# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 8-K

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): February 7, 2007**

# PRUDENTIAL FINANCIAL, INC.
**(Exact name of registrant as specified in its charter)**

| New Jersey | 001-16707 | 22-3703799 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

**751 Broad Street
Newark, New Jersey 07102**
**(Address of principal executive offices and zip code)**

**(973) 802-6000**
**(Registrant's telephone number, including area code)**

**Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):**

¨ **Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)**

¨ **Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)**

¨ **Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))**

¨ **Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))**

**Item 2.02 Results of Operations and Financial Condition.**

Prudential Financial, Inc., a New Jersey corporation, furnishes herewith, as Exhibit 99.0, a news release announcing fourth quarter and year end 2006 results.

**Item 7.01 Regulation FD Disclosure.**

A. Prudential Financial, Inc., a New Jersey corporation, furnishes herewith, as Exhibit 99.0, a news release announcing fourth quarter and year end 2006 results.

B. Prudential Financial, Inc. furnishes herewith, as Exhibit 99.1, the Quarterly Financial Supplement for its Financial Services Businesses for the quarterly period ended December 31, 2006.

**Item 9.01 Financial Statements and Exhibits.**

**(c) Exhibits**

99.0 News release of Prudential Financial, Inc., dated February 7, 2007, announcing fourth quarter and year end 2006 results (furnished and not filed).

99.1 Quarterly Financial Supplement for the Financial Services Businesses of Prudential Financial, Inc. for the quarterly period ended December 31, 2006 (furnished and not filed).

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 7, 2007

PRUDENTIAL FINANCIAL, INC.

| | |
|---|---|
| By: | /s/ PETER B. SAYRE |
| Name: | Peter B. Sayre |
| Title: | Senior Vice President and Controller<br>(Principal Accounting Officer) |

## Exhibit Index

| Exhibit No. | Description |
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Exhibit 99.0

**News Release**

Prudential Financial

Prudential Financial, Inc.
751 Broad Street
Newark, NJ 07102-3777
www.prudential.com

**For Immediate Release**
February 7, 2007

**Contact: Bob DeFillippo**
(973) 802-4149

**PRUDENTIAL FINANCIAL, INC.
ANNOUNCES 2006 RESULTS;
INCREASES 2007 EARNINGS GUIDANCE**

**NEWARK, N.J. –** Prudential Financial, Inc. (NYSE:PRU) today reported net income for its Financial Services Businesses of $3.144 billion ($6.50 per Common share) for the year ended December 31, 2006, compared to $3.219 billion ($6.34 per Common share) for 2005. Net income for 2005 included a benefit from reduction of tax liabilities in connection with the completion of IRS examinations of the company's tax returns for the years 1997 through 2001, totaling $720 million, of which $692 million was not applicable to adjusted operating income. After-tax adjusted operating income for the Financial Services Businesses was $2.972 billion ($6.15 per Common share) for 2006, compared to $2.432 billion ($4.83 per Common share) for 2005, a 27 percent increase per Common share. Adjusted operating income is a non-GAAP measure as discussed below.

For the fourth quarter of 2006, net income for the Financial Services Businesses amounted to $893 million ($1.88 per Common share) compared to $377 million (78 cents per Common share) for the fourth quarter of 2005. After-tax adjusted operating income for the Financial Services Businesses for the fourth quarter of 2006 amounted to $791 million ($1.67 per Common share) compared to $524 million ($1.06 per Common share) for the fourth quarter of 2005. Results for the year-ago quarter included pre-tax expenses of $267 million (approximately 40 cents per Common share) related to obligations and costs we retained in connection with businesses contributed to the retail securities brokerage joint venture with Wachovia, primarily to increase a reserve for estimated settlement costs related to market timing issues.

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"The progress we've made in our first five years as a public company is evident in our results for the fourth quarter and the year. We've built a leading position in the domestic retirement and savings market, where we offer a full suite of competitive products that leverage our risk management and asset management skills. Our domestic protection businesses – Individual Life and Group Insurance – continue to perform well, and our Asset Management business had exceptional results for the year, benefiting from a strong commercial real estate market and solid growth in assets under management. Our international businesses continued to register excellent returns and offer us substantial growth opportunities," said Chairman and CEO Arthur F. Ryan.

"With our mix of businesses with attractive growth opportunities, our complementary and expanding distribution, and our strong capital position, we believe we are on track to achieve our longer-term goals. For the year 2007, we believe that Prudential Financial will achieve Common Stock earnings per share in the range of $6.80 to $7.00 based on after-tax adjusted operating income of the Financial Services Businesses, an increase from our earlier 2007 earnings guidance of $6.60 to $6.80 per share. This expectation assumes appreciation in the S&P 500 index of 8 percent for the year," Ryan said. The 2007 expectation is subject to change if this assumption is not realized and as discussed under "Forward-Looking Statements and Non-GAAP Measures" below.

Adjusted operating income is not calculated under generally accepted accounting principles (GAAP). Information regarding adjusted operating income, a non-GAAP measure, is discussed later in this press release under "Forward-Looking Statements and Non-GAAP Measures," and a reconciliation of adjusted operating income to the most comparable GAAP measure is provided in the tables that accompany this release.

The company acquired the variable annuity business of The Allstate Corporation on June 1, 2006. Results of the Financial Services Businesses include the results of this business from the date of acquisition.

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**Financial Services Businesses**

Prudential Financial's Common Stock (NYSE:PRU) reflects the performance of its Financial Services Businesses, which consist of its Insurance, Investment, and International Insurance and Investments divisions and its Corporate and Other operations.

In the following business-level discussion, adjusted operating income refers to pre-tax results.

The **Insurance division** reported adjusted operating income of $349 million for the fourth quarter of 2006, compared to $365 million in the year-ago quarter. Our Individual Life segment reported adjusted operating income of $132 million for the current quarter, compared to $142 million in the year-ago quarter. Current quarter results reflected less favorable mortality experience than that of the year-ago quarter, which more than offset increased net investment spread on general account business. Our Individual Annuities segment reported adjusted operating income of $154 million in the current quarter, compared to $143 million in the year-ago quarter. Results for the year-ago quarter benefited $30 million from a reduction in amortization of deferred policy acquisition and other costs together with a decrease in our reserve for guaranteed minimum benefits. Excluding the effect of these items, adjusted operating income for the Individual Annuities segment increased $41 million from the year-ago quarter, including a $22 million contribution to current quarter results from the variable annuity business we acquired from Allstate. The remainder of the increase reflected higher asset-based fees due to growth in variable annuity account values. Our Group Insurance segment reported adjusted operating income of $63 million in the current quarter, compared to $80 million in the year-ago quarter. Results for the current quarter include expenses of $14 million related to a regulatory settlement announced in December 2006.

The **Investment division** reported adjusted operating income of $355 million for the fourth quarter of 2006, compared to a loss, on an adjusted operating income basis, of $4 million in the year-ago quarter. The Retirement segment reported adjusted operating income of $121 million for the current quarter, an increase of $30 million from the year-ago quarter. The increase included

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more favorable investment results in the current quarter, reflecting a greater contribution from investment joint venture income. In addition, results for the year-ago quarter included transition costs of $8 million relating to integration of the business acquired from CIGNA. The Asset Management segment reported adjusted operating income of $187 million for the current quarter, an increase of $78 million from the year-ago quarter. Current quarter results include income of $44 million from incentive fees related to two institutional real estate investment funds. In addition, current quarter results benefited from a greater contribution from the segment's proprietary investing business and higher asset management fees reflecting growth in assets under management. Our Financial Advisory segment, which reflects our retail securities brokerage joint venture with Wachovia, reported adjusted operating income of $47 million for the current quarter compared to a loss of $204 million in the year-ago quarter. Our 38% share of the venture resulted in adjusted operating income of $92 million for the current quarter, compared to $61 million in the year-ago quarter, reflecting increased fee income of the venture. Results for the current quarter include expenses of $39 million related to obligations and costs we retained in connection with the contributed businesses primarily for litigation and regulatory matters. Results for the year-ago quarter include $267 million of such costs, primarily to increase a reserve for estimated settlement costs related to market timing issues for which the company announced a settlement in August 2006.

The **International Insurance and Investments division** reported adjusted operating income of $398 million for the fourth quarter of 2006, compared to $377 million in the year-ago quarter. The International Insurance segment reported adjusted operating income of $364 million for the current quarter, compared to $340 million for the year-ago quarter. The segment's Life Planner insurance operations reported adjusted operating income of $232 million for the current quarter, compared to $229 million in the year-ago quarter. Results for the year-ago quarter included $44 million of investment income associated with a single joint venture, as well as expenses estimated to be approximately $20 million greater than an average level associated with business volume, reflecting costs to improve data processing and client servicing capabilities together with advertising campaigns. Excluding the net effect of these items, adjusted operating

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income from the Life Planner operations increased $27 million from the year-ago quarter, reflecting continued business growth partly offset by less favorable mortality experience and a favorable impact of $13 million, versus the year-ago quarter, from foreign currency exchange rates. The segment's Gibraltar Life operations reported adjusted operating income of $132 million for the current quarter, compared to $111 million in the year-ago quarter. Results for the year-ago quarter included expenses estimated to be approximately $15 million greater than an average level associated with business volume, reflecting costs similar to those incurred in the Life Planner operations. Gibraltar Life's adjusted operating income reflected a favorable impact of $6 million from foreign currency exchange rates versus the year-ago quarter. The International Investments segment reported adjusted operating income of $34 million for the current quarter, compared to $37 million in the year-ago quarter.

**Corporate and Other operations** resulted in adjusted operating income of $8 million in the fourth quarter of 2006, compared to $76 million in the year-ago quarter. The decrease reflects a lower contribution from investment income, net of interest expense, which more than offset income of $19 million in the current quarter from securities which we mark to market, as well as lower income from the company's real estate and relocation business. In addition, results for the year-ago quarter benefited $30 million from a reversal of expenses recorded in earlier periods.

**Assets under management** amounted to $616 billion at December 31, 2006, compared to $532 billion a year earlier.

**Net income** of the Financial Services Businesses for the fourth quarter of 2006 amounted to $893 million, compared to $377 million in the year-ago quarter. Current quarter net income includes $130 million of pre-tax net realized investment gains and related charges and adjustments, reflecting sales of fixed income securities and fluctuations in value of hedging instruments covering our foreign currency risk. Net income for the current quarter also reflects pre-tax increases of $43 million in recorded asset values and $17 million in recorded liabilities representing changes in value which will ultimately accrue to contractholders. These changes primarily represent interest rate related mark-to-market adjustments. Current quarter net income also includes $19 million of income (net of related taxes) from discontinued operations.

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Net realized investment gains in the current quarter include $17 million of losses from impairments and sales of credit-impaired securities. At December 31, 2006, gross unrealized losses on general account fixed maturity investments of the Financial Services Businesses amounted to $652 million, including $581 million on investment-grade securities, which are substantially all interest rate related. Gross unrealized losses on general account fixed maturity investments of the Financial Services Businesses amounted to $611 million at year-end 2005.

Net income of the Financial Services Businesses for the year-ago quarter included $2 million of net realized investment losses and related charges and adjustments, increases of $8 million in recorded assets and $34 million in recorded liabilities for which changes in value will ultimately accrue to contractholders, and losses of $11 million from divested businesses, in each case before income taxes. Net income for the year-ago quarter also included a $29 million loss (net of related taxes) from discontinued operations.

**Closed Block Business**

Prudential's Class B Stock, which is not traded on any exchange, reflects the performance of its Closed Block Business.

The Closed Block Business includes our in-force participating life insurance and annuity policies, and assets that are being used for the payment of benefits and policyholder dividends on these policies, as well as other assets and equity that support these policies. We have ceased offering these participating policies.

The Closed Block Business reported income from operations before income taxes of $207 million for the fourth quarter of 2006 and a loss from operations before income taxes of $22 million for the year-ago quarter. Closed Block Business results included net realized investment gains of $299 million in the current quarter and $126 million in the year-ago quarter. The Closed Block Business reported net income for the fourth quarter of 2006 of $144 million, compared to a net loss of $13 million for the year-ago quarter.

For the year ended December 31, 2006, the Closed Block Business reported income from operations before income taxes of $403 million, compared to $482 million for 2005. The Closed Block Business reported net income of $284 million for 2006 and $321 million for 2005.

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**Consolidated Results**

There is no legal separation of the Financial Services Businesses and the Closed Block Business, and holders of the Common Stock and the Class B Stock are both common stockholders of Prudential Financial, Inc.

On a consolidated basis, which includes the results of both the Financial Services Businesses and the Closed Block Business, Prudential Financial, Inc. reported net income of $1.037 billion for the fourth quarter of 2006 and $364 million for the year-ago quarter, and reported net income of $3.428 billion for the year ended December 31, 2006 and $3.540 billion for 2005.

**Share Repurchases and Issuance**

During the fourth quarter of 2006, the company acquired 7.7 million shares of its Common Stock, at a total cost of $626 million. From the commencement of share repurchases in May 2002, through December 31, 2006, the company has acquired 152.4 million shares of its Common Stock at a total cost of $7.888 billion. This included 1.7 million shares repurchased and reissued directly to a company deferred compensation plan during 2002.

**Forward-Looking Statements and Non-GAAP Measures**

Certain of the statements included in this release, including (but not limited to) those in the fourth paragraph hereof, constitute forward-looking statements within the meaning of the U. S. Private Securities Litigation Reform Act of 1995. Words such as “expects,” “believes,” “anticipates,” “includes,” “plans,” “assumes,” “estimates,” “projects,” “intends,” “should,” “will,” “shall,” or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management’s current expectations and beliefs concerning future developments and their potential effects upon Prudential Financial, Inc. and its subsidiaries. There can be no assurance that future developments affecting Prudential Financial, Inc. and its subsidiaries will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates

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reflected in such forward-looking statements, including, among others: (1) general economic, market and political conditions, including the performance and fluctuations of stock, real estate, and other financial markets; (2) interest rate fluctuations; (3) reestimates of our reserves for future policy benefits and claims; (4) differences between actual experience regarding mortality, morbidity, persistency, surrender experience, interest rates or market returns and the assumptions we use in pricing our products, establishing liabilities and reserves or for other purposes; (5) changes in our assumptions related to deferred policy acquisition costs, valuation of business acquired or goodwill; (6) changes in our claims-paying or credit ratings; (7) investment losses and defaults; (8) competition in our product lines and for personnel; (9) changes in tax law; (10) economic, political, currency and other risks relating to our international operations; (11) fluctuations in foreign currency exchange rates and foreign securities markets; (12) regulatory or legislative changes; (13) adverse determinations in litigation or regulatory matters and our exposure to contingent liabilities, including in connection with our divestiture or winding down of businesses; (14) domestic or international military actions, natural or man-made disasters including terrorist activities or pandemic disease, or other events resulting in catastrophic loss of life; (15) ineffectiveness of risk management policies and procedures in identifying, monitoring and managing risks; (16) effects of acquisitions, divestitures and restructurings, including possible difficulties in integrating and realizing the projected results of acquisitions; (17) changes in statutory or U.S. GAAP accounting principles, practices or policies; (18) changes in assumptions for retirement expense; (19) Prudential Financial, Inc.'s primary reliance, as a holding company, on dividends or distributions from its subsidiaries to meet debt payment obligations and continue share repurchases, and the applicable regulatory restrictions on the ability of the subsidiaries to pay such dividends or distributions; and (20) risks due to the lack of legal separation between our Financial Services Businesses and our Closed Block Business. Prudential Financial, Inc. does not intend, and is under no obligation, to update any particular forward-looking statement included in this document.

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Adjusted operating income is a non-GAAP measure of performance of our Financial Services Businesses. Adjusted operating income excludes "Realized investment gains (losses), net," as adjusted, and related charges and adjustments. A significant element of realized losses is impairments and losses from sales of credit-impaired securities, the timing of which depends largely on market credit cycles and can vary considerably across periods. The timing of other sales that would result in gains or losses is largely subject to our discretion and influenced by market opportunities. Realized investment gains (losses) representing profit or loss of certain of our businesses which primarily originate investments for sale or syndication to unrelated investors, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments are included in adjusted operating income. Realized investment gains and losses from products that are free standing derivatives or contain embedded derivatives, and from associated derivative portfolios that are part of an economic hedging program related to the risk of those products, are included in adjusted operating income. Adjusted operating income also excludes investment gains and losses on trading account assets supporting insurance liabilities and changes in experience-rated contractholder liabilities due to asset value changes, because these recorded changes in asset and liability values will ultimately accrue to contractholders. Trends in the underlying profitability of our businesses can be more clearly identified without the fluctuating effects of these transactions. In addition, adjusted operating income excludes the results of divested businesses, which are not relevant to our ongoing operations. Discontinued operations, which is presented as a separate component of net income under GAAP, is also excluded from adjusted operating income.

We believe that the presentation of adjusted operating income as we measure it for management purposes enhances understanding of the results of operations of the Financial Services Businesses by highlighting the results from ongoing operations and the underlying profitability of our businesses. However, adjusted operating income is not a substitute for income determined in accordance with GAAP, and the excluded items are important to an understanding of our overall

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results of operations. The schedules accompanying this release provide a reconciliation of adjusted operating income for the Financial Services Businesses to income from continuing operations in accordance with GAAP.

Our expectation of Common Stock earnings per share is based on after-tax adjusted operating income. Because we do not predict future realized investment gains / losses or recorded changes in asset and liability values that will ultimately accrue to contractholders, we cannot provide a measure of our Common Stock earnings per share expectation based on income from continuing operations of the Financial Services Businesses, which is the GAAP measure most comparable to adjusted operating income.

The information referred to above, as well as the risks of our businesses described in our Annual Report on Form 10-K for the year ended December 31, 2005, should be considered by readers when reviewing forward-looking statements contained in this release. Additional historical information relating to our financial performance is located on our Web site at www.investor.prudential.com.

**Earnings Conference Call**

Members of Prudential's senior management will host a conference call on Thursday, February 8, 2007 at 11 a.m. ET, to discuss with the investment community the company's fourth quarter results. The conference call will be broadcast live over the company's Investor Relations Web site at: www.investor.prudential.com. Please log on fifteen minutes early in the event necessary software needs to be downloaded. The call will remain on the Investor Relations Web site for replay through February 16. Institutional investors, analysts, and other members of the professional financial community are invited to listen to the call and participate in Q&A by dialing (877) 777-1971 (domestic callers) or (612) 332-0226 (international callers). All others are encouraged to dial into the conference call in listen-only mode, using the same numbers. To listen to a replay of the conference call starting at 4:15 p.m. on February 8, through February 15, dial (800) 475-6701 (domestic callers) or (320) 365-3844 (international callers). The access code for the replay is 850217.

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Prudential Financial, Inc. (NYSE: PRU), a financial services leader with approximately $616 billion of assets under management as of December 31, 2006, has operations in the United States, Asia, Europe, and Latin America. Leveraging its heritage of life insurance and asset management expertise, Prudential is focused on helping individual and institutional customers grow and protect their wealth. The company's well-known Rock symbol is an icon of strength, stability, expertise and innovation that has stood the test of time. Prudential's businesses offer a variety of products and services, including life insurance, annuities, retirement-related services, mutual funds, asset management, and real estate services. For more information, please visit www.prudential.com.

