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

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**FORM 8-K**

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**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported): April 30, 2008**

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**PRUDENTIAL FINANCIAL, INC.**

(Exact name of registrant as specified in its charter)

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**New Jersey**  
(State or other jurisdiction  
of incorporation)

**001-16707**  
(Commission File Number)

**22-3703799**  
(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)

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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))**
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**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 first quarter 2008 results.

See also Item 7.01 below, which is incorporated herein by reference.

**Item 7.01 Regulation FD Disclosure.**

- A. Earnings Release. Prudential Financial, Inc., a New Jersey corporation, furnishes herewith, as Exhibit 99.0, a news release announcing first quarter 2008 results.
- B. Quarterly Financial Supplement. Prudential Financial, Inc. furnishes herewith, as Exhibit 99.1, the Quarterly Financial Supplement for its Financial Services Businesses for the quarterly period ended March 31, 2008.
- C. Investments in Residential and Commercial Mortgage-Backed Securities, Asset-Backed Securities, and Commercial Loans. In connection with its announcement of first quarter 2008 results, Prudential Financial, Inc. furnishes herewith, as Exhibit 99.2, information about the Company's investments, as of March 31, 2008, in residential and commercial mortgage-backed securities, asset-backed securities, and commercial loans. In announcing results for recent prior quarters, management has provided an estimate of credit-related principal loss on its holdings of asset-based securities collateralized by sub-prime mortgages. Management's current estimate of the exposure of the Financial Services Businesses to credit-related loss of principal on its holdings as of March 31, 2008 of asset-backed securities collateralized by sub-prime mortgages under stress scenarios and assuming no recoveries from monoline bond insurers is approximately \$400 million after-tax over a five-year period. This estimate is based on holdings of the Financial Services Businesses as of March 31, 2008 and is consistent with an approximately 40% peak to trough decline in housing prices for the collateral underlying the securities owned. Management's estimate reflects its current evaluation of expected incidence of default and severity of loss on default, which have increased since year-end under these stress scenarios. The estimate of credit-related loss of principal is a measure of possible net loss of principal on the securities owned rather than a measure of changes in market value of the securities that could be recognized under generally accepted accounting principles during the period of ownership as unrealized or realized losses on investments, or realized losses that could result from sale of the securities.
- D. Investments Supported by Guarantees from Monoline Bond Insurers. Certain of the Company's fixed maturity investments are supported by guarantees from monoline bond insurers. As of March 31, 2008, on an amortized cost basis, \$2.285 billion, or 2% of general account available for sale fixed maturity investments attributable to the Financial Services Businesses were supported by bond insurance. As of March 31, 2008, 99% of these investments had credit ratings of A or higher, reflecting the credit quality of the monoline bond insurers. Management estimates, taking into account the structure and credit quality of the underlying investments and giving no effect to the support of these securities by guarantees from monoline bond insurers, that 76% of the \$2.285 billion total (based upon amortized cost) would have investment grade credit ratings. Based on amortized cost, \$1.339 billion of the \$2.285 billion of securities supported by bond insurance were asset-backed securities collateralized by sub-prime mortgages, \$0.526 billion were other asset-backed securities and \$0.420 billion were municipal bonds. Management estimates that 66% of the asset-backed securities collateralized by sub-prime mortgages, 80% of the other asset-backed securities, and all of the municipal bonds would have investment grade credit ratings giving no effect to the support of these securities by guarantees from monoline bond insurers. As of March 31, 2008, the bond insurance is provided by five insurance companies, with no company representing more than 31% of the overall amortized cost of the securities supported by bond insurance attributable to the Financial Services Businesses.

As of March 31, 2008, on an amortized cost basis, \$1.105 billion, or 2% of fixed maturity investments attributable to the Closed Block Business were supported by bond insurance. As of March 31, 2008, 99% of these investments had credit ratings of A or higher, reflecting the credit quality of the monoline bond insurer. Management estimates, taking into account the structure and credit quality of the underlying investments and giving no effect to the support of these securities by guarantees from monoline bond insurers, that 88% of the \$1.105 billion total (based upon amortized cost) would have investment grade credit ratings. Based on amortized cost, \$0.814 billion of the \$1.105 billion of securities supported by bond insurance were asset-backed securities collateralized by sub-prime mortgages, \$0.168 billion were other asset-backed securities, and \$0.123 billion were municipal bonds. Management estimates that 85% of the asset-backed securities collateralized by sub-prime mortgages, 94% of the other asset-backed securities, and all of the municipal bonds would have investment grade credit ratings giving no effect to the support of these securities by guarantees from monoline bond insurers. As of March 31, 2008, the bond insurance is provided by five insurance companies, with no company representing more than 34% of the overall amortized cost of the securities supported by bond insurance attributable to the Closed Block Business.

E. Reclassification of Commercial Mortgage Securitization Operations and Change in Definition of Adjusted Operating Income Relating to Certain Externally Managed Investments.

1. Reclassification of Commercial Mortgage Securitization Operations. In reporting adjusted operating income for the quarter ended March 31, 2008, the Company has classified its commercial mortgage securitization operations as a “divested business,” reflecting its decision to exit this business. As a result, these operations, which involved the origination and purchase of commercial mortgage loans for sale into commercial mortgage backed securitization transactions, together with related hedging activities, have been excluded from adjusted operating income for all periods presented. The Company will retain and continue the remainder of its commercial mortgage origination, servicing and other commercial mortgage related activities. As a result of this decision, the commercial mortgage securitization operations, which have been historically included in the Company’s Asset Management segment, are excluded from the Asset Management segment and included in Corporate and Other operations as a divested business. Accordingly, these results are excluded from adjusted operating income, with prior period results being adjusted to reflect such reclassification. Divested businesses reflected in Corporate and Other operations consist of businesses that have been or will be sold or exited that do not qualify for “discontinued operations” accounting treatment under generally accepted accounting principles (“GAAP”). The Company does not anticipate that it will incur material costs (including employee severance, retention and other employee related costs) in connection with this decision.

For the quarter ended March 31, 2008, the commercial mortgage securitization operations had a pre-tax net loss of \$107 million, which is included in GAAP pre-tax income from continuing operations and net income but, as indicated above, is excluded from adjusted operating income of the Financial Services Businesses. The classification of results for the commercial mortgage securitization operations as a divested business has been given effect for current and historical results, as shown in the schedule below.

Adjusted operating income differs from net income and income from continuing operations determined in accordance with GAAP but is the financial measure that the Company uses to analyze the operations of each segment in managing its Financial Services Business. See note (1) to the schedule below.

2. Change in Definition of Adjusted Operating Income Relating to Certain Externally Managed Investments. Effective for the quarter ended March 31, 2008, the Company has amended its definition of adjusted operating income as it relates to certain externally managed investments in the European market. These investments are medium term notes that are collateralized by investment portfolios primarily consisting of investment grade European fixed income securities, including corporate bonds and asset-backed securities, and derivatives, as well as varying degrees of leverage.

As stated above, adjusted operating income differs from net income and income from continuing operations determined in accordance with GAAP but is the financial measure that the Company uses to analyze the operations of each segment in managing its Financial Services Businesses. The Company views adjusted operating income under the amended definition as a more meaningful presentation of its results for purposes of analyzing the operating performance of, and allocating resources to, its business segments, as the amended definition presents the results of these investments on a basis generally consistent with similar investments held directly within the general account portfolio. Under GAAP, the Company accounts for these investments as available for sale securities containing embedded derivatives that are marked to market and included in current period earnings on a GAAP basis through “Realized investment gains (losses), net” based upon the change in value of the underlying portfolio. Prior to this amendment, adjusted operating income included cumulative losses on the embedded derivatives and recoveries of such losses in the period in which they occurred, while cumulative net gains on the embedded derivatives were deferred and amortized into adjusted operating income over the remaining life of the notes. Under the amended definition, adjusted operating income excludes the mark to market adjustment on the embedded derivatives included in “Realized investment gains (losses), net.” Accounting for these investments under GAAP has not been changed. Adjusted operating income results for earlier periods have been revised to conform to the amended definition.

For the quarter ended March 31, 2008, the mark to market adjustment on the embedded derivatives within these investments resulted in pre-tax losses of \$208 million, which are included in GAAP pre-tax income from continuing operations and net income but, as indicated above, are excluded from adjusted operating income of the Financial Services Businesses. Adjusted operating income for current and historical periods, giving effect to the amended definition, is shown in the schedule below.

3. Effect of Reclassification of Commercial Mortgage Securitization Operations and Change in Definition of Adjusted Operating Income Relating to Certain Externally Managed Investments on Current and Historical Results.

The following schedule shows the effect on results for the periods indicated of the matters described above:

|                                                                                                                                                           | 2008           | 2007           |                |                |                |                | 2006           | 2005           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                                                                                                                                           | Q1             | Full Year      | Q4             | Q3             | Q2             | Q1             | Full Year      | Full Year      |
| <b>Adjusted operating income <sup>(1)</sup> (In millions)</b>                                                                                             |                |                |                |                |                |                |                |                |
| Pre-tax adjusted operating income as currently reported                                                                                                   | \$ 992         | \$4,905        | \$1,080        | \$1,392        | \$1,212        | \$1,221        | \$4,065        | \$3,513        |
| Impact of amended definition for certain managed assets in the European market                                                                            | (208)          | (145)          | (77)           | (71)           | 2              | 1              | (7)            | (12)           |
| Results of mortgage securitization operations classified as divested business                                                                             | (107)          | (63)           | (53)           | (42)           | 23             | 9              | 43             | 37             |
| Pre-tax adjusted operating income prior to amended definition and classification of mortgage securitization operations classified as divested business    |                | <u>\$4,697</u> | <u>\$ 950</u>  | <u>\$1,279</u> | <u>\$1,237</u> | <u>\$1,231</u> | <u>\$4,101</u> | <u>\$3,538</u> |
| <b>Earnings Per Share of Common Stock (diluted) <sup>(1)</sup></b>                                                                                        |                |                |                |                |                |                |                |                |
| Based upon adjusted operating income as currently reported                                                                                                | <u>\$ 1.65</u> | <u>\$ 7.60</u> | <u>\$ 1.79</u> | <u>\$ 2.13</u> | <u>\$ 1.84</u> | <u>\$ 1.83</u> | <u>\$ 6.02</u> | <u>\$ 4.78</u> |
| Based upon adjusted operating income prior to amended definition and classification of mortgage securitization operations classified as divested business |                | <u>\$ 7.31</u> | <u>\$ 1.61</u> | <u>\$ 1.97</u> | <u>\$ 1.87</u> | <u>\$ 1.85</u> | <u>\$ 6.06</u> | <u>\$ 4.81</u> |
| <b>Operating Return on Average Equity <sup>(2)</sup></b>                                                                                                  |                |                |                |                |                |                |                |                |
| Based upon adjusted operating income as currently reported                                                                                                | <u>13.03%</u>  | <u>16.32%</u>  | <u>14.88%</u>  | <u>17.97%</u>  | <u>16.04%</u>  | <u>16.29%</u>  | <u>14.23%</u>  | <u>12.21%</u>  |
| Based upon adjusted operating income prior to amended definition and classification of mortgage securitization operations classified as divested business |                | <u>15.71%</u>  | <u>13.38%</u>  | <u>16.68%</u>  | <u>16.31%</u>  | <u>16.40%</u>  | <u>14.33%</u>  | <u>12.28%</u>  |

- (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 freestanding 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. Set forth in Exhibit 99.3 for each of the periods shown in the above schedule is a reconciliation of pre-tax adjusted operating income of the Financial Services Businesses as currently reported to income from continuing operations (after-tax) of the Financial Services Business before equity in earnings of operating joint ventures as determined under GAAP and of earnings per share of Common Stock (diluted) based on after-tax adjusted operating income of the Financial Services Businesses as currently reported to earnings per share (diluted) based on income from continuing operations (after-tax) of the Financial Services Business before equity in earnings of operating joint ventures as determined under GAAP.
- (2) Operating Return on Average Equity is adjusted operating income after-tax (giving effect to the direct equity adjustment for earnings per share calculation), annualized for interim periods, divided by average attributed equity for the Financial Services Businesses excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension/postretirement benefits.

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**Item 9.01 Financial Statements and Exhibits.****(d) Exhibits**

- 99.0 News release of Prudential Financial, Inc., dated April 30, 2008, announcing first quarter 2008 results (furnished and not filed).
- 99.1 Quarterly Financial Supplement for the Financial Services Businesses of Prudential Financial, Inc. for the quarterly period ended March 31, 2008 (furnished and not filed).
- 99.2 Information about Prudential Financial, Inc.'s investments, as of March 31, 2008, in residential and commercial mortgage-backed securities, asset-backed securities, and commercial loans (furnished and not filed).
- 99.3 Reconciliation between adjusted operating income and the comparable GAAP measure (furnished and not filed).

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**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: April 30, 2008

PRUDENTIAL FINANCIAL, INC.

By: /s/ PETER B. SAYRE

Name: Peter B. Sayre

Title: Senior Vice President and Controller  
(Principal Accounting Officer)

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**Exhibit Index**

| <b>Exhibit No.</b> | <b>Description</b>                                                                                                                                                                                                   |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 99.0               | News release of Prudential Financial, Inc., dated April 30, 2008, announcing first quarter 2008 results (furnished and not filed).                                                                                   |
| 99.1               | Quarterly Financial Supplement for the Financial Services Businesses of Prudential Financial, Inc. for the quarterly period ended March 31, 2008 (furnished and not filed).                                          |
| 99.2               | Information about Prudential Financial, Inc.'s investments, as of March 31, 2008, in residential and commercial mortgage-backed securities, asset-backed securities, and commercial loans (furnished and not filed). |
| 99.3               | Reconciliation between adjusted operating income and the comparable GAAP measure (furnished and not filed).                                                                                                          |

# News Release



Prudential Financial, Inc.  
751 Broad Street  
Newark, NJ 07102-3777  
[www.prudential.com](http://www.prudential.com)

**For Immediate Release**

April 30, 2008

**Contact: Gabrielle Shanin**  
(973) 802-7779

**PRUDENTIAL FINANCIAL, INC.  
ANNOUNCES FIRST QUARTER 2008 RESULTS**

**NEWARK, N.J.** – Prudential Financial, Inc. (NYSE:PRU) today reported net income for its Financial Services Businesses of \$77 million (20 cents per Common share) for the first quarter of 2008, compared to \$1.025 billion (\$2.18 per Common share) for the year-ago quarter. After-tax adjusted operating income for the Financial Services Businesses was \$729 million (\$1.65 per Common share) for the first quarter of 2008, compared to \$860 million (\$1.83 per Common share) for the first quarter of 2007. Adjusted operating income is a non-GAAP measure as discussed below.

“Unfavorable financial market conditions adversely affected our results this quarter. These conditions had a negative effect on market values in our investment portfolio as well as on the operating results of some of our businesses. We are not satisfied with these results. Nevertheless, we are confident that our strong balance sheet and diversified mix of domestic and international businesses position us well to manage through the challenging current environment and to achieve sustainable results consistent with our long-term goals,” said Chief Executive Officer and Chairman-elect John Strangfeld.

“Considering our first quarter results and current financial market conditions, including equity market levels, interest rates, and credit spreads, we continue to believe that Prudential Financial will achieve Common Stock earnings per share for 2008 in the range of \$7.50 to \$7.80 based on after-tax adjusted operating income of the Financial Services Businesses. This expectation assumes appreciation in the S&P 500 index of 2% per quarter for the balance of the year,” Strangfeld said. The 2008 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, including

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information on an amendment to the definition of adjusted operating income, is discussed later in this press release under “Financial Services Businesses” and “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.

#### **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.

The Asset Management segment’s commercial mortgage securitization operations, which had a pre-tax loss of \$107 million for the first quarter of 2008, have been classified as a “divested business” and excluded from adjusted operating income for all periods presented, as a result of the Company’s decision to exit these operations. In addition, effective for first quarter 2008 reporting, the company has amended its definition of adjusted operating income as it relates to certain externally managed investments in the European market. Under GAAP, the Company accounts for these investments as available-for-sale securities containing embedded derivatives that are marked to market within “Realized investment gains (losses), net” based upon the change in value of the underlying portfolio. Prior to this amendment, adjusted operating income included cumulative mark-to-market losses and recoveries of such losses in the period in which they occurred, while cumulative net gains on the embedded derivatives were deferred and amortized into adjusted operating income over the remaining life of the notes. Under the amended definition, adjusted operating income excludes the mark-to-market adjustments on the embedded derivatives, amounting to a pre-tax loss of \$208 million for the first quarter of 2008, which are included in net income on a GAAP basis within “Realized investment gains (losses), net.” The Company views adjusted operating income under the amended definition as a more meaningful presentation of its results for purposes of analyzing the operating performance of its business segments, as the amended definition presents the results of these investments on a basis generally consistent with similar investments held directly within the general account portfolio. Accounting for these investments under GAAP has not been changed. Adjusted operating income results for earlier periods have been revised to conform to the amended definition.

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

The **Insurance division** reported adjusted operating income of \$301 million for the first quarter of 2008, compared to \$318 million in the year-ago quarter. Our Individual Life segment reported adjusted operating income of \$96 million for the current quarter, compared to \$101 million in the year-ago quarter. Current quarter results included higher net amortization of deferred policy acquisition and other costs, reflecting less favorable separate account performance than that of the year-ago quarter. The greater net amortization in the current quarter, together with lower revenues related to separate account values and modestly higher expenses, essentially offset more favorable mortality experience. Our Individual Annuities segment reported adjusted operating income of \$115 million in the current quarter, compared to \$166 million in the year-ago quarter. Less favorable results from mark-to-market of embedded derivatives and related hedge positions associated with living benefits, after related amortization of deferred policy acquisition and other costs, contributed \$24 million to the decrease in adjusted operating income, reflecting net costs of \$17 million in the current quarter primarily due to financial market conditions compared to a net benefit of \$7 million in the year-ago quarter. In addition, current quarter results reflected greater amortization of deferred policy acquisition and other costs, and higher costs for guaranteed minimum death and income benefits, resulting from less favorable than expected experience. Our Group Insurance segment reported adjusted operating income of \$90 million in the current quarter, an increase of \$39 million from the year-ago quarter. Current quarter results include a \$20 million benefit from a cumulative adjustment of premiums for earlier periods on a large group life insurance case. The remainder of the increase resulted primarily from more favorable group disability results.

The **Investment division** reported adjusted operating income of \$287 million for the first quarter of 2008, compared to \$420 million in the year-ago quarter. The Retirement segment reported adjusted operating income of \$124 million for the current quarter, compared to \$148 million in the year-ago quarter. Current quarter adjusted operating income reflected higher expenses, including costs associated with the retirement business acquired from Union Bank of California in December 2007 which is being integrated onto the Company's processing platform, as

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well as less favorable investment results than the year-ago quarter. The Asset Management segment reported adjusted operating income of \$119 million for the current quarter, compared to \$175 million in the year-ago quarter. The decrease came primarily from less favorable results from the segment's proprietary investing business, which included current quarter losses of approximately \$30 million from changes in market value of a fixed income investment fund compared to income of \$20 million from corresponding market value changes in the year-ago quarter. The decline in results from the proprietary investing business, together with higher expenses, more than offset a greater contribution to current quarter results from performance-based fees, primarily related to institutional real estate funds, and increased asset management fees. Our Financial Advisory segment reported adjusted operating income of \$44 million for the current quarter, compared to \$97 million for the year-ago quarter. The Financial Advisory segment reflects our retail securities brokerage joint venture with Wachovia. On January 1, 2008, Wachovia combined the acquired retail securities brokerage business of A.G. Edwards, Inc. with the joint venture. The Company's initial share of the earnings of the joint venture and transition costs, subsequent to this combination, is based on a diluted ownership level which is currently being finalized. Based on our estimate of the level of ownership, our share of the venture resulted in adjusted operating income of \$51 million, after absorption of \$46 million of transition costs. For the year-ago quarter, our 38% share of the venture resulted in adjusted operating income of \$111 million. In addition to our share of the venture's results, the Financial Advisory segment's results for the current quarter include expenses of \$7 million related to obligations and costs we retained in connection with the contributed businesses primarily for litigation and regulatory matters, while results for the year-ago quarter include \$14 million of such costs.

The **International Insurance and Investments division** reported adjusted operating income of \$439 million for the first quarter of 2008, compared to \$474 million in the year-ago quarter. The International Insurance segment reported adjusted operating income of \$413 million for the current quarter, essentially unchanged from \$412 million for the year-ago quarter. The segment's Life Planner insurance operations reported adjusted operating income of \$285 million for the current quarter, an increase of \$16 million from the year-ago quarter, reflecting continued

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business growth. The segment's Gibraltar Life operations reported adjusted operating income of \$128 million for the current quarter, compared to \$143 million in the year-ago quarter. The decrease reflected a less favorable level of policy benefits and expenses in the current quarter. Foreign currency exchange rates did not have a significant effect on the comparison of results for the segment's international insurance businesses due to the company's currency hedging programs. The International Investments segment reported adjusted operating income of \$26 million for the current quarter, compared to \$62 million in the year-ago quarter. Current quarter results reflected less favorable results from the segment's trading operations, including a \$19 million charge for a credit loss relating to a brokerage client. Results for the current quarter also reflected a lower contribution from the segment's asset management businesses, which benefited in the year-ago quarter from fees associated with strong mutual fund sales in Korea as well as income on an equity-related investment.

**Corporate and Other operations** resulted in a loss, on an adjusted operating income basis, of \$35 million in the first quarter of 2008, compared to adjusted operating income of \$9 million in the year-ago quarter. Current quarter results reflect a lower contribution from investment income, net of interest expense, together with an increased loss from the company's real estate and relocation business.

**Assets under management** amounted to \$631 billion at March 31, 2008, compared to \$630 billion a year earlier and \$648 billion at December 31, 2007. Assets under management at March 31, 2007 included \$26 billion related to investments in operating joint ventures which were sold by the company during the third quarter of 2007.

**Net income** of the Financial Services Businesses amounted to \$77 million for the first quarter of 2008, compared to \$1.025 billion in the year-ago quarter. Current quarter net income includes \$678 million of pre-tax net realized investment losses and related charges and adjustments. Net realized investment losses for the current quarter include \$208 million representing decreases in market value of certain externally managed investments in the European market, which amounts are excluded from adjusted operating income, consistent with the amended definition of adjusted operating income adopted for first quarter 2008 reporting as discussed above. Net realized

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investment losses in the current quarter include \$460 million of losses from impairments and sales of credit-impaired securities. The losses from impairments and sales of credit-impaired securities reflect \$411 million on fixed maturity investments, including \$290 million relating to asset-backed securities collateralized by sub-prime mortgages, and \$48 million of impairments on equity securities. The Company estimates that approximately \$46 million of the \$290 million impairments recorded on asset-backed securities collateralized by sub-prime mortgages represent credit-related losses, based on lower expected collection of cash flows.

At March 31, 2008, gross unrealized losses on general account fixed maturity investments of the Financial Services Businesses amounted to \$3.574 billion, including \$3.143 billion on investment-grade securities. Gross unrealized losses include \$1.146 billion related to asset-backed securities collateralized by sub-prime mortgages. Gross unrealized losses on general account fixed maturity investments of the Financial Services Businesses at March 31, 2008 include \$1.107 billion of declines in value of 20% or more of amortized cost, of which \$247 million represents such declines in value for three months or more. Gross unrealized losses on general account fixed maturity investments of the Financial Services Businesses amounted to \$1.970 billion at year-end 2007. Net unrealized gains on general account fixed maturity investments of the Financial Services Businesses amounted to \$30 million at March 31, 2008 and \$1.332 billion at December 31, 2007.

Net income for the current quarter also reflects pre-tax decreases of \$262 million in recorded asset values and \$200 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. Net income for the current quarter includes \$112 million of pre-tax losses from divested businesses, including \$107 million relating to the Asset Management segment's commercial mortgage securitization operations which the Company has decided to exit as discussed above.

Net income of the Financial Services Businesses for the year-ago quarter included \$141 million of pre-tax net realized investment gains and related charges and adjustments, increases of \$82 million in recorded assets and \$62 million in recorded liabilities for which changes in value will ultimately accrue to contractholders, and income of \$28 million from divested businesses, in each case before income taxes. In addition, net income for the year-ago quarter included income from discontinued operations of \$37 million (net of related taxes).

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**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 a loss from continuing operations before income taxes of \$26 million for the first quarter of 2008, compared to income from continuing operations before income taxes of \$137 million for the year-ago quarter. Current quarter results include pre-tax net realized investment losses of \$110 million, while results for the year-ago quarter included pre-tax net realized investment gains of \$207 million. Net realized investment losses in the current quarter include \$230 million of losses from impairments and sales of credit-impaired securities, which were partially offset by gains on sales of fixed maturity investments. The Closed Block Business reported a net loss for the first quarter of 2008 of \$8 million, compared to net income of \$95 million for the year-ago quarter.

**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 \$69 million for the first quarter of 2008, compared to \$1.120 billion for the year-ago quarter.

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### **Share Repurchases and Issuance**

During the first quarter of 2008, the company acquired 11.4 million shares of its Common Stock, at a total cost of \$869 million. From the commencement of share repurchases in May 2002, through March 31, 2008, the company has acquired 195.8 million shares of its Common Stock at a total cost of \$11.757 billion.

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

Certain of the statements included in this release, including (but not limited to) those in the third 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 reflected in such forward-looking statements, including, among others: (1) general economic, market and political conditions, including the performance and fluctuations of fixed income, equity, 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

- more -

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.

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 investment gains and losses are impairments and credit-related and interest rate-related gains and losses. Impairments and losses from sales of credit-impaired securities, the timing of which depends largely on market credit cycles, can vary considerably across periods. The timing of other sales that would result in gains or losses, such as interest rate-related gains or losses, is largely subject to our discretion and influenced by market opportunities as well as our tax profile. 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

- more -

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 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. The Current Report on Form 8-K furnished by the Company to the SEC with this release shows the effect on previously reported adjusted operating income of the reclassification of the Company's commercial mortgage securitization operations as a "divested business" and the amendment of the Company's definition of adjusted operating income discussed above.

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, 2007, 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](http://www.investor.prudential.com).

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**Earnings Conference Call**

Members of Prudential's senior management will host a conference call on Thursday, May 1, 2008 at 11 a.m. ET, to discuss with the investment community the company's first quarter results. The conference call will be broadcast live over the company's Investor Relations Web site at: [www.investor.prudential.com](http://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 May 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 2:00 p.m. on May 1, through May 8, dial (800) 475-6701 (domestic callers) or (320) 365-3844 (international callers). The access code for the replay is 904642.

Prudential Financial, Inc. (NYSE: PRU), a financial services leader with approximately \$631 billion of assets under management as of March 31, 2008, 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 more than 50 million 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, investment management, and real estate services. For more information, please visit [www.prudential.com](http://www.prudential.com).



**Financial Highlights**

(in millions, except per share data, unaudited)

|                                                                                                                                             | Three Months Ended<br>March 31 |                 |
|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------|
|                                                                                                                                             | 2008                           | 2007            |
| <b>Financial Services Businesses Income Statement Data:</b>                                                                                 |                                |                 |
| <b>Adjusted Operating Income (1):</b>                                                                                                       |                                |                 |
| Revenues:                                                                                                                                   |                                |                 |
| Premiums                                                                                                                                    | \$ 3,102                       | \$ 2,720        |
| Policy charges and fee income                                                                                                               | 824                            | 784             |
| Net investment income                                                                                                                       | 2,111                          | 1,995           |
| Asset management fees, commissions and other income                                                                                         | 939                            | 1,149           |
| Total revenues                                                                                                                              | 6,976                          | 6,648           |
| Benefits and expenses:                                                                                                                      |                                |                 |
| Insurance and annuity benefits                                                                                                              | 3,082                          | 2,763           |
| Interest credited to policyholders' account balances                                                                                        | 806                            | 745             |
| Interest expense                                                                                                                            | 283                            | 274             |
| Other expenses                                                                                                                              | 1,813                          | 1,645           |
| Total benefits and expenses                                                                                                                 | 5,984                          | 5,427           |
| Adjusted operating income before income taxes                                                                                               | 992                            | 1,221           |
| Income taxes, applicable to adjusted operating income                                                                                       | 263                            | 361             |
| <b>Financial Services Businesses after-tax adjusted operating income (1)</b>                                                                | <b>729</b>                     | <b>860</b>      |
| Reconciling Items:                                                                                                                          |                                |                 |
| Realized investment gains (losses), net, and related charges and adjustments                                                                | (678)                          | 141             |
| Investment gains (losses) on trading account assets supporting insurance liabilities, net                                                   | (262)                          | 82              |
| Change in experience-rated contractholder liabilities due to asset value changes                                                            | 200                            | (62)            |
| Divested businesses                                                                                                                         | (112)                          | 28              |
| Equity in earnings of operating joint ventures                                                                                              | (60)                           | (120)           |
| Total reconciling items, before income taxes                                                                                                | (912)                          | 69              |
| Income taxes, not applicable to adjusted operating income                                                                                   | (216)                          | 18              |
| Total reconciling items, after income taxes                                                                                                 | (696)                          | 51              |
| <b>Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures</b> | <b>33</b>                      | <b>911</b>      |
| Equity in earnings of operating joint ventures, net of taxes                                                                                | 43                             | 77              |
| <b>Income from continuing operations (after-tax) of Financial Services Businesses</b>                                                       | <b>76</b>                      | <b>988</b>      |
| Income from discontinued operations, net of taxes                                                                                           | 1                              | 37              |
| <b>Net income of Financial Services Businesses</b>                                                                                          | <b>\$ 77</b>                   | <b>\$ 1,025</b> |
| <b>Direct equity adjustment for earnings per share calculation (2)</b>                                                                      | <b>12</b>                      | <b>15</b>       |
| <b>Earnings available to holders of Common Stock after direct equity adjustment:</b>                                                        |                                |                 |
| Based on net income                                                                                                                         | \$ 89                          | \$ 1,040        |
| Based on after-tax adjusted operating income                                                                                                | \$ 741                         | \$ 875          |

See footnotes on last page.

