Financial is a holding company that owns insurance and non-insurance operating companies. 2. This report contains only selected data about Prudential Financial, Inc. ("Prudential Financial"). Unless otherwise indicated, all information is as of, or for the quarter ended, June 30, 2009; information not updated for subsequent developments. 3. The businesses of Prudential Financial are separated into the Financial Services Businesses ("FSB") and the Closed Block Business. The FSB comprise our U.S. Retirement Solutions and Investment Management Division, U.S. Individual Life and Group Insurance Division, and International Insurance and Investments Division as well as our Corporate and other operations. 4. See the Investor Relations web site for more explanation of the ratings. 5. The committed lines of credit are available to Prudential Financial, The Prudential Insurance Company of America ("PICA"), and Prudential Funding (a wholly owned subsidiary of PICA). Federal Home Loan Bank of NY borrowing capacity is available to PICA. The approximate \$9 billion is subject to availability and maintenance of qualifying assets at PICA. Therefore, based on existing pledged qualifying assets as of June 30, we would have been allowed to borrow up to \$6.8 billion. 6. Total capacity is reduced by any outstanding non-Commercial Paper Funding Facility commercial paper; Prudential Funding had outstanding \$1.7 billion of non-Commercial Paper Funding Facility commercial paper at June 30, 2009. 7. Trading account assets supporting insurance liabilities (investment results are expected to ultimately accrue to contract-holders). 8. Attributed equity amounts relate to Prudential Financial's FSB excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension/post-retirement benefits. 9. For the FSB; excludes accumulated other comprehensive income related to unrealized gains and losses on investments and pension/post-retirement benefits. 10. Adjusted operating income is a non-GAAP measure of performance of our Financial Services Businesses that is adjusted for certain items. Adjusted operating income is not a substitute for income determined in accordance with generally accepted accounting principles (GAAP), and the adjustments made to derive adjusted operating income are important to an understanding of our overall results of operations. References to adjusted operating income and net income refer to amounts attributable to Prudential Financial, Inc. For a reconciliation of adjusted operating income to the comparable GAAP measure, please see our SEC Filings on Form 10-K and Form 10-Q, and our earnings press releases, which can be found on [www.investor.prudential.com](http://www.investor.prudential.com). 11. Individual annuities are issued by PICA, Pruco Life Insurance Company (Pruco Life), Pruco Life Insurance Company of New Jersey (PLNJ), and Prudential Annuities Life Assurance Corporation. 12. Individual life insurance is issued by PICA, Pruco Life and PLNJ. 13. As reported from the 2009 second quarter sales results from LIMRA's U.S. Individual Life Sales Survey. Note: the rankings and market share figures shown here are based on company-reported planned recurring premiums (formerly categorized by LIMRA as periodic premium and internally referred to as billed/scheduled premium). These premiums exclude single premiums, excess over planned premiums and large COLI/BOLI cases (>200 lives). Small-case COLI/BOLI (<200 lives), however, is included and cannot be separated out for industry results and most competitors.

For more complete information about Prudential Financial and its subsidiaries, please refer to the Prudential Financial Annual Report on Form 10-K filed on February 27, 2009, for the year ended December 31, 2008 and the Quarterly Report on Form 10-Q for the period ended June 30, 2009.

Investments in our products entail risks. Please see "Risk Factors" included in the Prudential Financial Annual Report on Form 10-K filed on February 27, 2009, for the year ended December 31, 2008 and the Quarterly Report on Form 10-Q for the period ended June 30, 2009.

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