Prudential Financial

**Financial Highlights**
**(in millions, except per share data, unaudited)**

| | Three Months Ended December 31 | | Year Ended December 31 | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| **Financial Services Businesses Income Statement Data:** | | | | |
| **Adjusted Operating Income (1):** | | | | |
| Revenues: | | | | |
| Premiums | $ 2,593 | $ 2,450 | $10,287 | $10,128 |
| Policy charges and fee income | 737 | 629 | 2,649 | 2,529 |
| Net investment income | 2,011 | 1,822 | 7,660 | 6,863 |
| Asset management fees, commissions and other income | 1,206 | 948 | 4,250 | 3,608 |
| Total revenues | 6,547 | 5,849 | 24,846 | 23,128 |
| Benefits and expenses: | | | | |
| Insurance and annuity benefits | 2,605 | 2,439 | 10,423 | 9,990 |
| Interest credited to policyholders' account balances | 745 | 632 | 2,790 | 2,516 |
| Interest expense | 255 | 192 | 949 | 615 |
| Other expenses | 1,832 | 1,772 | 6,510 | 6,455 |
| Total benefits and expenses | 5,437 | 5,035 | 20,672 | 19,576 |
| Adjusted operating income before income taxes | 1,110 | 814 | 4,174 | 3,552 |
| Income taxes, applicable to adjusted operating income | 319 | 290 | 1,202 | 1,120 |
| **Financial Services Businesses after-tax adjusted operating income (1)** | 791 | 524 | 2,972 | 2,432 |
| Realized investment gains (losses), net, and related charges and adjustments | 130 | (2) | 90 | 561 |
| Investment gains (losses) on trading account assets supporting insurance liabilities, net | 43 | 8 | 35 | (33) |
| Change in experience-rated contractholder liabilities due to asset value changes | (17) | (34) | 11 | (44) |
| Divested businesses | (1) | (11) | 12 | (16) |
| Equity in earnings of operating joint ventures | (99) | (66) | (322) | (214) |
| Total pre-tax adjustments | 56 | (105) | (174) | 254 |
| Income taxes, not applicable to adjusted operating income | 35 | 60 | (73) | (473) |
| Total adjustments, after income taxes | 21 | (165) | (101) | 727 |
| **Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures** | 812 | 359 | 2,871 | 3,159 |
| Equity in earnings of operating joint ventures, net of taxes | 62 | 47 | 208 | 142 |
| **Income from continuing operations (after-tax) of Financial Services Businesses** | 874 | 406 | 3,079 | 3,301 |
| Income (loss) from discontinued operations, net of taxes | 19 | (29) | 65 | (82) |
| **Net income of Financial Services Businesses** | $ 893 | $ 377 | $ 3,144 | $ 3,219 |
| **Direct equity adjustment for earnings per share calculation (2)** | 17 | 19 | 68 | 82 |
| **Earnings available to holders of Common Stock after direct equity adjustment:** | | | | |
| Based on net income | $ 910 | $ 396 | $ 3,212 | $ 3,301 |
| Based on after-tax adjusted operating income | $ 808 | $ 543 | $ 3,040 | $ 2,514 |

See footnotes on last page.

**Financial Highlights**
**(in millions, except per share data, unaudited)**

| | Three Months Ended December 31 2006 | Three Months Ended December 31 2005 | Year Ended December 31 2006 | Year Ended December 31 2005 |
|---|---|---|---|---|
| **Earnings per share of Common Stock (diluted) (2):** | | | | |
| **Financial Services Businesses after-tax adjusted operating income** | $ 1.67 | $ 1.06 | $ 6.15 | $ 4.83 |
| Realized investment gains (losses), net, and related charges and adjustments | 0.27 | — | 0.18 | 1.08 |
| Investment gains (losses) on trading account assets supporting insurance liabilities, net | 0.09 | 0.02 | 0.07 | (0.06) |
| Change in experience-rated contractholder liabilities due to asset value changes | (0.04) | (0.07) | 0.02 | (0.08) |
| Divested businesses | — | (0.02) | 0.02 | (0.03) |
| Equity in earnings of operating joint ventures | (0.20) | (0.13) | (0.64) | (0.42) |
| Total pre-tax adjustments | 0.12 | (0.20) | (0.35) | 0.49 |
| Income taxes, not applicable to adjusted operating income | 0.07 | 0.12 | (0.15) | (0.90) |
| Total adjustments, after income taxes | 0.05 | (0.32) | (0.20) | 1.39 |
| **Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures** | 1.72 | 0.74 | 5.95 | 6.22 |
| Equity in earnings of operating joint ventures, net of taxes | 0.13 | 0.09 | 0.42 | 0.27 |
| **Income from continuing operations (after-tax) of Financial Services Businesses** | 1.85 | 0.83 | 6.37 | 6.49 |
| Income (loss) from discontinued operations, net of taxes | 0.03 | (0.05) | 0.13 | (0.15) |
| **Net income of Financial Services Businesses** | $ 1.88 | $ 0.78 | $ 6.50 | $ 6.34 |
| Weighted average number of outstanding Common shares (diluted basis) | 482.8 | 510.2 | 494.0 | 520.9 |
| **Financial Services Businesses Attributed Equity (as of end of period):** | | | | |
| Total attributed equity | $21,690 | $21,654 | | |
| Per share of Common Stock—diluted | 45.18 | 42.70 | | |
| Attributed equity excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension/postretirement benefits | $21,306 | $20,473 | | |
| Per share of Common Stock—diluted | 44.38 | 40.37 | | |
| Number of diluted shares at end of period | 480.1 | 507.1 | | |
| **Adjusted operating income before income taxes, by Segment (1):** | | | | |
| Individual Life | $ 132 | $ 142 | $ 544 | $ 498 |
| Individual Annuities | 154 | 143 | 586 | 505 |
| Group Insurance | 63 | 80 | 229 | 224 |
| Total Insurance Division | 349 | 365 | 1,359 | 1,227 |
| Asset Management | 187 | 109 | 593 | 464 |
| Financial Advisory | 47 | (204) | 61 | (255) |
| Retirement | 121 | 91 | 509 | 498 |
| Total Investment Division | 355 | (4) | 1,163 | 707 |
| International Insurance | 364 | 340 | 1,423 | 1,310 |
| International Investments | 34 | 37 | 143 | 106 |
| Total International Insurance and Investments Division | 398 | 377 | 1,566 | 1,416 |
| Corporate and other operations | 8 | 76 | 86 | 202 |
| Financial Services Businesses adjusted operating income before income taxes | 1,110 | 814 | 4,174 | 3,552 |
| Realized investment gains (losses), net, and related charges and adjustments | 130 | (2) | 90 | 561 |
| Investment gains (losses) on trading account assets supporting insurance liabilities, net | 43 | 8 | 35 | (33) |
| Change in experience-rated contractholder liabilities due to asset value changes | (17) | (34) | 11 | (44) |
| Divested businesses | (1) | (11) | 12 | (16) |
| Equity in earnings of operating joint ventures | (99) | (66) | (322) | (214) |
| Total pre-tax adjustments | 56 | (105) | (174) | 254 |
| Income from continuing operations before income taxes and equity in earnings of operating joint ventures—Financial Services Businesses | $ 1,166 | $ 709 | $4,000 | $3,806 |

See footnotes on last page.

**Financial Highlights**
**(in millions, except per share data or as otherwise noted, unaudited)**

| | Three Months Ended December 31 2006 | Three Months Ended December 31 2005 | Year Ended December 31 2006 | Year Ended December 31 2005 |
|---|---|---|---|---|
| ***Insurance Division:*** | | | | |
| Individual Life Insurance Sales (3): | | | | |
| Excluding corporate-owned life insurance | | | | |
| Variable life | $ 20 | $ 27 | $ 90 | $ 83 |
| Universal life | 75 | 56 | 192 | 214 |
| Term life | 48 | 33 | 148 | 122 |
| Total excluding corporate-owned life insurance | 143 | 116 | 430 | 419 |
| Corporate-owned life insurance | 2 | 2 | 12 | 7 |
| Total | $ 145 | $ 118 | $ 442 | $ 426 |
| Fixed and Variable Annuity Sales and Account Values: | | | | |
| Gross sales | $ 2,667 | $ 1,991 | $ 9,712 | $ 7,467 |
| Net sales | $ 294 | $ 489 | $ 1,677 | $ 1,545 |
| Total account value at end of period | $78,303 | $54,769 | | |
| Group Insurance New Annualized Premiums (4): | | | | |
| Group life | $ 37 | $ 34 | $ 366 | $ 370 |
| Group disability | 17 | 17 | 138 | 154 |
| Total | $ 54 | $ 51 | $ 504 | $ 524 |
| ***Investment Division:*** | | | | |
| Asset Management Segment: | | | | |
| Assets managed by Investment Management and Advisory Services (in billions, as of end of period): | | | | |
| Institutional customers | $ 156.8 | $ 134.7 | | |
| Retail customers | 79.0 | 73.5 | | |
| General account | 167.6 | 159.2 | | |
| Total Investment Management and Advisory Services | $ 403.4 | $ 367.4 | | |
| Institutional Assets Under Management (in billions): | | | | |
| Gross additions, other than money market | $ 8.3 | $ 7.3 | $ 27.7 | $ 22.9 |
| Net additions, other than money market | $ 3.4 | $ 4.2 | $ 10.8 | $ 10.4 |
| Retail Assets Under Management (in billions): | | | | |
| Gross additions, other than money market | $ 2.1 | $ 3.3 | $ 10.0 | $ 8.8 |
| Net additions, other than money market | $ 0.2 | $ 1.0 | $ 0.2 | $ 0.6 |
| Wrap-fee Product Assets Under Administration (in billions): | | | | |
| Gross additions | $ 4.6 | $ 5.3 | $ 22.3 | $ 21.7 |
| Net additions | $ 0.9 | $ 2.3 | $ 7.7 | $ 10.9 |
| Assets under administration at end of period | $ 69.1 | $ 53.6 | | |
| Retirement Segment: | | | | |
| Full Service: | | | | |
| Deposits and sales | $ 3,723 | $ 3,046 | $16,156 | $13,006 |
| Net additions (withdrawals) | $ (111) | $ (1,484) | $ 167 | $ (912) |
| Institutional Investment Products: | | | | |
| Gross additions | $ 1,365 | $ 785 | $ 5,993 | $ 4,065 |
| Net withdrawals | $ (399) | $ (1,449) | $ (363) | $ (1,468) |
| ***International Insurance and Investments Division:*** | | | | |
| International Insurance New Annualized Premiums (5): | | | | |
| Actual exchange rate basis | $ 270 | $ 265 | $ 1,124 | $ 1,179 |
| Constant exchange rate basis | $ 286 | $ 283 | $ 1,187 | $ 1,220 |

See footnotes on last page.

**Financial Highlights**
**(in millions, except per share data or as otherwise noted, unaudited)**

| | Three Months Ended December 31 2006 | Three Months Ended December 31 2005 | Year Ended December 31 2006 | Year Ended December 31 2005 |
|---|---|---|---|---|
| ***Closed Block Business Data:*** | | | | |
| **Income Statement Data:** | | | | |
| Revenues | $ 2,223 | $ 2,063 | $ 7,812 | $ 8,026 |
| Benefits and expenses | 2,016 | 2,085 | 7,409 | 7,544 |
| Income (loss) from operations before income taxes | 207 | (22) | 403 | 482 |
| Income taxes | 63 | (9) | 119 | 161 |
| **Closed Block Business net income (loss)** | $ 144 | $ (13) | $ 284 | $ 321 |
| **Direct equity adjustment for earnings per share calculation (2)** | (17) | (19) | (68) | (82) |
| **Earnings available to holders of Class B Stock after direct equity adjustment** | $ 127 | $ (32) | $ 216 | $ 239 |
| Net income (loss) per share of Class B Stock | $ 63.50 | $ (16.00) | $108.00 | $119.50 |
| Weighted average diluted shares outstanding during period | 2.0 | 2.0 | 2.0 | 2.0 |
| **Closed Block Business Attributed Equity (as of end of period):** | | | | |
| Total attributed equity | $ 1,202 | $ 1,109 | | |
| Per Share of Class B Stock | 601.00 | 554.50 | | |
| Attributed equity excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension/postretirement benefits | $ 1,188 | $ 981 | | |
| Per Share of Class B Stock | 594.00 | 490.50 | | |
| Number of Class B Shares at end of period | 2.0 | 2.0 | | |
| ***Consolidated Data:*** | | | | |
| **Consolidated Income Statement Data:** | | | | |
| Revenues | $ 8,857 | $ 7,861 | $32,488 | $31,599 |
| Benefits and expenses | 7,484 | 7,174 | 28,085 | 27,311 |
| Income from continuing operations before income taxes and equity in earnings of operating joint ventures | 1,373 | 687 | 4,403 | 4,288 |
| Income tax expense | 417 | 341 | 1,248 | 808 |
| Income from continuing operations before equity in earnings of operating joint ventures | 956 | 346 | 3,155 | 3,480 |
| Equity in earnings of operating joint ventures, net of taxes | 62 | 47 | 208 | 142 |
| Income from continuing operations | 1,018 | 393 | 3,363 | 3,622 |
| Income (loss) from discontinued operations, net of taxes | 19 | (29) | 65 | (82) |
| Consolidated net income | $ 1,037 | $ 364 | $ 3,428 | $ 3,540 |
| **Net income:** | | | | |
| Financial Services Businesses | $ 893 | $ 377 | $ 3,144 | $ 3,219 |
| Closed Block Business | 144 | (13) | 284 | 321 |
| Consolidated net income | $ 1,037 | $ 364 | $ 3,428 | $ 3,540 |
| **Assets and Asset Management Information (in billions, as of end of period)** | | | | |
| Total assets | $ 454.3 | $ 413.4 | | |
| Assets under management (at fair market value): | | | | |
| Managed by Investment Division: | | | | |
| Asset Management Segment—Investment Management and Advisory Services | $ 403.4 | $ 367.4 | | |
| Non-proprietary assets under management | 54.2 | 48.1 | | |
| Total managed by Investment Division | 457.6 | 415.5 | | |
| Managed by International Insurance and Investments Division | 86.2 | 71.4 | | |
| Managed by Insurance Division | 72.2 | 44.6 | | |
| Total assets under management | 616.0 | 531.5 | | |
| Client assets under administration | 112.9 | 92.5 | | |
| Total assets under management and administration | $ 728.9 | $ 624.0 | | |

See footnotes on last page.

(1) 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; and the related tax effects thereof. Adjusted operating income includes equity in earnings of operating joint ventures and the related tax effects thereof.

Realized investment gains (losses) representing profit or loss of certain of our businesses which primarily originate investments for sale or syndication to unrelated investors, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments are included in adjusted operating income. Realized investment gains and losses from products that are free standing derivatives or contain embedded derivatives, and from associated derivative portfolios that are part of an economic hedging program related to the risk of those products, are included in adjusted operating income. 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.

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) Net income 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 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 of the Financial Services Businesses reflects these adjustments as well.

(3) Scheduled premiums from new sales on an annualized basis and first year excess premiums and deposits on a cash-received basis.

(4) Amounts 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 new annualized premiums include premiums from the takeover of claim liabilities. Group disability amounts include long-term care products.

(5) Annualized new business premiums. Actual amounts reflect the impact of currency fluctuations. Constant exchange rate amounts are translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen, 102 per U.S. dollar; Korean won 1030 per U.S. dollar. Single premium business for the Company’s international insurance operations is included in annualized new business premiums based on a 10% credit.

**Exhibit 99.1**

**Prudential Financial, Inc. (PRU)**

**Quarterly Financial Supplement**

FINANCIAL SERVICES BUSINESSES
FOURTH QUARTER 2006

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.

February 7, 2007

**CONTENTS**

This Quarterly Financial Supplement reflects the company's Individual Life and Annuities businesses, formerly reported as components of the Individual Life and Annuities segment, as discrete segments for GAAP segment reporting purposes for all periods presented herein.

In addition, revenues, expenses, assets and liabilities as reported herein reflect certain reclassifications to conform to current reporting practices.

FINANCIAL HIGHLIGHTS
(in millions, except per share data)

| Year-to-date 2006 | Year-to-date 2005 | % Change | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|---|
| | | | ***Financial Services Businesses:*** | | | | | |
| | | | Pre-tax adjusted operating income (loss) by division: | | | | | |
| 1,359 | 1,227 | 11% | Insurance Division | 365 | 298 | 247 | 465 | 349 |
| 1,163 | 707 | 64% | Investment Division | (4) | 240 | 316 | 252 | 355 |
| 1,566 | 1,416 | 11% | International Insurance and Investments Division | 377 | 382 | 358 | 428 | 398 |
| 86 | 202 | -57% | Corporate and other operations | 76 | 26 | 37 | 15 | 8 |
| 4,174 | 3,552 | 18% | Total pre-tax adjusted operating income | 814 | 946 | 958 | 1,160 | 1,110 |
| 1,202 | 1,120 | 7% | Income taxes, applicable to adjusted operating income | 290 | 277 | 276 | 330 | 319 |
| 2,972 | 2,432 | 22% | **Financial Services Businesses after-tax adjusted operating income** | 524 | 669 | 682 | 830 | 791 |
| 90 | 561 | -84% | Realized investment gains (losses), net, and related charges and adjustments | (2) | 50 | (311) | 221 | 130 |
| 35 | (33) | 206% | Investment gains (losses) on trading account assets supporting insurance liabilities, net | 8 | (114) | (151) | 257 | 43 |
| 11 | (44) | 125% | Change in experience-rated contractholder liabilities due to asset value changes | (34) | 66 | 130 | (168) | (17) |
| 12 | (16) | 175% | Divested businesses | (11) | 13 | (4) | 4 | (1) |
| (322) | (214) | -50% | Equity in earnings of operating joint ventures | (66) | (78) | (67) | (78) | (99) |
| (174) | 254 | -169% | Total pre-tax adjustments | (105) | (63) | (403) | 236 | 56 |
| (73) | (473) | 85% | Income taxes, not applicable to adjusted operating income | 60 | (24) | (116) | 32 | 35 |
| (101) | 727 | -114% | Total adjustments, after income taxes | (165) | (39) | (287) | 204 | 21 |
| 2,871 | 3,159 | -9% | **Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures** | 359 | 630 | 395 | 1,034 | 812 |
| 208 | 142 | 46% | Equity in earnings of operating joint ventures, net of taxes | 47 | 51 | 45 | 50 | 62 |
| 3,079 | 3,301 | -7% | **Income from continuing operations (after-tax) of Financial Services Businesses** | 406 | 681 | 440 | 1,084 | 874 |
| 65 | (82) | 179% | Income (loss) from discontinued operations, net of taxes | (29) | (6) | (16) | 68 | 19 |
| 3,144 | 3,219 | -2% | **Net income of Financial Services Businesses** | 377 | 675 | 424 | 1,152 | 893 |
| | | | **Earnings per share of Common Stock (diluted):** | | | | | |
| 6.15 | 4.83 | | Financial Services Businesses after-tax adjusted operating income | 1.06 | 1.36 | 1.40 | 1.72 | 1.67 |
| 0.18 | 1.08 | | Realized investment gains (losses), net, and related charges and adjustments | — | 0.10 | (0.63) | 0.45 | 0.27 |
| 0.07 | (0.06) | | Investment gains (losses) on trading account assets supporting insurance liabilities, net | 0.02 | (0.23) | (0.30) | 0.52 | 0.09 |
| 0.02 | (0.08) | | Change in experience-rated contractholder liabilities due to asset value changes | (0.07) | 0.13 | 0.26 | (0.34) | (0.04) |
| 0.02 | (0.03) | | Divested businesses | (0.02) | 0.03 | (0.01) | 0.01 | — |
| (0.64) | (0.42) | | Equity in earnings of operating joint ventures | (0.13) | (0.15) | (0.13) | (0.16) | (0.20) |
| (0.35) | 0.49 | | Total pre-tax adjustments | (0.20) | (0.12) | (0.81) | 0.48 | 0.12 |
| (0.15) | (0.90) | | Income taxes, not applicable to adjusted operating income | 0.12 | (0.05) | (0.24) | 0.06 | 0.07 |
| (0.20) | 1.39 | | Total adjustments, after income taxes | (0.32) | (0.07) | (0.57) | 0.42 | 0.05 |
| 5.95 | 6.22 | | **Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures** | 0.74 | 1.29 | 0.83 | 2.14 | 1.72 |
| 0.42 | 0.27 | | Equity in earnings of operating joint ventures, net of taxes | 0.09 | 0.10 | 0.09 | 0.10 | 0.13 |
| 6.37 | 6.49 | | **Income from continuing operations (after-tax) of Financial Services Businesses** | 0.83 | 1.39 | 0.92 | 2.24 | 1.85 |
| 0.13 | (0.15) | | Income (loss) from discontinued operations, net of taxes | (0.05) | (0.01) | (0.03) | 0.14 | 0.03 |
| 6.50 | 6.34 | | **Net income of Financial Services Businesses** | 0.78 | 1.38 | 0.89 | 2.38 | 1.88 |
| 494.0 | 520.9 | | Weighted average number of outstanding Common shares (diluted basis) | 510.2 | 504.1 | 497.1 | 490.5 | 482.8 |
| 14.55% | 12.32% | | Operating Return on Average Equity (based on adjusted operating income) | 10.43% | 13.37% | 13.48% | 16.11% | 15.18% |
| | | | ***Reconciliation to Consolidated Net Income of Prudential Financial, Inc:*** | | | | | |
| 3,144 | 3,219 | | Net income of Financial Services Businesses (above) | 377 | 675 | 424 | 1,152 | 893 |
| 284 | 321 | | Net income (loss) of Closed Block Business | (13) | 58 | 29 | 53 | 144 |
| 3,428 | 3,540 | | Consolidated net income | 364 | 733 | 453 | 1,205 | 1,037 |
| 68 | 82 | | Direct equity adjustments for earnings per share calculations | 19 | 19 | 16 | 16 | 17 |

Prudential Financial

FINANCIAL HIGHLIGHTS
(in millions, except per share data)

| Year-to-date 2006 | Year-to-date 2005 | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|
| | | ***Financial Services Businesses Capitalization Data (1):*** | | | | | |
| | | Short-term debt | 9,447 | 9,685 | 9,723 | 9,418 | 10,798 |
| | | Long-term debt | 6,520 | 7,284 | 7,520 | 7,464 | 9,673 |
| | | Attributed Equity: | | | | | |
| | | Including accumulated other comprehensive income | 21,654 | 21,229 | 20,424 | 22,053 | 21,690 |
| | | Excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension / postretirement benefits | 20,473 | 20,695 | 20,716 | 21,290 | 21,306 |
| | | Excluding total accumulated other comprehensive income | 20,546 | 20,717 | 20,604 | 21,232 | 21,194 |
| | | Total Capitalization: | | | | | |
| | | Including accumulated other comprehensive income | 28,174 | 28,513 | 27,944 | 29,517 | 31,363 |
| | | Excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension / postretirement benefits | 26,993 | 27,979 | 28,236 | 28,754 | 30,979 |
| | | Excluding total accumulated other comprehensive income | 27,066 | 28,001 | 28,124 | 28,696 | 30,867 |
| | | Book value per share of Common Stock: | | | | | |
| | | Including accumulated other comprehensive income | 42.70 | 42.43 | 41.41 | 45.31 | 45.18 |
| | | Excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension / postretirement benefits | 40.37 | 41.37 | 42.00 | 43.74 | 44.38 |
| | | Excluding total accumulated other comprehensive income | 40.52 | 41.41 | 41.78 | 43.62 | 44.15 |
| | | Number of diluted shares at end of period | 507.1 | 500.3 | 493.2 | 486.7 | 480.1 |
| | | ***Common Stock Price Range (based on closing price):*** | | | | | |
| 86.84 | 77.96 | High | 77.96 | 77.48 | 78.89 | 79.06 | 86.84 |
| 71.47 | 52.62 | Low | 63.27 | 73.19 | 74.43 | 71.47 | 76.03 |
| 85.86 | 73.19 | Close | 73.19 | 75.81 | 77.70 | 76.25 | 85.86 |
| | | ***Common Stock market capitalization (1)*** | 36,412 | 37,288 | 37,651 | 36,394 | 40,449 |

(1) As of end of period.