**Financial Highlights**

(in millions, except per share data, unaudited)

|                                                                                                                                                              | Three Months Ended<br>March 31 |          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------|
|                                                                                                                                                              | 2008                           | 2007     |
| <b>Earnings per share of Common Stock (diluted) (2):</b>                                                                                                     |                                |          |
| Financial Services Businesses after-tax adjusted operating income                                                                                            | \$ 1.65                        | \$ 1.83  |
| Reconciling Items:                                                                                                                                           |                                |          |
| Realized investment gains (losses), net, and related charges and adjustments                                                                                 | (1.51)                         | 0.30     |
| Investment gains (losses) on trading account assets supporting insurance liabilities, net                                                                    | (0.58)                         | 0.17     |
| Change in experience-rated contractholder liabilities due to asset value changes                                                                             | 0.44                           | (0.13)   |
| Divested businesses                                                                                                                                          | (0.25)                         | 0.06     |
| Equity in earnings of operating joint ventures                                                                                                               | (0.13)                         | (0.25)   |
| Total reconciling items, before income taxes                                                                                                                 | (2.03)                         | 0.15     |
| Income taxes, not applicable to adjusted operating income                                                                                                    | (0.48)                         | 0.04     |
| Total reconciling items, after income taxes                                                                                                                  | (1.55)                         | 0.11     |
| Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures                         | 0.10                           | 1.94     |
| Equity in earnings of operating joint ventures, net of taxes                                                                                                 | 0.10                           | 0.16     |
| Income from continuing operations (after-tax) of Financial Services Businesses                                                                               | 0.20                           | 2.10     |
| Income from discontinued operations, net of taxes                                                                                                            | —                              | 0.08     |
| Net income of Financial Services Businesses                                                                                                                  | \$ 0.20                        | \$ 2.18  |
| Weighted average number of outstanding Common shares (diluted basis)                                                                                         | 448.6                          | 477.2    |
| <b>Financial Services Businesses Attributed Equity (as of end of period):</b>                                                                                |                                |          |
| Total attributed equity                                                                                                                                      | \$21,484                       | \$22,265 |
| Per share of Common Stock - diluted                                                                                                                          | 48.45                          | 47.05    |
| Attributed equity excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension/postretirement benefits | \$22,499                       | \$21,657 |
| Per share of Common Stock - diluted                                                                                                                          | 50.74                          | 45.77    |
| Number of diluted shares at end of period                                                                                                                    | 443.4                          | 473.2    |
| <b>Adjusted operating income before income taxes, by Segment (1):</b>                                                                                        |                                |          |
| Individual Life                                                                                                                                              | \$ 96                          | \$ 101   |
| Individual Annuities                                                                                                                                         | 115                            | 166      |
| Group Insurance                                                                                                                                              | 90                             | 51       |
| Total Insurance Division                                                                                                                                     | 301                            | 318      |
| Asset Management                                                                                                                                             | 119                            | 175      |
| Financial Advisory                                                                                                                                           | 44                             | 97       |
| Retirement                                                                                                                                                   | 124                            | 148      |
| Total Investment Division                                                                                                                                    | 287                            | 420      |
| International Insurance                                                                                                                                      | 413                            | 412      |
| International Investments                                                                                                                                    | 26                             | 62       |
| Total International Insurance and Investments Division                                                                                                       | 439                            | 474      |
| Corporate and other operations                                                                                                                               | (35)                           | 9        |
| Financial Services Businesses adjusted operating income before income taxes                                                                                  | 992                            | 1,221    |
| Reconciling Items:                                                                                                                                           |                                |          |
| Realized investment gains (losses), net, and related charges and adjustments                                                                                 | (678)                          | 141      |
| Investment gains (losses) on trading account assets supporting insurance liabilities, net                                                                    | (262)                          | 82       |
| Change in experience-rated contractholder liabilities due to asset value changes                                                                             | 200                            | (62)     |
| Divested businesses                                                                                                                                          | (112)                          | 28       |
| Equity in earnings of operating joint ventures                                                                                                               | (60)                           | (120)    |
| Total reconciling items, before income taxes                                                                                                                 | (912)                          | 69       |
| Income from continuing operations before income taxes and equity in earnings of operating joint ventures - Financial Services Businesses                     | \$ 80                          | \$ 1,290 |

See footnotes on last page.

**Financial Highlights**

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

|                                                                                                   | Three Months Ended<br>March 31 |                  |
|---------------------------------------------------------------------------------------------------|--------------------------------|------------------|
|                                                                                                   | 2008                           | 2007             |
| <b>Insurance Division:</b>                                                                        |                                |                  |
| Individual Life Insurance Sales (3):                                                              |                                |                  |
| Excluding corporate-owned life insurance                                                          |                                |                  |
| Variable life                                                                                     | \$ 16                          | \$ 48            |
| Universal life                                                                                    | 40                             | 44               |
| Term life                                                                                         | 51                             | 49               |
| Total excluding corporate-owned life insurance                                                    | 107                            | 141              |
| Corporate-owned life insurance                                                                    | —                              | 5                |
| Total                                                                                             | <u>\$ 107</u>                  | <u>\$ 146</u>    |
| Fixed and Variable Annuity Sales and Account Values:                                              |                                |                  |
| Gross sales                                                                                       | <u>\$ 2,846</u>                | <u>\$ 2,800</u>  |
| Net sales                                                                                         | <u>\$ 620</u>                  | <u>\$ 409</u>    |
| Total account value at end of period                                                              | <u>\$ 78,417</u>               | <u>\$ 79,270</u> |
| Group Insurance New Annualized Premiums (4):                                                      |                                |                  |
| Group life                                                                                        | \$ 112                         | \$ 103           |
| Group disability                                                                                  | 114                            | 92               |
| Total                                                                                             | <u>\$ 226</u>                  | <u>\$ 195</u>    |
| <b>Investment Division:</b>                                                                       |                                |                  |
| Asset Management Segment:                                                                         |                                |                  |
| Assets managed by Investment Management and Advisory Services (in billions, as of end of period): |                                |                  |
| Institutional customers                                                                           | \$ 174.2                       | \$ 161.0         |
| Retail customers                                                                                  | 81.8                           | 84.2             |
| General account                                                                                   | 177.9                          | 168.9            |
| Total Investment Management and Advisory Services                                                 | <u>\$ 433.9</u>                | <u>\$ 414.1</u>  |
| Institutional Assets Under Management (in billions):                                              |                                |                  |
| Gross additions, other than money market                                                          | <u>\$ 6.5</u>                  | <u>\$ 5.1</u>    |
| Net additions, other than money market                                                            | <u>\$ 2.2</u>                  | <u>\$ 1.2</u>    |
| Retail Assets Under Management (in billions):                                                     |                                |                  |
| Gross additions, other than money market                                                          | <u>\$ 3.5</u>                  | <u>\$ 2.9</u>    |
| Net additions, other than money market                                                            | <u>\$ 1.0</u>                  | <u>\$ 0.3</u>    |
| Wrap-fee Product Assets Under Administration (in billions):                                       |                                |                  |
| Gross additions                                                                                   | <u>\$ 4.7</u>                  | <u>\$ 5.8</u>    |
| Net additions (withdrawals)                                                                       | <u>\$ (0.7)</u>                | <u>\$ 2.0</u>    |
| Assets under administration at end of period                                                      | <u>\$ 75.9</u>                 | <u>\$ 72.3</u>   |
| Retirement Segment:                                                                               |                                |                  |
| Full Service:                                                                                     |                                |                  |
| Deposits and sales                                                                                | <u>\$ 4,586</u>                | <u>\$ 4,003</u>  |
| Net additions                                                                                     | <u>\$ 653</u>                  | <u>\$ 570</u>    |
| Total account value at end of period                                                              | <u>\$ 107,060</u>              | <u>\$ 99,558</u> |
| Institutional Investment Products:                                                                |                                |                  |
| Gross additions                                                                                   | <u>\$ 1,810</u>                | <u>\$ 1,533</u>  |
| Net additions (withdrawals)                                                                       | <u>\$ 108</u>                  | <u>\$ (210)</u>  |
| Total account value at end of period                                                              | <u>\$ 51,667</u>               | <u>\$ 50,661</u> |
| <b>International Insurance and Investments Division:</b>                                          |                                |                  |
| International Insurance New Annualized Premiums (5)(6):                                           |                                |                  |
| Actual exchange rate basis                                                                        | <u>\$ 329</u>                  | <u>\$ 296</u>    |
| Constant exchange rate basis:                                                                     | <u>\$ 329</u>                  | <u>\$ 315</u>    |

See footnotes on last page.

**Financial Highlights**

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

|                                                                                                                                                              | Three Months Ended<br>March 31 |                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------|
|                                                                                                                                                              | 2008                           | 2007            |
| <b>Closed Block Business Data:</b>                                                                                                                           |                                |                 |
| <b>Income Statement Data:</b>                                                                                                                                |                                |                 |
| Revenues                                                                                                                                                     | \$ 1,671                       | \$ 1,991        |
| Benefits and expenses                                                                                                                                        | 1,697                          | 1,854           |
| Income (loss) from continuing operations before income taxes                                                                                                 | (26)                           | 137             |
| Income taxes                                                                                                                                                 | (18)                           | 44              |
| <b>Closed Block Business income (loss) from continuing operations</b>                                                                                        | <b>(8)</b>                     | <b>93</b>       |
| Income from discontinued operations, net of taxes                                                                                                            | —                              | 2               |
| <b>Closed Block Business net income (loss)</b>                                                                                                               | <b>\$ (8)</b>                  | <b>\$ 95</b>    |
| <b>Direct equity adjustment for earnings per share calculation (2)</b>                                                                                       | <b>(12)</b>                    | <b>(15)</b>     |
| <b>Earnings available to holders of Class B Stock after direct equity adjustment - based on net income</b>                                                   | <b>\$ (20)</b>                 | <b>\$ 80</b>    |
| <b>Income (loss) from continuing operations per share of Class B Stock</b>                                                                                   | <b>\$ (10.00)</b>              | <b>\$ 39.00</b> |
| Income from discontinued operations, net of taxes per share of Class B Stock                                                                                 | —                              | 1.00            |
| <b>Net income (loss) per share of Class B Stock</b>                                                                                                          | <b>\$ (10.00)</b>              | <b>\$ 40.00</b> |
| Weighted average diluted shares outstanding during period                                                                                                    | 2.0                            | 2.0             |
| <b>Closed Block Business Attributed Equity (as of end of period):</b>                                                                                        |                                |                 |
| Total attributed equity                                                                                                                                      | \$ 1,213                       | \$ 1,271        |
| Per Share of Class B Stock                                                                                                                                   | 606.50                         | 635.50          |
| Attributed equity excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension/postretirement benefits | \$ 1,302                       | \$ 1,269        |
| Per Share of Class B Stock                                                                                                                                   | 651.00                         | 634.50          |
| Number of Class B Shares at end of period                                                                                                                    | 2.0                            | 2.0             |
| <b>Consolidated Data:</b>                                                                                                                                    |                                |                 |
| <b>Consolidated Income Statement Data:</b>                                                                                                                   |                                |                 |
| Revenues                                                                                                                                                     | \$ 7,564                       | \$ 8,775        |
| Benefits and expenses                                                                                                                                        | 7,510                          | 7,348           |
| Income from continuing operations before income taxes and equity in earnings of operating joint ventures                                                     | 54                             | 1,427           |
| Income tax expense                                                                                                                                           | 29                             | 423             |
| Income from continuing operations before equity in earnings of operating joint ventures                                                                      | 25                             | 1,004           |
| Equity in earnings of operating joint ventures, net of taxes                                                                                                 | 43                             | 77              |
| Income from continuing operations                                                                                                                            | 68                             | 1,081           |
| Income from discontinued operations, net of taxes                                                                                                            | 1                              | 39              |
| Consolidated net income                                                                                                                                      | \$ 69                          | \$ 1,120        |
| <b>Net income:</b>                                                                                                                                           |                                |                 |
| Financial Services Businesses                                                                                                                                | \$ 77                          | \$ 1,025        |
| Closed Block Business                                                                                                                                        | (8)                            | 95              |
| Consolidated net income                                                                                                                                      | \$ 69                          | \$ 1,120        |
| <b>Assets and Asset Management Information (in billions, as of end of period)</b>                                                                            |                                |                 |
| Total assets                                                                                                                                                 | \$ 478.3                       | \$ 458.9        |
| Assets under management (at fair market value):                                                                                                              |                                |                 |
| Managed by Investment Division:                                                                                                                              |                                |                 |
| Asset Management Segment - Investment Management and Advisory Services                                                                                       | \$ 433.9                       | \$ 414.1        |
| Non-proprietary assets under management                                                                                                                      | 54.7                           | 53.4            |
| Total managed by Investment Division                                                                                                                         | 488.6                          | 467.5           |
| Managed by International Insurance and Investments Division (7)                                                                                              | 71.0                           | 88.8            |
| Managed by Insurance Division                                                                                                                                | 71.5                           | 73.5            |
| Total assets under management                                                                                                                                | 631.1                          | 629.8           |
| Client assets under administration                                                                                                                           | 129.4                          | 117.2           |
| Total assets under management and administration                                                                                                             | \$ 760.5                       | \$ 747.0        |

See footnotes on last page.

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- (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, 106 per U.S. dollar; Korean won 950 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.
- (6) Methodology for determining Gibraltar Life’s annualized new business premium on a constant and actual exchange rate basis has been revised to more clearly report the trend of U.S. dollar product sales. Prior period amounts have been restated to conform to current presentation.
- (7) Assets managed by the International Insurance and Investments Division at March 31, 2007, included \$26 billion associated with investments in operating joint ventures which the Company sold in the third quarter of 2007. As a result, these assets are no longer reported as a component of its assets under management.

# Prudential Financial, Inc. (PRU)



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## Quarterly Financial Supplement

FINANCIAL SERVICES BUSINESSES  
FIRST QUARTER 2008

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.

April 30, 2008

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This Quarterly Financial Supplement reflects the following:

The Asset Management segment's commercial mortgage securitization operations, which had a pre-tax loss of \$107 million for the first quarter of 2008, have been classified as a "divested business" and excluded from adjusted operating income for all periods presented, as a result of the company's decision to exit these operations.

Effective for first quarter 2008 reporting, the company has amended its definition of adjusted operating income as it relates to certain externally managed investments in the European market. Under GAAP, the company accounts for these investments as available-for-sale securities containing embedded derivatives that are marked to market within "Realized investment gains (losses), net" based upon the change in value of the underlying portfolio. Prior to this amendment, adjusted operating income included cumulative mark-to-market losses and recoveries of such losses in the period in which they occurred, while cumulative net gains on the embedded derivatives were deferred and amortized into adjusted operating income over the remaining life of the notes. Under the amended definition, adjusted operating income excludes the mark-to-market adjustments on the embedded derivatives, amounting to a pre-tax loss of \$208 million for the first quarter of 2008, which are included in net income on a GAAP basis within "Realized investment gains (losses), net." Accounting for these investments under GAAP has not been changed. Adjusted operating income results for earlier periods have been revised to conform to the amended definition.

Assets reported herein reflect reclassifications to conform to current reporting practices.

FINANCIAL HIGHLIGHTS  
(in millions, except per share data)

| Year-to-date                                                                                                                         |        | %<br>Change |                                                                                           | 2007   |        |        |        | 2008   |
|--------------------------------------------------------------------------------------------------------------------------------------|--------|-------------|-------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|
| 2008                                                                                                                                 | 2007   |             |                                                                                           | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     |
| Financial Services Businesses:                                                                                                       |        |             |                                                                                           |        |        |        |        |        |
| Pre-tax adjusted operating income (loss) by division:                                                                                |        |             |                                                                                           |        |        |        |        |        |
| 301                                                                                                                                  | 318    | -5%         | Insurance Division                                                                        | 318    | 390    | 556    | 366    | 301    |
| 287                                                                                                                                  | 420    | -32%        | Investment Division                                                                       | 420    | 377    | 311    | 372    | 287    |
| 439                                                                                                                                  | 474    | -7%         | International Insurance and Investments Division                                          | 474    | 453    | 537    | 393    | 439    |
| (35)                                                                                                                                 | 9      | -489%       | Corporate and other operations                                                            | 9      | (8)    | (12)   | (51)   | (35)   |
| 992                                                                                                                                  | 1,221  | -19%        | Total pre-tax adjusted operating income                                                   | 1,221  | 1,212  | 1,392  | 1,080  | 992    |
| 263                                                                                                                                  | 361    | -27%        | Income taxes, applicable to adjusted operating income                                     | 361    | 355    | 416    | 268    | 263    |
| 729                                                                                                                                  | 860    | -15%        | Financial Services Businesses after-tax adjusted operating income                         | 860    | 857    | 976    | 812    | 729    |
| Reconciling items:                                                                                                                   |        |             |                                                                                           |        |        |        |        |        |
| (678)                                                                                                                                | 141    | -581%       | Realized investment gains (losses), net, and related charges and adjustments              | 141    | 34     | (180)  | (91)   | (678)  |
| (262)                                                                                                                                | 82     | -420%       | Investment gains (losses) on trading account assets supporting insurance liabilities, net | 82     | (108)  | 36     | (10)   | (262)  |
| 200                                                                                                                                  | (62)   | 423%        | Change in experience-rated contractholder liabilities due to asset value changes          | (62)   | 72     | (6)    | 9      | 200    |
| (112)                                                                                                                                | 28     | -500%       | Divested businesses                                                                       | 28     | 18     | (27)   | (45)   | (112)  |
| (60)                                                                                                                                 | (120)  | 50%         | Equity in earnings of operating joint ventures                                            | (120)  | (100)  | (103)  | (77)   | (60)   |
| (912)                                                                                                                                | 69     | -1422%      | Total reconciling items, before income taxes                                              | 69     | (84)   | (280)  | (214)  | (912)  |
| (216)                                                                                                                                | 18     | -1300%      | Income taxes, not applicable to adjusted operating income                                 | 18     | (35)   | (101)  | (137)  | (216)  |
| (696)                                                                                                                                | 51     | -1465%      | Total reconciling items, after income taxes                                               | 51     | (49)   | (179)  | (77)   | (696)  |
| Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures |        |             |                                                                                           | 911    | 808    | 797    | 735    | 33     |
| 33                                                                                                                                   | 911    | -96%        |                                                                                           |        |        |        |        |        |
| 43                                                                                                                                   | 77     | -44%        | Equity in earnings of operating joint ventures, net of taxes                              | 77     | 56     | 67     | 46     | 43     |
| 76                                                                                                                                   | 988    | -92%        | Income from continuing operations (after-tax) of Financial Services Businesses            | 988    | 864    | 864    | 781    | 76     |
| 1                                                                                                                                    | 37     | -97%        | Income (loss) from discontinued operations, net of taxes                                  | 37     | (29)   | (4)    | 11     | 1      |
| 77                                                                                                                                   | 1,025  | -92%        | Net income of Financial Services Businesses                                               | 1,025  | 835    | 860    | 792    | 77     |
| Earnings per share of Common Stock (diluted):                                                                                        |        |             |                                                                                           |        |        |        |        |        |
| 1.65                                                                                                                                 | 1.83   |             | Financial Services Businesses after-tax adjusted operating income                         | 1.83   | 1.84   | 2.13   | 1.79   | 1.65   |
| Reconciling items:                                                                                                                   |        |             |                                                                                           |        |        |        |        |        |
| (1.51)                                                                                                                               | 0.30   |             | Realized investment gains (losses), net, and related charges and adjustments              | 0.30   | 0.07   | (0.39) | (0.20) | (1.51) |
| (0.58)                                                                                                                               | 0.17   |             | Investment gains (losses) on trading account assets supporting insurance liabilities, net | 0.17   | (0.23) | 0.08   | (0.02) | (0.58) |
| 0.44                                                                                                                                 | (0.13) |             | Change in experience-rated contractholder liabilities due to asset value changes          | (0.13) | 0.15   | (0.01) | 0.02   | 0.44   |
| (0.25)                                                                                                                               | 0.06   |             | Divested businesses                                                                       | 0.06   | 0.04   | (0.06) | (0.10) | (0.25) |
| (0.13)                                                                                                                               | (0.25) |             | Equity in earnings of operating joint ventures                                            | (0.25) | (0.21) | (0.22) | (0.17) | (0.13) |
| (2.03)                                                                                                                               | 0.15   |             | Total reconciling items, before income taxes                                              | 0.15   | (0.18) | (0.60) | (0.47) | (2.03) |
| (0.48)                                                                                                                               | 0.04   |             | Income taxes, not applicable to adjusted operating income                                 | 0.04   | (0.08) | (0.21) | (0.31) | (0.48) |
| (1.55)                                                                                                                               | 0.11   |             | Total reconciling items, after income taxes                                               | 0.11   | (0.10) | (0.39) | (0.16) | (1.55) |
| Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures |        |             |                                                                                           | 1.94   | 1.74   | 1.74   | 1.63   | 0.10   |
| 0.10                                                                                                                                 | 1.94   |             |                                                                                           |        |        |        |        |        |
| 0.10                                                                                                                                 | 0.16   |             | Equity in earnings of operating joint ventures, net of taxes                              | 0.16   | 0.12   | 0.15   | 0.10   | 0.10   |
| 0.20                                                                                                                                 | 2.10   |             | Income from continuing operations (after-tax) of Financial Services Businesses            | 2.10   | 1.86   | 1.89   | 1.73   | 0.20   |
| —                                                                                                                                    | 0.08   |             | Income (loss) from discontinued operations, net of taxes                                  | 0.08   | (0.06) | (0.01) | 0.02   | —      |
| 0.20                                                                                                                                 | 2.18   |             | Net income of Financial Services Businesses                                               | 2.18   | 1.80   | 1.88   | 1.75   | 0.20   |
| 448.6                                                                                                                                | 477.2  |             | Weighted average number of outstanding Common shares (diluted basis)                      | 477.2  | 472.8  | 464.9  | 458.5  | 448.6  |
| 13.03%                                                                                                                               | 16.29% |             | Operating Return on Average Equity (based on adjusted operating income)                   | 16.29% | 16.04% | 17.97% | 14.88% | 13.03% |
| Reconciliation to Consolidated Net Income of Prudential Financial, Inc:                                                              |        |             |                                                                                           |        |        |        |        |        |
| 77                                                                                                                                   | 1,025  |             | Net income of Financial Services Businesses (above)                                       | 1,025  | 835    | 860    | 792    | 77     |
| (8)                                                                                                                                  | 95     |             | Net income (loss) of Closed Block Business                                                | 95     | 11     | 7      | 79     | (8)    |
| 69                                                                                                                                   | 1,120  |             | Consolidated net income                                                                   | 1,120  | 846    | 867    | 871    | 69     |
| 12                                                                                                                                   | 15     |             | Direct equity adjustments for earnings per share calculations                             | 15     | 14     | 13     | 11     | 12     |

FINANCIAL HIGHLIGHTS  
(in millions, except per share data)

| Year-to-date                                           |                                                                                                                                              | 2007   |        |        |        | 2008   |
|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|
| 2008                                                   | 2007                                                                                                                                         | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     |
| Financial Services Businesses Capitalization Data (1): |                                                                                                                                              |        |        |        |        |        |
|                                                        | Short-term debt                                                                                                                              | 12,812 | 11,533 | 12,619 | 14,514 | 13,788 |
|                                                        | Long-term debt                                                                                                                               | 10,080 | 9,401  | 9,771  | 12,351 | 13,302 |
|                                                        | Attributed Equity:                                                                                                                           |        |        |        |        |        |
|                                                        | Including accumulated other comprehensive income                                                                                             | 22,265 | 21,718 | 21,751 | 22,170 | 21,484 |
|                                                        | Excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension / postretirement benefits | 21,657 | 21,792 | 22,244 | 22,009 | 22,499 |
|                                                        | Excluding total accumulated other comprehensive income                                                                                       | 21,585 | 21,835 | 22,051 | 21,711 | 21,957 |
|                                                        | Total Capitalization:                                                                                                                        |        |        |        |        |        |
|                                                        | Including accumulated other comprehensive income                                                                                             | 32,345 | 31,119 | 31,522 | 34,521 | 34,786 |
|                                                        | Excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension / postretirement benefits | 31,737 | 31,193 | 32,015 | 34,360 | 35,801 |
|                                                        | Excluding total accumulated other comprehensive income                                                                                       | 31,665 | 31,236 | 31,822 | 34,062 | 35,259 |
|                                                        | Book value per share of Common Stock:                                                                                                        |        |        |        |        |        |
|                                                        | Including accumulated other comprehensive income                                                                                             | 47.05  | 46.27  | 47.08  | 48.73  | 48.45  |
|                                                        | Excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension / postretirement benefits | 45.77  | 46.43  | 48.15  | 48.37  | 50.74  |
|                                                        | Excluding total accumulated other comprehensive income                                                                                       | 45.61  | 46.52  | 47.73  | 47.72  | 49.52  |
|                                                        | Number of diluted shares at end of period                                                                                                    | 473.2  | 469.4  | 462.0  | 455.0  | 443.4  |
| Common Stock Price Range (based on closing price):     |                                                                                                                                              |        |        |        |        |        |
| 91.36                                                  | 93.10                                                                                                                                        | High   | 93.10  | 103.17 | 98.71  | 101.09 |
| 67.36                                                  | 85.69                                                                                                                                        | Low    | 85.69  | 90.21  | 84.28  | 89.46  |
| 78.25                                                  | 90.26                                                                                                                                        | Close  | 90.26  | 97.23  | 97.58  | 93.04  |
| Common Stock market capitalization (1)                 |                                                                                                                                              | 42,025 | 44,879 | 44,309 | 41,623 | 34,227 |

(1) As of end of period.

OPERATIONS HIGHLIGHTS

| Year-to-date                                                                                   |      | 2007                                                |       |       |       | 2008  |
|------------------------------------------------------------------------------------------------|------|-----------------------------------------------------|-------|-------|-------|-------|
| 2008                                                                                           | 2007 | 1Q                                                  | 2Q    | 3Q    | 4Q    | 1Q    |
| <b>Assets Under Management and Administration (\$ billions) (1) (2):</b>                       |      |                                                     |       |       |       |       |
| Assets Under Management :                                                                      |      |                                                     |       |       |       |       |
| Managed by Investment Division:                                                                |      |                                                     |       |       |       |       |
| Asset Management Segment - Investment Management & Advisory Services                           |      |                                                     |       |       |       |       |
| Institutional customers                                                                        |      | 161.0                                               | 166.2 | 170.1 | 176.4 | 174.2 |
| Retail customers                                                                               |      | 84.2                                                | 87.1  | 88.5  | 86.6  | 81.8  |
| General account                                                                                |      | 168.9                                               | 167.0 | 171.6 | 175.5 | 177.9 |
| Total Investment Management and Advisory Services                                              |      | 414.1                                               | 420.3 | 430.2 | 438.5 | 433.9 |
| Non-proprietary assets under management                                                        |      | 53.4                                                | 56.1  | 57.0  | 59.7  | 54.7  |
| Total managed by Investment Division                                                           |      | 467.5                                               | 476.4 | 487.2 | 498.2 | 488.6 |
| Managed by International Insurance and Investments Division (3):                               |      | 88.8                                                | 94.3  | 71.5  | 69.2  | 71.0  |
| Managed by Insurance Division                                                                  |      | 73.5                                                | 77.7  | 78.2  | 80.3  | 71.5  |
| Total assets under management                                                                  |      | 629.8                                               | 648.4 | 636.9 | 647.7 | 631.1 |
| Client assets under administration                                                             |      | 117.2                                               | 127.0 | 131.4 | 136.3 | 129.4 |
| Total assets under management and administration                                               |      | 747.0                                               | 775.4 | 768.3 | 784.0 | 760.5 |
| Assets managed or administered for customers outside of the United States at end of period (3) |      | 128.8                                               | 137.3 | 119.6 | 117.0 | 117.4 |
| <b>Distribution Representatives (1):</b>                                                       |      |                                                     |       |       |       |       |
| Prudential Agents                                                                              |      | 2,505                                               | 2,512 | 2,552 | 2,425 | 2,436 |
| International Life Planners                                                                    |      | 5,893                                               | 6,001 | 6,038 | 6,166 | 6,138 |
| Gibraltar Life Advisors                                                                        |      | 5,952                                               | 5,815 | 5,944 | 6,264 | 6,035 |
| 50                                                                                             | 49   | <b>Prudential Agent productivity (\$ thousands)</b> |       |       |       |       |
|                                                                                                |      | 49                                                  | 57    | 54    | 85    | 50    |

(1) As of end of period.

