

An Important Message from Mark Hug

VP and Chief Marketing Officer, Individual Life Insurance

March 19, 2009

As you know, Prudential has been under ratings review by Moody's since February 10. Moody's has concluded their review resulting in the following actions.

On March 18, Moody's lowered the insurance financial strength ratings of Prudential Financial, Inc.'s life insurance subsidiaries for which it assigns ratings from Aa3 to A2. Moody's also lowered the long-term senior debt ratings of Prudential Financial, Inc. from A3 to Baa2.

We disagree with Moody's conclusions. We are comfortable with our risk profile and believe that we are in a strong position to manage through the current environment.

However, Moody's did affirm, with a negative outlook, the short-term issuer ratings applicable to our commercial paper programs: Prudential Funding, LLC (currently Prime-1) and Prudential Financial, Inc. (currently Prime-2). The short term issuer rating for the Prudential Funding, LLC (currently Prime-1) commercial paper program was placed on review for a possible downgrade.

Moody's announcement reflects the unprecedented market volatility that has affected the economy and the entire financial services industry. Prudential and its insurance subsidiaries have ample capital and liquidity.

- As of December 31, less than one-half of one percent of the entire commercial mortgage portfolio was delinquent or in foreclosure. The commercial mortgage-backed securities portfolio of our general account amounted to \$8.5 billion (at amortized cost) with 94% rated AAA.
- As of December 31, 2008, sub-prime asset-backed securities are a manageable exposure for Prudential: \$5.4 billion at amortized cost for the Financial Services Businesses. Roughly 80% of our remaining exposure is investment grade. To put this in perspective, the \$5.4 billion of sub-prime asset-backed securities represents 3% of our total investment portfolio for the Financial Services Businesses of \$183 billion.

The quality of Prudential's business and risk diversification is a strong differentiating factor for the company. Our global operations diversify our business risk across a broad range of both geographic and demographic profiles. For example, our \$2.77 trillion in life insurance worldwide offers a hedge for many of our other businesses, including variable annuities. In turn, the longevity risk of annuities positively offsets the mortality risk of life insurance.

In addition, to further reinforce our capital position, Prudential announced on December 4, 2008, its intent to exercise its right to sell the minority stake in Wachovia Securities to Wells Fargo & Company, which purchased Wachovia Corp. on December 31, 2008. Although a final price has not been set, it is estimated that Prudential's stake in Wachovia Securities is worth about \$5 billion pre-tax.

For over a century, Prudential's name has been associated with financial strength. The company's balance sheet remains strong, our sources of earnings are diverse and our businesses are competitive in their markets. The quality of our underlying businesses continues to be strong. In fact our domestic UL life insurance operations logged record applications last month in brokerage distribution.

Despite these challenging economic conditions, we remain committed to meeting consumers' life insurance needs, including providing products that offer lifetime guarantees. We thank you for the confidence you have placed in us and for your continued business.

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