OPERATIONS HIGHLIGHTS

| Year-to-date 2006 | Year-to-date 2005 | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|
| | | ***Assets Under Management and Administration ($ billions) (1) (2):*** | | | | | |
| | | Assets Under Management : | | | | | |
| | | Managed by Investment Division: | | | | | |
| | | Asset Management Segment - Investment Management & Advisory Services | | | | | |
| | | Institutional customers | 134.7 | 138.7 | 138.5 | 147.9 | 156.8 |
| | | Retail customers | 73.5 | 75.6 | 75.1 | 75.9 | 79.0 |
| | | General account | 159.2 | 157.8 | 159.7 | 163.8 | 167.6 |
| | | Total Investment Management and Advisory Services | 367.4 | 372.1 | 373.3 | 387.6 | 403.4 |
| | | Non-proprietary assets under management | 48.1 | 51.3 | 49.6 | 51.0 | 54.2 |
| | | Total managed by Investment Division | 415.5 | 423.4 | 422.9 | 438.6 | 457.6 |
| | | Managed by International Insurance and Investments Division | 71.4 | 74.5 | 82.6 | 82.2 | 86.2 |
| | | Managed by Insurance Division | 44.6 | 49.5 | 62.9 | 65.4 | 72.2 |
| | | Total assets under management | 531.5 | 547.4 | 568.4 | 586.2 | 616.0 |
| | | Client assets under administration | 92.5 | 100.0 | 101.6 | 105.8 | 112.9 |
| | | Total assets under management and administration | 624.0 | 647.4 | 670.0 | 692.0 | 728.9 |
| | | Assets managed or administered for customers outside of the United States at end of period | 100.4 | 105.3 | 114.0 | 115.5 | 123.8 |
| | | ***Distribution Representatives (1):*** | | | | | |
| | | Prudential Agents | 2,946 | 2,850 | 2,844 | 2,814 | 2,562 |
| | | International Life Planners | 5,627 | 5,712 | 5,726 | 5,802 | 5,828 |
| | | Gibraltar Life Advisors | 5,436 | 5,716 | 5,684 | 6,036 | 5,944 |
| 53 | 46 | ***Prudential Agent productivity ($ thousands)*** | 61 | 45 | 52 | 46 | 74 |

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

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

| Year-to-date 2006 | Year-to-date 2005 | % Change | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|---|
| | | | Revenues (1): | | | | | |
| 10,287 | 10,128 | 2% | Premiums | 2,450 | 2,604 | 2,542 | 2,548 | 2,593 |
| 2,649 | 2,529 | 5% | Policy charges and fee income | 629 | 662 | 667 | 583 | 737 |
| 7,660 | 6,863 | 12% | Net investment income | 1,822 | 1,812 | 1,875 | 1,962 | 2,011 |
| 4,250 | 3,608 | 18% | Asset management fees, commissions and other income | 948 | 1,054 | 966 | 1,024 | 1,206 |
| 24,846 | 23,128 | 7% | Total revenues | 5,849 | 6,132 | 6,050 | 6,117 | 6,547 |
| | | | Benefits and Expenses (1): | | | | | |
| 10,423 | 9,990 | 4% | Insurance and annuity benefits | 2,439 | 2,577 | 2,591 | 2,650 | 2,605 |
| 2,790 | 2,516 | 11% | Interest credited to policyholders' account balances | 632 | 652 | 677 | 716 | 745 |
| 949 | 615 | 54% | Interest expense | 192 | 212 | 233 | 249 | 255 |
| (2,037) | (1,801) | -13% | Deferral of acquisition costs | (439) | (501) | (495) | (496) | (545) |
| 670 | 910 | -26% | Amortization of acquisition costs | 172 | 240 | 264 | (73) | 239 |
| 7,877 | 7,346 | 7% | General and administrative expenses | 2,039 | 2,006 | 1,822 | 1,911 | 2,138 |
| 20,672 | 19,576 | 6% | Total benefits and expenses | 5,035 | 5,186 | 5,092 | 4,957 | 5,437 |
| 4,174 | 3,552 | 18% | Adjusted operating income before income taxes | 814 | 946 | 958 | 1,160 | 1,110 |
| 73 | 669 | -89% | Realized investment gains (losses), net, and related adjustments | 2 | 50 | (334) | 214 | 143 |
| 17 | (108) | 116% | Related charges | (4) | — | 23 | 7 | (13) |
| 90 | 561 | -84% | Total realized investment gains (losses), net, and related charges and adjustments | (2) | 50 | (311) | 221 | 130 |
| 35 | (33) | 206% | Investment gains (losses) on trading account assets supporting insurance liabilities, net | 8 | (114) | (151) | 257 | 43 |
| 11 | (44) | 125% | Change in experience-rated contractholder liabilities due to asset value changes | (34) | 66 | 130 | (168) | (17) |
| 12 | (16) | 175% | Divested businesses | (11) | 13 | (4) | 4 | (1) |
| (322) | (214) | -50% | Equity in earnings of operating joint ventures | (66) | (78) | (67) | (78) | (99) |
| (174) | 254 | -169% | Total pre-tax adjustments | (105) | (63) | (403) | 236 | 56 |
| 4,000 | 3,806 | 5% | Income from continuing operations before income taxes and equity in earnings of operating joint ventures | 709 | 883 | 555 | 1,396 | 1,166 |
| 1,129 | 647 | 74% | Income tax expense | 350 | 253 | 160 | 362 | 354 |
| 2,871 | 3,159 | -9% | Income from continuing operations before equity in earnings of operating joint ventures | 359 | 630 | 395 | 1,034 | 812 |

(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. 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.

Prudential Financial

## COMBINED BALANCE SHEETS - FINANCIAL SERVICES BUSINESSES
(in millions)

| | 12/31/2005 | 3/31/2006 | 6/30/2006 | 9/30/2006 | 12/31/2006 |
|---|---|---|---|---|---|
| Assets: | | | | | |
| Investments: | | | | | |
| Fixed maturities, available for sale, at fair value (amortized cost $101,672; $102,220; $107,756; $105,750; $109,362) | 105,188 | 104,276 | 108,150 | 108,346 | 112,043 |
| Fixed maturities, held to maturity, at amortized cost (fair value $3,228; $3,397; $3,416; $3,400; $3,441) | 3,249 | 3,430 | 3,555 | 3,473 | 3,469 |
| Trading account assets supporting insurance liabilities, at fair value | 13,781 | 13,877 | 14,239 | 14,453 | 14,262 |
| Other trading account assets, at fair value | 1,443 | 2,358 | 4,561 | 1,933 | 2,209 |
| Equity securities, available for sale, at fair value (cost $3,431; $3,489; $3,672; $3,761; $3,825) | 3,856 | 3,975 | 4,050 | 4,182 | 4,331 |
| Commercial loans | 17,177 | 17,721 | 18,018 | 18,139 | 18,421 |
| Policy loans | 2,967 | 3,094 | 3,253 | 3,350 | 3,472 |
| Securities purchased under agreements to resell | 413 | 103 | 2,242 | 187 | 153 |
| Other long-term investments | 3,266 | 3,669 | 3,800 | 3,538 | 3,780 |
| Short-term investments | 2,565 | 2,404 | 2,768 | 2,705 | 3,183 |
| Total investments | 153,905 | 154,907 | 164,636 | 160,306 | 165,323 |
| Cash and cash equivalents | 5,493 | 5,915 | 6,521 | 7,361 | 7,243 |
| Accrued investment income | 1,358 | 1,400 | 1,433 | 1,466 | 1,429 |
| Reinsurance recoverables | 3,548 | 3,480 | 1,869 | 1,908 | 1,958 |
| Deferred policy acquisition costs | 8,357 | 8,776 | 9,239 | 9,540 | 9,854 |
| Other assets | 15,069 | 16,279 | 19,188 | 17,442 | 16,997 |
| Separate account assets | 153,159 | 160,506 | 160,070 | 166,757 | 177,463 |
| Total assets | 340,889 | 351,263 | 362,956 | 364,780 | 380,267 |
| Liabilities: | | | | | |
| Future policy benefits | 51,759 | 52,661 | 55,333 | 55,238 | 56,245 |
| Policyholders’ account balances | 70,091 | 70,659 | 74,309 | 75,614 | 75,090 |
| Reinsurance payables | 3,069 | 2,994 | 1,351 | 1,405 | 1,458 |
| Securities sold under agreements to repurchase | 6,801 | 7,141 | 9,564 | 6,256 | 5,747 |
| Cash collateral for loaned securities | 3,425 | 3,139 | 3,834 | 3,797 | 4,082 |
| Income taxes | 2,136 | 2,500 | 1,969 | 2,827 | 2,920 |
| Securities sold but not yet purchased | 223 | 132 | 2,152 | 313 | 277 |
| Short-term debt | 9,447 | 9,685 | 9,723 | 9,418 | 10,798 |
| Long-term debt | 6,520 | 7,284 | 7,520 | 7,464 | 9,673 |
| Other liabilities | 12,605 | 13,333 | 16,707 | 13,638 | 14,824 |
| Separate account liabilities | 153,159 | 160,506 | 160,070 | 166,757 | 177,463 |
| Total liabilities | 319,235 | 330,034 | 342,532 | 342,727 | 358,577 |
| Attributed Equity: | | | | | |
| Accumulated other comprehensive income (loss) | 1,108 | 512 | (180) | 821 | 496 |
| Other attributed equity | 20,546 | 20,717 | 20,604 | 21,232 | 21,194 |
| Total attributed equity | 21,654 | 21,229 | 20,424 | 22,053 | 21,690 |
| Total liabilities and attributed equity | 340,889 | 351,263 | 362,956 | 364,780 | 380,267 |

FINANCIAL SERVICES BUSINESSES COMBINING STATEMENTS OF OPERATIONS - BY DIVISION
(in millions)

| | Quarter Ended December 31, 2006 | | | | |
|---|---|---|---|---|---|
| | Total Financial Services Businesses | Insurance Division | Investment Division | International Insurance & Investments Division | Corporate and Other Operations |
| Revenues (1) : | | | | | |
| Premiums | 2,593 | 1,052 | 88 | 1,458 | (5) |
| Policy charges and fee income | 737 | 637 | 43 | 70 | (13) |
| Net investment income | 2,011 | 468 | 970 | 376 | 197 |
| Asset management fees, commissions and other income | 1,206 | 218 | 840 | 181 | (33) |
| Total revenues | 6,547 | 2,375 | 1,941 | 2,085 | 146 |
| Benefits and Expenses (1): | | | | | |
| Insurance and annuity benefits | 2,605 | 1,154 | 303 | 1,143 | 5 |
| Interest credited to policyholders' account balances | 745 | 206 | 497 | 67 | (25) |
| Interest expense | 255 | 44 | 67 | — | 144 |
| Deferral of acquisition costs | (545) | (282) | (24) | (252) | 13 |
| Amortization of acquisition costs | 239 | 125 | 10 | 112 | (8) |
| General and administrative expenses | 2,138 | 779 | 733 | 617 | 9 |
| Total benefits and expenses | 5,437 | 2,026 | 1,586 | 1,687 | 138 |
| Adjusted operating income before income taxes | 1,110 | 349 | 355 | 398 | 8 |

| | Quarter Ended December 31, 2005 | | | | |
|---|---|---|---|---|---|
| | Total Financial Services Businesses | Insurance Division | Investment Division | International Insurance & Investments Division | Corporate and Other Operations |
| Revenues (1): | | | | | |
| Premiums | 2,450 | 943 | 70 | 1,438 | (1) |
| Policy charges and fee income | 629 | 530 | 48 | 60 | (9) |
| Net investment income | 1,822 | 425 | 817 | 371 | 209 |
| Asset management fees, commissions and other income | 948 | 164 | 648 | 151 | (15) |
| Total revenues | 5,849 | 2,062 | 1,583 | 2,020 | 184 |
| Benefits and Expenses (1): | | | | | |
| Insurance and annuity benefits | 2,439 | 994 | 266 | 1,162 | 17 |
| Interest credited to policyholders' account balances | 632 | 175 | 421 | 50 | (14) |
| Interest expense | 192 | 30 | 45 | 3 | 114 |
| Deferral of acquisition costs | (439) | (196) | (15) | (242) | 14 |
| Amortization of acquisition costs | 172 | 112 | 13 | 89 | (42) |
| General and administrative expenses | 2,039 | 582 | 857 | 581 | 19 |
| Total benefits and expenses | 5,035 | 1,697 | 1,587 | 1,643 | 108 |
| Adjusted operating income (loss) before income taxes | 814 | 365 | (4) | 377 | 76 |

(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. 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.

Prudential Financial

FINANCIAL SERVICES BUSINESSES COMBINING STATEMENTS OF OPERATIONS - BY DIVISION
(in millions)

| | Twelve Months Ended December 31, 2006 | | | | |
|---|---|---|---|---|---|
| | Total Financial Services Businesses | Insurance Division | Investment Division | International Insurance & Investments Division | Corporate and Other Operations |
| Revenues (1) : | | | | | |
| Premiums | 10,287 | 4,066 | 294 | 5,946 | (19) |
| Policy charges and fee income | 2,649 | 2,213 | 179 | 286 | (29) |
| Net investment income | 7,660 | 1,787 | 3,663 | 1,425 | 785 |
| Asset management fees, commissions and other income | 4,250 | 806 | 2,866 | 663 | (85) |
| Total revenues | 24,846 | 8,872 | 7,002 | 8,320 | 652 |
| Benefits and Expenses (1): | | | | | |
| Insurance and annuity benefits | 10,423 | 4,593 | 1,104 | 4,682 | 44 |
| Interest credited to policyholders' account balances | 2,790 | 763 | 1,853 | 251 | (77) |
| Interest expense | 949 | 139 | 238 | 10 | 562 |
| Deferral of acquisition costs | (2,037) | (1,001) | (93) | (1,007) | 64 |
| Amortization of acquisition costs | 670 | 207 | 52 | 454 | (43) |
| General and administrative expenses | 7,877 | 2,812 | 2,685 | 2,364 | 16 |
| Total benefits and expenses | 20,672 | 7,513 | 5,839 | 6,754 | 566 |
| Adjusted operating income before income taxes | 4,174 | 1,359 | 1,163 | 1,566 | 86 |

| | Twelve Months Ended December 31, 2005 | | | | |
|---|---|---|---|---|---|
| | Total Financial Services Businesses | Insurance Division | Investment Division | International Insurance & Investments Division | Corporate and Other Operations |
| Revenues (1): | | | | | |
| Premiums | 10,128 | 3,728 | 320 | 6,098 | (18) |
| Policy charges and fee income | 2,529 | 2,098 | 188 | 264 | (21) |
| Net investment income | 6,863 | 1,702 | 3,155 | 1,324 | 682 |
| Asset management fees, commissions and other income | 3,608 | 651 | 2,511 | 472 | (26) |
| Total revenues | 23,128 | 8,179 | 6,174 | 8,158 | 617 |
| Benefits and Expenses (1): | | | | | |
| Insurance and annuity benefits | 9,990 | 4,013 | 1,049 | 4,865 | 63 |
| Interest credited to policyholders' account balances | 2,516 | 715 | 1,633 | 207 | (39) |
| Interest expense | 615 | 111 | 115 | 22 | 367 |
| Deferral of acquisition costs | (1,801) | (797) | (61) | (1,003) | 60 |
| Amortization of acquisition costs | 910 | 545 | 54 | 390 | (79) |
| General and administrative expenses | 7,346 | 2,365 | 2,677 | 2,261 | 43 |
| Total benefits and expenses | 19,576 | 6,952 | 5,467 | 6,742 | 415 |
| Adjusted operating income before income taxes | 3,552 | 1,227 | 707 | 1,416 | 202 |

(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. 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.