(2) At fair market value.

(3) Assets managed by the International Insurance and Investments Division and Assets managed or administered for customers outside of the United States at end of period at June 30, 2007 included \$28 billion associated with investments in operating joint ventures which the Company sold in the third quarter of 2007. As a result, these assets are no longer reported as a component of its assets under management and administration.

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

| Year-to-date                                                                                             |       | %<br>Change |                                                                                           | 2007  |       |       |       | 2008  |
|----------------------------------------------------------------------------------------------------------|-------|-------------|-------------------------------------------------------------------------------------------|-------|-------|-------|-------|-------|
| 2008                                                                                                     | 2007  |             |                                                                                           | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    |
| Revenues (1):                                                                                            |       |             |                                                                                           |       |       |       |       |       |
| 3,102                                                                                                    | 2,720 | 14%         | Premiums                                                                                  | 2,720 | 2,684 | 2,673 | 2,717 | 3,102 |
| 824                                                                                                      | 784   | 5%          | Policy charges and fee income                                                             | 784   | 783   | 727   | 828   | 824   |
| 2,111                                                                                                    | 1,995 | 6%          | Net investment income                                                                     | 1,995 | 2,033 | 2,070 | 2,106 | 2,111 |
| 939                                                                                                      | 1,149 | -18%        | Asset management fees, commissions and other income                                       | 1,149 | 1,169 | 1,301 | 1,121 | 939   |
| 6,976                                                                                                    | 6,648 | 5%          | Total revenues                                                                            | 6,648 | 6,669 | 6,771 | 6,772 | 6,976 |
| Benefits and Expenses (1):                                                                               |       |             |                                                                                           |       |       |       |       |       |
| 3,082                                                                                                    | 2,763 | 12%         | Insurance and annuity benefits                                                            | 2,763 | 2,683 | 2,658 | 2,725 | 3,082 |
| 806                                                                                                      | 745   | 8%          | Interest credited to policyholders' account balances                                      | 745   | 762   | 779   | 808   | 806   |
| 283                                                                                                      | 274   | 3%          | Interest expense                                                                          | 274   | 276   | 281   | 289   | 283   |
| (588)                                                                                                    | (539) | -9%         | Deferral of acquisition costs                                                             | (539) | (556) | (554) | (599) | (588) |
| 338                                                                                                      | 272   | 24%         | Amortization of acquisition costs                                                         | 272   | 265   | 108   | 290   | 338   |
| 2,063                                                                                                    | 1,912 | 8%          | General and administrative expenses                                                       | 1,912 | 2,027 | 2,107 | 2,179 | 2,063 |
| 5,984                                                                                                    | 5,427 | 10%         | Total benefits and expenses                                                               | 5,427 | 5,457 | 5,379 | 5,692 | 5,984 |
| 992                                                                                                      | 1,221 | -19%        | Adjusted operating income before income taxes                                             | 1,221 | 1,212 | 1,392 | 1,080 | 992   |
| Reconciling items:                                                                                       |       |             |                                                                                           |       |       |       |       |       |
| (665)                                                                                                    | 147   | -552%       | Realized investment gains (losses), net, and related adjustments                          | 147   | 41    | (178) | (51)  | (665) |
| (13)                                                                                                     | (6)   | -117%       | Related charges                                                                           | (6)   | (7)   | (2)   | (40)  | (13)  |
| (678)                                                                                                    | 141   | -581%       | Total realized investment gains (losses), net, and related charges and adjustments        | 141   | 34    | (180) | (91)  | (678) |
| (262)                                                                                                    | 82    | -420%       | Investment gains (losses) on trading account assets supporting insurance liabilities, net | 82    | (108) | 36    | (10)  | (262) |
| 200                                                                                                      | (62)  | 423%        | Change in experience-rated contractholder liabilities due to asset value changes          | (62)  | 72    | (6)   | 9     | 200   |
| (112)                                                                                                    | 28    | -500%       | Divested businesses                                                                       | 28    | 18    | (27)  | (45)  | (112) |
| (60)                                                                                                     | (120) | 50%         | Equity in earnings of operating joint ventures                                            | (120) | (100) | (103) | (77)  | (60)  |
| (912)                                                                                                    | 69    | -1422%      | Total reconciling items, before income taxes                                              | 69    | (84)  | (280) | (214) | (912) |
| Income from continuing operations before income taxes and equity in earnings of operating joint ventures |       |             |                                                                                           | 1,290 | 1,128 | 1,112 | 866   | 80    |
| 47                                                                                                       | 379   | -88%        | Income tax expense                                                                        | 379   | 320   | 315   | 131   | 47    |
| 33                                                                                                       | 911   | -96%        | Income from continuing operations before equity in earnings of operating joint ventures   | 911   | 808   | 797   | 735   | 33    |

- (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.

COMBINED BALANCE SHEETS - FINANCIAL SERVICES BUSINESSES  
(in millions)

|                                                                                                                            | 3/31/2007 | 6/30/2007 | 9/30/2007 | 12/31/2007 | 3/31/2008 |
|----------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|------------|-----------|
| <b>Assets:</b>                                                                                                             |           |           |           |            |           |
| Investments:                                                                                                               |           |           |           |            |           |
| Fixed maturities, available for sale, at fair value (amortized cost \$110,980; \$108,291; \$111,668; \$111,405; \$117,893) | 113,833   | 109,665   | 112,956   | 112,748    | 117,914   |
| Fixed maturities, held to maturity, at amortized cost (fair value \$3,407; \$3,287; \$3,411; \$3,543; \$3,741)             | 3,440     | 3,370     | 3,473     | 3,548      | 3,735     |
| Trading account assets supporting insurance liabilities, at fair value                                                     | 14,223    | 14,069    | 14,612    | 14,473     | 14,644    |
| Other trading account assets, at fair value                                                                                | 2,284     | 2,214     | 3,354     | 3,471      | 2,684     |
| Equity securities, available for sale, at fair value (cost \$3,942; \$3,928; \$4,385; \$4,497; \$4,786)                    | 4,592     | 4,588     | 4,683     | 4,640      | 4,551     |
| Commercial loans                                                                                                           | 18,947    | 19,852    | 20,756    | 22,093     | 23,444    |
| Policy loans                                                                                                               | 3,575     | 3,642     | 3,815     | 3,942      | 4,147     |
| Securities purchased under agreements to resell                                                                            | 113       | 198       | 111       | 129        | 178       |
| Other long-term investments                                                                                                | 4,339     | 4,430     | 4,449     | 5,163      | 5,266     |
| Short-term investments                                                                                                     | 3,291     | 5,421     | 3,183     | 3,852      | 4,176     |
| Total investments                                                                                                          | 168,637   | 167,449   | 171,392   | 174,059    | 180,739   |
| Cash and cash equivalents                                                                                                  | 5,950     | 5,584     | 7,687     | 9,624      | 8,133     |
| Accrued investment income                                                                                                  | 1,468     | 1,432     | 1,519     | 1,496      | 1,540     |
| Reinsurance recoverables                                                                                                   | 2,021     | 2,127     | 2,149     | 2,119      | 1,975     |
| Deferred policy acquisition costs                                                                                          | 10,067    | 10,404    | 11,032    | 11,396     | 11,924    |
| Other assets                                                                                                               | 16,608    | 15,489    | 16,143    | 17,754     | 20,357    |
| Separate account assets                                                                                                    | 181,618   | 187,403   | 195,324   | 195,583    | 181,902   |
| Total assets                                                                                                               | 386,369   | 389,888   | 405,246   | 412,031    | 406,570   |
| <b>Liabilities:</b>                                                                                                        |           |           |           |            |           |
| Future policy benefits                                                                                                     | 56,490    | 55,692    | 58,117    | 60,259     | 63,590    |
| Policyholders' account balances                                                                                            | 75,132    | 75,606    | 77,105    | 78,599     | 84,812    |
| Reinsurance payables                                                                                                       | 1,472     | 1,556     | 1,593     | 1,552      | 1,396     |
| Securities sold under agreements to repurchase                                                                             | 4,794     | 5,146     | 5,683     | 5,281      | 3,727     |
| Cash collateral for loaned securities                                                                                      | 3,697     | 4,497     | 5,017     | 3,041      | 2,761     |
| Income taxes                                                                                                               | 3,199     | 2,746     | 2,826     | 3,402      | 3,575     |
| Short-term debt                                                                                                            | 12,812    | 11,533    | 12,619    | 14,514     | 13,788    |
| Long-term debt                                                                                                             | 10,080    | 9,401     | 9,771     | 12,351     | 13,302    |
| Other liabilities                                                                                                          | 14,810    | 14,590    | 15,440    | 15,279     | 16,233    |
| Separate account liabilities                                                                                               | 181,618   | 187,403   | 195,324   | 195,583    | 181,902   |
| Total liabilities                                                                                                          | 364,104   | 368,170   | 383,495   | 389,861    | 385,086   |
| <b>Attributed Equity:</b>                                                                                                  |           |           |           |            |           |
| Accumulated other comprehensive income (loss)                                                                              | 680       | (117)     | (300)     | 459        | (473)     |
| Other attributed equity                                                                                                    | 21,585    | 21,835    | 22,051    | 21,711     | 21,957    |
| Total attributed equity                                                                                                    | 22,265    | 21,718    | 21,751    | 22,170     | 21,484    |
| Total liabilities and attributed equity                                                                                    | 386,369   | 389,888   | 405,246   | 412,031    | 406,570   |

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

|                                                      | Three Months Ended March 31, 2008   |                    |                     |                                                |                                |
|------------------------------------------------------|-------------------------------------|--------------------|---------------------|------------------------------------------------|--------------------------------|
|                                                      | Total Financial Services Businesses | Insurance Division | Investment Division | International Insurance & Investments Division | Corporate and Other Operations |
| Revenues (1) :                                       |                                     |                    |                     |                                                |                                |
| Premiums                                             | 3,102                               | 1,134              | 200                 | 1,772                                          | (4)                            |
| Policy charges and fee income                        | 824                                 | 695                | 43                  | 87                                             | (1)                            |
| Net investment income                                | 2,111                               | 504                | 964                 | 462                                            | 181                            |
| Asset management fees, commissions and other income  | 939                                 | 177                | 659                 | 180                                            | (77)                           |
| Total revenues                                       | 6,976                               | 2,510              | 1,866               | 2,501                                          | 99                             |
| Benefits and Expenses (1):                           |                                     |                    |                     |                                                |                                |
| Insurance and annuity benefits                       | 3,082                               | 1,255              | 392                 | 1,413                                          | 22                             |
| Interest credited to policyholders' account balances | 806                                 | 216                | 533                 | 100                                            | (43)                           |
| Interest expense                                     | 283                                 | 66                 | 52                  | 2                                              | 163                            |
| Deferral of acquisition costs                        | (588)                               | (280)              | (29)                | (294)                                          | 15                             |
| Amortization of acquisition costs                    | 338                                 | 178                | 10                  | 160                                            | (10)                           |
| General and administrative expenses                  | 2,063                               | 774                | 621                 | 681                                            | (13)                           |
| Total benefits and expenses                          | 5,984                               | 2,209              | 1,579               | 2,062                                          | 134                            |
| Adjusted operating income (loss) before income taxes | 992                                 | 301                | 287                 | 439                                            | (35)                           |

|                                                      | Three Months Ended March 31, 2007   |                    |                     |                                                |                                |
|------------------------------------------------------|-------------------------------------|--------------------|---------------------|------------------------------------------------|--------------------------------|
|                                                      | Total Financial Services Businesses | Insurance Division | Investment Division | International Insurance & Investments Division | Corporate and Other Operations |
| Revenues (1):                                        |                                     |                    |                     |                                                |                                |
| Premiums                                             | 2,720                               | 1,073              | 96                  | 1,553                                          | (2)                            |
| Policy charges and fee income                        | 784                                 | 667                | 44                  | 72                                             | 1                              |
| Net investment income                                | 1,995                               | 470                | 934                 | 386                                            | 205                            |
| Asset management fees, commissions and other income  | 1,149                               | 230                | 745                 | 219                                            | (45)                           |
| Total revenues                                       | 6,648                               | 2,440              | 1,819               | 2,230                                          | 159                            |
| Benefits and Expenses (1):                           |                                     |                    |                     |                                                |                                |
| Insurance and annuity benefits                       | 2,763                               | 1,230              | 302                 | 1,219                                          | 12                             |
| Interest credited to policyholders' account balances | 745                                 | 202                | 492                 | 77                                             | (26)                           |
| Interest expense                                     | 274                                 | 53                 | 59                  | 2                                              | 160                            |
| Deferral of acquisition costs                        | (539)                               | (270)              | (19)                | (261)                                          | 11                             |
| Amortization of acquisition costs                    | 272                                 | 153                | 9                   | 128                                            | (18)                           |
| General and administrative expenses                  | 1,912                               | 754                | 556                 | 591                                            | 11                             |
| Total benefits and expenses                          | 5,427                               | 2,122              | 1,399               | 1,756                                          | 150                            |
| Adjusted operating income before income taxes        | 1,221                               | 318                | 420                 | 474                                            | 9                              |

- (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.

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

|                                               | As of March 31, 2008                         |                       |                        |                                                         |                                      |
|-----------------------------------------------|----------------------------------------------|-----------------------|------------------------|---------------------------------------------------------|--------------------------------------|
|                                               | Total<br>Financial<br>Services<br>Businesses | Insurance<br>Division | Investment<br>Division | International<br>Insurance &<br>Investments<br>Division | Corporate<br>and Other<br>Operations |
| <b>Assets:</b>                                |                                              |                       |                        |                                                         |                                      |
| Total investments                             | 180,739                                      | 37,860                | 69,724                 | 62,005                                                  | 11,150                               |
| Deferred policy acquisition costs             | 11,924                                       | 6,224                 | 259                    | 5,624                                                   | (183)                                |
| Other assets                                  | 32,005                                       | 5,441                 | 9,799                  | 10,668                                                  | 6,097                                |
| Separate account assets                       | 181,902                                      | 90,727                | 92,318                 | 276                                                     | (1,419)                              |
| Total assets                                  | <u>406,570</u>                               | <u>140,252</u>        | <u>172,100</u>         | <u>78,573</u>                                           | <u>15,645</u>                        |
| <b>Liabilities:</b>                           |                                              |                       |                        |                                                         |                                      |
| Future policy benefits                        | 63,590                                       | 9,133                 | 14,121                 | 39,899                                                  | 437                                  |
| Policyholders' account balances               | 84,812                                       | 23,925                | 44,881                 | 19,120                                                  | (3,114)                              |
| Debt                                          | 27,090                                       | 5,297                 | 3,987                  | 1,112                                                   | 16,694                               |
| Other liabilities                             | 27,692                                       | 4,537                 | 10,048                 | 11,027                                                  | 2,080                                |
| Separate account liabilities                  | 181,902                                      | 90,727                | 92,318                 | 276                                                     | (1,419)                              |
| Total liabilities                             | <u>385,086</u>                               | <u>133,619</u>        | <u>165,355</u>         | <u>71,434</u>                                           | <u>14,678</u>                        |
| <b>Attributed Equity:</b>                     |                                              |                       |                        |                                                         |                                      |
| Accumulated other comprehensive income (loss) | (473)                                        | (118)                 | (531)                  | 406                                                     | (230)                                |
| Other attributed equity                       | 21,957                                       | 6,751                 | 7,276                  | 6,733                                                   | 1,197                                |
| Total attributed equity                       | <u>21,484</u>                                | <u>6,633</u>          | <u>6,745</u>           | <u>7,139</u>                                            | <u>967</u>                           |
| Total liabilities and attributed equity       | <u>406,570</u>                               | <u>140,252</u>        | <u>172,100</u>         | <u>78,573</u>                                           | <u>15,645</u>                        |
|                                               |                                              |                       |                        |                                                         |                                      |
|                                               | As of December 31, 2007                      |                       |                        |                                                         |                                      |
|                                               | Total<br>Financial<br>Services<br>Businesses | Insurance<br>Division | Investment<br>Division | International<br>Insurance &<br>Investments<br>Division | Corporate<br>and Other<br>Operations |
| <b>Assets:</b>                                |                                              |                       |                        |                                                         |                                      |
| Total investments                             | 174,059                                      | 34,355                | 69,185                 | 58,324                                                  | 12,195                               |
| Deferred policy acquisition costs             | 11,396                                       | 6,152                 | 233                    | 5,187                                                   | (176)                                |
| Other assets                                  | 30,993                                       | 5,502                 | 8,052                  | 9,319                                                   | 8,120                                |
| Separate account assets                       | 195,583                                      | 99,713                | 97,030                 | 268                                                     | (1,428)                              |
| Total assets                                  | <u>412,031</u>                               | <u>145,722</u>        | <u>174,500</u>         | <u>73,098</u>                                           | <u>18,711</u>                        |
| <b>Liabilities:</b>                           |                                              |                       |                        |                                                         |                                      |
| Future policy benefits                        | 60,259                                       | 8,730                 | 14,298                 | 36,773                                                  | 458                                  |
| Policyholders' account balances               | 78,599                                       | 20,375                | 43,371                 | 17,704                                                  | (2,851)                              |
| Debt                                          | 26,865                                       | 4,916                 | 3,814                  | 1,218                                                   | 16,917                               |
| Other liabilities                             | 28,555                                       | 5,320                 | 9,962                  | 10,037                                                  | 3,236                                |
| Separate account liabilities                  | 195,583                                      | 99,713                | 97,030                 | 268                                                     | (1,428)                              |
| Total liabilities                             | <u>389,861</u>                               | <u>139,054</u>        | <u>168,475</u>         | <u>66,000</u>                                           | <u>16,332</u>                        |
| <b>Attributed Equity:</b>                     |                                              |                       |                        |                                                         |                                      |
| Accumulated other comprehensive income (loss) | 459                                          | 59                    | (194)                  | 702                                                     | (108)                                |
| Other attributed equity                       | 21,711                                       | 6,609                 | 6,219                  | 6,396                                                   | 2,487                                |
| Total attributed equity                       | <u>22,170</u>                                | <u>6,668</u>          | <u>6,025</u>           | <u>7,098</u>                                            | <u>2,379</u>                         |
| Total liabilities and attributed equity       | <u>412,031</u>                               | <u>145,722</u>        | <u>174,500</u>         | <u>73,098</u>                                           | <u>18,711</u>                        |

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

|                                                                  | As of March 31, 2008 |                |            | As of December 31, 2007 |                |            |
|------------------------------------------------------------------|----------------------|----------------|------------|-------------------------|----------------|------------|
|                                                                  | Short-term Debt      | Long-term Debt | Total Debt | Short-term Debt         | Long-term Debt | Total Debt |
| <b>Financial Services Businesses</b>                             |                      |                |            |                         |                |            |
| <i>Borrowings by use of proceeds:</i>                            |                      |                |            |                         |                |            |
| Capital Debt                                                     | 3,175                | 3,190          | 6,365      | 1,506                   | 3,275          | 4,781      |
| Investment related                                               | 6,257                | 7,640          | 13,897     | 8,116                   | 7,120          | 15,236     |
| Securities business related                                      | 3,299                | 1,319          | 4,618      | 3,405                   | 1,371          | 4,776      |
| Specified other businesses                                       | 758                  | 919            | 1,677      | 1,179                   | 381            | 1,560      |
| Limited recourse and non-recourse borrowing                      | 299                  | 234            | 533        | 308                     | 204            | 512        |
| Total debt - Financial Services Businesses                       | 13,788               | 13,302         | 27,090     | 14,514                  | 12,351         | 26,865     |
| Ratio of long-term and short-term capital debt to capitalization |                      |                | 22.1%      |                         |                | 17.8%      |
| <b>Closed Block Business</b>                                     |                      |                |            |                         |                |            |
| Investment related                                               | 2,436                | —              | 2,436      | 1,143                   | —              | 1,143      |
| Limited recourse and non-recourse borrowing                      | —                    | 1,750          | 1,750      | —                       | 1,750          | 1,750      |
| Total debt                                                       | 2,436                | 1,750          | 4,186      | 1,143                   | 1,750          | 2,893      |

  

|                                             | As of March 31, 2008       |                                                |                  |        | As of December 31, 2007    |                                                |                  |        |
|---------------------------------------------|----------------------------|------------------------------------------------|------------------|--------|----------------------------|------------------------------------------------|------------------|--------|
|                                             | 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  |
| <b>Financial Services Businesses</b>        |                            |                                                |                  |        |                            |                                                |                  |        |
| <i>Borrowings by sources:</i>               |                            |                                                |                  |        |                            |                                                |                  |        |
| Capital Debt                                | 5,134                      | 1,231                                          | —                | 6,365  | 3,661                      | 1,120                                          | —                | 4,781  |
| Investment related                          | 7,617                      | 4,080                                          | 2,200            | 13,897 | 9,423                      | 3,863                                          | 1,950            | 15,236 |
| Securities business related                 | 3,162                      | 1,392                                          | 64               | 4,618  | 3,235                      | 1,445                                          | 96               | 4,776  |
| Specified other businesses                  | 938                        | 739                                            | —                | 1,677  | 393                        | 1,167                                          | —                | 1,560  |
| Limited recourse and non-recourse borrowing | —                          | —                                              | 533              | 533    | —                          | —                                              | 512              | 512    |
| Total debt - Financial Services Businesses  | 16,851                     | 7,442                                          | 2,797            | 27,090 | 16,712                     | 7,595                                          | 2,558            | 26,865 |

(1) Includes Prudential Funding, LLC.

(2) Capital debt at Prudential Insurance Co. of America includes \$444 million of Surplus Notes for March 31, 2008 and December 31, 2007.

COMBINED STATEMENTS OF OPERATIONS - INSURANCE DIVISION  
(in millions)

| Year-to-date               |       | %<br>Change |                                                      | 2007  |       |       |       | 2008  |
|----------------------------|-------|-------------|------------------------------------------------------|-------|-------|-------|-------|-------|
| 2008                       | 2007  |             |                                                      | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    |
| Revenues (1):              |       |             |                                                      |       |       |       |       |       |
| 1,134                      | 1,073 | 6%          | Premiums                                             | 1,073 | 1,083 | 1,073 | 1,053 | 1,134 |
| 695                        | 667   | 4%          | Policy charges and fee income                        | 667   | 672   | 632   | 715   | 695   |
| 504                        | 470   | 7%          | Net investment income                                | 470   | 475   | 479   | 483   | 504   |
| 177                        | 230   | -23%        | Asset management fees, commissions and other income  | 230   | 242   | 324   | 233   | 177   |
| 2,510                      | 2,440 | 3%          | Total revenues                                       | 2,440 | 2,472 | 2,508 | 2,484 | 2,510 |
| Benefits and Expenses (1): |       |             |                                                      |       |       |       |       |       |
| 1,255                      | 1,230 | 2%          | Insurance and annuity benefits                       | 1,230 | 1,182 | 1,161 | 1,165 | 1,255 |
| 216                        | 202   | 7%          | Interest credited to policyholders' account balances | 202   | 205   | 201   | 209   | 216   |
| 66                         | 53    | 25%         | Interest expense                                     | 53    | 53    | 59    | 67    | 66    |
| (280)                      | (270) | -4%         | Deferral of acquisition costs                        | (270) | (287) | (290) | (304) | (280) |
| 178                        | 153   | 16%         | Amortization of acquisition costs                    | 153   | 140   | 1     | 164   | 178   |
| 774                        | 754   | 3%          | General and administrative expenses                  | 754   | 789   | 820   | 817   | 774   |
| 2,209                      | 2,122 | 4%          | Total benefits and expenses                          | 2,122 | 2,082 | 1,952 | 2,118 | 2,209 |
| 301                        | 318   | -5%         | Adjusted operating income before income taxes        | 318   | 390   | 556   | 366   | 301   |

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

COMBINING STATEMENTS OF OPERATIONS - INSURANCE DIVISION  
(in millions)

|                                                      | Three Months Ended March 31, 2008 |                 |                      |                 |
|------------------------------------------------------|-----------------------------------|-----------------|----------------------|-----------------|
|                                                      | Total Insurance Division          | Individual Life | Individual Annuities | Group Insurance |
| Revenues (1):                                        |                                   |                 |                      |                 |
| Premiums                                             | 1,134                             | 148             | 19                   | 967             |
| Policy charges and fee income                        | 695                               | 285             | 304                  | 106             |
| Net investment income                                | 504                               | 180             | 161                  | 163             |
| Asset management fees, commissions and other income  | 177                               | 67              | 89                   | 21              |
| Total revenues                                       | <u>2,510</u>                      | <u>680</u>      | <u>573</u>           | <u>1,257</u>    |
| Benefits and Expenses (1):                           |                                   |                 |                      |                 |
| Insurance and annuity benefits                       | 1,255                             | 239             | 71                   | 945             |
| Interest credited to policyholders' account balances | 216                               | 55              | 102                  | 59              |
| Interest expense                                     | 66                                | 52              | 14                   | —               |
| Deferral of acquisition costs                        | (280)                             | (108)           | (163)                | (9)             |
| Amortization of acquisition costs                    | 178                               | 111             | 63                   | 4               |
| General and administrative expenses (2)              | 774                               | 235             | 371                  | 168             |
| Total benefits and expenses                          | <u>2,209</u>                      | <u>584</u>      | <u>458</u>           | <u>1,167</u>    |
| Adjusted operating income before income taxes        | <u>301</u>                        | <u>96</u>       | <u>115</u>           | <u>90</u>       |

|                                                      | Three Months Ended March 31, 2007 |                 |                      |                 |
|------------------------------------------------------|-----------------------------------|-----------------|----------------------|-----------------|
|                                                      | Total Insurance Division          | Individual Life | Individual Annuities | Group Insurance |
| Revenues (1):                                        |                                   |                 |                      |                 |
| Premiums                                             | 1,073                             | 126             | 21                   | 926             |
| Policy charges and fee income                        | 667                               | 272             | 299                  | 96              |
| Net investment income                                | 470                               | 155             | 151                  | 164             |
| Asset management fees, commissions and other income  | 230                               | 78              | 133                  | 19              |
| Total revenues                                       | <u>2,440</u>                      | <u>631</u>      | <u>604</u>           | <u>1,205</u>    |
| Benefits and Expenses (1):                           |                                   |                 |                      |                 |
| Insurance and annuity benefits                       | 1,230                             | 236             | 59                   | 935             |
| Interest credited to policyholders' account balances | 202                               | 54              | 89                   | 59              |
| Interest expense                                     | 53                                | 38              | 13                   | 2               |
| Deferral of acquisition costs                        | (270)                             | (103)           | (154)                | (13)            |
| Amortization of acquisition costs                    | 153                               | 78              | 74                   | 1               |
| General and administrative expenses (2)              | 754                               | 227             | 357                  | 170             |
| Total benefits and expenses                          | <u>2,122</u>                      | <u>530</u>      | <u>438</u>           | <u>1,154</u>    |
| Adjusted operating income before income taxes        | <u>318</u>                        | <u>101</u>      | <u>166</u>           | <u>51</u>       |

- (1) Revenues exclude realized investment gains, net of losses and related charges and adjustments. Benefits and expenses exclude charges related to realized investment gains, net of losses.
- (2) General and administrative expenses for Individual Annuities include \$30 million for the three months ended March 31, 2008 and \$32 million for the three months ended March 31, 2007, for the amortization, net of interest, of value of business acquired (VOBA).