Prudential Financial

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

| | As of December 31, 2006 | | | | |
|---|---|---|---|---|---|
| | Total Financial Services Businesses | Insurance Division | Investment Division | International Insurance & Investments Division | Corporate and Other Operations |
| Assets: | | | | | |
| Total investments | 165,323 | 33,154 | 65,862 | 52,884 | 13,423 |
| Deferred policy acquisition costs | 9,854 | 5,447 | 176 | 4,397 | (166) |
| Other assets | 27,627 | 5,555 | 8,353 | 7,968 | 5,751 |
| Separate account assets | 177,463 | 87,380 | 91,257 | 153 | (1,327) |
| Total assets | 380,267 | 131,536 | 165,648 | 65,402 | 17,681 |
| Liabilities: | | | | | |
| Future policy benefits | 56,245 | 7,905 | 14,517 | 33,333 | 490 |
| Policyholders' account balances | 75,090 | 20,511 | 40,616 | 15,842 | (1,879) |
| Debt | 20,471 | 3,491 | 2,164 | 1,346 | 13,470 |
| Other liabilities | 29,308 | 5,968 | 10,846 | 8,154 | 4,340 |
| Separate account liabilities | 177,463 | 87,380 | 91,257 | 153 | (1,327) |
| Total liabilities | 358,577 | 125,255 | 159,400 | 58,828 | 15,094 |
| Attributed Equity: | | | | | |
| Accumulated other comprehensive income (loss) | 496 | 235 | 118 | 694 | (551) |
| Other attributed equity | 21,194 | 6,046 | 6,130 | 5,880 | 3,138 |
| Total attributed equity | 21,690 | 6,281 | 6,248 | 6,574 | 2,587 |
| Total liabilities and attributed equity | 380,267 | 131,536 | 165,648 | 65,402 | 17,681 |

| | As of December 31, 2005 | | | | |
|---|---|---|---|---|---|
| | Total Financial Services Businesses | Insurance Division | Investment Division | International Insurance & Investments Division | Corporate and Other Operations |
| Assets: | | | | | |
| Total investments | 153,905 | 31,117 | 60,941 | 47,930 | 13,917 |
| Deferred policy acquisition costs | 8,357 | 4,613 | 119 | 3,761 | (136) |
| Other assets | 25,468 | 3,531 | 8,524 | 7,343 | 6,070 |
| Separate account assets | 153,159 | 74,001 | 80,319 | 67 | (1,228) |
| Total assets | 340,889 | 113,262 | 149,903 | 59,101 | 18,623 |
| Liabilities: | | | | | |
| Future policy benefits | 51,759 | 7,129 | 13,339 | 30,633 | 658 |
| Policyholders' account balances | 70,091 | 19,204 | 37,901 | 14,060 | (1,074) |
| Debt | 15,967 | 1,950 | 1,623 | 1,032 | 11,362 |
| Other liabilities | 28,259 | 4,949 | 10,707 | 7,672 | 4,931 |
| Separate account liabilities | 153,159 | 74,001 | 80,319 | 67 | (1,228) |
| Total liabilities | 319,235 | 107,233 | 143,889 | 53,464 | 14,649 |
| Attributed Equity: | | | | | |
| Accumulated other comprehensive income | 1,108 | 293 | 65 | 737 | 13 |
| Other attributed equity | 20,546 | 5,736 | 5,949 | 4,900 | 3,961 |
| Total attributed equity | 21,654 | 6,029 | 6,014 | 5,637 | 3,974 |
| Total liabilities and attributed equity | 340,889 | 113,262 | 149,903 | 59,101 | 18,623 |

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

| | As of December 31, 2006 | | | As of December 31, 2005 | | |
|---|---|---|---|---|---|---|
| | Short-term Debt | Long-term Debt | Total Debt | Short-term Debt | Long-term Debt | Total Debt |
| **Financial Services Businesses** | | | | | | |
| ***Borrowings by use of proceeds:*** | | | | | | |
| Capital Debt | 255 | 4,122 | 4,377 | 353 | 3,846 | 4,199 |
| Investment related | 7,053 | 5,116 | 12,169 | 5,442 | 2,449 | 7,891 |
| Securities business related | 2,334 | — | 2,334 | 2,758 | 107 | 2,865 |
| Specified other businesses | 1,154 | 381 | 1,535 | 893 | 63 | 956 |
| Limited recourse and non-recourse borrowing | 2 | 54 | 56 | 1 | 55 | 56 |
| Total debt - Financial Services Businesses | 10,798 | 9,673 | 20,471 | 9,447 | 6,520 | 15,967 |
| Ratio of long-term and short-term capital debt to capitalization | | | 17.0% | | | 17.0% |
| **Closed Block Business** | | | | | | |
| Investment related | 1,738 | — | 1,738 | 1,667 | — | 1,667 |
| Limited recourse and non-recourse borrowing | — | 1,750 | 1,750 | — | 1,750 | 1,750 |
| Total debt | 1,738 | 1,750 | 3,488 | 1,667 | 1,750 | 3,417 |

| | As of December 31, 2006 | | | | As of December 31, 2005 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 |
| **Financial Services Businesses** | | | | | | | | |
| ***Borrowings by sources:*** | | | | | | | | |
| Capital Debt | 3,079 | 1,298 | — | 4,377 | 2,902 | 1,297 | — | 4,199 |
| Investment related | 7,372 | 3,763 | 1,034 | 12,169 | 4,173 | 3,718 | — | 7,891 |
| Securities business related | 712 | 1,191 | 431 | 2,334 | 1,117 | 1,173 | 575 | 2,865 |
| Specified other businesses | 424 | 998 | 113 | 1,535 | 116 | 692 | 148 | 956 |
| Limited recourse and non-recourse borrowing | — | — | 56 | 56 | — | — | 56 | 56 |
| Total debt - Financial Services Businesses | 11,587 | 7,250 | 1,634 | 20,471 | 8,308 | 6,880 | 779 | 15,967 |

(1) Includes Prudential Funding, LLC.
(2) Capital debt at Prudential Insurance Co. of America includes $693 million of Surplus Notes for December 31, 2006 and December 31, 2005.

COMBINED STATEMENTS OF OPERATIONS - INSURANCE DIVISION
(in millions)

| Year-to-date 2006 | Year-to-date 2005 | % Change | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|---|
| | | | Revenues (1): | | | | | |
| 4,066 | 3,728 | 9% | Premiums | 943 | 982 | 1,005 | 1,027 | 1,052 |
| 2,213 | 2,098 | 5% | Policy charges and fee income | 530 | 543 | 559 | 474 | 637 |
| 1,787 | 1,702 | 5% | Net investment income | 425 | 418 | 438 | 463 | 468 |
| 806 | 651 | 24% | Asset management fees, commissions and other income | 164 | 178 | 169 | 241 | 218 |
| 8,872 | 8,179 | 8% | Total revenues | 2,062 | 2,121 | 2,171 | 2,205 | 2,375 |
| | | | Benefits and Expenses (1): | | | | | |
| 4,593 | 4,013 | 14% | Insurance and annuity benefits | 994 | 1,070 | 1,144 | 1,225 | 1,154 |
| 763 | 715 | 7% | Interest credited to policyholders' account balances | 175 | 180 | 181 | 196 | 206 |
| 139 | 111 | 25% | Interest expense | 30 | 30 | 28 | 37 | 44 |
| (1,001) | (797) | -26% | Deferral of acquisition costs | (196) | (256) | (228) | (235) | (282) |
| 207 | 545 | -62% | Amortization of acquisition costs | 112 | 131 | 142 | (191) | 125 |
| 2,812 | 2,365 | 19% | General and administrative expenses | 582 | 668 | 657 | 708 | 779 |
| 7,513 | 6,952 | 8% | Total benefits and expenses | 1,697 | 1,823 | 1,924 | 1,740 | 2,026 |
| 1,359 | 1,227 | 11% | Adjusted operating income before income taxes | 365 | 298 | 247 | 465 | 349 |

(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.

Prudential Financial

COMBINING STATEMENTS OF OPERATIONS - INSURANCE DIVISION
(in millions)

| | Twelve Months Ended December 31, 2006 | | | | Quarter Ended December 31, 2006 | | | |
|---|---|---|---|---|---|---|---|---|
| | Total Insurance Division | Individual Life | Individual Annuities | Group Insurance | Total Insurance Division | Individual Life | Individual Annuities | Group Insurance |
| Revenues (1): | | | | | | | | |
| Premiums | 4,066 | 429 | 81 | 3,556 | 1,052 | 117 | 24 | 911 |
| Policy charges and fee income | 2,213 | 920 | 986 | 307 | 637 | 267 | 291 | 79 |
| Net investment income | 1,787 | 548 | 618 | 621 | 468 | 149 | 156 | 163 |
| Asset management fees, commissions and other income | 806 | 319 | 416 | 71 | 218 | 72 | 125 | 21 |
| Total revenues | 8,872 | 2,216 | 2,101 | 4,555 | 2,375 | 605 | 596 | 1,174 |
| Benefits and Expenses (1): | | | | | | | | |
| Insurance and annuity benefits | 4,593 | 863 | 233 | 3,497 | 1,154 | 203 | 67 | 884 |
| Interest credited to policyholders' account balances | 763 | 203 | 356 | 204 | 206 | 54 | 97 | 55 |
| Interest expense | 139 | 82 | 50 | 7 | 44 | 27 | 15 | 2 |
| Deferral of acquisition costs | (1,001) | (351) | (534) | (116) | (282) | (97) | (151) | (34) |
| Amortization of acquisition costs | 207 | 2 | 203 | 2 | 125 | 57 | 67 | 1 |
| General and administrative expenses (2) | 2,812 | 873 | 1,207 | 732 | 779 | 229 | 347 | 203 |
| Total benefits and expenses | 7,513 | 1,672 | 1,515 | 4,326 | 2,026 | 473 | 442 | 1,111 |
| Adjusted operating income before income taxes | 1,359 | 544 | 586 | 229 | 349 | 132 | 154 | 63 |

| | Twelve Months Ended December 31, 2005 | | | | Quarter Ended December 31, 2005 | | | |
|---|---|---|---|---|---|---|---|---|
| | Total Insurance Division | Individual Life | Individual Annuities | Group Insurance | Total Insurance Division | Individual Life | Individual Annuities | Group Insurance |
| Revenues (1): | | | | | | | | |
| Premiums | 3,728 | 391 | 67 | 3,270 | 943 | 109 | 17 | 817 |
| Policy charges and fee income | 2,098 | 1,095 | 712 | 291 | 530 | 277 | 181 | 72 |
| Net investment income | 1,702 | 496 | 615 | 591 | 425 | 128 | 150 | 147 |
| Asset management fees, commissions and other income | 651 | 280 | 323 | 48 | 164 | 66 | 84 | 14 |
| Total revenues | 8,179 | 2,262 | 1,717 | 4,200 | 2,062 | 580 | 432 | 1,050 |
| Benefits and Expenses (1): | | | | | | | | |
| Insurance and annuity benefits | 4,013 | 631 | 168 | 3,214 | 994 | 175 | 39 | 780 |
| Interest credited to policyholders' account balances | 715 | 177 | 337 | 201 | 175 | 48 | 79 | 48 |
| Interest expense | 111 | 66 | 30 | 15 | 30 | 18 | 10 | 2 |
| Deferral of acquisition costs | (797) | (314) | (421) | (62) | (196) | (82) | (113) | (1) |
| Amortization of acquisition costs | 545 | 369 | 173 | 3 | 112 | 75 | 37 | — |
| General and administrative expenses (2) | 2,365 | 835 | 925 | 605 | 582 | 204 | 237 | 141 |
| Total benefits and expenses | 6,952 | 1,764 | 1,212 | 3,976 | 1,697 | 438 | 289 | 970 |
| Adjusted operating income before income taxes | 1,227 | 498 | 505 | 224 | 365 | 142 | 143 | 80 |

(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.

(2) General and administrative expenses for Individual Annuities include $89 million for the twelve months ended December 31, 2006, $42 million for the twelve months ended December 31, 2005, $30 million for the quarter ended December 31, 2006 and $5 million for the quarter ended December 31, 2005 for the amortization, net of interest, of value of business acquired (VOBA) associated with the American Skandia and Allstate acquisitions.

INSURANCE DIVISION - INDIVIDUAL LIFE SALES, ACCOUNT VALUE ACTIVITY, AND FACE AMOUNT IN FORCE
(in millions)

| Year-to-date 2006 | Year-to-date 2005 | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|
| | | **SALES:** | | | | | |
| | | Excluding corporate-owned life insurance: | | | | | |
| 90 | 83 | Variable life | 27 | 21 | 24 | 25 | 20 |
| 192 | 214 | Universal life | 56 | 40 | 43 | 34 | 75 |
| 148 | 122 | Term life | 33 | 31 | 34 | 35 | 48 |
| 430 | 419 | Total excluding corporate-owned life insurance | 116 | 92 | 101 | 94 | 143 |
| 12 | 7 | Corporate-owned life insurance | 2 | 1 | 4 | 5 | 2 |
| 442 | 426 | Total | 118 | 93 | 105 | 99 | 145 |
| | | **SALES BY DISTRIBUTION CHANNEL:** | | | | | |
| | | Excluding corporate-owned life insurance: | | | | | |
| 181 | 212 | Prudential Agents | 50 | 45 | 45 | 37 | 54 |
| 249 | 207 | Third party distribution | 66 | 47 | 56 | 57 | 89 |
| 12 | 7 | Corporate-owned life insurance | 2 | 1 | 4 | 5 | 2 |
| 442 | 426 | Total | 118 | 93 | 105 | 99 | 145 |
| | | **ACCOUNT VALUE ACTIVITY:** | | | | | |
| | | ***Policyholders' Account Balances (1):*** | | | | | |
| 5,694 | 5,284 | Beginning balance | 5,619 | 5,694 | 5,802 | 5,891 | 6,018 |
| 1,278 | 1,208 | Premiums and deposits | 289 | 307 | 332 | 299 | 340 |
| (1,018) | (815) | Surrenders and withdrawals | (216) | (242) | (278) | (284) | (214) |
| 260 | 393 | Net sales | 73 | 65 | 54 | 15 | 126 |
| (138) | (126) | Benefit payments | (39) | (37) | (32) | (36) | (33) |
| 122 | 267 | Net flows | 34 | 28 | 22 | (21) | 93 |
| 352 | 154 | Interest credited and other | 45 | 83 | 60 | 149 | 60 |
| 242 | 188 | Net transfers from separate account | 49 | 55 | 66 | 59 | 62 |
| (245) | (199) | Policy charges | (53) | (58) | (59) | (60) | (68) |
| 6,165 | 5,694 | Ending balance | 5,694 | 5,802 | 5,891 | 6,018 | 6,165 |
| | | ***Separate Account Liabilities:*** | | | | | |
| 16,170 | 15,180 | Beginning balance | 15,808 | 16,170 | 16,682 | 16,313 | 16,747 |
| 1,221 | 1,356 | Premiums and deposits | 407 | 301 | 332 | 298 | 290 |
| (693) | (653) | Surrenders and withdrawals | (149) | (177) | (198) | (173) | (145) |
| 528 | 703 | Net sales | 258 | 124 | 134 | 125 | 145 |
| (34) | (18) | Benefit payments | (5) | (9) | (9) | (7) | (9) |
| 494 | 685 | Net flows | 253 | 115 | 125 | 118 | 136 |
| 1,962 | 1,298 | Change in market value, interest credited and other | 359 | 653 | (228) | 574 | 963 |
| (242) | (188) | Net transfers to general account | (49) | (55) | (66) | (59) | (62) |
| (798) | (805) | Policy charges | (201) | (201) | (200) | (199) | (198) |
| 17,586 | 16,170 | Ending balance | 16,170 | 16,682 | 16,313 | 16,747 | 17,586 |
| | | **FACE AMOUNT IN FORCE (2):** | | | | | |
| | | Variable life | 142,408 | 141,962 | 140,629 | 140,139 | 139,847 |
| | | Universal life | 18,835 | 19,639 | 20,318 | 21,017 | 21,971 |
| | | Term life | 201,139 | 210,589 | 221,072 | 231,971 | 247,933 |
| | | Total | 362,382 | 372,190 | 382,019 | 393,127 | 409,751 |

(1) Includes fixed rate funds, alliance deposits, supplementary contracts and deferred revenues on variable products.
(2) At end of period; before reinsurance ceded.

INSURANCE DIVISION - SUPPLEMENTARY INFORMATION FOR INDIVIDUAL LIFE INSURANCE
(dollar amounts in millions)

| Year-to-date 2006 | Year-to-date 2005 | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|
| | | **Individual Life Insurance:** | | | | | |
| | | Policy Surrender Experience: | | | | | |
| 744 | 698 | Cash value of surrenders | 163 | 191 | 212 | 181 | 160 |
| 3.5% | 3.5% | Cash value of surrenders as a percentage of mean future policy benefits, policyholders' account balances, and separate account balances | 3.2% | 3.7% | 4.1% | 3.4% | 2.9% |
| | | Death benefits per $1,000 of in force (1): | | | | | |
| 3.31 | 2.97 | Variable and universal life | 3.04 | 2.87 | 3.59 | 3.22 | 3.51 |
| 1.38 | 1.12 | Term life | 0.89 | 1.09 | 1.64 | 1.92 | 1.17 |
| 2.84 | 2.61 | Total, Individual Life Insurance | 2.63 | 2.50 | 3.20 | 2.93 | 2.84 |

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

INSURANCE DIVISION - INDIVIDUAL ANNUITIES SALES RESULTS, ACCOUNT VALUES AND MINIMUM GUARANTEES
(in millions)

| Year-to-date 2006 | Year-to-date 2005 | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|
| | | **SALES AND ACCOUNT VALUES:** | | | | | |
| | | Variable Annuities: | | | | | |
| 50,778 | 47,418 | Beginning total account value | 49,484 | 50,778 | 53,181 | 68,807 | 70,555 |
| 9,593 | 7,106 | Sales | 1,964 | 2,129 | 2,500 | 2,323 | 2,641 |
| (7,722) | (5,691) | Surrenders and withdrawals | (1,436) | (1,585) | (1,757) | (2,084) | (2,296) |
| 1,871 | 1,415 | Net sales | 528 | 544 | 743 | 239 | 345 |
| (918) | (678) | Benefit payments | (158) | (185) | (225) | (244) | (264) |
| 953 | 737 | Net flows | 370 | 359 | 518 | (5) | 81 |
| 7,448 | 3,299 | Change in market value, interest credited, and other | 1,106 | 2,228 | (1,000) | 2,012 | 4,208 |
| (936) | (676) | Policy charges | (182) | (184) | (204) | (259) | (289) |
| 16,312 | — | Acquisition | — | — | 16,312 | — | — |
| 74,555 | 50,778 | Ending total account value | 50,778 | 53,181 | 68,807 | 70,555 | 74,555 |
| | | Fixed Annuities: | | | | | |
| 3,991 | 3,879 | Beginning total account value | 4,033 | 3,991 | 3,941 | 3,871 | 3,814 |
| 119 | 361 | Sales | 27 | 28 | 32 | 33 | 26 |
| (313) | (231) | Surrenders and withdrawals | (66) | (69) | (92) | (75) | (77) |
| (194) | 130 | Net sales (redemptions) | (39) | (41) | (60) | (42) | (51) |
| (176) | (160) | Benefit payments | (41) | (43) | (42) | (41) | (50) |
| (370) | (30) | Net flows | (80) | (84) | (102) | (83) | (101) |
| 131 | 147 | Interest credited and other | 39 | 35 | 33 | 27 | 36 |
| (4) | (5) | Policy charges | (1) | (1) | (1) | (1) | (1) |
| 3,748 | 3,991 | Ending total account value | 3,991 | 3,941 | 3,871 | 3,814 | 3,748 |
| | | **SALES BY DISTRIBUTION CHANNEL:** | | | | | |
| | | Variable and Fixed Annuities (1): | | | | | |
| 1,990 | 1,494 | Insurance Agents | 391 | 405 | 481 | 466 | 638 |
| 1,069 | 542 | Wirehouses | 176 | 194 | 266 | 257 | 352 |
| 6,653 | 5,431 | Independent Financial Planners (2) | 1,424 | 1,558 | 1,785 | 1,633 | 1,677 |
| 9,712 | 7,467 | Total | 1,991 | 2,157 | 2,532 | 2,356 | 2,667 |
| | | **VARIABLE ANNUITY MINIMUM DEATH BENEFIT GUARANTEES (3):** | | | | | |
| | | *Return of net deposits:* | | | | | |
| | | Account value | 28,290 | 29,988 | 32,897 | 34,288 | 37,071 |
| | | Net amount at risk | 1,974 | 1,751 | 1,870 | 1,724 | 1,491 |
| | | *Minimum return, anniversary contract value, or maximum contract value:* | | | | | |
| | | Account value | 17,022 | 17,755 | 30,594 | 30,942 | 32,118 |
| | | Net amount at risk | 1,809 | 1,600 | 3,378 | 3,009 | 2,528 |
| | | Variable Annuity Account Values with Living Benefit Features (3): | | | | | |
| | | Guaranteed minimum accumulation benefits | 7,162 | 7,738 | 9,231 | 9,667 | 10,452 |
| | | Guaranteed minimum withdrawal benefits | 815 | 885 | 1,678 | 1,853 | 2,028 |
| | | Guaranteed minimum income benefits | 3,052 | 3,203 | 7,047 | 7,113 | 7,329 |
| | | Guaranteed minimum withdrawal & income benefits | 2,951 | 4,155 | 5,304 | 6,678 | 8,570 |
| | | Total | 13,980 | 15,981 | 23,260 | 25,311 | 28,379 |

(1) Amounts represent gross sales.
(2) Including bank distribution.
(3) At end of period.

INSURANCE DIVISION - INDIVIDUAL ANNUITIES ACCOUNT VALUE ACTIVITY
(in millions)

| Year-to-date 2006 | Year-to-date 2005 | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|
| | | **INDIVIDUAL ANNUITIES:** | | | | | |
| | | *Account Values in General Account (1):* | | | | | |
| 9,231 | 9,613 | Beginning balance | 9,437 | 9,231 | 8,850 | 10,722 | 10,222 |
| 462 | 649 | Premiums and deposits | 69 | 74 | 96 | 182 | 110 |
| (1,268) | (935) | Surrenders and withdrawals | (250) | (273) | (313) | (350) | (332) |
| (806) | (286) | Net redemptions | (181) | (199) | (217) | (168) | (222) |
| (401) | (303) | Benefit payments | (72) | (94) | (92) | (101) | (114) |
| (1,207) | (589) | Net flows | (253) | (293) | (309) | (269) | (336) |
| 368 | 361 | Interest credited and other | 88 | 86 | 89 | 98 | 95 |
| (416) | (146) | Net transfers (to) from separate account | (39) | (173) | 539 | (329) | (453) |
| (3) | (8) | Policy charges | (2) | (1) | (1) | — | (1) |
| 1,554 | — | Acquisition | — | — | 1,554 | — | — |
| 9,527 | 9,231 | Ending balance | 9,231 | 8,850 | 10,722 | 10,222 | 9,527 |
| | | *Account Values in Separate Account:* | | | | | |
| 45,538 | 41,684 | Beginning balance | 44,080 | 45,538 | 48,272 | 61,956 | 64,147 |
| 9,250 | 6,818 | Premiums and deposits | 1,922 | 2,083 | 2,436 | 2,173 | 2,558 |
| (6,767) | (4,988) | Surrenders and withdrawals | (1,252) | (1,380) | (1,537) | (1,809) | (2,041) |
| 2,483 | 1,830 | Net sales | 670 | 703 | 899 | 364 | 517 |
| (692) | (534) | Benefit payments | (127) | (134) | (175) | (184) | (199) |
| 1,791 | 1,296 | Net flows | 543 | 569 | 724 | 180 | 318 |
| 7,210 | 3,085 | Change in market value, interest credited and other | 1,057 | 2,177 | (1,056) | 1,942 | 4,147 |
| 416 | 146 | Net transfers (to) from general account | 39 | 173 | (539) | 329 | 453 |
| (937) | (673) | Policy charges | (181) | (185) | (203) | (260) | (289) |
| 14,758 | — | Acquisition | — | — | 14,758 | — | — |
| 68,776 | 45,538 | Ending balance | 45,538 | 48,272 | 61,956 | 64,147 | 68,776 |

(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.

Prudential Financial

INSURANCE DIVISION - SUPPLEMENTARY INFORMATION FOR GROUP INSURANCE
(dollar amounts in millions)

| Year-to-date 2006 | Year-to-date 2005 | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|
| | | **GROUP INSURANCE NEW ANNUALIZED PREMIUMS:** | | | | | |
| 366 | 370 | Group life | 34 | 206 | 25 | 98 | 37 |
| 138 | 154 | Group disability (1) | 17 | 74 | 18 | 29 | 17 |
| 504 | 524 | Total | 51 | 280 | 43 | 127 | 54 |
| | | Future Policy Benefits (2): | | | | | |
| | | Group life | 2,004 | 1,967 | 1,980 | 1,953 | 2,181 |
| | | Group disability (1) | 413 | 474 | 496 | 498 | 519 |
| | | Total | 2,417 | 2,441 | 2,476 | 2,451 | 2,700 |
| | | Policyholders' Account Balances (2): | | | | | |
| | | Group life | 4,916 | 4,935 | 5,178 | 5,325 | 5,466 |
| | | Group disability (1) | 98 | 95 | 101 | 108 | 112 |
| | | Total | 5,014 | 5,030 | 5,279 | 5,433 | 5,578 |
| | | Separate Account Liabilities (2): | | | | | |
| | | Group life | 12,294 | 12,588 | 14,334 | 15,023 | 16,412 |
| | | Group disability (1) | — | — | — | — | — |
| | | Total | 12,294 | 12,588 | 14,334 | 15,023 | 16,412 |
| | | Group Life Insurance: | | | | | |
| 3,296 | 3,009 | Gross premiums, policy charges and fee income (3) | 964 | 791 | 954 | 763 | 788 |
| 3,085 | 2,822 | Earned premiums, policy charges and fee income | 707 | 755 | 752 | 784 | 794 |
| 91.8% | 88.9% | Benefits ratio | 86.4% | 92.1% | 95.4% | 89.8% | 90.1% |
| 9.6% | 8.9% | Administrative operating expense ratio | 7.3% | 9.4% | 7.9% | 10.0% | 11.4% |
| | | Persistency ratio | 95.2% | 96.5% | 95.9% | 95.1% | 94.8% |
| | | Group Disability Insurance (1): | | | | | |
| 823 | 781 | Gross premiums, policy charges and fee income (3) | 190 | 199 | 203 | 210 | 211 |
| 778 | 739 | Earned premiums, policy charges and fee income | 182 | 189 | 198 | 195 | 196 |
| 85.5% | 95.4% | Benefits ratio | 92.9% | 87.3% | 89.4% | 79.5% | 85.7% |
| 21.5% | 20.9% | Administrative operating expense ratio | 21.6% | 21.6% | 21.7% | 20.5% | 22.3% |
| | | Persistency ratio | 85.4% | 94.2% | 92.2% | 90.8% | 89.9% |

(1) Group disability amounts include long-term care products.
(2) As of end of period.
(3) Before returns of premiums to participating policyholders for favorable claims experience.

Prudential Financial

## INSURANCE DIVISION – DEFERRED POLICY ACQUISITION COSTS
(in millions)

| Year-to-date 2006 | Year-to-date 2005 | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|
| | | INDIVIDUAL LIFE INSURANCE: | | | | | |
| 3,187 | 3,151 | Beginning balance | 3,158 | 3,187 | 3,253 | 3,277 | 3,508 |
| 351 | 314 | Capitalization | 82 | 80 | 83 | 91 | 97 |
| (2) | (369) | Amortization - operating results | (75) | (74) | (91) | 220 | (57) |
| — | — | Amortization - realized investment gains and losses | — | — | — | — | — |
| 14 | 91 | Impact of unrealized (gains) or losses on AFS securities | 22 | 60 | 32 | (80) | 2 |
| 3,550 | 3,187 | Ending balance | 3,187 | 3,253 | 3,277 | 3,508 | 3,550 |
| | | INDIVIDUAL ANNUITIES: | | | | | |
| 1,256 | 907 | Beginning balance | 1,155 | 1,256 | 1,337 | 1,470 | 1,532 |
| 534 | 421 | Capitalization | 113 | 119 | 133 | 131 | 151 |
| (203) | (173) | Amortization - operating results | (37) | (57) | (51) | (28) | (67) |
| 20 | (1) | Amortization - realized investment gains and losses | 2 | — | 8 | 12 | — |
| 6 | 102 | Impact of unrealized (gains) or losses on AFS securities | 23 | 19 | 43 | (53) | (3) |
| 1,613 | 1,256 | Ending balance | 1,256 | 1,337 | 1,470 | 1,532 | 1,613 |
| | | GROUP INSURANCE: | | | | | |
| 170 | 111 | Beginning balance | 169 | 170 | 227 | 239 | 251 |
| 116 | 62 | Capitalization | 1 | 57 | 12 | 13 | 34 |
| (2) | (3) | Amortization - operating results | — | — | — | (1) | (1) |
| — | — | Amortization - realized investment gains and losses | — | — | — | — | — |
| — | — | Impact of unrealized losses on AFS securities | — | — | — | — | — |
| 284 | 170 | Ending balance | 170 | 227 | 239 | 251 | 284 |
| | | TOTAL INSURANCE DIVISION: | | | | | |
| 4,613 | 4,169 | Beginning balance | 4,482 | 4,613 | 4,817 | 4,986 | 5,291 |
| 1,001 | 797 | Capitalization | 196 | 256 | 228 | 235 | 282 |
| (207) | (545) | Amortization - operating results | (112) | (131) | (142) | 191 | (125) |
| 20 | (1) | Amortization - realized investment gains and losses | 2 | — | 8 | 12 | — |
| 20 | 193 | Impact of unrealized (gains) or losses on AFS securities | 45 | 79 | 75 | (133) | (1) |
| 5,447 | 4,613 | Ending balance | 4,613 | 4,817 | 4,986 | 5,291 | 5,447 |

Prudential Financial

COMBINED STATEMENTS OF OPERATIONS - INVESTMENT DIVISION
(in millions)

| Year-to-date 2006 | Year-to-date 2005 | % Change | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|---|
| | | | Revenues (1): | | | | | |
| 294 | 320 | -8% | Premiums | 70 | 92 | 30 | 84 | 88 |
| 179 | 188 | -5% | Policy charges and fee income | 48 | 48 | 43 | 45 | 43 |
| 3,663 | 3,155 | 16% | Net investment income | 817 | 849 | 917 | 927 | 970 |
| 2,866 | 2,511 | 14% | Asset management fees, commissions and other income | 648 | 745 | 656 | 625 | 840 |
| 7,002 | 6,174 | 13% | Total revenues | 1,583 | 1,734 | 1,646 | 1,681 | 1,941 |
| | | | Benefits and Expenses (1): | | | | | |
| 1,104 | 1,049 | 5% | Insurance and annuity benefits | 266 | 269 | 235 | 297 | 303 |
| 1,853 | 1,633 | 13% | Interest credited to policyholders' account balances | 421 | 429 | 452 | 475 | 497 |
| 238 | 115 | 107% | Interest expense | 45 | 46 | 62 | 63 | 67 |
| (93) | (61) | -52% | Deferral of acquisition costs | (15) | (22) | (22) | (25) | (24) |
| 52 | 54 | -4% | Amortization of acquisition costs | 13 | 13 | 17 | 12 | 10 |
| 2,685 | 2,677 | 0% | General and administrative expenses | 857 | 759 | 586 | 607 | 733 |
| 5,839 | 5,467 | 7% | Total benefits and expenses | 1,587 | 1,494 | 1,330 | 1,429 | 1,586 |
| 1,163 | 707 | 64% | Adjusted operating income (loss) before income taxes | (4) | 240 | 316 | 252 | 355 |

(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.

Prudential Financial

## COMBINING STATEMENTS OF OPERATIONS - INVESTMENT DIVISION
(in millions)

| | Twelve Months Ended December 31, 2006 | | | | Quarter Ended December 31, 2006 | | | |
|---|---|---|---|---|---|---|---|---|
| | Total Investment Division | Asset Management | Financial Advisory | Retirement | Total Investment Division | Asset Management | Financial Advisory | Retirement |
| Revenues (1): | | | | | | | | |
| Premiums | 294 | — | — | 294 | 88 | — | — | 88 |
| Policy charges and fee income | 179 | — | — | 179 | 43 | — | — | 43 |
| Net investment income | 3,663 | 213 | 25 | 3,425 | 970 | 65 | 1 | 904 |
| Asset management fees, commissions and other income | 2,866 | 1,837 | 549 | 480 | 840 | 571 | 141 | 128 |
| Total revenues | 7,002 | 2,050 | 574 | 4,378 | 1,941 | 636 | 142 | 1,163 |
| Benefits and Expenses (1): | | | | | | | | |
| Insurance and annuity benefits | 1,104 | — | — | 1,104 | 303 | — | — | 303 |
| Interest credited to policyholders' account balances | 1,853 | — | — | 1,853 | 497 | — | — | 497 |
| Interest expense | 238 | 41 | — | 197 | 67 | 16 | — | 51 |
| Deferral of acquisition costs | (93) | (17) | — | (76) | (24) | (3) | — | (21) |
| Amortization of acquisition costs | 52 | 27 | — | 25 | 10 | 6 | — | 4 |
| General and administrative expenses | 2,685 | 1,406 | 513 | 766 | 733 | 430 | 95 | 208 |
| Total benefits and expenses | 5,839 | 1,457 | 513 | 3,869 | 1,586 | 449 | 95 | 1,042 |
| Adjusted operating income before income taxes | 1,163 | 593 | 61 | 509 | 355 | 187 | 47 | 121 |

| | Twelve Months Ended December 31, 2005 | | | | Quarter Ended December 31, 2005 | | | |
|---|---|---|---|---|---|---|---|---|
| | Total Investment Division | Asset Management | Financial Advisory | Retirement | Total Investment Division | Asset Management | Financial Advisory | Retirement |
| Revenues (1): | | | | | | | | |
| Premiums | 320 | — | — | 320 | 70 | — | — | 70 |
| Policy charges and fee income | 188 | — | — | 188 | 48 | — | — | 48 |
| Net investment income | 3,155 | 105 | 10 | 3,040 | 817 | 30 | 3 | 784 |
| Asset management fees, commissions and other income | 2,511 | 1,591 | 443 | 477 | 648 | 406 | 121 | 121 |
| Total revenues | 6,174 | 1,696 | 453 | 4,025 | 1,583 | 436 | 124 | 1,023 |
| Benefits and Expenses (1): | | | | | | | | |
| Insurance and annuity benefits | 1,049 | — | — | 1,049 | 266 | — | — | 266 |
| Interest credited to policyholders' account balances | 1,633 | — | — | 1,633 | 421 | — | — | 421 |
| Interest expense | 115 | 16 | — | 99 | 45 | 6 | — | 39 |
| Deferral of acquisition costs | (61) | (17) | — | (44) | (15) | (3) | — | (12) |
| Amortization of acquisition costs | 54 | 33 | | 21 | 13 | 7 | — | 6 |
| General and administrative expenses | 2,677 | 1,200 | 708 | 769 | 857 | 317 | 328 | 212 |
| Total benefits and expenses | 5,467 | 1,232 | 708 | 3,527 | 1,587 | 327 | 328 | 932 |
| Adjusted operating income (loss) before income taxes | 707 | 464 | (255) | 498 | (4) | 109 | (204) | 91 |

(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.

INVESTMENT DIVISION - SUPPLEMENTARY REVENUE AND ASSETS UNDER MANAGEMENT INFORMATION FOR ASSET MANAGEMENT SEGMENT

| Year-to-date 2006 | Year-to-date 2005 | % Change | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|---|
| | | | **Supplementary Revenue Information (in millions):** | | | | | |
| | | | Analysis of revenues by type: | | | | | |
| 974 | 886 | 10% | Asset management fees | 233 | 234 | 237 | 244 | 259 |
| 581 | 345 | 68% | Incentive, transaction, principal investing and capital markets revenues | 88 | 144 | 111 | 79 | 247 |
| 495 | 465 | 6% | Service, distribution and other revenues | 115 | 124 | 121 | 120 | 130 |
| 2,050 | 1,696 | 21% | Total Asset Management segment revenues | 436 | 502 | 469 | 443 | 636 |
| | | | Analysis of asset management fees by source: | | | | | |
| 426 | 359 | 19% | Institutional customers | 97 | 98 | 102 | 111 | 115 |
| 310 | 289 | 7% | Retail customers | 76 | 76 | 76 | 75 | 83 |
| 238 | 238 | 0% | General account | 60 | 60 | 59 | 58 | 61 |
| 974 | 886 | 10% | Total asset management fees | 233 | 234 | 237 | 244 | 259 |

| | December 31, 2006 Equity | Fixed Income | Real Estate | Total |
|---|---|---|---|---|
| **Supplementary Assets Under Management Information (in billions):** | | | | |
| Institutional customers | 54.7 | 78.7 | 23.4 | 156.8 |
| Retail customers | 58.1 | 19.4 | 1.5 | 79.0 |
| General account | 4.0 | 162.8 | 0.8 | 167.6 |
| Total | 116.8 | 260.9 | 25.7 | 403.4 |

| | December 31, 2005 Equity | Fixed Income | Real Estate | Total |
|---|---|---|---|---|
| Institutional customers | 48.9 | 68.2 | 17.6 | 134.7 |
| Retail customers | 52.7 | 19.2 | 1.6 | 73.5 |
| General account | 3.5 | 154.6 | 1.1 | 159.2 |
| Total | 105.1 | 242.0 | 20.3 | 367.4 |

INVESTMENT DIVISION - SUPPLEMENTARY ASSETS UNDER MANAGEMENT AND ADMINISTRATION INFORMATION FOR ASSET MANAGEMENT SEGMENT
(in billions)

| Year-to-date 2006 | Year-to-date 2005 | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|
| | | **Institutional Assets Under Management:** | | | | | |
| | | Assets gathered by Investment Management & Advisory Services sales force: | | | | | |
| 101.3 | 84.8 | Beginning assets under management | 95.0 | 101.3 | 106.7 | 107.1 | 115.0 |
| 27.7 | 22.9 | Additions (1) | 7.3 | 7.3 | 5.3 | 6.8 | 8.3 |
| (16.9) | (12.5) | Withdrawals | (3.1) | (4.0) | (4.4) | (3.6) | (4.9) |
| 10.3 | 6.3 | Change in market value | 2.0 | 1.9 | (0.4) | 4.3 | 4.5 |
| 0.5 | (0.2) | Net money market flows | 0.1 | 0.2 | (0.1) | 0.4 | — |
| 122.9 | 101.3 | Ending assets under management | 101.3 | 106.7 | 107.1 | 115.0 | 122.9 |
| 33.9 | 33.4 | Affiliated institutional assets under management | 33.4 | 32.0 | 31.4 | 32.9 | 33.9 |
| 156.8 | 134.7 | Total assets managed for institutional customers at end of period | 134.7 | 138.7 | 138.5 | 147.9 | 156.8 |
| 10.8 | 10.4 | Net institutional additions other than money market | 4.2 | 3.3 | 0.9 | 3.2 | 3.4 |
| | | **Retail Assets Under Management:** | | | | | |
| | | Assets gathered by Investment Management & Advisory Services sales force: | | | | | |
| 38.7 | 33.2 | Beginning assets under management | 36.8 | 38.7 | 40.5 | 40.7 | 41.3 |
| 10.0 | 8.8 | Additions | 3.3 | 2.7 | 3.3 | 1.9 | 2.1 |
| (9.8) | (8.2) | Withdrawals | (2.3) | (2.3) | (3.0) | (2.6) | (1.9) |
| 3.6 | 4.1 | Change in market value | 1.0 | 1.3 | (1.0) | 1.3 | 2.0 |
| 0.9 | 0.1 | Net money market flows | 0.1 | 0.1 | 0.9 | — | (0.1) |
| — | 0.7 | Other (2) | (0.2) | — | — | — | — |
| 43.4 | 38.7 | Ending assets under management | 38.7 | 40.5 | 40.7 | 41.3 | 43.4 |
| 35.6 | 34.8 | Affiliated retail assets under management | 34.8 | 35.1 | 34.4 | 34.6 | 35.6 |
| 79.0 | 73.5 | Total assets managed for retail customers at end of period | 73.5 | 75.6 | 75.1 | 75.9 | 79.0 |
| 0.2 | 0.6 | Net retail additions (withdrawals) other than money market | 1.0 | 0.4 | 0.3 | (0.7) | 0.2 |
| | | **Wrap-fee Product Assets Under Administration:** | | | | | |
| 53.6 | 39.7 | Beginning total wrap-fee product assets | 50.2 | 53.6 | 59.1 | 60.5 | 63.9 |
| 22.3 | 21.7 | Additions (3) | 5.3 | 6.9 | 6.1 | 4.7 | 4.6 |
| (14.6) | (10.8) | Withdrawals | (3.0) | (4.1) | (3.6) | (3.2) | (3.7) |
| 7.8 | 3.0 | Change in market value | 1.1 | 2.7 | (1.1) | 1.9 | 4.3 |
| 69.1 | 53.6 | Ending total wrap-fee product assets | 53.6 | 59.1 | 60.5 | 63.9 | 69.1 |
| 7.7 | 10.9 | Net wrap-fee product additions | 2.3 | 2.8 | 2.5 | 1.5 | 0.9 |

(1) Additions include $1.8 billion for the year ended December 31, 2006, $0.4 billion for the quarter ended June 30, 2006, $1.4 billion for the quarter ended March 31, 2006, $.8 billion for the quarter ended December 31, 2005 and $1.2 billion for the year ended December 31, 2005 for assets transferred from the Retirement segment.