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

| Year-to-date                                |        | 2007    |         |         |         | 2008    |
|---------------------------------------------|--------|---------|---------|---------|---------|---------|
| 2008                                        | 2007   | 1Q      | 2Q      | 3Q      | 4Q      | 1Q      |
| <b>SALES:</b>                               |        |         |         |         |         |         |
| Excluding corporate-owned life insurance:   |        |         |         |         |         |         |
| 16                                          | 48     | 48      | 19      | 19      | 20      | 16      |
| 40                                          | 44     | 44      | 45      | 40      | 47      | 40      |
| 51                                          | 49     | 49      | 54      | 54      | 55      | 51      |
| 107                                         | 141    | 141     | 118     | 113     | 122     | 107     |
| —                                           | 5      | 5       | 3       | 1       | 2       | —       |
| 107                                         | 146    | 146     | 121     | 114     | 124     | 107     |
| <b>SALES BY DISTRIBUTION CHANNEL:</b>       |        |         |         |         |         |         |
| Excluding corporate-owned life insurance:   |        |         |         |         |         |         |
| 40                                          | 42     | 42      | 42      | 44      | 46      | 40      |
| 67                                          | 99     | 99      | 76      | 69      | 76      | 67      |
| —                                           | 5      | 5       | 3       | 1       | 2       | —       |
| 107                                         | 146    | 146     | 121     | 114     | 124     | 107     |
| <b>ACCOUNT VALUE ACTIVITY:</b>              |        |         |         |         |         |         |
| <b>Policyholders' Account Balances (1):</b> |        |         |         |         |         |         |
| 6,582                                       | 6,165  | 6,165   | 6,253   | 6,385   | 6,489   | 6,582   |
| 370                                         | 325    | 325     | 345     | 299     | 329     | 370     |
| (238)                                       | (236)  | (236)   | (263)   | (257)   | (239)   | (238)   |
| 132                                         | 89     | 89      | 82      | 42      | 90      | 132     |
| (39)                                        | (46)   | (46)    | (40)    | (29)    | (37)    | (39)    |
| 93                                          | 43     | 43      | 42      | 13      | 53      | 93      |
| 9                                           | 46     | 46      | 92      | 93      | 38      | 9       |
| 63                                          | 65     | 65      | 65      | 70      | 70      | 63      |
| (71)                                        | (66)   | (66)    | (67)    | (72)    | (68)    | (71)    |
| 6,676                                       | 6,253  | 6,253   | 6,385   | 6,489   | 6,582   | 6,676   |
| <b>Separate Account Liabilities:</b>        |        |         |         |         |         |         |
| 18,585                                      | 17,586 | 17,586  | 17,748  | 18,517  | 18,876  | 18,585  |
| 304                                         | 316    | 316     | 314     | 360     | 292     | 304     |
| (162)                                       | (166)  | (166)   | (156)   | (184)   | (174)   | (162)   |
| 142                                         | 150    | 150     | 158     | 176     | 118     | 142     |
| (10)                                        | (28)   | (28)    | (5)     | (13)    | (16)    | (10)    |
| 132                                         | 122    | 122     | 153     | 163     | 102     | 132     |
| (1,183)                                     | 303    | 303     | 880     | 461     | (121)   | (1,183) |
| (63)                                        | (65)   | (65)    | (65)    | (70)    | (70)    | (63)    |
| (195)                                       | (198)  | (198)   | (199)   | (195)   | (202)   | (195)   |
| 17,276                                      | 17,748 | 17,748  | 18,517  | 18,876  | 18,585  | 17,276  |
| <b>FACE AMOUNT IN FORCE (2):</b>            |        |         |         |         |         |         |
| Variable life                               |        | 139,418 | 139,280 | 138,872 | 137,889 | 135,519 |
| Universal life                              |        | 22,910  | 23,696  | 24,424  | 25,416  | 26,201  |
| Term life                                   |        | 264,840 | 282,434 | 300,056 | 316,969 | 331,139 |
| Total                                       |        | 427,168 | 445,410 | 463,352 | 480,274 | 492,859 |

- (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 |      |                                                                                                                                         | 2007 |      |      |      | 2008 |
|--------------|------|-----------------------------------------------------------------------------------------------------------------------------------------|------|------|------|------|------|
| 2008         | 2007 |                                                                                                                                         | 1Q   | 2Q   | 3Q   | 4Q   | 1Q   |
|              |      | <b>Individual Life Insurance:</b>                                                                                                       |      |      |      |      |      |
|              |      | Policy Surrender Experience:                                                                                                            |      |      |      |      |      |
| 178          | 167  | Cash value of surrenders                                                                                                                | 167  | 175  | 223  | 187  | 178  |
| 3.1%         | 3.0% | Cash value of surrenders as a percentage of mean future policy benefits, policyholders' account balances, and separate account balances | 3.0% | 3.1% | 3.8% | 3.2% | 3.1% |
|              |      | Death benefits per \$1,000 of in force (1):                                                                                             |      |      |      |      |      |
| 3.62         | 3.66 | Variable and universal life                                                                                                             | 3.66 | 3.04 | 4.00 | 3.13 | 3.62 |
| 1.59         | 3.18 | Term life                                                                                                                               | 3.18 | 1.62 | 1.99 | 0.91 | 1.59 |
| 2.92         | 3.64 | Total, Individual Life Insurance                                                                                                        | 3.64 | 2.68 | 3.38 | 2.36 | 2.92 |

(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                                                           |         | 2007    |         |         |         | 2008    |
|------------------------------------------------------------------------|---------|---------|---------|---------|---------|---------|
| 2008                                                                   | 2007    | 1Q      | 2Q      | 3Q      | 4Q      | 1Q      |
| <b>SALES AND ACCOUNT VALUES:</b>                                       |         |         |         |         |         |         |
| Variable Annuities:                                                    |         |         |         |         |         |         |
| 80,330                                                                 | 74,555  | 74,555  | 75,591  | 78,968  | 81,173  | 80,330  |
| 2,829                                                                  | 2,779   | 2,779   | 3,033   | 2,825   | 3,041   | 2,829   |
| (2,173)                                                                | (2,310) | (2,310) | (2,515) | (2,328) | (2,415) | (2,173) |
| 656                                                                    | 469     | 469     | 518     | 497     | 626     | 656     |
| (294)                                                                  | (306)   | (306)   | (299)   | (265)   | (261)   | (294)   |
| 362                                                                    | 163     | 163     | 219     | 232     | 365     | 362     |
| (5,409)                                                                | 1,168   | 1,168   | 3,478   | 2,295   | (865)   | (5,409) |
| (306)                                                                  | (295)   | (295)   | (320)   | (322)   | (343)   | (306)   |
| 74,977                                                                 | 75,591  | 75,591  | 78,968  | 81,173  | 80,330  | 74,977  |
| Fixed Annuities:                                                       |         |         |         |         |         |         |
| 3,488                                                                  | 3,748   | 3,748   | 3,679   | 3,608   | 3,546   | 3,488   |
| 17                                                                     | 21      | 21      | 20      | 16      | 16      | 17      |
| (53)                                                                   | (81)    | (81)    | (74)    | (69)    | (62)    | (53)    |
| (36)                                                                   | (60)    | (60)    | (54)    | (53)    | (46)    | (36)    |
| (43)                                                                   | (43)    | (43)    | (45)    | (41)    | (38)    | (43)    |
| (79)                                                                   | (103)   | (103)   | (99)    | (94)    | (84)    | (79)    |
| 32                                                                     | 35      | 35      | 29      | 33      | 27      | 32      |
| (1)                                                                    | (1)     | (1)     | (1)     | (1)     | (1)     | (1)     |
| 3,440                                                                  | 3,679   | 3,679   | 3,608   | 3,546   | 3,488   | 3,440   |
| <b>SALES BY DISTRIBUTION CHANNEL:</b>                                  |         |         |         |         |         |         |
| Variable and Fixed Annuities (1):                                      |         |         |         |         |         |         |
| 646                                                                    | 589     | 589     | 660     | 607     | 713     | 646     |
| 344                                                                    | 346     | 346     | 407     | 385     | 428     | 344     |
| 1,856                                                                  | 1,865   | 1,865   | 1,986   | 1,849   | 1,916   | 1,856   |
| 2,846                                                                  | 2,800   | 2,800   | 3,053   | 2,841   | 3,057   | 2,846   |
| <b>VARIABLE ANNUITY MINIMUM DEATH BENEFIT GUARANTEES (4):</b>          |         |         |         |         |         |         |
| Return of net deposits:                                                |         |         |         |         |         |         |
|                                                                        |         | 38,287  | 40,762  | 42,708  | 42,995  | 40,817  |
|                                                                        |         | 1,433   | 1,268   | 1,171   | 1,204   | 1,631   |
| Minimum return, anniversary contract value, or maximum contract value: |         |         |         |         |         |         |
|                                                                        |         | 32,059  | 32,925  | 33,184  | 32,194  | 29,401  |
|                                                                        |         | 2,439   | 2,108   | 1,978   | 2,255   | 3,823   |
| Variable Annuity Account Values with Living Benefit Features (4):      |         |         |         |         |         |         |
|                                                                        |         | 10,731  | 11,335  | 11,757  | 11,724  | 10,933  |
|                                                                        |         | 2,105   | 2,229   | 2,274   | 2,234   | 2,006   |
|                                                                        |         | 7,269   | 7,386   | 7,320   | 6,948   | 6,233   |
|                                                                        |         | 10,205  | 12,448  | 14,659  | 16,260  | 16,863  |
|                                                                        |         | 30,310  | 33,398  | 36,010  | 37,166  | 36,035  |

(1) Amounts represent gross sales.

(2) Annuity sales for one of our distribution firms have been reclassified from the Independent Financial Planner channel to the Wirehouse channel for all periods presented to reflect current administration by Prudential Annuities.

(3) Including bank distribution.

(4) At end of period.

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

| Year-to-date                                  |         | 2007    |         |         |         | 2008    |
|-----------------------------------------------|---------|---------|---------|---------|---------|---------|
| 2008                                          | 2007    | 1Q      | 2Q      | 3Q      | 4Q      | 1Q      |
| <b>INDIVIDUAL ANNUITIES:</b>                  |         |         |         |         |         |         |
| <i>Account Values in General Account (1):</i> |         |         |         |         |         |         |
| 8,644                                         | 9,527   | 9,527   | 9,246   | 8,784   | 8,647   | 8,644   |
| 73                                            | 83      | 83      | 79      | 62      | 68      | 73      |
| (251)                                         | (333)   | (333)   | (307)   | (263)   | (253)   | (251)   |
| (178)                                         | (250)   | (250)   | (228)   | (201)   | (185)   | (178)   |
| (103)                                         | (102)   | (102)   | (105)   | (96)    | (89)    | (103)   |
| (281)                                         | (352)   | (352)   | (333)   | (297)   | (274)   | (281)   |
| 99                                            | 85      | 85      | 84      | 89      | 84      | 99      |
| 3,552                                         | (13)    | (13)    | (212)   | 72      | 188     | 3,552   |
| (1)                                           | (1)     | (1)     | (1)     | (1)     | (1)     | (1)     |
| 12,013                                        | 9,246   | 9,246   | 8,784   | 8,647   | 8,644   | 12,013  |
| <i>Account Values in Separate Account:</i>    |         |         |         |         |         |         |
| 75,174                                        | 68,776  | 68,776  | 70,024  | 73,792  | 76,072  | 75,174  |
| 2,773                                         | 2,717   | 2,717   | 2,974   | 2,779   | 2,989   | 2,773   |
| (1,975)                                       | (2,058) | (2,058) | (2,282) | (2,134) | (2,224) | (1,975) |
| 798                                           | 659     | 659     | 692     | 645     | 765     | 798     |
| (234)                                         | (247)   | (247)   | (239)   | (210)   | (210)   | (234)   |
| 564                                           | 412     | 412     | 453     | 435     | 555     | 564     |
| (5,476)                                       | 1,118   | 1,118   | 3,423   | 2,239   | (922)   | (5,476) |
| (3,552)                                       | 13      | 13      | 212     | (72)    | (188)   | (3,552) |
| (306)                                         | (295)   | (295)   | (320)   | (322)   | (343)   | (306)   |
| 66,404                                        | 70,024  | 70,024  | 73,792  | 76,072  | 75,174  | 66,404  |

- (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.

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

| Year-to-date                                    |            |                                                   | 2007          |               |               |               | 2008          |
|-------------------------------------------------|------------|---------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| 2008                                            | 2007       |                                                   | 1Q            | 2Q            | 3Q            | 4Q            | 1Q            |
| <b>GROUP INSURANCE NEW ANNUALIZED PREMIUMS:</b> |            |                                                   |               |               |               |               |               |
| 112                                             | 103        | Group life                                        | 103           | 26            | 33            | 35            | 112           |
| 114                                             | 92         | Group disability (1)                              | 92            | 26            | 21            | 16            | 114           |
| <u>226</u>                                      | <u>195</u> | Total                                             | <u>195</u>    | <u>52</u>     | <u>54</u>     | <u>51</u>     | <u>226</u>    |
| Future Policy Benefits (2):                     |            |                                                   |               |               |               |               |               |
|                                                 |            | Group life                                        | 2,103         | 2,105         | 2,032         | 2,240         | 2,099         |
|                                                 |            | Group disability (1)                              | 589           | 614           | 640           | 662           | 774           |
|                                                 |            | Total                                             | <u>2,692</u>  | <u>2,719</u>  | <u>2,672</u>  | <u>2,902</u>  | <u>2,873</u>  |
| Policyholders' Account Balances (2):            |            |                                                   |               |               |               |               |               |
|                                                 |            | Group life                                        | 5,439         | 5,521         | 5,610         | 5,734         | 5,824         |
|                                                 |            | Group disability (1)                              | 109           | 124           | 132           | 148           | 137           |
|                                                 |            | Total                                             | <u>5,548</u>  | <u>5,645</u>  | <u>5,742</u>  | <u>5,882</u>  | <u>5,961</u>  |
| Separate Account Liabilities (2):               |            |                                                   |               |               |               |               |               |
|                                                 |            | Group life                                        | 16,898        | 17,293        | 19,462        | 19,992        | 19,363        |
|                                                 |            | Group disability (1)                              | —             | —             | —             | —             | —             |
|                                                 |            | Total                                             | <u>16,898</u> | <u>17,293</u> | <u>19,462</u> | <u>19,992</u> | <u>19,363</u> |
| Group Life Insurance:                           |            |                                                   |               |               |               |               |               |
| 949                                             | 832        | Gross premiums, policy charges and fee income (3) | 832           | 860           | 841           | 889           | 949           |
| 793                                             | 811        | Earned premiums, policy charges and fee income    | 811           | 810           | 784           | 773           | 793           |
| 87.1%                                           | 91.5%      | Benefits ratio                                    | 91.5%         | 91.1%         | 88.4%         | 90.4%         | 87.1%         |
| 8.2%                                            | 9.6%       | Administrative operating expense ratio            | 9.6%          | 9.3%          | 9.8%          | 8.4%          | 8.2%          |
|                                                 |            | Persistency ratio                                 | 95.6%         | 95.3%         | 94.2%         | 93.6%         | 94.7%         |
| Group Disability Insurance (1):                 |            |                                                   |               |               |               |               |               |
| 288                                             | 217        | Gross premiums, policy charges and fee income (3) | 217           | 225           | 233           | 227           | 288           |
| 280                                             | 211        | Earned premiums, policy charges and fee income    | 211           | 216           | 223           | 217           | 280           |
| 91.1%                                           | 91.0%      | Benefits ratio                                    | 91.0%         | 84.7%         | 82.1%         | 88.9%         | 91.1%         |
| 17.4%                                           | 22.1%      | Administrative operating expense ratio            | 22.1%         | 20.0%         | 20.6%         | 21.2%         | 17.4%         |
|                                                 |            | Persistency ratio                                 | 92.1%         | 91.1%         | 88.9%         | 88.0%         | 91.4%         |

(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.

INSURANCE DIVISION - DEFERRED POLICY ACQUISITION COSTS  
(in millions)

| Year-to-date                      |              |                                                          | 2007         |              |              |              | 2008         |
|-----------------------------------|--------------|----------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| 2008                              | 2007         |                                                          | 1Q           | 2Q           | 3Q           | 4Q           | 1Q           |
| <b>INDIVIDUAL LIFE INSURANCE:</b> |              |                                                          |              |              |              |              |              |
| 3,855                             | 3,550        | Beginning balance                                        | 3,550        | 3,570        | 3,678        | 3,841        | 3,855        |
| 108                               | 103          | Capitalization                                           | 103          | 115          | 115          | 119          | 108          |
| (111)                             | (78)         | Amortization - operating results                         | (78)         | (64)         | 68           | (90)         | (111)        |
| —                                 | —            | Amortization - realized investment gains and losses      | —            | —            | —            | —            | —            |
| (47)                              | (5)          | Impact of unrealized (gains) or losses on AFS securities | (5)          | 57           | (20)         | (15)         | (47)         |
| <u>3,805</u>                      | <u>3,570</u> | Ending balance                                           | <u>3,570</u> | <u>3,678</u> | <u>3,841</u> | <u>3,855</u> | <u>3,805</u> |
| <b>INDIVIDUAL ANNUITIES:</b>      |              |                                                          |              |              |              |              |              |
| 1,976                             | 1,613        | Beginning balance                                        | 1,613        | 1,671        | 1,791        | 1,876        | 1,976        |
| 163                               | 154          | Capitalization                                           | 154          | 168          | 158          | 173          | 163          |
| (63)                              | (74)         | Amortization - operating results                         | (74)         | (75)         | (66)         | (70)         | (63)         |
| 15                                | 1            | Amortization - realized investment gains and losses      | 1            | (1)          | 5            | 2            | 15           |
| 2                                 | (10)         | Impact of unrealized (gains) or losses on AFS securities | (10)         | 28           | (12)         | (5)          | 2            |
| —                                 | (13)         | Other (1)                                                | (13)         | —            | —            | —            | —            |
| <u>2,093</u>                      | <u>1,671</u> | Ending balance                                           | <u>1,671</u> | <u>1,791</u> | <u>1,876</u> | <u>1,976</u> | <u>2,093</u> |
| <b>GROUP INSURANCE:</b>           |              |                                                          |              |              |              |              |              |
| 321                               | 284          | Beginning balance                                        | 284          | 296          | 299          | 313          | 321          |
| 9                                 | 13           | Capitalization                                           | 13           | 4            | 17           | 12           | 9            |
| (4)                               | (1)          | Amortization - operating results                         | (1)          | (1)          | (3)          | (4)          | (4)          |
| —                                 | —            | Amortization - realized investment gains and losses      | —            | —            | —            | —            | —            |
| —                                 | —            | Impact of unrealized losses on AFS securities            | —            | —            | —            | —            | —            |
| <u>326</u>                        | <u>296</u>   | Ending balance                                           | <u>296</u>   | <u>299</u>   | <u>313</u>   | <u>321</u>   | <u>326</u>   |
| <b>TOTAL INSURANCE DIVISION:</b>  |              |                                                          |              |              |              |              |              |
| 6,152                             | 5,447        | Beginning balance                                        | 5,447        | 5,537        | 5,768        | 6,030        | 6,152        |
| 280                               | 270          | Capitalization                                           | 270          | 287          | 290          | 304          | 280          |
| (178)                             | (153)        | Amortization - operating results                         | (153)        | (140)        | (1)          | (164)        | (178)        |
| 15                                | 1            | Amortization - realized investment gains and losses      | 1            | (1)          | 5            | 2            | 15           |
| (45)                              | (15)         | Impact of unrealized (gains) or losses on AFS securities | (15)         | 85           | (32)         | (20)         | (45)         |
| —                                 | (13)         | Other (1)                                                | (13)         | —            | —            | —            | —            |
| <u>6,224</u>                      | <u>5,537</u> | Ending balance                                           | <u>5,537</u> | <u>5,768</u> | <u>6,030</u> | <u>6,152</u> | <u>6,224</u> |

(1) Reflects the impact of adoption of SOP 05-1 on January 1, 2007.

COMBINED STATEMENTS OF OPERATIONS - INVESTMENT DIVISION  
(in millions)

| Year-to-date               |       | %<br>Change |                                                      | 2007  |       |       |       | 2008  |
|----------------------------|-------|-------------|------------------------------------------------------|-------|-------|-------|-------|-------|
| 2008                       | 2007  |             |                                                      | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    |
| Revenues (1):              |       |             |                                                      |       |       |       |       |       |
| 200                        | 96    | 108%        | Premiums                                             | 96    | 71    | 88    | 74    | 200   |
| 43                         | 44    | -2%         | Policy charges and fee income                        | 44    | 44    | 40    | 44    | 43    |
| 964                        | 934   | 3%          | Net investment income                                | 934   | 972   | 979   | 1,010 | 964   |
| 659                        | 745   | -12%        | Asset management fees, commissions and other income  | 745   | 747   | 744   | 768   | 659   |
| 1,866                      | 1,819 | 3%          | Total revenues                                       | 1,819 | 1,834 | 1,851 | 1,896 | 1,866 |
| Benefits and Expenses (1): |       |             |                                                      |       |       |       |       |       |
| 392                        | 302   | 30%         | Insurance and annuity benefits                       | 302   | 276   | 290   | 277   | 392   |
| 533                        | 492   | 8%          | Interest credited to policyholders' account balances | 492   | 508   | 528   | 545   | 533   |
| 52                         | 59    | -12%        | Interest expense                                     | 59    | 64    | 76    | 75    | 52    |
| (29)                       | (19)  | -53%        | Deferral of acquisition costs                        | (19)  | (25)  | (19)  | (28)  | (29)  |
| 10                         | 9     | 11%         | Amortization of acquisition costs                    | 9     | 11    | 11    | 7     | 10    |
| 621                        | 556   | 12%         | General and administrative expenses                  | 556   | 623   | 654   | 648   | 621   |
| 1,579                      | 1,399 | 13%         | Total benefits and expenses                          | 1,399 | 1,457 | 1,540 | 1,524 | 1,579 |
| 287                        | 420   | -32%        | Adjusted operating income before income taxes        | 420   | 377   | 311   | 372   | 287   |

- (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 - INVESTMENT DIVISION  
(in millions)

|                                                      | Three Months Ended March 31, 2008 |                     |                       |            |
|------------------------------------------------------|-----------------------------------|---------------------|-----------------------|------------|
|                                                      | Total<br>Investment<br>Division   | Asset<br>Management | Financial<br>Advisory | Retirement |
| <b>Revenues (1):</b>                                 |                                   |                     |                       |            |
| Premiums                                             | 200                               | —                   | —                     | 200        |
| Policy charges and fee income                        | 43                                | —                   | —                     | 43         |
| Net investment income                                | 964                               | 71                  | —                     | 893        |
| Asset management fees, commissions and other income  | 659                               | 477                 | 51                    | 131        |
| Total revenues                                       | 1,866                             | 548                 | 51                    | 1,267      |
| <b>Benefits and Expenses (1):</b>                    |                                   |                     |                       |            |
| Insurance and annuity benefits                       | 392                               | —                   | —                     | 392        |
| Interest credited to policyholders' account balances | 533                               | —                   | —                     | 533        |
| Interest expense                                     | 52                                | 22                  | —                     | 30         |
| Deferral of acquisition costs                        | (29)                              | (4)                 | —                     | (25)       |
| Amortization of acquisition costs                    | 10                                | 5                   | —                     | 5          |
| General and administrative expenses                  | 621                               | 406                 | 7                     | 208        |
| Total benefits and expenses                          | 1,579                             | 429                 | 7                     | 1,143      |
| Adjusted operating income before income taxes        | 287                               | 119                 | 44                    | 124        |
|                                                      |                                   |                     |                       |            |
|                                                      | Three Months Ended March 31, 2007 |                     |                       |            |
|                                                      | Total<br>Investment<br>Division   | Asset<br>Management | Financial<br>Advisory | Retirement |
| <b>Revenues (1):</b>                                 |                                   |                     |                       |            |
| Premiums                                             | 96                                | —                   | —                     | 96         |
| Policy charges and fee income                        | 44                                | —                   | —                     | 44         |
| Net investment income                                | 934                               | 40                  | —                     | 894        |
| Asset management fees, commissions and other income  | 745                               | 505                 | 111                   | 129        |
| Total revenues                                       | 1,819                             | 545                 | 111                   | 1,163      |
| <b>Benefits and Expenses (1):</b>                    |                                   |                     |                       |            |
| Insurance and annuity benefits                       | 302                               | —                   | —                     | 302        |
| Interest credited to policyholders' account balances | 492                               | —                   | —                     | 492        |
| Interest expense                                     | 59                                | 10                  | —                     | 49         |
| Deferral of acquisition costs                        | (19)                              | (4)                 | —                     | (15)       |
| Amortization of acquisition costs                    | 9                                 | 6                   | —                     | 3          |
| General and administrative expenses                  | 556                               | 358                 | 14                    | 184        |
| Total benefits and expenses                          | 1,399                             | 370                 | 14                    | 1,015      |
| Adjusted operating income before income taxes        | 420                               | 175                 | 97                    | 148        |

- (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

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

| Year-to-date                                 |            | %<br>Change |                                                                         | 2007       |            |            |            | 2008       |
|----------------------------------------------|------------|-------------|-------------------------------------------------------------------------|------------|------------|------------|------------|------------|
| 2008                                         | 2007       |             |                                                                         | 1Q         | 2Q         | 3Q         | 4Q         | 1Q         |
| Analysis of revenues by type:                |            |             |                                                                         |            |            |            |            |            |
| 281                                          | 262        | 7%          | Asset management fees                                                   | 262        | 271        | 265        | 283        | 281        |
| 101                                          | 131        | -23%        | Incentive, transaction, principal investing and capital markets revenue | 131        | 159        | 133        | 137        | 101        |
| 166                                          | 152        | 9%          | Service, distribution and other revenues                                | 152        | 160        | 160        | 206        | 166        |
| <u>548</u>                                   | <u>545</u> | 1%          | Total Asset Management segment revenues                                 | <u>545</u> | <u>590</u> | <u>558</u> | <u>626</u> | <u>548</u> |
| Analysis of asset management fees by source: |            |             |                                                                         |            |            |            |            |            |
| 133                                          | 117        | 14%         | Institutional customers                                                 | 117        | 123        | 118        | 130        | 133        |
| 81                                           | 84         | -4%         | Retail customers                                                        | 84         | 87         | 87         | 89         | 81         |
| 67                                           | 61         | 10%         | General account                                                         | 61         | 61         | 60         | 64         | 67         |
| <u>281</u>                                   | <u>262</u> | 7%          | Total asset management fees                                             | <u>262</u> | <u>271</u> | <u>265</u> | <u>283</u> | <u>281</u> |

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

|                         | March 31, 2008 |              |             |              |
|-------------------------|----------------|--------------|-------------|--------------|
|                         | Equity         | Fixed Income | Real Estate | Total        |
| Institutional customers | 52.1           | 93.3         | 28.8        | 174.2        |
| Retail customers        | 60.2           | 20.0         | 1.6         | 81.8         |
| General account         | 4.2            | 172.8        | 0.9         | 177.9        |
| Total                   | <u>116.5</u>   | <u>286.1</u> | <u>31.3</u> | <u>433.9</u> |
|                         | March 31, 2007 |              |             |              |
|                         | Equity         | Fixed Income | Real Estate | Total        |
| Institutional customers | 55.2           | 81.8         | 24.0        | 161.0        |
| Retail customers        | 61.8           | 20.5         | 1.9         | 84.2         |
| General account         | 4.1            | 163.9        | 0.9         | 168.9        |
| Total                   | <u>121.1</u>   | <u>266.2</u> | <u>26.8</u> | <u>414.1</u> |

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

| Year-to-date                                                              |       |                                                                   | 2007  |       |       |       | 2008  |
|---------------------------------------------------------------------------|-------|-------------------------------------------------------------------|-------|-------|-------|-------|-------|
| 2008                                                                      | 2007  |                                                                   | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    |
| <b>Institutional Assets Under Management:</b>                             |       |                                                                   |       |       |       |       |       |
| Assets gathered by Investment Management & Advisory Services sales force: |       |                                                                   |       |       |       |       |       |
| 141.7                                                                     | 122.9 | Beginning assets under management                                 | 122.9 | 127.0 | 132.0 | 135.0 | 141.7 |
| 6.5                                                                       | 5.1   | Additions (1)                                                     | 5.1   | 6.3   | 5.4   | 11.1  | 6.5   |
| (4.3)                                                                     | (3.9) | Withdrawals (2)                                                   | (3.9) | (4.6) | (6.0) | (6.4) | (4.3) |
| (2.8)                                                                     | 2.5   | Change in market value                                            | 2.5   | 3.5   | 3.7   | 1.2   | (2.8) |
| (1.0)                                                                     | 0.4   | Net money market flows                                            | 0.4   | (0.2) | (0.1) | 0.8   | (1.0) |
| 140.1                                                                     | 127.0 | Ending assets under management                                    | 127.0 | 132.0 | 135.0 | 141.7 | 140.1 |
| 34.1                                                                      | 34.0  | Affiliated institutional assets under management                  | 34.0  | 34.2  | 35.1  | 34.7  | 34.1  |
| 174.2                                                                     | 161.0 | Total assets managed for institutional customers at end of period | 161.0 | 166.2 | 170.1 | 176.4 | 174.2 |
| 2.2                                                                       | 1.2   | Net institutional additions (withdrawals) other than money market | 1.2   | 1.7   | (0.6) | 4.7   | 2.2   |
| <b>Retail Assets Under Management:</b>                                    |       |                                                                   |       |       |       |       |       |
| Assets gathered by Investment Management & Advisory Services sales force: |       |                                                                   |       |       |       |       |       |
| 50.9                                                                      | 43.4  | Beginning assets under management                                 | 43.4  | 47.7  | 49.3  | 51.3  | 50.9  |
| 3.5                                                                       | 2.9   | Additions                                                         | 2.9   | 2.3   | 2.7   | 2.6   | 3.5   |
| (2.5)                                                                     | (2.6) | Withdrawals                                                       | (2.6) | (3.0) | (2.4) | (2.4) | (2.5) |
| (4.0)                                                                     | 1.1   | Change in market value                                            | 1.1   | 2.3   | 1.7   | (0.2) | (4.0) |
| 0.3                                                                       | 0.1   | Net money market flows                                            | 0.1   | —     | —     | (0.6) | 0.3   |
| —                                                                         | 2.8   | Other (3)                                                         | 2.8   | —     | —     | 0.2   | —     |
| 48.2                                                                      | 47.7  | Ending assets under management                                    | 47.7  | 49.3  | 51.3  | 50.9  | 48.2  |
| 33.6                                                                      | 36.5  | Affiliated retail assets under management                         | 36.5  | 37.8  | 37.2  | 35.7  | 33.6  |
| 81.8                                                                      | 84.2  | Total assets managed for retail customers at end of period        | 84.2  | 87.1  | 88.5  | 86.6  | 81.8  |
| 1.0                                                                       | 0.3   | Net retail additions (withdrawals) other than money market        | 0.3   | (0.7) | 0.3   | 0.2   | 1.0   |
| <b>Wrap-fee Product Assets Under Administration:</b>                      |       |                                                                   |       |       |       |       |       |
| 81.7                                                                      | 69.1  | Beginning total wrap-fee product assets                           | 69.1  | 72.3  | 78.7  | 82.1  | 81.7  |
| 4.7                                                                       | 5.8   | Additions (4)                                                     | 5.8   | 5.7   | 3.6   | 4.0   | 4.7   |
| (5.4)                                                                     | (3.8) | Withdrawals                                                       | (3.8) | (3.9) | (3.6) | (4.2) | (5.4) |
| (5.1)                                                                     | 1.2   | Change in market value                                            | 1.2   | 4.6   | 3.4   | (0.2) | (5.1) |
| 75.9                                                                      | 72.3  | Ending total wrap-fee product assets                              | 72.3  | 78.7  | 82.1  | 81.7  | 75.9  |
| (0.7)                                                                     | 2.0   | Net wrap-fee product additions (withdrawals)                      | 2.0   | 1.8   | —     | (0.2) | (0.7) |

- (1) Additions include \$0.2 billion for the three months ended March 31, 2008 and \$0.3 billion for the three months ended June 30, 2007 for assets transferred from the Retirement segment.
- (2) Withdrawals include \$(0.1) billion for the three months ended December 31, 2007 and \$(0.4) billion for the three months ended September 30, 2007, for assets transferred to the Retirement segment.
- (3) Represents transfer of retail assets from an externally managed fund family to the Jennison Dryden Fund Family (internally managed).
- (4) Substantially all relates to a contractual arrangement with Wachovia which provides for an essentially fixed annual fee and is scheduled to expire July 1, 2008.