(2) Represents transfers of retail assets from or to non-Prudential managers.

(3) Substantially all relates to a contractual arrangement with Wachovia which provides for an essentially fixed annual fee commencing July 1, 2005.

Prudential Financial

INVESTMENT DIVISION - SUPPLEMENTARY INFORMATION FOR FINANCIAL ADVISORY SEGMENT
(dollar amounts in millions unless otherwise noted)

| Year-to-date 2006 | Year-to-date 2005 | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|
| | | **Information pertaining to Wachovia Securities Financial Holdings, LLC:** | | | | | |
| | | Revenues: | | | | | |
| 308 | 252 | Net investment income | 70 | 72 | 76 | 78 | 82 |
| 1,846 | 1,852 | Commissions | 449 | 483 | 451 | 422 | 490 |
| 2,126 | 1,842 | Fees | 485 | 503 | 534 | 534 | 555 |
| 206 | 170 | Other non-interest revenues | 47 | 53 | 33 | 53 | 67 |
| 4,486 | 4,116 | Total revenues | 1,051 | 1,111 | 1,094 | 1,087 | 1,194 |
| | | Expenses: | | | | | |
| 3,700 | 3,529 | Expenses before transition costs | 892 | 933 | 926 | 894 | 947 |
| — | 65 | Transition costs | — | — | — | — | — |
| 3,700 | 3,594 | Total expenses | 892 | 933 | 926 | 894 | 947 |
| 786 | 522 | Income before income taxes | 159 | 178 | 168 | 193 | 247 |
| 299 | 198 | Prudential Financial, Inc., 38% share of Wachovia Securities Financial Holdings, LLC | 60 | 68 | 63 | 74 | 94 |
| (5) | (6) | Purchase accounting and related adjustments | 1 | 1 | (3) | (1) | (2) |
| 294 | 192 | Prudential Financial, Inc., equity income from Wachovia Securities Financial Holdings, LLC | 61 | 69 | 60 | 73 | 92 |
| | | Recurring revenue as a percentage of total non-interest revenue (1) | 48.2% | 48.4% | 49.0% | 49.1% | 49.4% |
| | | Total client assets ($ in billions) (2) (3) | 683.6 | 688.7 | 704.3 | 729.9 | 754.8 |
| | | Distribution representatives (2): | | | | | |
| | | Series 7 Financial Advisors | 8,028 | 7,926 | 7,973 | 7,972 | 7,993 |
| | | Series 6 Financial Representatives | 2,458 | 2,454 | 2,541 | 2,477 | 2,497 |
| | | Customer debit balances ($ in billions) (2) | 5.8 | 5.4 | 5.1 | 4.9 | 4.8 |
| 27 | (255) | **Prudential Financial, Inc. income (loss) from investment in Wachovia Securities Financial Holdings, LLC, including 38% interest in results, costs incurred at Prudential level, and purchase accounting adjustments** | (206) | (107) | 30 | 51 | 53 |

(1) Calculated on a YTD annualized basis.
(2) As of end of period.
(3) Beginning in 2Q06, certain mutual fund assets were added to the overall client asset total. Prior periods have not been restated.

Prudential Financial

INVESTMENT DIVISION - RETIREMENT SALES RESULTS AND ACCOUNT VALUES
(in millions)

| Year-to-date 2006 | Year-to-date 2005 | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|
| | | **RETIREMENT SALES AND ACCOUNT VALUES** | | | | | |
| | | **Full Service:** | | | | | |
| 88,385 | 83,891 | Beginning total account value | 88,337 | 88,385 | 91,854 | 91,537 | 93,364 |
| 16,156 | 13,006 | Deposits and sales | 3,046 | 5,381 | 4,138 | 2,914 | 3,723 |
| (15,989) | (13,918) | Withdrawals and benefits | (4,530) | (5,471) | (3,412) | (3,272) | (3,834) |
| 8,878 | 5,406 | Change in market value, interest credited and interest income | 1,532 | 3,559 | (1,043) | 2,185 | 4,177 |
| 97,430 | 88,385 | Ending total account value | 88,385 | 91,854 | 91,537 | 93,364 | 97,430 |
| 167 | (912) | Net additions (withdrawals) | (1,484) | (90) | 726 | (358) | (111) |
| | | Stable value account values included above | 31,266 | 30,696 | 30,784 | 30,971 | 30,796 |
| | | **Institutional Investment Products:** | | | | | |
| 48,080 | 47,680 | Beginning total account value | 48,917 | 48,080 | 47,215 | 46,913 | 49,468 |
| 5,993 | 4,065 | Additions | 785 | 1,536 | 1,088 | 2,004 | 1,365 |
| (6,356) | (5,533) | Withdrawals and benefits (1) | (2,234) | (2,452) | (1,429) | (711) | (1,764) |
| 2,247 | 2,319 | Change in market value, interest credited and interest income | 562 | 182 | 423 | 995 | 647 |
| 305 | (451) | Other (2) | 50 | (131) | (384) | 267 | 553 |
| 50,269 | 48,080 | Ending total account value | 48,080 | 47,215 | 46,913 | 49,468 | 50,269 |
| (363) | (1,468) | Net additions (withdrawals) | (1,449) | (916) | (341) | 1,293 | (399) |

(1) Withdrawals and benefits include $1.8 billion for the year ended December 31, 2006, $0.4 billion for the quarter ended June 30, 2006, $1.4 billion for the quarter ended March 31, 2006, $.8 billion for the quarter ended December 31, 2005 and $1.2 billion for the year ended December 31, 2005 for assets transferred to the Asset Management segment.

(2) Primarily represents changes in asset balances for externally managed accounts.

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

| Year-to-date 2006 | Year-to-date 2005 | % Change | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|---|
| | | | Revenues (1): | | | | | |
| 5,946 | 6,098 | -2% | Premiums | 1,438 | 1,533 | 1,517 | 1,438 | 1,458 |
| 286 | 264 | 8% | Policy charges and fee income | 60 | 76 | 70 | 70 | 70 |
| 1,425 | 1,324 | 8% | Net investment income | 371 | 330 | 343 | 376 | 376 |
| 663 | 472 | 40% | Asset management fees, commissions and other income | 151 | 160 | 150 | 172 | 181 |
| 8,320 | 8,158 | 2% | Total revenues | 2,020 | 2,099 | 2,080 | 2,056 | 2,085 |
| | | | Benefits and Expenses (1): | | | | | |
| 4,682 | 4,865 | -4% | Insurance and annuity benefits | 1,162 | 1,224 | 1,203 | 1,112 | 1,143 |
| 251 | 207 | 21% | Interest credited to policyholders' account balances | 50 | 57 | 61 | 66 | 67 |
| 10 | 22 | -55% | Interest expense | 3 | 3 | 4 | 3 | — |
| (1,007) | (1,003) | 0% | Deferral of acquisition costs | (242) | (256) | (257) | (242) | (252) |
| 454 | 390 | 16% | Amortization of acquisition costs | 89 | 116 | 115 | 111 | 112 |
| 2,364 | 2,261 | 5% | General and administrative expenses | 581 | 573 | 596 | 578 | 617 |
| 6,754 | 6,742 | 0% | Total benefits and expenses | 1,643 | 1,717 | 1,722 | 1,628 | 1,687 |
| 1,566 | 1,416 | 11% | Adjusted operating income before income taxes | 377 | 382 | 358 | 428 | 398 |

(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.

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

| | Twelve Months Ended December 31, 2006 | | | | Quarter Ended December 31, 2006 | | | |
|---|---|---|---|---|---|---|---|---|
| | Total International Insurance & Investments Division | International Insurance - Life Planner Operations | International Insurance - Gibraltar Life | International Investments | Total International Insurance & Investments Division | International Insurance - Life Planner Operations | International Insurance - Gibraltar Life | International Investments |
| Revenues (1): | | | | | | | | |
| Premiums | 5,946 | 3,917 | 2,029 | — | 1,458 | 988 | 470 | — |
| Policy charges and fee income | 286 | 221 | 65 | — | 70 | 57 | 13 | — |
| Net investment income | 1,425 | 670 | 724 | 31 | 376 | 179 | 186 | 11 |
| Asset management fees, commissions and other income | 663 | 68 | 36 | 559 | 181 | 22 | 8 | 151 |
| Total revenues | 8,320 | 4,876 | 2,854 | 590 | 2,085 | 1,246 | 677 | 162 |
| Benefits and Expenses (1): | | | | | | | | |
| Insurance and annuity benefits | 4,682 | 3,018 | 1,664 | — | 1,143 | 773 | 370 | — |
| Interest credited to policyholders' account balances | 251 | 106 | 145 | — | 67 | 25 | 42 | — |
| Interest expense | 10 | 11 | (2) | 1 | — | 2 | (2) | — |
| Deferral of acquisition costs | (1,007) | (724) | (283) | — | (252) | (187) | (65) | — |
| Amortization of acquisition costs | 454 | 357 | 97 | — | 112 | 88 | 24 | — |
| General and administrative expenses | 2,364 | 1,178 | 740 | 446 | 617 | 313 | 176 | 128 |
| Total benefits and expenses | 6,754 | 3,946 | 2,361 | 447 | 1,687 | 1,014 | 545 | 128 |
| Adjusted operating income before income taxes | 1,566 | 930 | 493 | 143 | 398 | 232 | 132 | 34 |

| | Twelve Months Ended December 31, 2005 | | | | Quarter Ended December 31, 2005 | | | |
|---|---|---|---|---|---|---|---|---|
| | Total International Insurance & Investments Division | International Insurance - Life Planner Operations | International Insurance - Gibraltar Life | International Investments | Total International Insurance & Investments Division | International Insurance - Life Planner Operations | International Insurance - Gibraltar Life | International Investments |
| Revenues (1): | | | | | | | | |
| Premiums | 6,098 | 3,659 | 2,439 | — | 1,438 | 890 | 548 | — |
| Policy charges and fee income | 264 | 197 | 67 | — | 60 | 44 | 16 | — |
| Net investment income | 1,324 | 623 | 676 | 25 | 371 | 193 | 171 | 7 |
| Asset management fees, commissions and other income | 472 | 3 | 7 | 462 | 151 | 21 | 6 | 124 |
| Total revenues | 8,158 | 4,482 | 3,189 | 487 | 2,020 | 1,148 | 741 | 131 |
| Benefits and Expenses (1): | | | | | | | | |
| Insurance and annuity benefits | 4,865 | 2,836 | 2,029 | — | 1,162 | 707 | 455 | — |
| Interest credited to policyholders' account balances | 207 | 102 | 105 | — | 50 | 23 | 27 | — |
| Interest expense | 22 | 21 | (1) | 2 | 3 | 4 | — | (1) |
| Deferral of acquisition costs | (1,003) | (738) | (265) | — | (242) | (175) | (67) | — |
| Amortization of acquisition costs | 390 | 296 | 94 | — | 89 | 68 | 21 | — |
| General and administrative expenses | 2,261 | 1,157 | 725 | 379 | 581 | 292 | 194 | 95 |
| Total benefits and expenses | 6,742 | 3,674 | 2,687 | 381 | 1,643 | 919 | 630 | 94 |
| Adjusted operating income before income taxes | 1,416 | 808 | 502 | 106 | 377 | 229 | 111 | 37 |

(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.

Prudential Financial

INTERNATIONAL INSURANCE SEGMENT - SUPPLEMENTARY INCOME STATEMENT INFORMATION
(Yen and Dollars in millions)

| Year-to-date 2006 | Year-to-date 2005 | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|
| | | **Japanese Yen Basis Results:** | | | | | |
| | | Revenues (1): | | | | | |
| ¥ 381,925 | ¥ 351,573 | Japanese insurance operations excluding Gibraltar Life | ¥ 92,934 | ¥ 98,534 | ¥ 92,370 | ¥ 95,125 | ¥ 95,896 |
| 326,980 | 347,469 | Gibraltar Life | 84,366 | 84,650 | 84,387 | 80,804 | 77,139 |
| 708,905 | 699,042 | Total revenues, Japan, yen basis | 177,300 | 183,184 | 176,757 | 175,929 | 173,035 |
| | | Benefits and Expenses (1): | | | | | |
| 299,290 | 274,658 | Japanese insurance operations excluding Gibraltar Life | 71,278 | 77,842 | 74,339 | 72,202 | 74,907 |
| 273,675 | 292,252 | Gibraltar Life | 71,963 | 72,640 | 73,067 | 65,292 | 62,677 |
| 572,965 | 566,910 | Total benefits and expenses, Japan, yen basis | 143,241 | 150,482 | 147,406 | 137,494 | 137,584 |
| | | Adjusted operating income (2): | | | | | |
| 82,635 | 76,915 | Japanese insurance operations excluding Gibraltar Life | 21,656 | 20,692 | 18,031 | 22,923 | 20,989 |
| 53,305 | 55,217 | Gibraltar Life | 12,403 | 12,010 | 11,320 | 15,513 | 14,462 |
| ¥ 135,940 | ¥ 132,132 | Total adjusted operating income, Japan, yen basis | ¥ 34,059 | ¥ 32,702 | ¥ 29,351 | ¥ 38,436 | ¥ 35,451 |
| | | **U.S. Dollar adjusted operating income (3):** | | | | | |
| $ 775 | $ 700 | Japanese insurance operations excluding Gibraltar Life | $ 197 | $ 196 | $ 172 | $ 213 | $ 194 |
| 493 | 502 | Gibraltar Life | 111 | 110 | 102 | 149 | 132 |
| 1,268 | 1,202 | Total adjusted operating income, Japan, U.S. dollar basis | 308 | 306 | 274 | 362 | 326 |
| 155 | 108 | All other countries | 32 | 32 | 50 | 35 | 38 |
| $ 1,423 | $ 1,310 | Total adjusted operating income, International Insurance segment, U.S. dollar basis | $ 340 | $ 338 | $ 324 | $ 397 | $ 364 |

(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.

(2) Adjusted operating income on yen basis excludes impact of currency hedging.

(3) U.S. dollar adjusted operating income includes impact of currency hedging.

Prudential Financial

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

| Year-to-date 2006 | Year-to-date 2005 | | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q | 2006 4Q |
|---|---|---|---|---|---|---|---|
| | | INTERNATIONAL INSURANCE OPERATING DATA: | | | | | |
| | | **Actual exchange rate basis (1):** | | | | | |
| | | Net premiums, policy charges and fee income: | | | | | |
| 2,789 | 2,699 | Japan, excluding Gibraltar Life | 630 | 731 | 693 | 685 | 680 |
| 2,094 | 2,506 | Gibraltar Life | 564 | 562 | 559 | 490 | 483 |
| 1,349 | 1,157 | All other countries | 304 | 316 | 335 | 333 | 365 |
| 6,232 | 6,362 | Total | 1,498 | 1,609 | 1,587 | 1,508 | 1,528 |
| | | Annualized new business premiums: | | | | | |
| 480 | 576 | Japan, excluding Gibraltar Life | 109 | 138 | 113 | 114 | 115 |
| 357 | 323 | Gibraltar Life | 74 | 73 | 115 | 91 | 78 |
| 287 | 280 | All other countries | 82 | 78 | 72 | 60 | 77 |
| 1,124 | 1,179 | Total | 265 | 289 | 300 | 265 | 270 |
| | | Annualized new business premiums by distribution channel: | | | | | |
| 767 | 856 | Life Planners | 191 | 216 | 185 | 174 | 192 |
| 308 | 323 | Gibraltar Life Advisors | 74 | 73 | 96 | 71 | 68 |
| 49 | — | Banks (2) | — | — | 19 | 20 | 10 |
| 1,124 | 1,179 | Total | 265 | 289 | 300 | 265 | 270 |
| | | **Constant exchange rate basis (3):** | | | | | |
| | | Net premiums, policy charges and fee income: | | | | | |
| 3,180 | 2,906 | Japan, excluding Gibraltar Life | 722 | 839 | 777 | 779 | 785 |
| 2,386 | 2,669 | Gibraltar Life | 631 | 649 | 626 | 554 | 557 |
| 1,278 | 1,160 | All other countries | 308 | 304 | 317 | 316 | 341 |
| 6,844 | 6,735 | Total | 1,661 | 1,792 | 1,720 | 1,649 | 1,683 |
| | | Annualized new business premiums: | | | | | |
| 529 | 599 | Japan, excluding Gibraltar Life | 119 | 153 | 123 | 125 | 128 |
| 385 | 340 | Gibraltar Life | 81 | 80 | 121 | 98 | 86 |
| 273 | 281 | All other countries | 83 | 75 | 69 | 57 | 72 |
| 1,187 | 1,220 | Total | 283 | 308 | 313 | 280 | 286 |
| | | Annualized new business premiums by distribution channel: | | | | | |
| 802 | 880 | Life Planners | 202 | 228 | 192 | 182 | 200 |
| 336 | 340 | Gibraltar Life Advisors | 81 | 80 | 102 | 78 | 76 |
| 49 | — | Banks (2) | — | — | 19 | 20 | 10 |
| 1,187 | 1,220 | Total | 283 | 308 | 313 | 280 | 286 |

(1) Translated based on applicable average exchange rates for the period shown.
(2) Substantially all bank channel distribution represents U.S. dollar denominated Gibraltar Life fixed annuities.
(3) Foreign currencies translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen, 102 per U.S. dollar; Korean won 1030 per U.S. dollar.

INTERNATIONAL INSURANCE AND INVESTMENTS DIVISION - SALES RESULTS AND SUPPLEMENTARY INFORMATION

| | 2005 | 2006 | | | |
|---|---|---|---|---|---|
| | 4Q | 1Q | 2Q | 3Q | 4Q |
| Face amount of individual policies in force at end of period (in billions) (1)(2): | | | | | |
| (Constant exchange rate basis) | | | | | |
| Japan, excluding Gibraltar Life | 222 | 226 | 229 | 232 | 236 |
| Gibraltar Life | 199 | 198 | 197 | 197 | 196 |
| All other countries | 87 | 90 | 91 | 92 | 93 |
| Total | 508 | 514 | 517 | 521 | 525 |
| Number of individual policies in force at end of period (in thousands) (2): | | | | | |
| Japan, excluding Gibraltar Life | 1,956 | 1,996 | 2,023 | 2,049 | 2,074 |
| Gibraltar Life | 3,915 | 3,890 | 3,871 | 3,872 | 3,871 |
| All other countries | 1,088 | 1,127 | 1,150 | 1,169 | 1,201 |
| Total | 6,959 | 7,013 | 7,044 | 7,090 | 7,146 |
| International life insurance policy persistency: | | | | | |
| Excluding Gibraltar Life: | | | | | |
| 13 months | 93.0% | 92.8% | 93.0% | 92.9% | 93.0% |
| 25 months | 87.1% | 87.1% | 87.4% | 87.0% | 87.1% |
| Gibraltar Life: | | | | | |
| 13 months | 94.2% | 94.3% | 94.2% | 94.4% | 94.4% |
| 25 months | 87.3% | 87.7% | 88.0% | 87.9% | 87.8% |
| Number of Life Planners at end of period: | | | | | |
| Japan | 2,753 | 2,855 | 2,847 | 2,941 | 2,956 |
| All other countries | 2,874 | 2,857 | 2,879 | 2,861 | 2,872 |
| Total life planners | 5,627 | 5,712 | 5,726 | 5,802 | 5,828 |
| Gibraltar Life Advisors | 5,436 | 5,716 | 5,684 | 6,036 | 5,944 |

(1) Foreign currencies translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen, 102 per U.S. dollar; Korean won 1030 per U.S. dollar.
(2) Direct business only; policy count includes annuities.

Prudential Financial

INVESTMENT PORTFOLIO COMPOSITION
(in million)

| | December 31, 2006 | | | | December 31, 2005 | | | |
|---|---|---|---|---|---|---|---|---|
| | Consolidated Portfolio | Closed Block Business | Financial Services Businesses Amount | Financial Services Businesses % of Total | Consolidated Portfolio | Closed Block Business | Financial Services Businesses Amount | Financial Services Businesses % of Total |
| Fixed maturities: | | | | | | | | |
| Public, available for sale, at fair value | 131,554 | 38,752 | 92,802 | 58.2% | 122,897 | 35,885 | 87,012 | 58.3% |
| Public, held to maturity, at amortized cost | 3,025 | — | 3,025 | 1.9% | 3,022 | — | 3,022 | 2.0% |
| Private, available for sale, at fair value | 30,357 | 12,021 | 18,336 | 11.5% | 30,980 | 13,361 | 17,619 | 11.8% |
| Private, held to maturity, at amortized cost | 443 | — | 443 | 0.3% | 227 | — | 227 | 0.1% |
| Trading account assets supporting insurance liabilities, at fair value | 14,262 | — | 14,262 | 8.9% | 13,781 | — | 13,781 | 9.2% |
| Other trading account assets, at fair value | 109 | — | 109 | 0.1% | 124 | — | 124 | 0.1% |
| Equity securities, available for sale, at fair value | 8,086 | 3,772 | 4,314 | 2.7% | 7,067 | 3,216 | 3,851 | 2.6% |
| Commercial loans | 24,593 | 7,318 | 17,275 | 10.8% | 23,045 | 7,264 | 15,781 | 10.6% |
| Policy loans | 8,887 | 5,415 | 3,472 | 2.2% | 8,370 | 5,403 | 2,967 | 2.0% |
| Other long-term investments (1) | 3,756 | 965 | 2,791 | 1.7% | 3,491 | 973 | 2,518 | 1.7% |
| Short-term investments | 4,603 | 1,851 | 2,752 | 1.7% | 3,837 | 1,394 | 2,443 | 1.6% |
| Subtotal (2) | 229,675 | 70,094 | 159,581 | 100.0% | 216,841 | 67,496 | 149,345 | 100.0% |
| Invested assets of other entities and operations (3) | 5,742 | — | 5,742 | | 4,560 | — | 4,560 | |
| Total investments | 235,417 | 70,094 | 165,323 | | 221,401 | 67,496 | 153,905 | |

| Fixed Maturities by Credit Quality (2): | December 31, 2006 Financial Services Businesses Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value | % of Total | December 31, 2005 Financial Services Businesses Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value | % of Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Public Fixed Maturities: | | | | | | | | | | |
| NAIC Rating (4) Rating Agency Equivalent | | | | | | | | | | |
| 1 Aaa, Aa, A | 75,796 | 1,787 | 322 | 77,261 | 80.6% | 67,981 | 2,254 | 298 | 69,937 | 77.7% |
| 2 Baa | 13,328 | 580 | 137 | 13,771 | 14.4% | 15,376 | 746 | 138 | 15,984 | 17.8% |
| Subtotal Investment Grade | 89,124 | 2,367 | 459 | 91,032 | 95.0% | 83,357 | 3,000 | 436 | 85,921 | 95.5% |
| 3 Ba | 2,692 | 109 | 22 | 2,779 | 2.9% | 2,710 | 124 | 43 | 2,791 | 3.1% |
| 4 B | 1,746 | 93 | 23 | 1,816 | 1.9% | 1,109 | 71 | 20 | 1,160 | 1.3% |
| 5 C and lower | 115 | 8 | 2 | 121 | 0.1% | 102 | 6 | 5 | 103 | 0.1% |
| 6 In or near default | 48 | 7 | 1 | 54 | 0.1% | 28 | 10 | 1 | 37 | 0.0% |
| Subtotal Below Investment Grade | 4,601 | 217 | 48 | 4,770 | 5.0% | 3,949 | 211 | 69 | 4,091 | 4.5% |
| Total | 93,725 | 2,584 | 507 | 95,802 | 100.0% | 87,306 | 3,211 | 505 | 90,012 | 100.0% |
| Private Fixed Maturities: | | | | | | | | | | |
| NAIC Rating (4) Rating Agency Equivalent | | | | | | | | | | |
| 1 Aaa, Aa, A | 6,214 | 248 | 49 | 6,413 | 34.2% | 5,596 | 269 | 27 | 5,838 | 32.7% |
| 2 Baa | 9,463 | 377 | 73 | 9,767 | 52.0% | 9,437 | 522 | 63 | 9,896 | 55.5% |
| Subtotal Investment Grade | 15,677 | 625 | 122 | 16,180 | 86.2% | 15,033 | 791 | 90 | 15,734 | 88.2% |
| 3 Ba | 1,422 | 50 | 11 | 1,461 | 7.7% | 1,105 | 44 | 7 | 1,142 | 6.4% |
| 4 B | 645 | 12 | 7 | 650 | 3.5% | 507 | 33 | 5 | 535 | 3.0% |
| 5 C and lower | 321 | 18 | 4 | 335 | 1.8% | 339 | 23 | 2 | 360 | 2.0% |
| 6 In or near default | 139 | 11 | 1 | 149 | 0.8% | 70 | 8 | 2 | 76 | 0.4% |
| Subtotal Below Investment Grade | 2,527 | 91 | 23 | 2,595 | 13.8% | 2,021 | 108 | 16 | 2,113 | 11.8% |
| Total | 18,204 | 716 | 145 | 18,775 | 100.0% | 17,054 | 899 | 106 | 17,847 | 100.0% |

(1) Other long-term investments consist of real estate and non-real estate related investments in joint ventures (other than our investments in operating joint ventures, including our equity investment in Wachovia Securities Financial Holdings, LLC) and partnerships, investment real estate held through direct ownership, our interest in separate account investments and other miscellaneous investments.

(2) Excludes (i) assets of our securities brokerage, securities trading, banking operations and real estate and relocation services, (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 assets of our securities brokerage, securities trading, banking and asset management operations and real estate and relocation services. Excludes assets of our asset management operations managed for third parties and those assets classified as "separate account assets" on our balance sheet. Our investment in operating joint ventures, including our investment in Wachovia Securities Financial Holdings, LLC is included in "Other assets".

(4) Reflects equivalent ratings for investments of international insurance operations that are not rated by United States insurance regulatory authorities. Includes, as of December 31, 2006 and December 31, 2005, respectively, 231 securities with amortized cost of $3,515 million (fair value $3,588 million) and 205 securities with amortized cost of $3,640 million (fair value, $3,689 million) that have been categorized based on expected NAIC designations pending receipt of SVO ratings.

Prudential Financial

FINANCIAL SERVICES BUSINESSES INVESTMENT PORTFOLIO COMPOSITION
(in millions)

| | December 31, 2006 | | December 31, 2005 | |
|---|---|---|---|---|
| | Amount | % of Total | Amount | % of Total |
| Japanese Insurance Operations: | | | | |
| Fixed maturities: | | | | |
| Public, available for sale, at fair value | 32,242 | 67.9% | 30,757 | 69.6% |
| Public, held to maturity, at amortized cost | 3,025 | 6.4% | 3,022 | 6.8% |
| Private, available for sale, at fair value | 3,139 | 6.6% | 2,659 | 6.0% |
| Private, held to maturity, at amortized cost | 443 | 0.9% | 227 | 0.5% |
| Trading account assets supporting insurance liabilities, at fair value | 1,106 | 2.3% | 1,022 | 2.3% |
| Other trading account assets, at fair value | 28 | 0.1% | 26 | 0.1% |
| Equity securities, available for sale, at fair value | 2,372 | 5.0% | 2,021 | 4.6% |
| Commercial loans | 2,782 | 5.9% | 2,278 | 5.2% |
| Policy loans | 1,016 | 2.1% | 943 | 2.1% |
| Other long-term investments (1) | 970 | 2.0% | 941 | 2.1% |
| Short-term investments | 374 | 0.8% | 326 | 0.7% |
| Total | 47,497 | 100.0% | 44,222 | 100.0% |

| | December 31, 2006 | | December 31, 2005 | |
|---|---|---|---|---|
| | Amount | % of Total | Amount | % of Total |
| Financial Services Businesses excluding Japanese Insurance Operations (2): | | | | |
| Fixed maturities: | | | | |
| Public, available for sale, at fair value | 60,560 | 54.0% | 56,255 | 53.6% |
| Public, held to maturity, at amortized cost | — | 0.0% | — | 0.0% |
| Private, available for sale, at fair value | 15,197 | 13.6% | 14,960 | 14.3% |
| Private, held to maturity, at amortized cost | — | 0.0% | — | 0.0% |
| Trading account assets supporting insurance liabilities, at fair value | 13,156 | 11.7% | 12,759 | 12.1% |
| Other trading account assets, at fair value | 81 | 0.1% | 98 | 0.1% |
| Equity securities, available for sale, at fair value | 1,942 | 1.7% | 1,830 | 1.7% |
| Commercial loans | 14,493 | 12.9% | 13,503 | 12.8% |
| Policy loans | 2,456 | 2.2% | 2,024 | 1.9% |
| Other long-term investments (1) | 1,821 | 1.7% | 1,577 | 1.5% |
| Short-term investments | 2,378 | 2.1% | 2,117 | 2.0% |
| Total | 112,084 | 100.0% | 105,123 | 100.0% |

(1) Other long-term investments consist of real estate and non-real estate related investments in joint ventures (other than our investments in operating joint ventures, including our equity investment in Wachovia Securities Financial Holdings, LLC) and partnerships, investment real estate held through direct ownership, our interest in separate account investments and other miscellaneous investments. Our investment in operating joint ventures, including our investment in Wachovia Securities Financial Holdings, LLC is included in "Other assets".

(2) Excludes (i) assets of our securities brokerage, securities trading, banking operations and real estate and relocation services, (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.

FINANCIAL SERVICES BUSINESSES INVESTMENT RESULTS
(in millions)

| | Quarter Ended December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2006 | | | 2005 (4) | | |
| | Investment Income | | Realized Gains / (Losses) | Investment Income | | Realized Gains / (Losses) |
| | Yield (3) | Amount | | Yield (3) | Amount | |
| Financial Services Businesses (1): | | | | | | |
| Fixed maturities | 4.96% | 1,386 | 34 | 4.72% | 1,219 | (91) |
| Equity securities | 5.30% | 49 | 1 | 4.63% | 39 | 95 |
| Commercial loans | 6.02% | 197 | 3 | 6.29% | 183 | (8) |
| Policy loans | 5.13% | 44 | — | 4.90% | 36 | — |
| Short-term investments and cash equivalents | 5.33% | 102 | — | 4.28% | 68 | — |
| Other investments | 8.21% | 57 | 95 | 17.74% | 115 | 13 |
| Gross investment income before investment expenses | 5.16% | 1,835 | 133 | 5.13% | 1,660 | 9 |
| Investment expenses | -0.16% | (138) | — | -0.19% | (112) | — |
| Subtotal | 5.00% | 1,697 | 133 | 4.94% | 1,548 | 9 |
| Investment results of other entities and operations (2) | | 317 | 96 | | 276 | 20 |
| Less, investment income relating to divested businesses | | (3) | | | (2) | |
| Total | | 2,011 | 229 | | 1,822 | 29 |

| | Twelve Months Ended December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2006 | | | 2005 (4) | | |
| | Investment Income | | Realized Gains / (Losses) | Investment Income | | Realized Gains / (Losses) |
| | Yield (3) | Amount | | Yield (3) | Amount | |
| Financial Services Businesses (1): | | | | | | |
| Fixed maturities | 4.95% | 5,315 | (284) | 4.71% | 4,699 | (2) |
| Equity securities | 5.15% | 182 | 122 | 5.53% | 165 | 152 |
| Commercial loans | 6.25% | 760 | 1 | 6.89% | 773 | 102 |
| Policy loans | 5.04% | 158 | — | 4.90% | 141 | — |
| Short-term investments and cash equivalents | 5.05% | 342 | — | 2.91% | 205 | 2 |
| Other investments | 8.12% | 217 | 287 | 8.54% | 248 | 357 |
| Gross investment income before investment expenses | 5.15% | 6,974 | 126 | 4.96% | 6,231 | 611 |
| Investment expenses | -0.17% | (515) | — | -0.19% | (391) | — |
| Subtotal | 4.98% | 6,459 | 126 | 4.77% | 5,840 | 611 |
| Investment results of other entities and operations (2) | | 1,215 | 167 | | 1,036 | 131 |
| Less, investment income relating to divested businesses | | (14) | | | (13) | |
| Total | | 7,660 | 293 | | 6,863 | 742 |

(1) Excludes assets of our securities brokerage, securities trading, and banking operations, real estate and relocation services, 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.

(2) Investment income of securities brokerage, securities trading, banking operations, real estate and relocation services, commercial loans, discontinued real estate operations, and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders.

(3) Yields are annualized, for interim periods, and 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 securities lending activity are calculated net of corresponding liabilities and rebate expenses. 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 of the Financial Services Businesses.

(4) Classification for the earlier period presented has been conformed to the current presentation.

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

| | Quarter Ended December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2006 | | | 2005 (2) | | |
| | Investment Income | | Realized Gains / (Losses) | Investment Income | | Realized Gains / (Losses) |
| | Yield (1) | Amount | | Yield (1) | Amount | |
| Japanese Insurance Operations: | | | | | | |
| Fixed maturities | 2.57% | 249 | 1 | 2.42% | 222 | (63) |
| Equity securities | 2.73% | 13 | (2) | 2.53% | 11 | 85 |
| Commercial loans | 4.13% | 28 | 3 | 4.14% | 25 | — |
| Policy loans | 3.81% | 10 | — | 3.44% | 8 | — |
| Short-term investments and cash equivalents | 4.93% | 7 | 1 | 1.81% | 2 | 1 |
| Other investments | 10.43% | 25 | 40 | 32.50% | 74 | (21) |
| Gross investment income before investment expenses | 2.90% | 332 | 43 | 3.18% | 342 | 2 |
| Investment expenses | -0.20% | (28) | — | -0.21% | (25) | — |
| Total | 2.70% | 304 | 43 | 2.97% | 317 | 2 |

| | Twelve Months Ended December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2006 | | | 2005 (2) | | |
| | Investment Income | | Realized Gains / (Losses) | Investment Income | | Realized Gains / (Losses) |
| | Yield (1) | Amount | | Yield (1) | Amount | |
| Japanese Insurance Operations: | | | | | | |
| Fixed maturities | 2.54% | 955 | 7 | 2.33% | 858 | (131) |
| Equity securities | 2.92% | 54 | 93 | 3.02% | 52 | 123 |
| Commercial loans | 3.81% | 93 | 18 | 4.15% | 115 | 120 |
| Policy loans | 3.66% | 36 | — | 3.43% | 34 | — |
| Short-term investments and cash equivalents | 3.91% | 20 | (1) | 0.74% | 5 | 4 |
| Other investments | 12.43% | 111 | 89 | 13.96% | 156 | 55 |
| Gross investment income before investment expenses | 2.87% | 1,269 | 206 | 2.71% | 1,220 | 171 |
| Investment expenses | -0.19% | (96) | — | -0.19% | (90) | — |
| Total | 2.68% | 1,173 | 206 | 2.52% | 1,130 | 171 |

(1) Yields are annualized, for interim periods, and 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 securities lending activity are calculated net of corresponding liabilities and rebate expenses. Yields exclude investment income and assets related to 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 of the Financial Services Businesses.

(2) Classification for the earlier period presented has been conformed to the current presentation.

Prudential Financial

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

| | Quarter Ended December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2006 | | | 2005 (3) | | |
| | Investment Income | | Realized Gains / (Losses) | Investment Income | | Realized Gains / (Losses) |
| | Yield (2) | Amount | | Yield (2) | Amount | |
| Financial Services Businesses excluding Japanese Insurance Operations (1): | | | | | | |
| Fixed maturities | 6.31% | 1,137 | 33 | 6.05% | 997 | (28) |
| Equity securities | 8.12% | 36 | 3 | 6.88% | 28 | 10 |
| Commercial loans | 6.51% | 169 | — | 6.86% | 158 | (8) |
| Policy loans | 5.68% | 34 | — | 5.60% | 28 | — |
| Short-term investments and cash equivalents | 5.37% | 95 | (1) | 4.65% | 66 | (1) |
| Other investments | 7.04% | 32 | 55 | 9.60% | 41 | 34 |
| Gross investment income before investment expenses | 6.32% | 1,503 | 90 | 6.16% | 1,318 | 7 |
| Investment expenses | -0.15% | (110) | — | -0.18% | (87) | — |
| Total | 6.17% | 1,393 | 90 | 5.98% | 1,231 | 7 |

| | Twelve Months Ended December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2006 | | | 2005 (3) | | |
| | Investment Income | | Realized Gains / (Losses) | Investment Income | | Realized Gains / (Losses) |
| | Yield (2) | Amount | | Yield (2) | Amount | |
| Financial Services Businesses excluding Japanese Insurance Operations (1): | | | | | | |
| Fixed maturities | 6.33% | 4,360 | (291) | 6.16% | 3,841 | 129 |
| Equity securities | 7.56% | 128 | 29 | 8.91% | 113 | 29 |
| Commercial loans | 6.86% | 667 | (17) | 7.79% | 658 | (18) |
| Policy loans | 5.66% | 122 | — | 5.65% | 107 | — |
| Short-term investments and cash equivalents | 5.19% | 322 | 1 | 3.35% | 200 | (2) |
| Other investments | 5.90% | 106 | 198 | 5.06% | 92 | 302 |
| Gross investment income before investment expenses | 6.34% | 5,705 | (80) | 6.21% | 5,011 | 440 |
| Investment expenses | -0.17% | (419) | — | -0.19% | (301) | — |
| Total | 6.17% | 5,286 | (80) | 6.02% | 4,710 | 440 |

(1) Excludes assets of our securities brokerage, securities trading, and banking operations, real estate and relocation services, 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.

(2) Yields are annualized, for interim periods, and 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 securities lending activity are calculated net of corresponding liabilities and rebate expenses. 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 of the Financial Services Businesses.

(3) Classification for the earlier period presented has been conformed to the current presentation.

Prudential Financial

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

| Year ended December 31 2004 | | 2005 1Q | 2005 2Q | 2005 3Q | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q |
|---|---|---|---|---|---|---|---|---|
| | Revenues (1): | | | | | | | |
| 8,736 | Premiums | 2,519 | 2,585 | 2,574 | 2,450 | 2,604 | 2,542 | 2,548 |
| 2,385 | Policy charges and fee income | 617 | 615 | 668 | 629 | 662 | 667 | 583 |
| 5,772 | Net investment income | 1,639 | 1,658 | 1,744 | 1,822 | 1,812 | 1,875 | 1,962 |
| 3,065 | Asset management fees, commissions and other income | 848 | 852 | 960 | 948 | 1,054 | 966 | 1,024 |
| 19,958 | Total revenues | 5,623 | 5,710 | 5,946 | 5,849 | 6,132 | 6,050 | 6,117 |
| | Benefits and Expenses (1): | | | | | | | |
| 8,897 | Insurance and annuity benefits | 2,536 | 2,519 | 2,496 | 2,439 | 2,577 | 2,591 | 2,650 |
| 2,220 | Interest credited to policyholders' account balances | 605 | 626 | 653 | 632 | 652 | 677 | 716 |
| 334 | Interest expense | 124 | 145 | 154 | 192 | 212 | 233 | 249 |
| (1,528) | Deferral of acquisition costs | (422) | (496) | (444) | (439) | (501) | (495) | (496) |
| 766 | Amortization of acquisition costs | 235 | 232 | 271 | 172 | 240 | 264 | (73) |
| 6,753 | General and administrative expenses | 1,659 | 1,863 | 1,785 | 2,039 | 2,006 | 1,822 | 1,911 |
| 17,442 | Total benefits and expenses | 4,737 | 4,889 | 4,915 | 5,035 | 5,186 | 5,092 | 4,957 |
| 2,516 | Adjusted operating income before income taxes | 886 | 821 | 1,031 | 814 | 946 | 958 | 1,160 |
| 62 | Realized investment gains (losses), net, and related adjustments | 257 | 321 | 89 | 2 | 50 | (334) | 214 |
| (58) | Related charges | (21) | (73) | (10) | (4) | — | 23 | 7 |
| 4 | Total realized investment gains (losses), net, and related charges and adjustments | 236 | 248 | 79 | (2) | 50 | (311) | 221 |
| (55) | Investment gains (losses) on trading account assets supporting insurance liabilities, net | (132) | 190 | (99) | 8 | (114) | (151) | 257 |
| 1 | Change in experience-rated contractholder liabilities due to asset value changes | 88 | (145) | 47 | (34) | 66 | 130 | (168) |
| (24) | Divested businesses | (5) | 1 | (1) | (11) | 13 | (4) | 4 |
| (72) | Equity in earnings of operating joint ventures | (45) | (37) | (66) | (66) | (78) | (67) | (78) |
| (146) | Total pre-tax adjustments | 142 | 257 | (40) | (105) | (63) | (403) | 236 |
| 2,370 | Income from continuing operations before income taxes and equity in earnings of operating joint ventures | 1,028 | 1,078 | 991 | 709 | 883 | 555 | 1,396 |
| 605 | Income tax expense (benefit) | 293 | 307 | (303) | 350 | 253 | 160 | 362 |
| 1,765 | Income from continuing operations before equity in earnings of operating joint ventures | 735 | 771 | 1,294 | 359 | 630 | 395 | 1,034 |

(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. 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.