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

| Year-to-date                                                                  |       |                                                                                                                                                                                                                  | 2007  |       |       |       | 2008    |
|-------------------------------------------------------------------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|-------|-------|---------|
| 2008                                                                          | 2007  |                                                                                                                                                                                                                  | 1Q    | 2Q    | 3Q    | 4Q    | 1Q      |
| <b>Information pertaining to Wachovia Securities Financial Holdings, LLC:</b> |       |                                                                                                                                                                                                                  |       |       |       |       |         |
| Revenues:                                                                     |       |                                                                                                                                                                                                                  |       |       |       |       |         |
| 95                                                                            | 79    | Net investment income                                                                                                                                                                                            | 79    | 77    | 75    | 75    | 95      |
| 844                                                                           | 529   | Commissions                                                                                                                                                                                                      | 529   | 519   | 484   | 511   | 844     |
| 981                                                                           | 588   | Fees                                                                                                                                                                                                             | 588   | 608   | 644   | 668   | 981     |
| 123                                                                           | 75    | Other non-interest revenues (1)                                                                                                                                                                                  | 75    | 84    | 62    | 194   | 123     |
| 2,043                                                                         | 1,271 | Total revenues                                                                                                                                                                                                   | 1,271 | 1,288 | 1,265 | 1,448 | 2,043   |
| 1,863                                                                         | 978   | Expenses (1)                                                                                                                                                                                                     | 978   | 1,043 | 1,009 | 1,265 | 1,863   |
| 1,677                                                                         | 978   | Expenses before transition costs                                                                                                                                                                                 | 978   | 1,043 | 1,009 | 1,238 | 1,677   |
| 186                                                                           | —     | Transition costs                                                                                                                                                                                                 | —     | —     | —     | 27    | 186     |
| 1,863                                                                         | 978   | Total expenses                                                                                                                                                                                                   | 978   | 1,043 | 1,009 | 1,265 | 1,863   |
| 180                                                                           | 293   | Income before income taxes                                                                                                                                                                                       | 293   | 245   | 256   | 183   | 180     |
| 44                                                                            | 111   | Prudential Financial, Inc.'s share of Wachovia Securities Financial Holdings, LLC (2)                                                                                                                            | 111   | 94    | 97    | 69    | 44      |
| 7                                                                             | —     | Purchase accounting and related adjustments                                                                                                                                                                      | —     | (1)   | —     | —     | 7       |
| 51                                                                            | 111   | Prudential Financial, Inc., equity income from Wachovia Securities Financial Holdings, LLC                                                                                                                       | 111   | 93    | 97    | 69    | 51      |
|                                                                               |       | Recurring revenue as a percentage of total revenue (3)                                                                                                                                                           | 54.8% | 55.2% | 56.6% | 58.6% | 59.1%   |
|                                                                               |       | Total client assets (\$ in billions) (4)                                                                                                                                                                         | 768.0 | 791.4 | 802.4 | 799.2 | 1,149.2 |
| Distribution representatives (4):                                             |       |                                                                                                                                                                                                                  |       |       |       |       |         |
|                                                                               |       | Series 7 Financial Advisors                                                                                                                                                                                      | 8,073 | 8,193 | 8,272 | 8,343 | 14,456  |
|                                                                               |       | Series 6 Financial Representatives                                                                                                                                                                               | 2,521 | 2,531 | 2,996 | 3,296 | 4,059   |
|                                                                               |       | Customer debit balances (\$ in billions) (4)                                                                                                                                                                     | 4.5   | 4.6   | 4.6   | 5.1   | 6.4     |
| 44                                                                            | 97    | <b>Prudential Financial, Inc. income from investment in Wachovia Securities Financial Holdings, LLC, including share of results, costs incurred at Prudential level, and purchase accounting adjustments (2)</b> | 97    | 72    | 85    | 43    | 44      |

- (1) In the fourth quarter of 2007, Wachovia Securities changed its presentation of certain revenues that were received from customers and subsequently remitted to third parties, formerly reported on a net basis, to report the activity on a gross basis as Other non-interest revenues and Expenses. This reclassification had no impact on income before taxes. Wachovia Securities did not restate prior periods, but rather reflected the reclassification of amounts for the first nine months of 2007 together with 4Q 2007 activity.
- (2) On January 1, 2008, Wachovia Corporation combined the retail securities brokerage business of Wachovia Securities with the acquired A.G. Edwards business. The Company has elected the "lookback" option under the terms of the agreements relating to the joint venture. The "lookback" option permits the Company to delay for two years following the combination of the A.G. Edwards business with Wachovia Securities the Company's decision to make or not to make an additional capital contribution to the joint venture or other payments to avoid or limit dilution of its ownership interest in the joint venture. During this "lookback" period, the Company's share in the earnings of the joint venture and transition costs associated with the combination of the A.G. Edwards business with Wachovia Securities is based on a diluted ownership level. The ownership level applied is based on the Company's estimate for purposes of reporting results for the first quarter of 2008. The ownership level, and consequently the Company's share in earnings and transition costs, may be subsequently adjusted as a result of completion of definitive valuation of the business and possible modification of existing agreements relating to the joint venture. The company does not anticipate any such adjustment to have a material effect on its reported results of operations.
- (3) Calculated on a YTD annualized basis.
- (4) As of end of period.

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

| Year-to-date                               |               |                                                                   | 2007          |                |                |                | 2008           |
|--------------------------------------------|---------------|-------------------------------------------------------------------|---------------|----------------|----------------|----------------|----------------|
| 2008                                       | 2007          |                                                                   | 1Q            | 2Q             | 3Q             | 4Q             | 1Q             |
| <b>RETIREMENT SALES AND ACCOUNT VALUES</b> |               |                                                                   |               |                |                |                |                |
| <b>Full Service:</b>                       |               |                                                                   |               |                |                |                |                |
| 112,192                                    | 97,430        | Beginning total account value                                     | 97,430        | 99,558         | 104,033        | 105,601        | 112,192        |
| 4,586                                      | 4,003         | Deposits and sales                                                | 4,003         | 3,212          | 3,219          | 4,258          | 4,586          |
| (3,933)                                    | (3,433)       | Withdrawals and benefits                                          | (3,433)       | (3,203)        | (3,309)        | (3,804)        | (3,933)        |
| (5,785)                                    | 1,558         | Change in market value, interest credited and interest income (1) | 1,558         | 4,466          | 1,658          | (1,119)        | (5,785)        |
| —                                          | —             | Acquisition (2)                                                   | —             | —              | —              | 7,256          | —              |
| <u>107,060</u>                             | <u>99,558</u> | Ending total account value                                        | <u>99,558</u> | <u>104,033</u> | <u>105,601</u> | <u>112,192</u> | <u>107,060</u> |
| <u>653</u>                                 | <u>570</u>    | Net additions (withdrawals)                                       | <u>570</u>    | <u>9</u>       | <u>(90)</u>    | <u>454</u>     | <u>653</u>     |
|                                            |               | Stable value account values included above                        | 30,758        | 31,274         | 31,578         | 32,314         | 33,279         |
| <b>Institutional Investment Products:</b>  |               |                                                                   |               |                |                |                |                |
| 51,591                                     | 50,269        | Beginning total account value                                     | 50,269        | 50,661         | 50,926         | 51,627         | 51,591         |
| 1,810                                      | 1,533         | Additions                                                         | 1,533         | 1,597          | 545            | 1,298          | 1,810          |
| (1,702)                                    | (1,743)       | Withdrawals and benefits (3)                                      | (1,743)       | (1,067)        | (1,193)        | (1,863)        | (1,702)        |
| 561                                        | 607           | Change in market value, interest credited and interest income     | 607           | 325            | 933            | 900            | 561            |
| (593)                                      | (5)           | Other (3)                                                         | (5)           | (590)          | 416            | (371)          | (593)          |
| <u>51,667</u>                              | <u>50,661</u> | Ending total account value                                        | <u>50,661</u> | <u>50,926</u>  | <u>51,627</u>  | <u>51,591</u>  | <u>51,667</u>  |
| <u>108</u>                                 | <u>(210)</u>  | Net additions (withdrawals)                                       | <u>(210)</u>  | <u>530</u>     | <u>(648)</u>   | <u>(565)</u>   | <u>108</u>     |

- (1) Includes \$511 million for second quarter of 2007 representing a transfer within the Retirement segment from Institutional Investment Products to Full Service as a result of one client's change in contract form.
- (2) On December 31, 2007, the company acquired a portion of the Union Bank of California, N.A.'s retirement business.
- (3) "Other" activity includes transfers from (to) the Asset Management segment of \$(206) million, \$(332) million, \$407 million and \$110 million for the first quarter of 2008 and the second, third and fourth quarters of 2007, respectively. "Other" activity also includes \$(511) million for the second quarter of 2007 representing a transfer within the Retirement segment from Institutional Investment Products to Full Service as a result of one client's change in contract form. The remainder of "Other" activity primarily represents changes in asset balances for externally managed accounts.

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

| Year-to-date               |       | %<br>Change |                                                      | 2007  |       |       |       | 2008  |
|----------------------------|-------|-------------|------------------------------------------------------|-------|-------|-------|-------|-------|
| 2008                       | 2007  |             |                                                      | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    |
| Revenues (1):              |       |             |                                                      |       |       |       |       |       |
| 1,772                      | 1,553 | 14%         | Premiums                                             | 1,553 | 1,531 | 1,518 | 1,590 | 1,772 |
| 87                         | 72    | 21%         | Policy charges and fee income                        | 72    | 73    | 72    | 76    | 87    |
| 462                        | 386   | 20%         | Net investment income                                | 386   | 405   | 419   | 434   | 462   |
| 180                        | 219   | -18%        | Asset management fees, commissions and other income  | 219   | 215   | 282   | 182   | 180   |
| 2,501                      | 2,230 | 12%         | Total revenues                                       | 2,230 | 2,224 | 2,291 | 2,282 | 2,501 |
| Benefits and Expenses (1): |       |             |                                                      |       |       |       |       |       |
| 1,413                      | 1,219 | 16%         | Insurance and annuity benefits                       | 1,219 | 1,219 | 1,194 | 1,275 | 1,413 |
| 100                        | 77    | 30%         | Interest credited to policyholders' account balances | 77    | 79    | 84    | 90    | 100   |
| 2                          | 2     | 0%          | Interest expense                                     | 2     | 3     | 8     | 6     | 2     |
| (294)                      | (261) | -13%        | Deferral of acquisition costs                        | (261) | (259) | (253) | (284) | (294) |
| 160                        | 128   | 25%         | Amortization of acquisition costs                    | 128   | 126   | 103   | 129   | 160   |
| 681                        | 591   | 15%         | General and administrative expenses                  | 591   | 603   | 618   | 673   | 681   |
| 2,062                      | 1,756 | 17%         | Total benefits and expenses                          | 1,756 | 1,771 | 1,754 | 1,889 | 2,062 |
| 439                        | 474   | -7%         | Adjusted operating income before income taxes        | 474   | 453   | 537   | 393   | 439   |

- (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)

|                                                      | Three Months Ended March 31, 2008                                |                                                            |                                                   |                              |
|------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------|------------------------------|
|                                                      | Total<br>International<br>Insurance &<br>Investments<br>Division | International<br>Insurance -<br>Life Planner<br>Operations | International<br>Insurance -<br>Gibraltar<br>Life | International<br>Investments |
| <b>Revenues (1):</b>                                 |                                                                  |                                                            |                                                   |                              |
| Premiums                                             | 1,772                                                            | 1,262                                                      | 510                                               | —                            |
| Policy charges and fee income                        | 87                                                               | 70                                                         | 17                                                | —                            |
| Net investment income                                | 462                                                              | 232                                                        | 216                                               | 14                           |
| Asset management fees, commissions and other income  | 180                                                              | 13                                                         | 5                                                 | 162                          |
| Total revenues                                       | 2,501                                                            | 1,577                                                      | 748                                               | 176                          |
| <b>Benefits and Expenses (1):</b>                    |                                                                  |                                                            |                                                   |                              |
| Insurance and annuity benefits                       | 1,413                                                            | 1,001                                                      | 412                                               | —                            |
| Interest credited to policyholders' account balances | 100                                                              | 43                                                         | 57                                                | —                            |
| Interest expense                                     | 2                                                                | 3                                                          | (2)                                               | 1                            |
| Deferral of acquisition costs                        | (294)                                                            | (221)                                                      | (73)                                              | —                            |
| Amortization of acquisition costs                    | 160                                                              | 121                                                        | 39                                                | —                            |
| General and administrative expenses                  | 681                                                              | 345                                                        | 187                                               | 149                          |
| Total benefits and expenses                          | 2,062                                                            | 1,292                                                      | 620                                               | 150                          |
| Adjusted operating income before income taxes        | 439                                                              | 285                                                        | 128                                               | 26                           |
|                                                      |                                                                  |                                                            |                                                   |                              |
|                                                      | Three Months Ended March 31, 2007                                |                                                            |                                                   |                              |
|                                                      | Total<br>International<br>Insurance &<br>Investments<br>Division | International<br>Insurance -<br>Life Planner<br>Operations | International<br>Insurance -<br>Gibraltar<br>Life | International<br>Investments |
| <b>Revenues (1):</b>                                 |                                                                  |                                                            |                                                   |                              |
| Premiums                                             | 1,553                                                            | 1,086                                                      | 467                                               | —                            |
| Policy charges and fee income                        | 72                                                               | 56                                                         | 16                                                | —                            |
| Net investment income                                | 386                                                              | 187                                                        | 191                                               | 8                            |
| Asset management fees, commissions and other income  | 219                                                              | 30                                                         | 20                                                | 169                          |
| Total revenues                                       | 2,230                                                            | 1,359                                                      | 694                                               | 177                          |
| <b>Benefits and Expenses (1):</b>                    |                                                                  |                                                            |                                                   |                              |
| Insurance and annuity benefits                       | 1,219                                                            | 848                                                        | 371                                               | —                            |
| Interest credited to policyholders' account balances | 77                                                               | 34                                                         | 43                                                | —                            |
| Interest expense                                     | 2                                                                | 3                                                          | (2)                                               | 1                            |
| Deferral of acquisition costs                        | (261)                                                            | (196)                                                      | (65)                                              | —                            |
| Amortization of acquisition costs                    | 128                                                              | 97                                                         | 31                                                | —                            |
| General and administrative expenses                  | 591                                                              | 304                                                        | 173                                               | 114                          |
| Total benefits and expenses                          | 1,756                                                            | 1,090                                                      | 551                                               | 115                          |
| Adjusted operating income before income taxes        | 474                                                              | 269                                                        | 143                                               | 62                           |

- (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.

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

| Year-to-date                                                                        |           | 2007      |           |           |           | 2008      |
|-------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| 2008                                                                                | 2007      | 1Q        | 2Q        | 3Q        | 4Q        | 1Q        |
| <b>Japanese Yen Basis Results:</b>                                                  |           |           |           |           |           |           |
| Revenues (1):                                                                       |           |           |           |           |           |           |
| ¥ 117,421                                                                           | ¥ 110,156 | ¥ 110,156 | ¥ 103,721 | ¥ 103,633 | ¥ 103,043 | ¥ 117,421 |
| 82,122                                                                              | 80,488    | 80,488    | 86,405    | 82,645    | 79,042    | 82,122    |
| 199,543                                                                             | 190,644   | 190,644   | 190,126   | 186,278   | 182,085   | 199,543   |
| Total revenues, Japan, yen basis                                                    |           |           |           |           |           |           |
| Benefits and Expenses (1):                                                          |           |           |           |           |           |           |
| 92,701                                                                              | 86,553    | 86,553    | 80,649    | 79,125    | 83,597    | 92,701    |
| 68,126                                                                              | 65,133    | 65,133    | 70,199    | 66,148    | 64,992    | 68,126    |
| 160,827                                                                             | 151,686   | 151,686   | 150,848   | 145,273   | 148,589   | 160,827   |
| Total benefits and expenses, Japan, yen basis                                       |           |           |           |           |           |           |
| Adjusted operating income (2):                                                      |           |           |           |           |           |           |
| 24,720                                                                              | 23,603    | 23,603    | 23,072    | 24,508    | 19,446    | 24,720    |
| 13,996                                                                              | 15,355    | 15,355    | 16,206    | 16,497    | 14,050    | 13,996    |
| ¥ 38,716                                                                            | ¥ 38,958  | ¥ 38,958  | ¥ 39,278  | ¥ 41,005  | ¥ 33,496  | ¥ 38,716  |
| Total adjusted operating income, Japan, yen basis                                   |           |           |           |           |           |           |
| <b>U.S. Dollar adjusted operating income (3):</b>                                   |           |           |           |           |           |           |
| \$ 231                                                                              | \$ 218    | \$ 218    | \$ 212    | \$ 224    | \$ 186    | \$ 231    |
| 128                                                                                 | 143       | 143       | 157       | 157       | 121       | 128       |
| 359                                                                                 | 361       | 361       | 369       | 381       | 307       | 359       |
| 54                                                                                  | 51        | 51        | 41        | 42        | 46        | 54        |
| \$ 413                                                                              | \$ 412    | \$ 412    | \$ 410    | \$ 423    | \$ 353    | \$ 413    |
| Total adjusted operating income, International Insurance segment, U.S. dollar basis |           |           |           |           |           |           |

- (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.
- (4) Results include corporate management and development expenses incurred in the U.S. related to Japanese Insurance operations excluding Gibraltar Life.

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

| Year-to-date                                              |              | 2007         |              |              |              | 2008         |
|-----------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 2008                                                      | 2007         | 1Q           | 2Q           | 3Q           | 4Q           | 1Q           |
| <b>INTERNATIONAL INSURANCE OPERATING DATA:</b>            |              |              |              |              |              |              |
| <b>Actual exchange rate basis (1):</b>                    |              |              |              |              |              |              |
| Net premiums, policy charges and fee income:              |              |              |              |              |              |              |
| 953                                                       | 787          | 787          | 719          | 731          | 765          | 953          |
| 527                                                       | 483          | 483          | 523          | 472          | 501          | 527          |
| 379                                                       | 355          | 355          | 362          | 387          | 400          | 379          |
| <u>1,859</u>                                              | <u>1,625</u> | <u>1,625</u> | <u>1,604</u> | <u>1,590</u> | <u>1,666</u> | <u>1,859</u> |
| Annualized new business premiums:                         |              |              |              |              |              |              |
| 163                                                       | 153          | 153          | 109          | 103          | 126          | 163          |
| 94                                                        | 73           | 73           | 90           | 86           | 93           | 94           |
| 72                                                        | 70           | 70           | 69           | 75           | 83           | 72           |
| <u>329</u>                                                | <u>296</u>   | <u>296</u>   | <u>268</u>   | <u>264</u>   | <u>302</u>   | <u>329</u>   |
| Annualized new business premiums by distribution channel: |              |              |              |              |              |              |
| 235                                                       | 223          | 223          | 178          | 178          | 209          | 235          |
| 88                                                        | 67           | 67           | 85           | 82           | 86           | 88           |
| 6                                                         | 6            | 6            | 5            | 4            | 7            | 6            |
| <u>329</u>                                                | <u>296</u>   | <u>296</u>   | <u>268</u>   | <u>264</u>   | <u>302</u>   | <u>329</u>   |
| <b>Constant exchange rate basis (4):</b>                  |              |              |              |              |              |              |
| Net premiums, policy charges and fee income:              |              |              |              |              |              |              |
| 941                                                       | 885          | 885          | 819          | 812          | 816          | 941          |
| 542                                                       | 544          | 544          | 587          | 537          | 538          | 542          |
| 378                                                       | 357          | 357          | 360          | 382          | 390          | 378          |
| <u>1,861</u>                                              | <u>1,786</u> | <u>1,786</u> | <u>1,766</u> | <u>1,731</u> | <u>1,744</u> | <u>1,861</u> |
| Annualized new business premiums:                         |              |              |              |              |              |              |
| 161                                                       | 165          | 165          | 118          | 111          | 131          | 161          |
| 96                                                        | 79           | 79           | 97           | 93           | 96           | 96           |
| 72                                                        | 71           | 71           | 70           | 75           | 80           | 72           |
| <u>329</u>                                                | <u>315</u>   | <u>315</u>   | <u>285</u>   | <u>279</u>   | <u>307</u>   | <u>329</u>   |
| Annualized new business premiums by distribution channel: |              |              |              |              |              |              |
| 233                                                       | 236          | 236          | 188          | 186          | 211          | 233          |
| 90                                                        | 73           | 73           | 92           | 89           | 90           | 90           |
| 6                                                         | 6            | 6            | 5            | 4            | 6            | 6            |
| <u>329</u>                                                | <u>315</u>   | <u>315</u>   | <u>285</u>   | <u>279</u>   | <u>307</u>   | <u>329</u>   |

- (1) Translated based on applicable average exchange rates for the period shown.
- (2) Methodology for determining Gibraltar Life's annualized new business premium on a constant and actual exchange rate basis has been revised to more clearly report the trend of U.S. dollar product sales. Prior period amounts have been restated to conform to current presentation.
- (3) Substantially all bank channel distribution represents U.S. dollar denominated Gibraltar Life fixed annuities.
- (4) Foreign currencies translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 106 per U.S. dollar; Korean won 950 per U.S. dollar.

INTERNATIONAL INSURANCE AND INVESTMENTS DIVISION - SALES RESULTS AND SUPPLEMENTARY INFORMATION

|                                                                                    | 2007         |              |              |              | 2008         |
|------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                                                                    | 1Q           | 2Q           | 3Q           | 4Q           | 1Q           |
| Face amount of individual policies in force at end of period (in billions) (1)(2): |              |              |              |              |              |
| (Constant exchange rate basis)                                                     |              |              |              |              |              |
| Japan, excluding Gibraltar Life                                                    | 231          | 233          | 236          | 238          | 242          |
| Gibraltar Life                                                                     | 188          | 186          | 186          | 186          | 185          |
| All other countries                                                                | 103          | 104          | 105          | 106          | 108          |
| Total                                                                              | <u>522</u>   | <u>523</u>   | <u>527</u>   | <u>530</u>   | <u>535</u>   |
| Number of individual policies in force at end of period (in thousands) (2):        |              |              |              |              |              |
| Japan, excluding Gibraltar Life                                                    | 2,118        | 2,144        | 2,167        | 2,194        | 2,232        |
| Gibraltar Life                                                                     | 3,846        | 3,816        | 3,815        | 3,817        | 3,804        |
| All other countries                                                                | 1,225        | 1,246        | 1,270        | 1,296        | 1,311        |
| Total                                                                              | <u>7,189</u> | <u>7,206</u> | <u>7,252</u> | <u>7,307</u> | <u>7,347</u> |
| International life insurance policy persistency:                                   |              |              |              |              |              |
| <u>Excluding Gibraltar Life:</u>                                                   |              |              |              |              |              |
| 13 months                                                                          | 92.8%        | 92.7%        | 92.6%        | 92.4%        | 92.4%        |
| 25 months                                                                          | 86.9%        | 86.9%        | 86.5%        | 85.9%        | 85.9%        |
| <u>Gibraltar Life:</u>                                                             |              |              |              |              |              |
| 13 months                                                                          | 93.9%        | 93.5%        | 92.6%        | 91.7%        | 91.2%        |
| 25 months                                                                          | 88.0%        | 87.9%        | 88.0%        | 87.9%        | 87.2%        |
| Number of Life Planners at end of period:                                          |              |              |              |              |              |
| Japan                                                                              | 3,001        | 3,012        | 3,030        | 3,068        | 3,108        |
| All other countries                                                                | 2,892        | 2,989        | 3,008        | 3,098        | 3,030        |
| Total life planners                                                                | <u>5,893</u> | <u>6,001</u> | <u>6,038</u> | <u>6,166</u> | <u>6,138</u> |
| Gibraltar Life Advisors                                                            | 5,952        | 5,815        | 5,944        | 6,264        | 6,035        |

- (1) Foreign currencies translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 106 per U.S. dollar; Korean won 950 per U.S. dollar.  
(2) Direct business only; policy count includes annuities.

INVESTMENT PORTFOLIO COMPOSITION  
(in millions)

|                                                                        | March 31, 2008         |                       |                               |            | December 31, 2007      |                       |                               |            |
|------------------------------------------------------------------------|------------------------|-----------------------|-------------------------------|------------|------------------------|-----------------------|-------------------------------|------------|
|                                                                        | Consolidated Portfolio | Closed Block Business | Financial Services Businesses |            | Consolidated Portfolio | Closed Block Business | Financial Services Businesses |            |
|                                                                        |                        |                       | Amount                        | % of Total |                        |                       | Amount                        | % of Total |
| Fixed maturities:                                                      |                        |                       |                               |            |                        |                       |                               |            |
| Public, available for sale, at fair value                              | 130,422                | 34,315                | 96,107                        | 56.5%      | 128,130                | 37,168                | 90,962                        | 55.8%      |
| Public, held to maturity, at amortized cost                            | 3,015                  | —                     | 3,015                         | 1.8%       | 2,879                  | —                     | 2,879                         | 1.8%       |
| Private, available for sale, at fair value                             | 32,415                 | 12,243                | 20,172                        | 11.9%      | 32,559                 | 12,246                | 20,313                        | 12.5%      |
| Private, held to maturity, at amortized cost                           | 720                    | —                     | 720                           | 0.4%       | 669                    | —                     | 669                           | 0.4%       |
| Trading account assets supporting insurance liabilities, at fair value | 14,644                 | —                     | 14,644                        | 8.6%       | 14,473                 | —                     | 14,473                        | 8.9%       |
| Other trading account assets, at fair value                            | 359                    | 149                   | 210                           | 0.1%       | 346                    | 142                   | 204                           | 0.1%       |
| Equity securities, available for sale, at fair value                   | 8,121                  | 3,578                 | 4,543                         | 2.7%       | 8,569                  | 3,940                 | 4,629                         | 2.8%       |
| Commercial loans                                                       | 29,674                 | 8,494                 | 21,180                        | 12.5%      | 27,557                 | 7,954                 | 19,603                        | 12.0%      |
| Policy loans                                                           | 9,538                  | 5,391                 | 4,147                         | 2.4%       | 9,337                  | 5,395                 | 3,942                         | 2.4%       |
| Other long-term investments (1)                                        | 3,832                  | 1,139                 | 2,693                         | 1.6%       | 3,992                  | 1,268                 | 2,724                         | 1.7%       |
| Short-term investments (2)                                             | 4,169                  | 1,555                 | 2,614                         | 1.5%       | 3,983                  | 1,385                 | 2,598                         | 1.6%       |
| Subtotal (3)                                                           | 236,909                | 66,864                | 170,045                       | 100.0%     | 232,494                | 69,498                | 162,996                       | 100.0%     |
| Invested assets of other entities and operations (4)                   | 10,694                 | —                     | 10,694                        |            | 11,063                 | —                     | 11,063                        |            |
| Total investments                                                      | 247,603                | 66,864                | 180,739                       |            | 243,557                | 69,498                | 174,059                       |            |

Fixed Maturities by Credit Quality (3):

|                          |                                 | March 31, 2008                |                        |                         |            |            | December 31, 2007             |                        |                         |            |            |
|--------------------------|---------------------------------|-------------------------------|------------------------|-------------------------|------------|------------|-------------------------------|------------------------|-------------------------|------------|------------|
|                          |                                 | Financial Services Businesses |                        |                         |            |            | Financial Services Businesses |                        |                         |            |            |
|                          |                                 | Amortized Cost                | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value | % of Total | Amortized Cost                | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value | % of Total |
| Public Fixed Maturities: |                                 |                               |                        |                         |            |            |                               |                        |                         |            |            |
| NAIC Rating (5)          | Rating Agency Equivalent        |                               |                        |                         |            |            |                               |                        |                         |            |            |
| 1                        | Aaa, Aa, A                      | 79,733                        | 2,418                  | 1,958                   | 80,193     | 80.9%      | 74,678                        | 2,036                  | 1,184                   | 75,530     | 80.5%      |
| 2                        | Baa                             | 14,811                        | 443                    | 795                     | 14,459     | 14.6%      | 13,573                        | 490                    | 351                     | 13,712     | 14.6%      |
|                          | Subtotal Investment Grade       | 94,544                        | 2,861                  | 2,753                   | 94,652     | 95.5%      | 88,251                        | 2,526                  | 1,535                   | 89,242     | 95.1%      |
| 3                        | Ba                              | 2,976                         | 52                     | 192                     | 2,836      | 2.9%       | 2,830                         | 68                     | 102                     | 2,796      | 3.1%       |
| 4                        | B                               | 1,586                         | 24                     | 139                     | 1,471      | 1.5%       | 1,681                         | 38                     | 82                      | 1,637      | 1.7%       |
| 5                        | C and lower                     | 129                           | 3                      | 14                      | 118        | 0.1%       | 115                           | 5                      | 6                       | 114        | 0.1%       |
| 6                        | In or near default              | 28                            | 7                      | 2                       | 33         | 0.0%       | 34                            | 5                      | 1                       | 38         | 0.0%       |
|                          | Subtotal Below Investment Grade | 4,719                         | 86                     | 347                     | 4,458      | 4.5%       | 4,660                         | 116                    | 191                     | 4,585      | 4.9%       |
|                          | Total                           | 99,263                        | 2,947                  | 3,100                   | 99,110     | 100.0%     | 92,911                        | 2,642                  | 1,726                   | 93,827     | 100.0%     |

Private Fixed Maturities:

|                 |                                 |        |     |     |        |        |        |     |     |        |        |
|-----------------|---------------------------------|--------|-----|-----|--------|--------|--------|-----|-----|--------|--------|
| NAIC Rating (5) | Rating Agency Equivalent        |        |     |     |        |        |        |     |     |        |        |
| 1               | Aaa, Aa, A                      | 7,062  | 237 | 135 | 7,164  | 34.3%  | 7,139  | 230 | 84  | 7,285  | 34.7%  |
| 2               | Baa                             | 10,874 | 345 | 255 | 10,964 | 52.4%  | 10,595 | 344 | 118 | 10,821 | 51.6%  |
|                 | Subtotal Investment Grade       | 17,936 | 582 | 390 | 18,128 | 86.7%  | 17,734 | 574 | 202 | 18,106 | 86.3%  |
| 3               | Ba                              | 1,638  | 51  | 33  | 1,656  | 7.9%   | 1,637  | 49  | 26  | 1,660  | 7.9%   |
| 4               | B                               | 747    | 6   | 27  | 726    | 3.5%   | 738    | 6   | 12  | 732    | 3.5%   |
| 5               | C and lower                     | 195    | 5   | 6   | 194    | 0.9%   | 319    | 8   | 4   | 323    | 1.5%   |
| 6               | In or near default              | 211    | 13  | 18  | 206    | 1.0%   | 147    | 23  | —   | 170    | 0.8%   |
|                 | Subtotal Below Investment Grade | 2,791  | 75  | 84  | 2,782  | 13.3%  | 2,841  | 86  | 42  | 2,885  | 13.7%  |
|                 | Total                           | 20,727 | 657 | 474 | 20,910 | 100.0% | 20,575 | 660 | 244 | 20,991 | 100.0% |

- (1) Other long-term investments consist of real estate and non-real estate related investments in joint ventures (other than our investment in operating joint ventures, which includes our investment in Wachovia Securities) and partnerships, investment real estate held through direct ownership, and other miscellaneous investments.
- (2) Short-term investments consist primarily of money market funds with virtually no sub-prime exposure.
- (3) 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.
- (4) Includes invested assets of securities brokerage, securities trading, banking operations, real estate and relocation services, and asset management operations. Excludes assets of our asset management operations managed for third parties and those assets classified as "separate account assets" on our balance sheet.
- (5) Reflects equivalent ratings for investments of international insurance operations that are not rated by United States insurance regulatory authorities. Includes, as of March 31, 2008 and December 31, 2007, respectively, 231 securities with amortized cost of \$2,549 million (fair value \$2,488 million) and 196 securities with amortized cost of \$2,306 million (fair value, \$2,319 million) that have been categorized based on expected NAIC designations pending receipt of SVO ratings.

FINANCIAL SERVICES BUSINESSES INVESTMENT PORTFOLIO COMPOSITION  
(in millions)

|                                                                        | March 31, 2008 |               | December 31, 2007 |               |
|------------------------------------------------------------------------|----------------|---------------|-------------------|---------------|
|                                                                        | Amount         | % of Total    | Amount            | % of Total    |
| <b>Japanese Insurance Operations:</b>                                  |                |               |                   |               |
| Fixed maturities:                                                      |                |               |                   |               |
| Public, available for sale, at fair value                              | 38,163         | 70.0%         | 34,752            | 68.5%         |
| Public, held to maturity, at amortized cost                            | 3,015          | 5.5%          | 2,879             | 5.7%          |
| Private, available for sale, at fair value                             | 3,576          | 6.5%          | 3,467             | 6.8%          |
| Private, held to maturity, at amortized cost                           | 720            | 1.3%          | 668               | 1.3%          |
| Trading account assets supporting insurance liabilities, at fair value | 1,136          | 2.1%          | 1,132             | 2.2%          |
| Other trading account assets, at fair value                            | 49             | 0.1%          | 48                | 0.1%          |
| Equity securities, available for sale, at fair value                   | 2,545          | 4.7%          | 2,550             | 5.0%          |
| Commercial loans                                                       | 3,046          | 5.6%          | 2,881             | 5.7%          |
| Policy loans                                                           | 1,287          | 2.4%          | 1,133             | 2.2%          |
| Other long-term investments (1)                                        | 918            | 1.7%          | 993               | 2.0%          |
| Short-term investments                                                 | 54             | 0.1%          | 239               | 0.5%          |
| Total                                                                  | <u>54,509</u>  | <u>100.0%</u> | <u>50,742</u>     | <u>100.0%</u> |

|                                                                                   | March 31, 2008 |               | December 31, 2007 |               |
|-----------------------------------------------------------------------------------|----------------|---------------|-------------------|---------------|
|                                                                                   | Amount         | % of Total    | Amount            | % of Total    |
| <b>Financial Services Businesses excluding Japanese Insurance Operations (2):</b> |                |               |                   |               |
| Fixed maturities:                                                                 |                |               |                   |               |
| Public, available for sale, at fair value                                         | 57,944         | 50.2%         | 56,210            | 50.1%         |
| Public, held to maturity, at amortized cost                                       | —              | 0.0%          | —                 | 0.0%          |
| Private, available for sale, at fair value                                        | 16,596         | 14.4%         | 16,846            | 15.0%         |
| Private, held to maturity, at amortized cost                                      | —              | 0.0%          | 1                 | 0.0%          |
| Trading account assets supporting insurance liabilities, at fair value            | 13,508         | 11.7%         | 13,341            | 11.9%         |
| Other trading account assets, at fair value                                       | 161            | 0.1%          | 156               | 0.1%          |
| Equity securities, available for sale, at fair value                              | 1,998          | 1.7%          | 2,079             | 1.9%          |
| Commercial loans                                                                  | 18,134         | 15.7%         | 16,722            | 14.9%         |
| Policy loans                                                                      | 2,860          | 2.5%          | 2,809             | 2.5%          |
| Other long-term investments (1)                                                   | 1,775          | 1.5%          | 1,731             | 1.5%          |
| Short-term investments                                                            | 2,560          | 2.2%          | 2,359             | 2.1%          |
| Total                                                                             | <u>115,536</u> | <u>100.0%</u> | <u>112,254</u>    | <u>100.0%</u> |

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

|                                                         | Three Months Ended March 31    |        |                                 |                                |        |                                 |
|---------------------------------------------------------|--------------------------------|--------|---------------------------------|--------------------------------|--------|---------------------------------|
|                                                         | 2008                           |        |                                 | 2007                           |        |                                 |
|                                                         | Investment Income<br>Yield (3) | Amount | Realized<br>Gains /<br>(Losses) | Investment Income<br>Yield (3) | Amount | Realized<br>Gains /<br>(Losses) |
| Financial Services Businesses (1):                      |                                |        |                                 |                                |        |                                 |
| Fixed maturities                                        | 4.77%                          | 1,380  | (385)                           | 4.95%                          | 1,414  | 27                              |
| Equity securities                                       | 4.01%                          | 46     | (56)                            | 4.61%                          | 44     | 131                             |
| Commercial loans                                        | 5.82%                          | 231    | 1                               | 6.17%                          | 204    | (4)                             |
| Policy loans                                            | 5.05%                          | 51     | —                               | 4.98%                          | 44     | —                               |
| Short-term investments and cash equivalents             | 4.18%                          | 99     | —                               | 5.45%                          | 96     | (7)                             |
| Other investments                                       | 4.95%                          | 36     | (345)                           | 6.61%                          | 47     | 35                              |
| Gross investment income before investment expenses      | 4.84%                          | 1,843  | (785)                           | 5.11%                          | 1,849  | 182                             |
| Investment expenses                                     | -0.15%                         | (80)   | —                               | -0.15%                         | (139)  | —                               |
| Subtotal                                                | 4.69%                          | 1,763  | (785)                           | 4.96%                          | 1,710  | 182                             |
| Investment results of other entities and operations (2) |                                | 358    | (17)                            |                                | 292    | 31                              |
| Less, investment income relating to divested businesses |                                | (10)   |                                 |                                | (7)    |                                 |
| Total                                                   |                                | 2,111  | (802)                           |                                | 1,995  | 213                             |

- (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) Includes 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 averages calculated using beginning and end of period balances. Yields are based on 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. Prior periods yields are presented on a basis consistent with the current presentation.

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

|                                                    | Three Months Ended March 31 |          |                  |                   |          |                  |
|----------------------------------------------------|-----------------------------|----------|------------------|-------------------|----------|------------------|
|                                                    | 2008                        |          |                  | 2007              |          |                  |
|                                                    | Investment Income           | Realized |                  | Investment Income | Realized |                  |
|                                                    | Yield (1)                   | Amount   | Gains / (Losses) | Yield (1)         | Amount   | Gains / (Losses) |
| Japanese Insurance Operations:                     |                             |          |                  |                   |          |                  |
| Fixed maturities                                   | 2.78%                       | 300      | (49)             | 2.61%             | 252      | 25               |
| Equity securities                                  | 2.20%                       | 14       | (51)             | 2.64%             | 13       | 120              |
| Commercial loans                                   | 4.54%                       | 33       | 3                | 4.32%             | 30       | 2                |
| Policy loans                                       | 3.84%                       | 12       | —                | 3.71%             | 9        | —                |
| Short-term investments and cash equivalents        | 1.55%                       | 3        | —                | 2.67%             | 5        | (1)              |
| Other investments                                  | 9.06%                       | 23       | (22)             | 10.61%            | 25       | (11)             |
| Gross investment income before investment expenses | 2.98%                       | 385      | (119)            | 2.91%             | 334      | 135              |
| Investment expenses                                | -0.18%                      | (23)     | —                | -0.17%            | (23)     | —                |
| Total                                              | 2.80%                       | 362      | (119)            | 2.74%             | 311      | 135              |

- (1) Yields are annualized, for interim periods, and based on quarterly averages calculated using beginning and end of period balances. Yields are based on 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. Prior periods yields are presented on a basis consistent with the current presentation.

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

|                                                                                   | <b>Three Months Ended March 31</b> |                 |                 |                          |                 |                 |
|-----------------------------------------------------------------------------------|------------------------------------|-----------------|-----------------|--------------------------|-----------------|-----------------|
|                                                                                   | <b>2008</b>                        |                 |                 | <b>2007</b>              |                 |                 |
|                                                                                   | <b>Investment Income</b>           | <b>Realized</b> | <b>Gains /</b>  | <b>Investment Income</b> | <b>Realized</b> | <b>Gains /</b>  |
|                                                                                   | <b>Yield (2)</b>                   | <b>Amount</b>   | <b>(Losses)</b> | <b>Yield (2)</b>         | <b>Amount</b>   | <b>(Losses)</b> |
| <b>Financial Services Businesses excluding Japanese Insurance Operations (1):</b> |                                    |                 |                 |                          |                 |                 |
| Fixed maturities                                                                  | 6.00%                              | 1,080           | (336)           | 6.24%                    | 1,162           | 2               |
| Equity securities                                                                 | 6.36%                              | 32              | (5)             | 6.80%                    | 31              | 11              |
| Commercial loans                                                                  | 6.11%                              | 198             | (2)             | 6.66%                    | 174             | (6)             |
| Policy loans                                                                      | 5.57%                              | 39              | —               | 5.51%                    | 35              | —               |
| Short-term investments and cash equivalents                                       | 4.45%                              | 96              | —               | 5.89%                    | 91              | (6)             |
| Other investments                                                                 | 2.81%                              | 13              | (323)           | 4.56%                    | 22              | 46              |
| Gross investment income before investment expenses                                | 5.83%                              | 1,458           | (666)           | 6.23%                    | 1,515           | 47              |
| Investment expenses                                                               | -0.13%                             | (57)            | —               | -0.15%                   | (116)           | —               |
| <b>Total</b>                                                                      | <b>5.70%</b>                       | <b>1,401</b>    | <b>(666)</b>    | <b>6.08%</b>             | <b>1,399</b>    | <b>47</b>       |

- (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 averages calculated using beginning and end of period balances. Yields are based on 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. Prior periods yields are presented on a basis consistent with the current presentation.

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

| Years ended December 31                                                                                                              |        |        | 2006                                                                                      |        |        |        | 2007   |        |        |        |        |
|--------------------------------------------------------------------------------------------------------------------------------------|--------|--------|-------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2007                                                                                                                                 | 2006   | 2005   |                                                                                           | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2Q     | 3Q     | 4Q     |
| Financial Services Businesses:                                                                                                       |        |        |                                                                                           |        |        |        |        |        |        |        |        |
| Pre-tax adjusted operating income (loss) by division:                                                                                |        |        |                                                                                           |        |        |        |        |        |        |        |        |
| 1,630                                                                                                                                | 1,360  | 1,228  | Insurance Division                                                                        | 298    | 248    | 465    | 349    | 318    | 390    | 556    | 366    |
| 1,480                                                                                                                                | 1,087  | 670    | Investment Division                                                                       | 184    | 300    | 262    | 341    | 420    | 377    | 311    | 372    |
| 1,857                                                                                                                                | 1,571  | 1,427  | International Insurance and Investments Division                                          | 383    | 364    | 427    | 397    | 474    | 453    | 537    | 393    |
| (62)                                                                                                                                 | 47     | 188    | Corporate and other operations                                                            | 16     | 40     | 4      | (13)   | 9      | (8)    | (12)   | (51)   |
| 4,905                                                                                                                                | 4,065  | 3,513  | Total pre-tax adjusted operating income                                                   | 881    | 952    | 1,158  | 1,074  | 1,221  | 1,212  | 1,392  | 1,080  |
| 1,400                                                                                                                                | 1,160  | 1,105  | Income taxes, applicable to adjusted operating income                                     | 252    | 274    | 330    | 304    | 361    | 355    | 416    | 268    |
| 3,505                                                                                                                                | 2,905  | 2,408  | Financial Services Businesses after-tax adjusted operating income                         | 629    | 678    | 828    | 770    | 860    | 857    | 976    | 812    |
| Reconciling items:                                                                                                                   |        |        |                                                                                           |        |        |        |        |        |        |        |        |
| (96)                                                                                                                                 | 83     | 549    | Realized investment gains (losses), net, and related charges and adjustments              | 49     | (319)  | 222    | 131    | 141    | 34     | (180)  | (91)   |
| —                                                                                                                                    | 35     | (33)   | Investment gains (losses) on trading account assets supporting insurance liabilities, net | (114)  | (151)  | 257    | 43     | 82     | (108)  | 36     | (10)   |
| 13                                                                                                                                   | 11     | (44)   | Change in experience-rated contractholder liabilities due to asset value changes          | 66     | 130    | (168)  | (17)   | (62)   | 72     | (6)    | 9      |
| (26)                                                                                                                                 | 119    | 21     | Divested businesses                                                                       | 73     | —      | 8      | 38     | 28     | 18     | (27)   | (45)   |
| (400)                                                                                                                                | (322)  | (214)  | Equity in earnings of operating joint ventures                                            | (78)   | (67)   | (78)   | (99)   | (120)  | (100)  | (103)  | (77)   |
| (509)                                                                                                                                | (74)   | 279    | Total reconciling items, before income taxes                                              | (4)    | (407)  | 241    | 96     | 69     | (84)   | (280)  | (214)  |
| (255)                                                                                                                                | (34)   | (463)  | Income taxes, not applicable to adjusted operating income                                 | (1)    | (118)  | 33     | 52     | 18     | (35)   | (101)  | (137)  |
| (254)                                                                                                                                | (40)   | 742    | Total reconciling items, after income taxes                                               | (3)    | (289)  | 208    | 44     | 51     | (49)   | (179)  | (77)   |
| Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures |        |        |                                                                                           |        |        |        |        |        |        |        |        |
| 3,251                                                                                                                                | 2,865  | 3,150  |                                                                                           | 626    | 389    | 1,036  | 814    | 911    | 808    | 797    | 735    |
| 246                                                                                                                                  | 208    | 142    | Equity in earnings of operating joint ventures, net of taxes                              | 51     | 45     | 50     | 62     | 77     | 56     | 67     | 46     |
| Income from continuing operations (after-tax) of Financial Services Businesses                                                       |        |        |                                                                                           |        |        |        |        |        |        |        |        |
| 3,497                                                                                                                                | 3,073  | 3,292  |                                                                                           | 677    | 434    | 1,086  | 876    | 988    | 864    | 864    | 781    |
| 15                                                                                                                                   | 71     | (73)   | Income (loss) from discontinued operations, net of taxes                                  | (2)    | (10)   | 66     | 17     | 37     | (29)   | (4)    | 11     |
| 3,512                                                                                                                                | 3,144  | 3,219  | Net income of Financial Services Businesses                                               | 675    | 424    | 1,152  | 893    | 1,025  | 835    | 860    | 792    |
| Earnings per share of Common Stock (diluted):                                                                                        |        |        |                                                                                           |        |        |        |        |        |        |        |        |
| 7.60                                                                                                                                 | 6.02   | 4.78   | Financial Services Businesses after-tax adjusted operating income                         | 1.29   | 1.40   | 1.72   | 1.63   | 1.83   | 1.84   | 2.13   | 1.79   |
| Reconciling items:                                                                                                                   |        |        |                                                                                           |        |        |        |        |        |        |        |        |
| (0.20)                                                                                                                               | 0.17   | 1.05   | Realized investment gains (losses), net, and related charges and adjustments              | 0.10   | (0.64) | 0.45   | 0.27   | 0.30   | 0.07   | (0.39) | (0.20) |
| —                                                                                                                                    | 0.07   | (0.06) | Investment gains (losses) on trading account assets supporting insurance liabilities, net | (0.23) | (0.30) | 0.52   | 0.09   | 0.17   | (0.23) | 0.08   | (0.02) |
| 0.03                                                                                                                                 | 0.02   | (0.08) | Change in experience-rated contractholder liabilities due to asset value changes          | 0.13   | 0.26   | (0.34) | (0.04) | (0.13) | 0.15   | (0.01) | 0.02   |
| (0.06)                                                                                                                               | 0.24   | 0.04   | Divested businesses                                                                       | 0.14   | —      | 0.02   | 0.08   | 0.06   | 0.04   | (0.06) | (0.10) |
| (0.85)                                                                                                                               | (0.65) | (0.41) | Equity in earnings of operating joint ventures                                            | (0.15) | (0.13) | (0.16) | (0.21) | (0.25) | (0.21) | (0.22) | (0.17) |
| (1.08)                                                                                                                               | (0.15) | 0.54   | Total reconciling items, before income taxes                                              | (0.01) | (0.81) | 0.49   | 0.19   | 0.15   | (0.18) | (0.60) | (0.47) |
| (0.53)                                                                                                                               | (0.07) | (0.89) | Income taxes, not applicable to adjusted operating income                                 | —      | (0.23) | 0.06   | 0.10   | 0.04   | (0.08) | (0.21) | (0.31) |
| (0.55)                                                                                                                               | (0.08) | 1.43   | Total reconciling items, after income taxes                                               | (0.01) | (0.58) | 0.43   | 0.09   | 0.11   | (0.10) | (0.39) | (0.16) |
| Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures |        |        |                                                                                           |        |        |        |        |        |        |        |        |
| 7.05                                                                                                                                 | 5.94   | 6.21   |                                                                                           | 1.28   | 0.82   | 2.15   | 1.72   | 1.94   | 1.74   | 1.74   | 1.63   |
| 0.53                                                                                                                                 | 0.42   | 0.27   | Equity in earnings of operating joint ventures, net of taxes                              | 0.10   | 0.09   | 0.10   | 0.13   | 0.16   | 0.12   | 0.15   | 0.10   |
| Income from continuing operations (after-tax) of Financial Services Businesses                                                       |        |        |                                                                                           |        |        |        |        |        |        |        |        |
| 7.58                                                                                                                                 | 6.36   | 6.48   |                                                                                           | 1.38   | 0.91   | 2.25   | 1.85   | 2.10   | 1.86   | 1.89   | 1.73   |
| 0.03                                                                                                                                 | 0.14   | (0.14) | Income (loss) from discontinued operations, net of taxes                                  | —      | (0.02) | 0.13   | 0.03   | 0.08   | (0.06) | (0.01) | 0.02   |
| 7.61                                                                                                                                 | 6.50   | 6.34   | Net income of Financial Services Businesses                                               | 1.38   | 0.89   | 2.38   | 1.88   | 2.18   | 1.80   | 1.88   | 1.75   |
| 468.3                                                                                                                                | 494.0  | 520.9  | Weighted average number of outstanding Common shares (diluted basis)                      | 504.1  | 497.1  | 490.5  | 482.8  | 477.2  | 472.8  | 464.9  | 458.5  |
| 16.32%                                                                                                                               | 14.23% | 12.21% | Operating Return on Average Equity (based on adjusted operating income)                   | 12.59% | 13.41% | 16.07% | 14.78% | 16.29% | 16.04% | 17.97% | 14.88% |
| 53                                                                                                                                   | 68     | 82     | Direct equity adjustments for earnings per share calculations                             | 19     | 16     | 16     | 17     | 15     | 14     | 13     | 11     |

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

| Years ended December 31 |         |         |                                                                                                          | 2006  |       |       |       | 2007  |       |       |       |
|-------------------------|---------|---------|----------------------------------------------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2007                    | 2006    | 2005    |                                                                                                          | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    |
|                         |         |         | Revenues (1):                                                                                            |       |       |       |       |       |       |       |       |
| 10,794                  | 10,287  | 10,128  | Premiums                                                                                                 | 2,604 | 2,542 | 2,548 | 2,593 | 2,720 | 2,684 | 2,673 | 2,717 |
| 3,122                   | 2,649   | 2,529   | Policy charges and fee income                                                                            | 662   | 667   | 583   | 737   | 784   | 783   | 727   | 828   |
| 8,204                   | 7,614   | 6,846   | Net investment income                                                                                    | 1,808 | 1,860 | 1,955 | 1,991 | 1,995 | 2,033 | 2,070 | 2,106 |
| 4,740                   | 3,960   | 3,334   | Asset management fees, commissions and other income                                                      | 933   | 921   | 974   | 1,132 | 1,149 | 1,169 | 1,301 | 1,121 |
| 26,860                  | 24,510  | 22,837  | Total revenues                                                                                           | 6,007 | 5,990 | 6,060 | 6,453 | 6,648 | 6,669 | 6,771 | 6,772 |
|                         |         |         | Benefits and Expenses (1):                                                                               |       |       |       |       |       |       |       |       |
| 10,829                  | 10,423  | 9,990   | Insurance and annuity benefits                                                                           | 2,577 | 2,591 | 2,650 | 2,605 | 2,763 | 2,683 | 2,658 | 2,725 |
| 3,094                   | 2,790   | 2,516   | Interest credited to policyholders' account balances                                                     | 652   | 677   | 716   | 745   | 745   | 762   | 779   | 808   |
| 1,120                   | 949     | 615     | Interest expense                                                                                         | 212   | 233   | 249   | 255   | 274   | 276   | 281   | 289   |
| (2,248)                 | (2,037) | (1,801) | Deferral of acquisition costs                                                                            | (501) | (495) | (496) | (545) | (539) | (556) | (554) | (599) |
| 935                     | 670     | 910     | Amortization of acquisition costs                                                                        | 240   | 264   | (73)  | 239   | 272   | 265   | 108   | 290   |
| 8,225                   | 7,650   | 7,094   | General and administrative expenses                                                                      | 1,946 | 1,768 | 1,856 | 2,080 | 1,912 | 2,027 | 2,107 | 2,179 |
| 21,955                  | 20,445  | 19,324  | Total benefits and expenses                                                                              | 5,126 | 5,038 | 4,902 | 5,379 | 5,427 | 5,457 | 5,379 | 5,692 |
| 4,905                   | 4,065   | 3,513   | Adjusted operating income before income taxes                                                            | 881   | 952   | 1,158 | 1,074 | 1,221 | 1,212 | 1,392 | 1,080 |
|                         |         |         | Reconciling items:                                                                                       |       |       |       |       |       |       |       |       |
| (41)                    | 66      | 657     | Realized investment gains (losses), net, and related adjustments                                         | 49    | (342) | 215   | 144   | 147   | 41    | (178) | (51)  |
| (55)                    | 17      | (108)   | Related charges                                                                                          | —     | 23    | 7     | (13)  | (6)   | (7)   | (2)   | (40)  |
| (96)                    | 83      | 549     | Total realized investment gains (losses), net, and related charges and adjustments                       | 49    | (319) | 222   | 131   | 141   | 34    | (180) | (91)  |
| —                       | 35      | (33)    | Investment gains (losses) on trading account assets supporting insurance liabilities, net                | (114) | (151) | 257   | 43    | 82    | (108) | 36    | (10)  |
| 13                      | 11      | (44)    | Change in experience-rated contractholder liabilities due to asset value changes                         | 66    | 130   | (168) | (17)  | (62)  | 72    | (6)   | 9     |
| (26)                    | 119     | 21      | Divested businesses                                                                                      | 73    | —     | 8     | 38    | 28    | 18    | (27)  | (45)  |
| (400)                   | (322)   | (214)   | Equity in earnings of operating joint ventures                                                           | (78)  | (67)  | (78)  | (99)  | (120) | (100) | (103) | (77)  |
| (509)                   | (74)    | 279     | Total reconciling items, before income taxes                                                             | (4)   | (407) | 241   | 96    | 69    | (84)  | (280) | (214) |
|                         |         |         | Income from continuing operations before income taxes and equity in earnings of operating joint ventures | 877   | 545   | 1,399 | 1,170 | 1,290 | 1,128 | 1,112 | 866   |
| 1,145                   | 1,126   | 642     | Income tax expense                                                                                       | 251   | 156   | 363   | 356   | 379   | 320   | 315   | 131   |
|                         |         |         | Income from continuing operations before equity in earnings of operating joint ventures                  | 626   | 389   | 1,036 | 814   | 911   | 808   | 797   | 735   |

- (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<br>December 31<br>2005 |                                                      | 2006  |       |       |       | 2007  |       |       |       |
|-----------------------------------|------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                   |                                                      | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    |
|                                   | Revenues (1):                                        |       |       |       |       |       |       |       |       |
| 3,728                             | Premiums                                             | 982   | 1,005 | 1,027 | 1,052 | 1,073 | 1,083 | 1,073 | 1,053 |
| 2,098                             | Policy charges and fee income                        | 543   | 559   | 474   | 637   | 667   | 672   | 632   | 715   |
| 1,702                             | Net investment income                                | 418   | 438   | 463   | 468   | 470   | 475   | 479   | 483   |
| 652                               | Asset management fees, commissions and other income  | 178   | 170   | 241   | 218   | 230   | 242   | 324   | 233   |
| 8,180                             | Total revenues                                       | 2,121 | 2,172 | 2,205 | 2,375 | 2,440 | 2,472 | 2,508 | 2,484 |
|                                   | Benefits and Expenses (1):                           |       |       |       |       |       |       |       |       |
| 4,013                             | Insurance and annuity benefits                       | 1,070 | 1,144 | 1,225 | 1,154 | 1,230 | 1,182 | 1,161 | 1,165 |
| 715                               | Interest credited to policyholders' account balances | 180   | 181   | 196   | 206   | 202   | 205   | 201   | 209   |
| 111                               | Interest expense                                     | 30    | 28    | 37    | 44    | 53    | 53    | 59    | 67    |
| (797)                             | Deferral of acquisition costs                        | (256) | (228) | (235) | (282) | (270) | (287) | (290) | (304) |
| 545                               | Amortization of acquisition costs                    | 131   | 142   | (191) | 125   | 153   | 140   | 1     | 164   |
| 2,365                             | General and administrative expenses                  | 668   | 657   | 708   | 779   | 754   | 789   | 820   | 817   |
| 6,952                             | Total benefits and expenses                          | 1,823 | 1,924 | 1,740 | 2,026 | 2,122 | 2,082 | 1,952 | 2,118 |
| 1,228                             | Adjusted operating income before income taxes        | 298   | 248   | 465   | 349   | 318   | 390   | 556   | 366   |

- (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.