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

| Year ended December 31 2004 | | 2005 1Q | 2005 2Q | 2005 3Q | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q |
|---|---|---|---|---|---|---|---|---|
| | Revenues (1): | | | | | | | |
| 3,347 | Premiums | 935 | 938 | 912 | 943 | 982 | 1,005 | 1,027 |
| 2,005 | Policy charges and fee income | 504 | 505 | 559 | 530 | 543 | 559 | 474 |
| 1,565 | Net investment income | 431 | 419 | 427 | 425 | 418 | 438 | 463 |
| 626 | Asset management fees, commissions and other income | 138 | 166 | 183 | 164 | 178 | 169 | 241 |
| 7,543 | Total revenues | 2,008 | 2,028 | 2,081 | 2,062 | 2,121 | 2,171 | 2,205 |
| | Benefits and Expenses (1): | | | | | | | |
| 3,740 | Insurance and annuity benefits | 1,052 | 1,029 | 938 | 994 | 1,070 | 1,144 | 1,225 |
| 733 | Interest credited to policyholders' account balances | 177 | 183 | 180 | 175 | 180 | 181 | 196 |
| 32 | Interest expense | 25 | 25 | 31 | 30 | 30 | 28 | 37 |
| (691) | Deferral of acquisition costs | (165) | (234) | (202) | (196) | (256) | (228) | (235) |
| 403 | Amortization of acquisition costs | 127 | 126 | 180 | 112 | 131 | 142 | (191) |
| 2,335 | General and administrative expenses | 537 | 633 | 613 | 582 | 668 | 657 | 708 |
| 6,552 | Total benefits and expenses | 1,753 | 1,762 | 1,740 | 1,697 | 1,823 | 1,924 | 1,740 |
| 991 | Adjusted operating income before income taxes | 255 | 266 | 341 | 365 | 298 | 247 | 465 |

(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.

Prudential Financial

RECLASSIFIED COMBINED STATEMENTS OF OPERATIONS - INDIVIDUAL LIFE SEGMENT
(in millions)

| Year ended December 31 2004 | | 2005 1Q | 2005 2Q | 2005 3Q | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q |
|---|---|---|---|---|---|---|---|---|
| | Revenues (1): | | | | | | | |
| 334 | Premiums | 92 | 93 | 97 | 109 | 100 | 103 | 109 |
| 1,027 | Policy charges and fee income | 261 | 259 | 298 | 277 | 266 | 270 | 117 |
| 420 | Net investment income | 124 | 118 | 126 | 128 | 126 | 136 | 137 |
| 292 | Asset management fees, commissions and other income | 55 | 78 | 81 | 66 | 67 | 76 | 104 |
| 2,073 | Total revenues | 532 | 548 | 602 | 580 | 559 | 585 | 467 |
| | Benefits and Expenses (1): | | | | | | | |
| 609 | Insurance and annuity benefits | 163 | 160 | 133 | 175 | 161 | 199 | 300 |
| 165 | Interest credited to policyholders' account balances | 42 | 44 | 43 | 48 | 48 | 50 | 51 |
| 15 | Interest expense | 15 | 15 | 18 | 18 | 17 | 18 | 20 |
| (311) | Deferral of acquisition costs | (74) | (79) | (79) | (82) | (80) | (83) | (91) |
| 274 | Amortization of acquisition costs | 72 | 70 | 152 | 75 | 74 | 91 | (220) |
| 931 | General and administrative expenses | 197 | 219 | 215 | 204 | 206 | 214 | 224 |
| 1,683 | Total benefits and expenses | 415 | 429 | 482 | 438 | 426 | 489 | 284 |
| 390 | Adjusted operating income before income taxes | 117 | 119 | 120 | 142 | 133 | 96 | 183 |

(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 - INDIVIDUAL ANNUITIES SEGMENT
(in millions)

| Year ended December 31 2004 | | 2005 1Q | 2005 2Q | 2005 3Q | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q |
|---|---|---|---|---|---|---|---|---|
| | Revenues (1): | | | | | | | |
| 63 | Premiums | 25 | 12 | 13 | 17 | 15 | 16 | 26 |
| 636 | Policy charges and fee income | 169 | 177 | 185 | 181 | 200 | 225 | 270 |
| 586 | Net investment income | 156 | 154 | 155 | 150 | 144 | 149 | 169 |
| 293 | Asset management fees, commissions and other income | 74 | 77 | 88 | 84 | 94 | 79 | 118 |
| 1,578 | Total revenues | 424 | 420 | 441 | 432 | 453 | 469 | 583 |
| | Benefits and Expenses (1): | | | | | | | |
| 201 | Insurance and annuity benefits | 62 | 51 | 16 | 39 | 49 | 51 | 66 |
| 358 | Interest credited to policyholders' account balances | 84 | 87 | 87 | 79 | 83 | 83 | 93 |
| 9 | Interest expense | 5 | 6 | 9 | 10 | 10 | 10 | 15 |
| (353) | Deferral of acquisition costs | (83) | (117) | (108) | (113) | (119) | (133) | (131) |
| 125 | Amortization of acquisition costs | 54 | 55 | 27 | 37 | 57 | 51 | 28 |
| 811 | General and administrative expenses | 202 | 237 | 249 | 237 | 255 | 285 | 320 |
| 1,151 | Total benefits and expenses | 324 | 319 | 280 | 289 | 335 | 347 | 391 |
| 427 | Adjusted operating income before income taxes | 100 | 101 | 161 | 143 | 118 | 122 | 192 |

(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)

| Year ended December 31 2004 | | 2005 1Q | 2005 2Q | 2005 3Q | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q |
|---|---|---|---|---|---|---|---|---|
| | Revenues (1): | | | | | | | |
| 2,950 | Premiums | 818 | 833 | 802 | 817 | 867 | 886 | 892 |
| 342 | Policy charges and fee income | 74 | 69 | 76 | 72 | 77 | 64 | 87 |
| 559 | Net investment income | 151 | 147 | 146 | 147 | 148 | 153 | 157 |
| 41 | Asset management fees, commissions and other income | 9 | 11 | 14 | 14 | 17 | 14 | 19 |
| 3,892 | Total revenues | 1,052 | 1,060 | 1,038 | 1,050 | 1,109 | 1,117 | 1,155 |
| | Benefits and Expenses (1): | | | | | | | |
| 2,930 | Insurance and annuity benefits | 827 | 818 | 789 | 780 | 860 | 894 | 859 |
| 210 | Interest credited to policyholders' account balances | 51 | 52 | 50 | 48 | 49 | 48 | 52 |
| 8 | Interest expense | 5 | 4 | 4 | 2 | 3 | — | 2 |
| (27) | Deferral of acquisition costs | (8) | (38) | (15) | (1) | (57) | (12) | (13) |
| 4 | Amortization of acquisition costs | 1 | 1 | 1 | — | — | — | 1 |
| 593 | General and administrative expenses | 138 | 177 | 149 | 141 | 207 | 158 | 164 |
| 3,718 | Total benefits and expenses | 1,014 | 1,014 | 978 | 970 | 1,062 | 1,088 | 1,065 |
| 174 | Adjusted operating income before income taxes | 38 | 46 | 60 | 80 | 47 | 29 | 90 |

(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 - INVESTMENT DIVISION
(in millions)

| Year ended December 31 2004 | | 2005 1Q | 2005 2Q | 2005 3Q | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q |
|---|---|---|---|---|---|---|---|---|
| | Revenues (1): | | | | | | | |
| 93 | Premiums | 41 | 103 | 106 | 70 | 92 | 30 | 84 |
| 155 | Policy charges and fee income | 46 | 48 | 46 | 48 | 48 | 43 | 45 |
| 2,689 | Net investment income | 768 | 762 | 808 | 817 | 849 | 917 | 927 |
| 2,070 | Asset management fees, commissions and other income | 618 | 595 | 650 | 648 | 745 | 656 | 625 |
| 5,007 | Total revenues | 1,473 | 1,508 | 1,610 | 1,583 | 1,734 | 1,646 | 1,681 |
| | Benefits and Expenses (1): | | | | | | | |
| 862 | Insurance and annuity benefits | 215 | 272 | 296 | 266 | 269 | 235 | 297 |
| 1,362 | Interest credited to policyholders' account balances | 384 | 397 | 431 | 421 | 429 | 452 | 475 |
| 48 | Interest expense | 22 | 25 | 23 | 45 | 46 | 62 | 63 |
| (51) | Deferral of acquisition costs | (17) | (16) | (13) | (15) | (22) | (22) | (25) |
| 53 | Amortization of acquisition costs | 14 | 14 | 13 | 13 | 13 | 17 | 12 |
| 2,378 | General and administrative expenses | 551 | 666 | 603 | 857 | 759 | 586 | 607 |
| 4,652 | Total benefits and expenses | 1,169 | 1,358 | 1,353 | 1,587 | 1,494 | 1,330 | 1,429 |
| 355 | Adjusted operating income (loss) before income taxes | 304 | 150 | 257 | (4) | 240 | 316 | 252 |

(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.

Prudential Financial

RECLASSIFIED COMBINED STATEMENTS OF OPERATIONS - RETIREMENT SEGMENT
(in millions)

| Year ended December 31 2004 | | 2005 1Q | 2005 2Q | 2005 3Q | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q |
|---|---|---|---|---|---|---|---|---|
| | Revenues (1): | | | | | | | |
| 93 | Premiums | 41 | 103 | 106 | 70 | 92 | 30 | 84 |
| 155 | Policy charges and fee income | 46 | 48 | 46 | 48 | 48 | 43 | 45 |
| 2,600 | Net investment income | 740 | 744 | 772 | 784 | 798 | 857 | 866 |
| 377 | Asset management fees, commissions and other income | 116 | 117 | 123 | 121 | 116 | 119 | 117 |
| 3,225 | Total revenues | 943 | 1,012 | 1,047 | 1,023 | 1,054 | 1,049 | 1,112 |
| | Benefits and Expenses (1): | | | | | | | |
| 862 | Insurance and annuity benefits | 215 | 272 | 296 | 266 | 269 | 235 | 297 |
| 1,362 | Interest credited to policyholders' account balances | 384 | 397 | 431 | 421 | 429 | 452 | 475 |
| 37 | Interest expense | 19 | 21 | 20 | 39 | 40 | 53 | 53 |
| (32) | Deferral of acquisition costs | (13) | (11) | (8) | (12) | (17) | (16) | (22) |
| 10 | Amortization of acquisition costs | 5 | 5 | 5 | 6 | 6 | 9 | 6 |
| 652 | General and administrative expenses | 178 | 186 | 193 | 212 | 190 | 174 | 194 |
| 2,891 | Total benefits and expenses | 788 | 870 | 937 | 932 | 917 | 907 | 1,003 |
| 334 | Adjusted operating income before income taxes | 155 | 142 | 110 | 91 | 137 | 142 | 109 |

(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.

Prudential Financial

RECLASSIFIED COMBINED STATEMENTS OF OPERATIONS - CORPORATE AND OTHER OPERATIONS
(in millions)

| Year ended December 31 2004 | | 2005 1Q | 2005 2Q | 2005 3Q | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q |
|---|---|---|---|---|---|---|---|---|
| | Revenues (1): | | | | | | | |
| (7) | Premiums | (5) | (6) | (6) | (1) | (3) | (10) | (1) |
| (15) | Policy charges and fee income | (4) | (4) | (4) | (9) | (5) | (5) | (6) |
| 585 | Net investment income | 135 | 162 | 176 | 209 | 215 | 177 | 196 |
| (9) | Asset management fees, commissions and other income | (28) | 4 | 13 | (15) | (29) | (9) | (14) |
| 554 | Total revenues | 98 | 156 | 179 | 184 | 178 | 153 | 175 |
| | Benefits and Expenses (1): | | | | | | | |
| 85 | Insurance and annuity benefits | 16 | 18 | 12 | 17 | 14 | 9 | 16 |
| (4) | Interest credited to policyholders' account balances | (4) | (9) | (12) | (14) | (14) | (17) | (21) |
| 247 | Interest expense | 71 | 89 | 93 | 114 | 133 | 139 | 146 |
| 63 | Deferral of acquisition costs | 17 | 15 | 14 | 14 | 33 | 12 | 6 |
| (55) | Amortization of acquisition costs | (13) | (12) | (12) | (42) | (20) | (10) | (5) |
| 42 | General and administrative expenses | (6) | (4) | 34 | 19 | 6 | (17) | 18 |
| 378 | Total benefits and expenses | 81 | 97 | 129 | 108 | 152 | 116 | 160 |
| 176 | Adjusted operating income before income taxes | 17 | 59 | 50 | 76 | 26 | 37 | 15 |

(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. 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.

Prudential Financial

RECLASSIFIED SUPPLEMENTAL INFORMATION - INTERNATIONAL INSURANCE SEGMENT
(dollar amounts in millions, unless otherwise noted)

| Year ended December 31 2004 | | 2005 1Q | 2005 2Q | 2005 3Q | 2005 4Q | 2006 1Q | 2006 2Q | 2006 3Q |
|---|---|---|---|---|---|---|---|---|
| | **Constant exchange rate basis (1):** | | | | | | | |
| | Net premiums, policy charges and fee income: | | | | | | | |
| 2,301 | Japan, excluding Gibraltar Life | 762 | 706 | 716 | 722 | 839 | 777 | 779 |
| 2,584 | Gibraltar Life | 613 | 687 | 738 | 631 | 649 | 626 | 554 |
| 1,042 | All other countries | 275 | 284 | 293 | 308 | 304 | 317 | 316 |
| 5,927 | Total | 1,650 | 1,677 | 1,747 | 1,661 | 1,792 | 1,720 | 1,649 |
| | Annualized new business premiums: | | | | | | | |
| 470 | Japan, excluding Gibraltar Life | 174 | 182 | 124 | 119 | 153 | 123 | 125 |
| 295 | Gibraltar Life | 73 | 99 | 87 | 81 | 80 | 121 | 98 |
| 239 | All other countries | 67 | 69 | 62 | 83 | 75 | 69 | 57 |
| 1,004 | Total | 314 | 350 | 273 | 283 | 308 | 313 | 280 |
| | Annualized new business premiums by distribution channel: | | | | | | | |
| 709 | Life Planners | 241 | 251 | 186 | 202 | 228 | 192 | 182 |
| 295 | Gibraltar Life Advisors | 73 | 99 | 87 | 81 | 80 | 102 | 78 |
| — | Banks (2) | — | — | — | — | — | 19 | 20 |
| 1,004 | Total | 314 | 350 | 273 | 283 | 308 | 313 | 280 |
| | Face amount of individual policies in force at end of period (in billions) (3): | | | | | | | |
| | Japan, excluding Gibraltar Life | 212 | 217 | 220 | 222 | 226 | 229 | 232 |
| | Gibraltar Life | 205 | 202 | 201 | 199 | 198 | 197 | 197 |
| | All other countries | 82 | 83 | 84 | 87 | 90 | 91 | 92 |
| | Total | 499 | 502 | 505 | 508 | 514 | 517 | 521 |

(1) Foreign currencies translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen, 102 per U.S. dollar; Korean won 1030 per U.S. dollar.
(2) Substantially all bank channel distribution represents U.S. dollar denominated Gibraltar Life fixed annuities.
(3) Direct business only; policy count includes annuities.

**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; and the related tax effects thereof. Adjusted operating income includes equity in earnings of operating joint ventures and the related tax effects thereof. Realized investment gains (losses) representing profit or loss of certain of our businesses which primarily originate investments for sale or syndication to unrelated investors, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments are included in adjusted operating income. Realized investment gains and losses from products that are free standing derivatives or contain embedded derivatives, and from associated derivative portfolios that are part of an economic hedging program related to the risk of those products, are included in adjusted operating income. 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. 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. 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).

***4. 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.

***5. 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.

***6. 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.

***7. 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.

***8. 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.

***9. Borrowings - Specified Other Businesses:***

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

***10. 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.

**KEY DEFINITIONS AND FORMULAS**

***11. 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.

***12. Earnings Per Share of Common Stock:***

Net income 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 of the Financial Services Businesses reflects these adjustments as well.

***13. 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.

***14. 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.

***15. 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.

***16. Gibraltar Life Advisors:***

Insurance representatives for Gibraltar Life.

***17. 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.

***18. Group Life Insurance and Group Disability Insurance Benefits Ratios:***

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

***19. 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.

***20. Individual Life Insurance Sales:***

Scheduled premiums from new sales on an annualized basis and first year excess premiums and deposits on a cash-received basis.

***21. 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.

**KEY DEFINITIONS AND FORMULAS**

***22. International Life Planners:***

Insurance agents in our insurance operations outside the United States, excluding Gibraltar Life Advisors. Excludes Life Planners associated with discontinued Philippine operations.

***23. New annualized premiums:***

Premiums from new sales that are expected to be collected over a one year period. Group insurance new annualized 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 new annualized premiums include premiums from the takeover of claim liabilities. Group disability amounts include long-term care products. Single premium business for the Company's international insurance operations is included in annualized new business premiums based on 10% credit.

***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 unrealized gains and losses on investments and accumulated other comprehensive income related to pension and postretirement benefits.

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 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 14.70% for the twelve months ended December 31, 2006, 15.52% for the twelve months ended December 31, 2005, 16.29% for the three months ended December 31, 2006, 7.70% for the three months ended December 31, 2005, 20.72% for the three months ended September 30, 2006, 8.76% for the three months ended June 30, 2006 and 13.06% for the three months ended March 31, 2006.

***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. Ratio of capital debt to total capitalization:***

For purposes of this ratio, we measure "debt" as borrowings for capital debt, and we measure "total capitalization" as the sum of equity, excluding unrealized gains and losses on investments and accumulated other comprehensive income related to pension and postretirement benefits, and capital debt.

***31. 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.

***32. 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**

**INSURANCE CLAIMS PAYING RATINGS**
**as of February 7, 2007**

| | A.M. Best | Standard & Poor's | Moody's | Fitch Ratings |
|---|---|---|---|---|
| The Prudential Insurance Company of America | A+ | AA- | Aa3 | AA |
| PRUCO Life Insurance Company | A+ | AA- | Aa3 | AA |
| PRUCO Life Insurance Company of New Jersey | A+ | AA- | NR * | AA |
| American Skandia Life Assurance Corporation | A+ | AA- | NR | AA |
| Prudential Retirement Insurance and Annuity Company | A+ | AA- | Aa3 | AA |
| The Prudential Life Insurance Co., Ltd. (Prudential of Japan) | NR (1) | AA- | NR | NR |
| Gibraltar Life Insurance Company, Ltd. | NR | AA- | Aa3 | NR |

**CREDIT RATINGS:**
**as of February 7, 2007**

| | A.M. Best | Standard & Poor's | Moody's | Fitch Ratings |
|---|---|---|---|---|
| Prudential Financial, Inc.: | | | | |
| Short-Term Borrowings | AMB-1 | A-1 | P-2 | F1 |
| Long-Term Senior Debt (2) | a- | A | A3 | A |
| The Prudential Insurance Company of America : | | | | |
| Capital and surplus notes | a | A | A2 | A+ |
| Prudential Funding, LLC: | | | | |
| Short-Term Debt | AMB-1 | A-1+ | P-1 | F1+ |
| Long-Term Senior Debt | a+ | AA- | A1 | AA- |
| PRICOA Global Funding I | | | | |
| Long-Term Senior Debt | aa- | AA- | Aa3 | AA |

* NR indicates not rated.
(1) Company participation in interactive rating program was discontinued in January 2007.
(2) Includes the retail medium-term notes program.

**INVESTOR INFORMATION:**

*Corporate Offices:*

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

*Investor Information Hotline:*

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

*Web Site:*
www.prudential.com

*Common Stock:*

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