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

| Year ended<br>December 31<br>2005 |                                                      | 2006 |      |       |      | 2007  |       |       |       |
|-----------------------------------|------------------------------------------------------|------|------|-------|------|-------|-------|-------|-------|
|                                   |                                                      | 1Q   | 2Q   | 3Q    | 4Q   | 1Q    | 2Q    | 3Q    | 4Q    |
|                                   | Revenues (1):                                        |      |      |       |      |       |       |       |       |
| 391                               | Premiums                                             | 100  | 103  | 109   | 117  | 126   | 126   | 137   | 144   |
| 1,095                             | Policy charges and fee income                        | 266  | 270  | 117   | 267  | 272   | 264   | 226   | 278   |
| 496                               | Net investment income                                | 126  | 136  | 137   | 149  | 155   | 161   | 165   | 175   |
| 280                               | Asset management fees, commissions and other income  | 67   | 77   | 104   | 72   | 78    | 78    | 144   | 73    |
| 2,262                             | Total revenues                                       | 559  | 586  | 467   | 605  | 631   | 629   | 672   | 670   |
|                                   | Benefits and Expenses (1):                           |      |      |       |      |       |       |       |       |
| 631                               | Insurance and annuity benefits                       | 161  | 199  | 300   | 203  | 236   | 203   | 254   | 211   |
| 177                               | Interest credited to policyholders' account balances | 48   | 50   | 51    | 54   | 54    | 54    | 54    | 56    |
| 66                                | Interest expense                                     | 17   | 18   | 20    | 27   | 38    | 37    | 41    | 49    |
| (314)                             | Deferral of acquisition costs                        | (80) | (83) | (91)  | (97) | (103) | (115) | (115) | (119) |
| 369                               | Amortization of acquisition costs                    | 74   | 91   | (220) | 57   | 78    | 64    | (68)  | 90    |
| 835                               | General and administrative expenses                  | 206  | 214  | 224   | 229  | 227   | 245   | 255   | 254   |
| 1,764                             | Total benefits and expenses                          | 426  | 489  | 284   | 473  | 530   | 488   | 421   | 541   |
| 498                               | Adjusted operating income before income taxes        | 133  | 97   | 183   | 132  | 101   | 141   | 251   | 129   |

- (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.

RECLASSIFIED COMBINED STATEMENTS OF OPERATIONS - INDIVIDUAL ANNUITIES  
(in millions)

| Year ended<br>December 31<br>2005 |                                                      | 2006  |       |       |       | 2007  |       |       |       |
|-----------------------------------|------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                   |                                                      | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    |
|                                   | Revenues (1):                                        |       |       |       |       |       |       |       |       |
| 67                                | Premiums                                             | 15    | 16    | 26    | 24    | 21    | 19    | 13    | 17    |
| 712                               | Policy charges and fee income                        | 200   | 225   | 270   | 291   | 299   | 320   | 322   | 339   |
| 615                               | Net investment income                                | 144   | 149   | 169   | 156   | 151   | 148   | 144   | 137   |
| 324                               | Asset management fees, commissions and other income  | 94    | 79    | 118   | 125   | 133   | 145   | 154   | 141   |
| 1,718                             | Total revenues                                       | 453   | 469   | 583   | 596   | 604   | 632   | 633   | 634   |
|                                   | Benefits and Expenses (1):                           |       |       |       |       |       |       |       |       |
| 168                               | Insurance and annuity benefits                       | 49    | 51    | 66    | 67    | 59    | 59    | 31    | 62    |
| 337                               | Interest credited to policyholders' account balances | 83    | 83    | 93    | 97    | 89    | 93    | 87    | 90    |
| 30                                | Interest expense                                     | 10    | 10    | 15    | 15    | 13    | 14    | 16    | 16    |
| (421)                             | Deferral of acquisition costs                        | (119) | (133) | (131) | (151) | (154) | (168) | (158) | (173) |
| 173                               | Amortization of acquisition costs                    | 57    | 51    | 28    | 67    | 74    | 75    | 66    | 70    |
| 925                               | General and administrative expenses                  | 255   | 285   | 320   | 347   | 357   | 379   | 386   | 398   |
| 1,212                             | Total benefits and expenses                          | 335   | 347   | 391   | 442   | 438   | 452   | 428   | 463   |
| 506                               | Adjusted operating income before income taxes        | 118   | 122   | 192   | 154   | 166   | 180   | 205   | 171   |

- (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.

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

| Year ended<br>December 31<br>2005 |                                                      | 2006  |       |       |       | 2007  |       |       |       |
|-----------------------------------|------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                   |                                                      | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    |
|                                   | Revenues (1):                                        |       |       |       |       |       |       |       |       |
| 3,270                             | Premiums                                             | 867   | 886   | 892   | 911   | 926   | 938   | 923   | 892   |
| 291                               | Policy charges and fee income                        | 77    | 64    | 87    | 79    | 96    | 88    | 84    | 98    |
| 591                               | Net investment income                                | 148   | 153   | 157   | 163   | 164   | 166   | 170   | 171   |
| 48                                | Asset management fees, commissions and other income  | 17    | 14    | 19    | 21    | 19    | 19    | 26    | 19    |
| 4,200                             | Total revenues                                       | 1,109 | 1,117 | 1,155 | 1,174 | 1,205 | 1,211 | 1,203 | 1,180 |
|                                   | Benefits and Expenses (1):                           |       |       |       |       |       |       |       |       |
| 3,214                             | Insurance and annuity benefits                       | 860   | 894   | 859   | 884   | 935   | 920   | 876   | 892   |
| 201                               | Interest credited to policyholders' account balances | 49    | 48    | 52    | 55    | 59    | 58    | 60    | 63    |
| 15                                | Interest expense                                     | 3     | —     | 2     | 2     | 2     | 2     | 2     | 2     |
| (62)                              | Deferral of acquisition costs                        | (57)  | (12)  | (13)  | (34)  | (13)  | (4)   | (17)  | (12)  |
| 3                                 | Amortization of acquisition costs                    | —     | —     | 1     | 1     | 1     | 1     | 3     | 4     |
| 605                               | General and administrative expenses                  | 207   | 158   | 164   | 203   | 170   | 165   | 179   | 165   |
| 3,976                             | Total benefits and expenses                          | 1,062 | 1,088 | 1,065 | 1,111 | 1,154 | 1,142 | 1,103 | 1,114 |
| 224                               | Adjusted operating income before income taxes        | 47    | 29    | 90    | 63    | 51    | 69    | 100   | 66    |

- (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.

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

| Year ended<br>December 31<br>2005 |                                                      | 2006  |       |       |       | 2007  |       |       |       |
|-----------------------------------|------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                   |                                                      | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    |
|                                   | Revenues (1):                                        |       |       |       |       |       |       |       |       |
| 320                               | Premiums                                             | 92    | 30    | 84    | 88    | 96    | 71    | 88    | 74    |
| 188                               | Policy charges and fee income                        | 48    | 43    | 45    | 43    | 44    | 44    | 40    | 44    |
| 3,136                             | Net investment income                                | 844   | 902   | 919   | 950   | 934   | 972   | 979   | 1,010 |
| 2,225                             | Asset management fees, commissions and other income  | 630   | 598   | 582   | 786   | 745   | 747   | 744   | 768   |
| 5,869                             | Total revenues                                       | 1,614 | 1,573 | 1,630 | 1,867 | 1,819 | 1,834 | 1,851 | 1,896 |
|                                   | Benefits and Expenses (1):                           |       |       |       |       |       |       |       |       |
| 1,049                             | Insurance and annuity benefits                       | 269   | 235   | 297   | 303   | 302   | 276   | 290   | 277   |
| 1,633                             | Interest credited to policyholders' account balances | 429   | 452   | 475   | 497   | 492   | 508   | 528   | 545   |
| 115                               | Interest expense                                     | 46    | 62    | 63    | 67    | 59    | 64    | 76    | 75    |
| (61)                              | Deferral of acquisition costs                        | (22)  | (22)  | (25)  | (24)  | (19)  | (25)  | (19)  | (28)  |
| 54                                | Amortization of acquisition costs                    | 13    | 17    | 12    | 10    | 9     | 11    | 11    | 7     |
| 2,409                             | General and administrative expenses                  | 695   | 529   | 546   | 673   | 556   | 623   | 654   | 648   |
| 5,199                             | Total benefits and expenses                          | 1,430 | 1,273 | 1,368 | 1,526 | 1,399 | 1,457 | 1,540 | 1,524 |
| 670                               | Adjusted operating income before income taxes        | 184   | 300   | 262   | 341   | 420   | 377   | 311   | 372   |

- (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.

RECLASSIFIED COMBINED STATEMENTS OF OPERATIONS - ASSET MANAGEMENT SEGMENT  
(in millions)

| Year ended<br>December 31<br>2005 |                                                      | 2006 |     |     |     | 2007 |     |     |     |
|-----------------------------------|------------------------------------------------------|------|-----|-----|-----|------|-----|-----|-----|
|                                   |                                                      | 1Q   | 2Q  | 3Q  | 4Q  | 1Q   | 2Q  | 3Q  | 4Q  |
|                                   | Revenues (1):                                        |      |     |     |     |      |     |     |     |
| —                                 | Premiums                                             | —    | —   | —   | —   | —    | —   | —   | —   |
| —                                 | Policy charges and fee income                        | —    | —   | —   | —   | —    | —   | —   | —   |
| 90                                | Net investment income                                | 39   | 37  | 48  | 46  | 40   | 62  | 44  | 70  |
| 1,555                             | Asset management fees, commissions and other income  | 445  | 418 | 392 | 566 | 505  | 528 | 514 | 556 |
| 1,645                             | Total revenues                                       | 484  | 455 | 440 | 612 | 545  | 590 | 558 | 626 |
|                                   | Benefits and Expenses (1):                           |      |     |     |     |      |     |     |     |
| —                                 | Insurance and annuity benefits                       | —    | —   | —   | —   | —    | —   | —   | —   |
| —                                 | Interest credited to policyholders' account balances | —    | —   | —   | —   | —    | —   | —   | —   |
| 16                                | Interest expense                                     | 6    | 9   | 10  | 16  | 10   | 14  | 19  | 19  |
| (17)                              | Deferral of acquisition costs                        | (5)  | (6) | (3) | (3) | (4)  | (4) | (4) | (4) |
| 33                                | Amortization of acquisition costs                    | 7    | 8   | 6   | 6   | 6    | 5   | 4   | 5   |
| 1,186                             | General and administrative expenses                  | 322  | 317 | 325 | 426 | 358  | 408 | 378 | 408 |
| 1,218                             | Total benefits and expenses                          | 330  | 328 | 338 | 445 | 370  | 423 | 397 | 428 |
| 427                               | Adjusted operating income before income taxes        | 154  | 127 | 102 | 167 | 175  | 167 | 161 | 198 |

- (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.

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

| Year ended<br>December 31<br>2005 |                                                      | 2006  |       |       |       | 2007  |       |       |       |
|-----------------------------------|------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                   |                                                      | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    |
|                                   | Revenues (1):                                        |       |       |       |       |       |       |       |       |
| 320                               | Premiums                                             | 92    | 30    | 84    | 88    | 96    | 71    | 88    | 74    |
| 188                               | Policy charges and fee income                        | 48    | 43    | 45    | 43    | 44    | 44    | 40    | 44    |
| 3,040                             | Net investment income                                | 798   | 857   | 866   | 904   | 894   | 909   | 934   | 939   |
| 477                               | Asset management fees, commissions and other income  | 116   | 120   | 117   | 128   | 129   | 126   | 133   | 143   |
| 4,025                             | Total revenues                                       | 1,054 | 1,050 | 1,112 | 1,163 | 1,163 | 1,150 | 1,195 | 1,200 |
|                                   | Benefits and Expenses (1):                           |       |       |       |       |       |       |       |       |
| 1,049                             | Insurance and annuity benefits                       | 269   | 235   | 297   | 303   | 302   | 276   | 290   | 277   |
| 1,633                             | Interest credited to policyholders' account balances | 429   | 452   | 475   | 497   | 492   | 508   | 528   | 545   |
| 99                                | Interest expense                                     | 40    | 53    | 53    | 51    | 49    | 50    | 57    | 56    |
| (44)                              | Deferral of acquisition costs                        | (17)  | (16)  | (22)  | (21)  | (15)  | (21)  | (15)  | (24)  |
| 21                                | Amortization of acquisition costs                    | 6     | 9     | 6     | 4     | 3     | 6     | 7     | 2     |
| 769                               | General and administrative expenses                  | 190   | 174   | 194   | 208   | 184   | 193   | 263   | 213   |
| 3,527                             | Total benefits and expenses                          | 917   | 907   | 1,003 | 1,042 | 1,015 | 1,012 | 1,130 | 1,069 |
| 498                               | Adjusted operating income before income taxes        | 137   | 143   | 109   | 121   | 148   | 138   | 65    | 131   |

- (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.

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

| Year ended<br>December 31<br>2005 |                                                      | 2006  |       |       |       | 2007  |       |       |       |
|-----------------------------------|------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                   |                                                      | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    |
|                                   | Revenues (1):                                        |       |       |       |       |       |       |       |       |
| 6,098                             | Premiums                                             | 1,533 | 1,517 | 1,438 | 1,458 | 1,553 | 1,531 | 1,518 | 1,590 |
| 264                               | Policy charges and fee income                        | 76    | 70    | 70    | 70    | 72    | 73    | 72    | 76    |
| 1,324                             | Net investment income                                | 330   | 343   | 376   | 376   | 386   | 405   | 419   | 434   |
| 483                               | Asset management fees, commissions and other income  | 161   | 156   | 171   | 180   | 219   | 215   | 282   | 182   |
| 8,169                             | Total revenues                                       | 2,100 | 2,086 | 2,055 | 2,084 | 2,230 | 2,224 | 2,291 | 2,282 |
|                                   | Benefits and Expenses (1):                           |       |       |       |       |       |       |       |       |
| 4,865                             | Insurance and annuity benefits                       | 1,224 | 1,203 | 1,112 | 1,143 | 1,219 | 1,219 | 1,194 | 1,275 |
| 207                               | Interest credited to policyholders' account balances | 57    | 61    | 66    | 67    | 77    | 79    | 84    | 90    |
| 22                                | Interest expense                                     | 3     | 4     | 3     | —     | 2     | 3     | 8     | 6     |
| (1,003)                           | Deferral of acquisition costs                        | (256) | (257) | (242) | (252) | (261) | (259) | (253) | (284) |
| 390                               | Amortization of acquisition costs                    | 116   | 115   | 111   | 112   | 128   | 126   | 103   | 129   |
| 2,261                             | General and administrative expenses                  | 573   | 596   | 578   | 617   | 591   | 603   | 618   | 673   |
| 6,742                             | Total benefits and expenses                          | 1,717 | 1,722 | 1,628 | 1,687 | 1,756 | 1,771 | 1,754 | 1,889 |
| 1,427                             | Adjusted operating income before income taxes        | 383   | 364   | 427   | 397   | 474   | 453   | 537   | 393   |

- (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.

RECLASSIFIED COMBINED STATEMENTS OF OPERATIONS - LIFE PLANNER OPERATIONS  
(in millions)

| Year ended<br>December 31<br>2005 |                                                      | 2006  |       |       |       | 2007  |       |       |       |
|-----------------------------------|------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                   |                                                      | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    |
|                                   | Revenues (1):                                        |       |       |       |       |       |       |       |       |
| 3,659                             | Premiums                                             | 989   | 977   | 963   | 988   | 1,086 | 1,024 | 1,060 | 1,106 |
| 197                               | Policy charges and fee income                        | 58    | 51    | 55    | 57    | 56    | 57    | 58    | 59    |
| 623                               | Net investment income                                | 156   | 162   | 173   | 179   | 187   | 188   | 207   | 217   |
| 16                                | Asset management fees, commissions and other income  | 16    | 13    | 25    | 22    | 30    | 39    | 19    | 21    |
| 4,495                             | Total revenues                                       | 1,219 | 1,203 | 1,216 | 1,246 | 1,359 | 1,308 | 1,344 | 1,403 |
|                                   | Benefits and Expenses (1):                           |       |       |       |       |       |       |       |       |
| 2,836                             | Insurance and annuity benefits                       | 769   | 744   | 732   | 773   | 848   | 807   | 837   | 894   |
| 102                               | Interest credited to policyholders' account balances | 27    | 27    | 27    | 25    | 34    | 31    | 36    | 36    |
| 21                                | Interest expense                                     | 3     | 3     | 3     | 2     | 3     | 3     | 2     | 4     |
| (738)                             | Deferral of acquisition costs                        | (191) | (179) | (167) | (187) | (196) | (188) | (187) | (211) |
| 296                               | Amortization of acquisition costs                    | 91    | 93    | 85    | 88    | 97    | 94    | 74    | 96    |
| 1,157                             | General and administrative expenses                  | 290   | 287   | 288   | 313   | 304   | 308   | 316   | 352   |
| 3,674                             | Total benefits and expenses                          | 989   | 975   | 968   | 1,014 | 1,090 | 1,055 | 1,078 | 1,171 |
| 821                               | Adjusted operating income before income taxes        | 230   | 228   | 248   | 232   | 269   | 253   | 266   | 232   |

- (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.

RECLASSIFIED COMBINED STATEMENTS OF OPERATIONS - GIBRALTAR LIFE  
(in millions)

| Year ended<br>December 31<br>2005 |                                                      | 2006 |      |      |      | 2007 |      |      |      |
|-----------------------------------|------------------------------------------------------|------|------|------|------|------|------|------|------|
|                                   |                                                      | 1Q   | 2Q   | 3Q   | 4Q   | 1Q   | 2Q   | 3Q   | 4Q   |
|                                   | Revenues (1):                                        |      |      |      |      |      |      |      |      |
| 2,439                             | Premiums                                             | 544  | 540  | 475  | 470  | 467  | 507  | 458  | 484  |
| 67                                | Policy charges and fee income                        | 18   | 19   | 15   | 13   | 16   | 16   | 14   | 17   |
| 676                               | Net investment income                                | 167  | 175  | 196  | 186  | 191  | 208  | 201  | 209  |
| 5                                 | Asset management fees, commissions and other income  | 2    | 3    | 21   | 7    | 20   | 16   | 23   | (3)  |
| 3,187                             | Total revenues                                       | 731  | 737  | 707  | 676  | 694  | 747  | 696  | 707  |
|                                   | Benefits and Expenses (1):                           |      |      |      |      |      |      |      |      |
| 2,029                             | Insurance and annuity benefits                       | 455  | 459  | 380  | 370  | 371  | 412  | 357  | 381  |
| 105                               | Interest credited to policyholders' account balances | 30   | 34   | 39   | 42   | 43   | 48   | 48   | 54   |
| 8                                 | Interest expense                                     | —    | —    | —    | (2)  | (2)  | (2)  | 4    | 1    |
| (265)                             | Deferral of acquisition costs                        | (65) | (78) | (75) | (65) | (65) | (71) | (66) | (73) |
| 94                                | Amortization of acquisition costs                    | 25   | 22   | 26   | 24   | 31   | 32   | 29   | 33   |
| 725                               | General and administrative expenses                  | 177  | 198  | 189  | 176  | 173  | 171  | 167  | 190  |
| 2,687                             | Total benefits and expenses                          | 622  | 635  | 559  | 545  | 551  | 590  | 539  | 586  |
| 500                               | Adjusted operating income before income taxes        | 109  | 102  | 148  | 131  | 143  | 157  | 157  | 121  |

- (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.

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

| Year ended<br>December 31<br>2005 |                                                      | 2006 |      |      |      | 2007 |      |      |      |
|-----------------------------------|------------------------------------------------------|------|------|------|------|------|------|------|------|
|                                   |                                                      | 1Q   | 2Q   | 3Q   | 4Q   | 1Q   | 2Q   | 3Q   | 4Q   |
|                                   | Revenues (1):                                        |      |      |      |      |      |      |      |      |
| (18)                              | Premiums                                             | (3)  | (10) | (1)  | (5)  | (2)  | (1)  | (6)  | —    |
| (21)                              | Policy charges and fee income                        | (5)  | (5)  | (6)  | (13) | 1    | (6)  | (17) | (7)  |
| 684                               | Net investment income                                | 216  | 177  | 197  | 197  | 205  | 181  | 193  | 179  |
| (26)                              | Asset management fees, commissions and other income  | (36) | (3)  | (20) | (52) | (45) | (35) | (49) | (62) |
| 619                               | Total revenues                                       | 172  | 159  | 170  | 127  | 159  | 139  | 121  | 110  |
|                                   | Benefits and Expenses (1):                           |      |      |      |      |      |      |      |      |
| 63                                | Insurance and annuity benefits                       | 14   | 9    | 16   | 5    | 12   | 6    | 13   | 8    |
| (39)                              | Interest credited to policyholders' account balances | (14) | (17) | (21) | (25) | (26) | (30) | (34) | (36) |
| 367                               | Interest expense                                     | 133  | 139  | 146  | 144  | 160  | 156  | 138  | 141  |
| 60                                | Deferral of acquisition costs                        | 33   | 12   | 6    | 13   | 11   | 15   | 8    | 17   |
| (79)                              | Amortization of acquisition costs                    | (20) | (10) | (5)  | (8)  | (18) | (12) | (7)  | (10) |
| 59                                | General and administrative expenses                  | 10   | (14) | 24   | 11   | 11   | 12   | 15   | 41   |
| 431                               | Total benefits and expenses                          | 156  | 119  | 166  | 140  | 150  | 147  | 133  | 161  |
| 188                               | Adjusted operating income (loss) before income taxes | 16   | 40   | 4    | (13) | 9    | (8)  | (12) | (51) |

- (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.

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

| Year ended<br>December 31<br>2005          |                                                                                     | 2006     |          |          |          | 2007      |           |           |           |
|--------------------------------------------|-------------------------------------------------------------------------------------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|
|                                            |                                                                                     | 1Q       | 2Q       | 3Q       | 4Q       | 1Q        | 2Q        | 3Q        | 4Q        |
| Japanese Yen Basis Results:                |                                                                                     |          |          |          |          |           |           |           |           |
| Revenues (1):                              |                                                                                     |          |          |          |          |           |           |           |           |
| ¥ 352,960                                  | Japanese insurance operations excluding Gibraltar Life                              | ¥ 98,758 | ¥ 92,728 | ¥ 94,541 | ¥ 95,872 | ¥ 110,156 | ¥ 103,721 | ¥ 103,633 | ¥ 103,043 |
| 347,293                                    | Gibraltar Life                                                                      | 84,582   | 84,323   | 80,738   | 77,085   | 80,488    | 86,405    | 82,645    | 79,042    |
| 700,253                                    | Total revenues, Japan, yen basis                                                    | 183,340  | 177,051  | 175,279  | 172,957  | 190,644   | 190,126   | 186,278   | 182,085   |
| Benefits and Expenses (1):                 |                                                                                     |          |          |          |          |           |           |           |           |
| 274,658                                    | Japanese insurance operations excluding Gibraltar Life                              | 77,842   | 74,339   | 72,202   | 74,907   | 86,553    | 80,649    | 79,125    | 83,597    |
| 292,252                                    | Gibraltar Life                                                                      | 72,640   | 73,067   | 65,292   | 62,677   | 65,133    | 70,199    | 66,148    | 64,992    |
| 566,910                                    | Total benefits and expenses, Japan, yen basis                                       | 150,482  | 147,406  | 137,494  | 137,584  | 151,686   | 150,848   | 145,273   | 148,589   |
| Adjusted operating income (2):             |                                                                                     |          |          |          |          |           |           |           |           |
| 78,302                                     | Japanese insurance operations excluding Gibraltar Life                              | 20,916   | 18,389   | 22,339   | 20,965   | 23,603    | 23,072    | 24,508    | 19,446    |
| 55,041                                     | Gibraltar Life                                                                      | 11,942   | 11,256   | 15,446   | 14,408   | 15,355    | 16,206    | 16,497    | 14,050    |
| ¥ 133,343                                  | Total adjusted operating income, Japan, yen basis                                   | ¥ 32,858 | ¥ 29,645 | ¥ 37,785 | ¥ 35,373 | ¥ 38,958  | ¥ 39,278  | ¥ 41,005  | ¥ 33,496  |
| U.S. Dollar adjusted operating income (3): |                                                                                     |          |          |          |          |           |           |           |           |
| \$ 713                                     | Japanese insurance operations excluding Gibraltar Life                              | \$ 198   | \$ 178   | \$ 213   | \$ 194   | \$ 218    | \$ 212    | \$ 224    | \$ 186    |
| 500                                        | Gibraltar Life                                                                      | 109      | 102      | 148      | 131      | 143       | 157       | 157       | 121       |
| 1,213                                      | Total adjusted operating income, Japan, U.S. dollar basis                           | 307      | 280      | 361      | 325      | 361       | 369       | 381       | 307       |
| 108                                        | All other countries (4)                                                             | 32       | 50       | 35       | 38       | 51        | 41        | 42        | 46        |
| \$ 1,321                                   | Total adjusted operating income, International Insurance segment, U.S. dollar basis | \$ 339   | \$ 330   | \$ 396   | \$ 363   | \$ 412    | \$ 410    | \$ 423    | \$ 353    |

- (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.
- (4) Results include corporate management and development expenses incurred in the U.S. related to Japanese Insurance operations excluding Gibraltar Life.

RECLASSIFIED SUPPLEMENTARY REVENUE INFORMATION FOR ASSET MANAGEMENT SEGMENT - INVESTMENT DIVISION

| Year ended<br>December 31<br>2005                |                                                                         | 2006 |     |     |     | 2007 |     |     |     |
|--------------------------------------------------|-------------------------------------------------------------------------|------|-----|-----|-----|------|-----|-----|-----|
|                                                  |                                                                         | 1Q   | 2Q  | 3Q  | 4Q  | 1Q   | 2Q  | 3Q  | 4Q  |
| Supplementary Revenue Information (in millions): |                                                                         |      |     |     |     |      |     |     |     |
| Analysis of revenues by type:                    |                                                                         |      |     |     |     |      |     |     |     |
| 886                                              | Asset management fees                                                   | 234  | 237 | 244 | 259 | 262  | 271 | 265 | 283 |
| 294                                              | Incentive, transaction, principal investing and capital markets revenue | 126  | 97  | 76  | 223 | 131  | 159 | 133 | 137 |
| 465                                              | Service, distribution and other revenues                                | 124  | 121 | 120 | 130 | 152  | 160 | 160 | 206 |
| 1,645                                            | Total Asset Management segment revenues                                 | 484  | 455 | 440 | 612 | 545  | 590 | 558 | 626 |

## 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 including our discontinued commercial mortgage conduit related activities.

### **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 accumulated other comprehensive income related to unrealized gains and losses on investments and pension/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 1.58% for the three months ended March 31, 2008, 14.43% for the three months ended December 31, 2007, 16.14% for the three months ended September 30, 2007, 15.97% for the three months ended June 30, 2007, and 18.25% for the three months ended March 31, 2007.

### **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 accumulated other comprehensive income related to unrealized gains and losses on investments, 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 April 30, 2008

|                                                               | <u>A.M. Best</u> | <u>Standard &amp; Poor's</u> | <u>Moody's</u> | <u>Fitch Ratings</u> |
|---------------------------------------------------------------|------------------|------------------------------|----------------|----------------------|
| 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                   |
| Prudential Annuities Life Assurance Corporation (1)           | A+               | AA                           | NR             | AA                   |
| Prudential Retirement Insurance and Annuity Company           | A+               | AA                           | Aa3            | AA                   |
| The Prudential Life Insurance Co., Ltd. (Prudential of Japan) | NR               | AA                           | NR             | NR                   |
| Gibraltar Life Insurance Company, Ltd.                        | NR               | AA                           | Aa3            | NR                   |

### CREDIT RATINGS:

as of April 30, 2008

#### 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) Formerly known as American Skandia Life Assurance Corporation

(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](http://www.prudential.com)

#### Common Stock:

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

**Prudential Financial, Inc.**  
**Financial Services Businesses**  
**Information Regarding Certain General Account Investments**  
**Residential Mortgage-Backed, Commercial Mortgage-Backed, and Asset-Backed Securities, and Commercial Loans**  
**March 31, 2008**  
**(\$ millions)**

| General Account Investments - Available for Sale | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value     |
|--------------------------------------------------|----------------|------------------------|-------------------------|----------------|
| Asset-backed securities (a)                      | 13,363         | 74                     | 1,328                   | 12,109         |
| Residential mortgage-backed securities (b)       | 10,826         | 189                    | 90                      | 10,925         |
| Commercial mortgage-backed securities (c)        | 6,956          | 46                     | 146                     | 6,856          |
| Commercial loans (d)                             |                | Gross Carrying Value   | Allowance For Losses    | Net Book Value |
|                                                  |                | 21,274                 | (94)                    | 21,180         |

**(a) Supplemental information for asset-backed securities:**

|                                                           |  | LOWEST RATING AGENCY RATING |       |       |       |              | Total Amortized Cost | Total Fair Value |
|-----------------------------------------------------------|--|-----------------------------|-------|-------|-------|--------------|----------------------|------------------|
| Vintage                                                   |  | AAA                         | AA    | A     | BBB   | BB and below |                      |                  |
| Collateralized by sub-prime mortgages:                    |  |                             |       |       |       |              |                      |                  |
| Enhanced short-term portfolio                             |  |                             |       |       |       |              |                      |                  |
| 2007                                                      |  | 535                         | 104   | 57    | —     | —            | 696                  | 616              |
| 2006                                                      |  | 1,913                       | 162   | 238   | —     | —            | 2,313                | 2,146            |
| 2005                                                      |  | 75                          | —     | 24    | —     | —            | 99                   | 95               |
| 2004                                                      |  | —                           | —     | —     | —     | —            | —                    | —                |
| 2003 and prior                                            |  | —                           | —     | —     | —     | —            | —                    | —                |
| Total enhanced short-term portfolio (1)                   |  | 2,523                       | 266   | 319   | —     | —            | 3,108                | 2,857            |
| All other portfolios                                      |  |                             |       |       |       |              |                      |                  |
| 2007                                                      |  | 227                         | 68    | 74    | —     | —            | 369                  | 276              |
| 2006                                                      |  | 877                         | 346   | 423   | 26    | 5            | 1,677                | 1,294            |
| 2005                                                      |  | 19                          | 457   | 161   | 21    | 4            | 662                  | 517              |
| 2004                                                      |  | 43                          | 362   | 332   | 7     | —            | 744                  | 587              |
| 2003 and prior                                            |  | 51                          | 214   | 218   | 74    | 18           | 575                  | 464              |
| Total all other portfolios                                |  | 1,217                       | 1,447 | 1,208 | 128   | 27           | 4,027                | 3,138            |
| Total collateralized by sub-prime mortgages (2)           |  | 3,740                       | 1,713 | 1,527 | 128   | 27           | 7,135                | 5,995            |
| Other asset-backed securities:                            |  |                             |       |       |       |              |                      |                  |
| Externally managed investments in the European market (3) |  | —                           | —     | 1,283 | 586   | 15           | 1,884                | 1,905            |
| Collateralized by auto loans                              |  | 1,025                       | 65    | 91    | 82    | 3            | 1,266                | 1,257            |
| Collateralized by credit cards                            |  | 143                         | —     | 7     | 761   | —            | 911                  | 818              |
| Collateralized by non-sub-prime mortgages                 |  | 704                         | 53    | 13    | 36    | 16           | 822                  | 835              |
| Other (4)                                                 |  | 739                         | 170   | 173   | 65    | 198          | 1,345                | 1,299            |
| Total asset-backed securities                             |  | 6,351                       | 2,001 | 3,094 | 1,658 | 259          | 13,363               | 12,109           |

- (1) Our Enhanced Short-term portfolio is used primarily to invest cash proceeds of securities lending and repurchase activities, and cash generated from certain trading and operating activities. The investment policy statement of this portfolio requires that securities purchased for this portfolio have a remaining expected average life of 2 years or less when acquired.
- (2) The weighted average estimated subordination percentage of our general account available for sale asset-backed securities collateralized by sub-prime mortgages attributable to the Financial Services Businesses, excluding those supported by guarantees from monoline bond insurers, was 33% as of March 31, 2008. The subordination percentage represents the current weighted average estimated percentage of the capital structure subordinated to our investment holding that is available to absorb losses before the security incurs the first dollar loss of principal. As of March 31, 2008, based on amortized cost, approximately 89% of these asset-backed securities collateralized by sub-prime mortgages have estimated credit subordination percentages of 20% or more, and 49% have estimated credit subordination percentages of 30% or more.
- (3) Externally managed investments in the European markets reflects our investment in medium term notes that are collateralized by portfolios of assets primarily consisting of European fixed income securities and derivatives, including 49% European corporate and bank bonds, 21% bank capital, 18% European asset-backed securities, and 12% other. As of March 31, 2008, fair value excludes the \$(432) million impact of a bifurcated embedded derivative.
- (4) Includes collateralized debt obligations with amortized cost of \$199 million and fair value of \$169 million, with less than 2% secured by sub-prime mortgages. Also includes asset backed-securities collateralized by education loans, equipment leases, timeshares, aircraft, and franchises.

Excluded from the table above are available for sale asset-backed securities held outside the general account in other entities and operations with amortized cost of \$258 million and fair value of \$244 million. Based on amortized cost, 75% of these securities have credit ratings of AAA and the remaining 25% have credit ratings of BBB or below. As of March 31, 2008, included within these asset-backed securities are securities collateralized by sub-prime mortgages with amortized cost and fair value of \$9 million, all of which have AAA credit ratings, with \$8 million in the 2006 vintage and \$1 million in the 2003 vintage. Also included are collateralized debt obligations with amortized cost of \$49 million and fair value of \$41 million, with none secured by sub-prime mortgages. Also excluded from the table above are asset-backed securities classified as trading and carried at fair value, including \$1.2 billion of trading account assets supporting insurance liabilities, the investment results of which ultimately accrue to contract holders. An additional \$47 million of asset-backed securities as of March 31, 2008 are classified as other trading, including \$15 million held outside the general account with AAA credit ratings, and \$32 million included in our general account, 31% of which have credit ratings of AAA and the remaining 69% of which have BBB credit ratings.

**(b) Supplemental information for residential mortgage-backed securities:**

As of March 31, 2008, based on amortized cost, 98% of the general account available for sale residential mortgage-backed securities attributable to the Financial Services Businesses were publicly traded agency pass-through securities, which are supported by implicit or explicit government guarantees and have credit ratings of AAA. Collateralized mortgage obligations, including approximately \$58 million secured by "ALT-A" mortgages, represented the remaining 2% of residential mortgage-backed securities; all have credit ratings of A or above.

Excluded from the table above are available for sale residential mortgage-backed securities held outside the general account in other entities and operations with amortized cost of \$602 million (\$611 million fair value), all of which have AAA credit ratings. Also excluded from the table above are \$965 million of residential mortgage-backed securities

classified as trading account assets supporting insurance liabilities and carried at fair value, the investment results of which ultimately accrue to contract holders.

(c) Supplemental information for commercial mortgage-backed securities:

| Vintage        | LOWEST RATING AGENCY RATING |     |    |     |                 | Total<br>Amortized Cost | Total Fair<br>Value |
|----------------|-----------------------------|-----|----|-----|-----------------|-------------------------|---------------------|
|                | AAA                         | AA  | A  | BBB | BB and<br>below |                         |                     |
| 2008           | 21                          | —   | —  | 12  | —               | 33                      | 34                  |
| 2007           | 740                         | —   | 3  | 68  | 76              | 887                     | 889                 |
| 2006           | 2,776                       | 6   | —  | 7   | 23              | 2,812                   | 2,773               |
| 2005           | 1,441                       | —   | —  | 11  | 39              | 1,491                   | 1,455               |
| 2004           | 409                         | —   | —  | —   | 4               | 413                     | 399                 |
| 2003 and prior | 1,023                       | 171 | 60 | 57  | 9               | 1,320                   | 1,306               |
| Total (1)      | 6,410                       | 177 | 63 | 155 | 151             | 6,956                   | 6,856               |

- (1) As of March 31, 2008, based on amortized cost, the weighted average loan to value and debt service coverage ratios of general account available for sale commercial mortgage-backed securities attributable to the Financial Services Businesses is 68% and 1.54 times, respectively. The weighted average estimated subordination percentage of our general account available for sale investments in commercial mortgage-backed securities attributable to the Financial Services Businesses was 35% as of March 31, 2008. The subordination percentage represents the current weighted average estimated percentage of the capital structure subordinated to our investment holding that is available to absorb losses before the security incurs the first dollar loss of principal. The estimated subordination percentage includes an adjustment for that portion of the capital structure which has been effectively defeased by US Treasury securities. As of March 31, 2008, based on amortized cost, approximately 89% of these commercial mortgage-backed securities have estimated credit subordination percentages of 20% or more, and 70% have estimated credit subordination percentages of 30% or more.

Excluded from the table above are available for sale commercial mortgage-backed securities held outside the general account in other entities and operations with amortized cost of \$12 million and fair value of \$11 million, 41% of which have credit ratings of AAA and the remaining 59% have credit ratings of BB and below. Also excluded from the table above are commercial mortgage-backed securities classified as trading and carried at fair value, including \$2.5 billion of trading account assets supporting insurance liabilities, the investment results of which ultimately accrue to contract holders. An additional \$445 million of commercial mortgage-backed securities held outside the general account as of March 31, 2008 are classified as other trading, of which 83% have AAA credit ratings, 7% have AA credit ratings, 7% have A credit ratings, and the remaining 3% have BBB credit ratings.

(d) Supplemental information for commercial loans:

| Commercial loans by property type: | Gross<br>Carrying<br>Value | % of Total |
|------------------------------------|----------------------------|------------|
| Industrial buildings               | 4,478                      | 21.0%      |
| Office buildings                   | 3,820                      | 17.9%      |
| Apartment complexes                | 3,587                      | 16.9%      |
| Retail stores                      | 3,051                      | 14.3%      |
| Other                              | 2,613                      | 12.3%      |
| Agricultural properties            | 1,269                      | 6.0%       |
| Residential properties             | 972                        | 4.6%       |
| Subtotal of collateralized loans   | 19,790                     | 93.0%      |
| Uncollateralized loans             | 1,484                      | 7.0%       |
| Total commercial loans             | 21,274                     | 100.0%     |

  

| Commercial loans by status:    | Gross<br>Carrying<br>Value |
|--------------------------------|----------------------------|
| Performing                     | 21,216                     |
| Delinquent, not in foreclosure | 45                         |
| Delinquent, in foreclosure     | 7                          |
| Restructured                   | 6                          |
| Total commercial loans         | 21,274                     |

As of March 31, 2008, based on amortized cost, the weighted average loan to value and debt service coverage ratios of general account investment in commercial loans attributable to the Financial Services Businesses was 52% and 1.8 times, respectively.

**Prudential Financial, Inc.**

**Closed Block Business**

**Information Regarding Certain General Account Investments**

**Residential Mortgage-Backed, Commercial Mortgage-Backed, and Asset-Backed Securities, and Commercial Loans**

**March 31, 2008**

**(\$ millions)**

| <u>General Account Investments - Available for Sale</u> | <u>Amortized Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | <u>Fair Value</u>     |
|---------------------------------------------------------|-----------------------|-------------------------------|--------------------------------|-----------------------|
| Asset-backed securities (a)                             | 7,598                 | 29                            | 1,001                          | 6,626                 |
| Residential mortgage-backed securities (b)              | 3,997                 | 75                            | 21                             | 4,051                 |
| Commercial mortgage-backed securities (c)               | 4,230                 | 21                            | 116                            | 4,135                 |
| Commercial loans (d)                                    |                       | <u>Gross Carrying Value</u>   | <u>Allowance For Losses</u>    | <u>Net Book Value</u> |
|                                                         |                       | 8,523                         | (29)                           | 8,494                 |

**(a) Supplemental information for asset-backed securities:**

|                                                           |  | LOWEST RATING AGENCY RATING |       |       |       |                 | Total<br>Amortized Cost | Total<br>Fair Value |       |
|-----------------------------------------------------------|--|-----------------------------|-------|-------|-------|-----------------|-------------------------|---------------------|-------|
| Vintage                                                   |  | AAA                         | AA    | A     | BBB   | BB and<br>below |                         |                     |       |
| Collateralized by sub-prime mortgages:                    |  |                             |       |       |       |                 |                         |                     |       |
| Enhanced short-term portfolio                             |  | 2007                        | 552   | 107   | 59    | —               | —                       | 718                 | 635   |
|                                                           |  | 2006                        | 1,972 | 167   | 246   | —               | —                       | 2,385               | 2,213 |
|                                                           |  | 2005                        | 77    | —     | 25    | —               | —                       | 102                 | 99    |
|                                                           |  | 2004                        | —     | —     | —     | —               | —                       | —                   | —     |
|                                                           |  | 2003 and prior              | —     | —     | —     | —               | —                       | —                   | —     |
| Total enhanced short-term portfolio (1)                   |  |                             | 2,601 | 274   | 330   | —               | —                       | 3,205               | 2,947 |
| All other portfolios                                      |  |                             |       |       |       |                 |                         |                     |       |
|                                                           |  | 2007                        | 167   | 22    | 22    | —               | —                       | 211                 | 143   |
|                                                           |  | 2006                        | 614   | 193   | 240   | 7               | —                       | 1,054               | 760   |
|                                                           |  | 2005                        | 30    | 404   | 16    | —               | —                       | 450                 | 344   |
|                                                           |  | 2004                        | 9     | 304   | 51    | —               | —                       | 364                 | 279   |
|                                                           |  | 2003 and prior              | 48    | 340   | 100   | 32              | 7                       | 527                 | 419   |
| Total all other portfolios                                |  |                             | 868   | 1,263 | 429   | 39              | 7                       | 2,606               | 1,945 |
| Total collateralized by sub-prime mortgages (2)           |  |                             | 3,469 | 1,537 | 759   | 39              | 7                       | 5,811               | 4,892 |
| Other asset-backed securities:                            |  |                             |       |       |       |                 |                         |                     |       |
| Collateralized by credit cards                            |  |                             | 38    | —     | 21    | 480             | —                       | 539                 | 475   |
| Collateralized by auto loans                              |  |                             | 362   | 16    | 56    | 25              | —                       | 459                 | 457   |
| Externally managed investments in the European market (3) |  |                             | —     | —     | 281   | —               | —                       | 281                 | 296   |
| Collateralized by education loans                         |  |                             | 234   | 20    | —     | —               | —                       | 254                 | 252   |
| Other (4)                                                 |  |                             | 160   | 23    | 27    | 13              | 31                      | 254                 | 254   |
| Total asset-backed securities                             |  |                             | 4,263 | 1,596 | 1,144 | 557             | 38                      | 7,598               | 6,626 |

- (1) Our Enhanced Short-term portfolio is used primarily to invest cash proceeds of securities lending and repurchase activities, and cash generated from certain trading and operating activities. The investment policy statement of this portfolio requires that securities purchased for this portfolio have a remaining expected average life of 2 years or less when acquired.
- (2) The weighted average estimated subordination percentage of our general account available for sale asset-backed securities collateralized by sub-prime mortgages attributable to the Closed Block Business, excluding those supported by guarantees from monoline bond insurers, was 34% as of March 31, 2008. The subordination percentage represents the current weighted average estimated percentage of the capital structure subordinated to our investment holding that is available to absorb losses before the security incurs the first dollar loss of principal. As of March 31, 2008, based on amortized cost, approximately 95% of these asset-backed securities collateralized by sub-prime mortgages have credit estimated subordination percentages of 20% or more, and 54% have estimated credit subordination percentages of 30% or more.
- (3) Externally managed investments in the European markets reflects our investment in medium term notes that are collateralized by portfolios of assets primarily consisting of European fixed income securities and derivatives, including 49% European corporate and bank bonds, 21% bank capital, 18% European asset-backed securities, and 12% other. As of March 31, 2008, fair value excludes the \$(55) million impact of a bifurcated embedded derivative.
- (4) Includes collateralized debt obligations with amortized cost of \$22 million and fair value of \$26 million, with none secured by sub-prime mortgages. Also includes asset backed-securities collateralized by equipment leases, timeshares, aircraft, and franchises.

Excluded from the table above are \$17 million of asset-backed securities classified as trading and carried at fair value, all of which have BBB credit ratings as of March 31, 2008.

**(b) Supplemental information for residential mortgage-backed securities:**

As of March 31, 2008, based on amortized cost, 84% of the general account available for sale residential mortgage-backed securities attributable to the Closed Block Business were publicly traded agency pass-through securities, which are supported by implicit or explicit government guarantees and have credit ratings of AAA. Collateralized mortgage obligations, including approximately \$3 million secured by "ALT-A" mortgages, represented the remaining 16% of residential mortgage-backed securities and all have credit ratings of AAA.

**Prudential Financial, Inc.**

**Closed Block Business**

**Information Regarding Certain General Account Investments**

**Residential Mortgage-Backed, Commercial Mortgage-Backed, and Asset-Backed Securities, and Commercial Loans**

**March 31, 2008**

**(\$ millions)**

**(c) Supplemental information for commercial mortgage-backed securities:**

| Vintage        | LOWEST RATING AGENCY RATING |    |    |     |                 | Total<br>Amortized Cost | Total Fair<br>Value |
|----------------|-----------------------------|----|----|-----|-----------------|-------------------------|---------------------|
|                | AAA                         | AA | A  | BBB | BB and<br>below |                         |                     |
| 2008           | 9                           | —  | —  | —   | —               | 9                       | 9                   |
| 2007           | 268                         | —  | 19 | —   | —               | 287                     | 276                 |
| 2006           | 1,138                       | —  | —  | —   | —               | 1,138                   | 1,121               |
| 2005           | 1,391                       | —  | —  | —   | —               | 1,391                   | 1,348               |
| 2004           | 396                         | —  | —  | —   | —               | 396                     | 379                 |
| 2003 and prior | 888                         | 48 | 52 | 21  | —               | 1,009                   | 1,002               |
| Total (1)      | 4,090                       | 48 | 71 | 21  | —               | 4,230                   | 4,135               |

- (1) As of March 31, 2008, based on amortized cost, the weighted average loan to value and debt service coverage ratios of general account available for sale commercial mortgage-backed securities attributable to the Closed Block Business is 68% and 1.59 times, respectively. The weighted average estimated subordination percentage of our general account available for sale investments in commercial mortgage-backed securities attributable to the Closed Block Business was 32% as of March 31, 2008. The subordination percentage represents the current weighted average estimated percentage of the capital structure subordinated to our investment holding that is available to absorb losses before the security incurs the first dollar loss of principal. The estimated subordination percentage includes an adjustment for that portion of the capital structure which has been effectively defeased by US Treasury securities. As of March 31, 2008, based on amortized cost, approximately 89% of these commercial mortgage-backed securities have estimated credit subordination percentages of 20% or more, and 57% have estimated credit subordination percentages of 30% or more.

**(d) Supplemental information for commercial loans:**

| Commercial loans by property type: | Gross<br>Carrying<br>Value | % of Total |
|------------------------------------|----------------------------|------------|
| Industrial buildings               | 1,921                      | 22.5%      |
| Office buildings                   | 1,649                      | 19.4%      |
| Apartment complexes                | 1,706                      | 20.0%      |
| Retail stores                      | 1,382                      | 16.2%      |
| Other                              | 887                        | 10.4%      |
| Agricultural properties            | 824                        | 9.7%       |
| Residential properties             | 1                          | 0.0%       |
| Subtotal of collateralized loans   | 8,370                      | 98.2%      |
| Uncollateralized loans             | 153                        | 1.8%       |
| Total commercial loans             | 8,523                      | 100.0%     |

| Commercial loans by status:    | Gross<br>Carrying<br>Value |
|--------------------------------|----------------------------|
| Performing                     | 8,522                      |
| Delinquent, not in foreclosure | —                          |
| Delinquent, in foreclosure     | —                          |
| Restructured                   | 1                          |
| Total commercial loans         | 8,523                      |

As of March 31, 2008, based on amortized cost, the weighted average loan to value and debt service coverage ratios of general account investment in commercial loans attributable to the Closed Block Business was 44% and 1.86 times, respectively.

**Prudential Financial, Inc.**  
**Reconciliation between adjusted operating income and the comparable GAAP measure**  
**First Quarter 2008**

| (S in millions, except per share data)                                                                                                      | 2008        | 2007         |             |             |             |              | 2006         | 2005         |
|---------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------|-------------|-------------|-------------|--------------|--------------|--------------|
|                                                                                                                                             | 1Q          | Full Year    | 4Q          | 3Q          | 2Q          | 1Q           | Full Year    | Full Year    |
| Pre-tax adjusted operating income                                                                                                           | 992         | 4,905        | 1,080       | 1,392       | 1,212       | 1,221        | 4,065        | 3,513        |
| Income taxes, applicable to adjusted operating income                                                                                       | 263         | 1,400        | 268         | 416         | 355         | 361          | 1,160        | 1,105        |
| <b>Financial Services Businesses after-tax adjusted operating income</b>                                                                    | <b>729</b>  | <b>3,505</b> | <b>812</b>  | <b>976</b>  | <b>857</b>  | <b>860</b>   | <b>2,905</b> | <b>2,408</b> |
| Reconciling items:                                                                                                                          |             |              |             |             |             |              |              |              |
| Realized investment gains, net, and related charges and adjustments                                                                         | (678)       | (96)         | (91)        | (180)       | 34          | 141          | 83           | 549          |
| Investment gains on trading account assets supporting insurance liabilities, net                                                            | (262)       | —            | (10)        | 36          | (108)       | 82           | 35           | (33)         |
| Change in experience-rated contractholder liabilities due to asset value changes                                                            | 200         | 13           | 9           | (6)         | 72          | (62)         | 11           | (44)         |
| Divested businesses                                                                                                                         | (112)       | (26)         | (45)        | (27)        | 18          | 28           | 119          | 21           |
| Equity in earnings of operating joint ventures                                                                                              | (60)        | (400)        | (77)        | (103)       | (100)       | (120)        | (322)        | (214)        |
| Total reconciling items, before income taxes                                                                                                | (912)       | (509)        | (214)       | (280)       | (84)        | 69           | (74)         | 279          |
| Income taxes, not applicable to adjusted operating income                                                                                   | (216)       | (255)        | (137)       | (101)       | (35)        | 18           | (34)         | (463)        |
| Total reconciling items, after income taxes                                                                                                 | (696)       | (254)        | (77)        | (179)       | (49)        | 51           | (40)         | 742          |
| <b>Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures</b> | <b>33</b>   | <b>3,251</b> | <b>735</b>  | <b>797</b>  | <b>808</b>  | <b>911</b>   | <b>2,865</b> | <b>3,150</b> |
| Equity in earnings of operating joint ventures, net of taxes                                                                                | 43          | 246          | 46          | 67          | 56          | 77           | 208          | 142          |
| <b>Income from continuing operations (after-tax) of Financial Services Businesses</b>                                                       | <b>76</b>   | <b>3,497</b> | <b>781</b>  | <b>864</b>  | <b>864</b>  | <b>988</b>   | <b>3,073</b> | <b>3,292</b> |
| Income (loss) from discontinued operations, net of taxes                                                                                    | 1           | 15           | 11          | (4)         | (29)        | 37           | 71           | (73)         |
| <b>Net income of Financial Services Businesses</b>                                                                                          | <b>77</b>   | <b>3,512</b> | <b>792</b>  | <b>860</b>  | <b>835</b>  | <b>1,025</b> | <b>3,144</b> | <b>3,219</b> |
| <b>Earnings per share of Common Stock (diluted):</b>                                                                                        |             |              |             |             |             |              |              |              |
| Financial Services Businesses after-tax adjusted operating income                                                                           | 1.65        | 7.60         | 1.79        | 2.13        | 1.84        | 1.83         | 6.02         | 4.78         |
| Reconciling items:                                                                                                                          |             |              |             |             |             |              |              |              |
| Realized investment gains, net, and related charges and adjustments                                                                         | (1.51)      | (0.20)       | (0.20)      | (0.39)      | 0.07        | 0.30         | 0.17         | 1.05         |
| Investment gains on trading account assets supporting insurance liabilities, net                                                            | (0.58)      | —            | (0.02)      | 0.08        | (0.23)      | 0.17         | 0.07         | (0.06)       |
| Change in experience-rated contractholder liabilities due to asset value changes                                                            | 0.44        | 0.03         | 0.02        | (0.01)      | 0.15        | (0.13)       | 0.02         | (0.08)       |
| Divested businesses                                                                                                                         | (0.25)      | (0.06)       | (0.10)      | (0.06)      | 0.04        | 0.06         | 0.24         | 0.04         |
| Equity in earnings of operating joint ventures                                                                                              | (0.13)      | (0.85)       | (0.17)      | (0.22)      | (0.21)      | (0.25)       | (0.65)       | (0.41)       |
| Total reconciling items, before income taxes                                                                                                | (2.03)      | (1.08)       | (0.47)      | (0.60)      | (0.18)      | 0.15         | (0.15)       | 0.54         |
| Income taxes, not applicable to adjusted operating income                                                                                   | (0.48)      | (0.53)       | (0.31)      | (0.21)      | (0.08)      | 0.04         | (0.07)       | (0.89)       |
| Total reconciling items, after income taxes                                                                                                 | (1.55)      | (0.55)       | (0.16)      | (0.39)      | (0.10)      | 0.11         | (0.08)       | 1.43         |
| <b>Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures</b> | <b>0.10</b> | <b>7.05</b>  | <b>1.63</b> | <b>1.74</b> | <b>1.74</b> | <b>1.94</b>  | <b>5.94</b>  | <b>6.21</b>  |
| Equity in earnings of operating joint ventures, net of taxes                                                                                | 0.10        | 0.53         | 0.10        | 0.15        | 0.12        | 0.16         | 0.42         | 0.27         |
| <b>Income from continuing operations (after-tax) of Financial Services Businesses</b>                                                       | <b>0.20</b> | <b>7.58</b>  | <b>1.73</b> | <b>1.89</b> | <b>1.86</b> | <b>2.10</b>  | <b>6.36</b>  | <b>6.48</b>  |
| Income (loss) from discontinued operations, net of taxes                                                                                    | —           | 0.03         | 0.02        | (0.01)      | (0.06)      | 0.08         | 0.14         | (0.14)       |
| <b>Net income of Financial Services Businesses</b>                                                                                          | <b>0.20</b> | <b>7.61</b>  | <b>1.75</b> | <b>1.88</b> | <b>1.80</b> | <b>2.18</b>  | <b>6.50</b>  | <b>6.34</b>  |