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

FORM 8-K

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

Date of Report (Date of earliest event reported): February 8, 2012

PRUDENTIAL FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

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)

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 (the “Company”), furnishes herewith, as Exhibit 99.0, a news release announcing fourth quarter 2011 results.

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

Item 7.01 Regulation FD Disclosure.

- A. Earnings Release. The Company furnishes herewith, as Exhibit 99.0, a news release announcing fourth quarter 2011 results.
- B. Quarterly Financial Supplement. The Company furnishes herewith, as Exhibit 99.1, the Quarterly Financial Supplement for its Financial Services Businesses for the quarterly period ended December 31, 2011.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

- 99.0 News release of Prudential Financial, Inc., dated February 8, 2012, announcing fourth quarter 2011 results (furnished and not filed).
- 99.1 Quarterly Financial Supplement for the Financial Services Businesses of Prudential Financial, Inc. for the quarterly period ended December 31, 2011 (furnished and not filed).

SIGNATURES

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

Date: February 8, 2012

PRUDENTIAL FINANCIAL, INC.

By: /s/ PETER B. SAYRE

Name: Peter B. Sayre

Title: Senior Vice President and
Principal Accounting Officer

Exhibit Index

Exhibit No.	Description
99.0	News release of Prudential Financial, Inc., dated February 8, 2012, announcing fourth quarter 2011 results (furnished and not filed).
99.1	Quarterly Financial Supplement for the Financial Services Businesses of Prudential Financial, Inc. for the quarterly period ended December 31, 2011 (furnished and not filed).

News Release



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

For Immediate Release

February 8, 2012

Contact: Lauren K. Day
(973) 802-8026

PRUDENTIAL FINANCIAL, INC. ANNOUNCES 2011 RESULTS

- Net income of Financial Services Businesses attributable to Prudential Financial, Inc. for year 2011 of \$3.531 billion, or \$7.22 per Common share compared to \$5.75 per Common share for 2010.
- After-tax adjusted operating income for the Financial Services Businesses for year 2011 of \$3.134 billion, or \$6.41 per Common share compared to \$6.17 per Common share for 2010.
- Strong sales and flows in major businesses for year 2011; record-high Retirement gross deposits and sales of \$44.6 billion, up 29% from a year earlier; annualized new business premiums in International Insurance surpass \$3 billion milestone, including \$728 million initial contribution from acquired Star and Edison businesses and 24% organic growth from a year earlier; total assets under management surpass \$900 billion mark at year end.
- Fourth quarter 2011 net income of Financial Services Businesses attributable to Prudential Financial, Inc. of \$606 million, or \$1.26 per Common share compared to 45 cents per Common share in the year-ago quarter.
- Fourth quarter 2011 after-tax adjusted operating income for the Financial Services Businesses of \$948 million, or \$1.97 per Common share compared to \$1.76 per Common share in the year-ago quarter.
- Operational highlights for the fourth quarter:
 - Individual Annuity account values, \$113.5 billion at December 31, up 7% from a year earlier; gross sales for the quarter of \$4.4 billion; net sales \$2.9 billion.
 - Retirement account values, \$229.5 billion at December 31, up 12% from a year earlier; total Retirement gross deposits and sales of \$14.7 billion and net additions of \$6.7 billion for the quarter.
 - Asset Management segment assets under management, \$619.1 billion at December 31, up 15% from a year earlier; net institutional additions for the quarter, excluding money market activity, \$3.7 billion.
 - Individual Life annualized new business premiums of \$75 million, up 12% from a year ago.

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- Group Insurance annualized new business premiums of \$86 million, compared to \$109 million a year ago.
- International Insurance constant dollar basis annualized new business premiums of \$799 million, including \$218 million from the acquired Star and Edison operations, compared to \$522 million a year ago.

- **Financial items:**

Significant items included in current quarter adjusted operating income:

- Pre-tax benefit of \$180 million in Individual Annuities to release reserves for guaranteed death and income benefits and reduce amortization of deferred policy acquisition and other costs, reflecting market-driven separate account performance.
- Pre-tax benefit of approximately \$20 million in Individual Life from reduced net amortization of deferred policy acquisition and other costs due to market-driven separate account performance.
- Pre-tax benefit of \$96 million in International Insurance's Gibraltar Life operation from the sale of the Company's stake in Afore XXI, a private pension fund manager in Mexico.
- Pre-tax charge of \$94 million in International Insurance's Gibraltar Life operation for integration costs relating to the acquisition of AIG Star Life Insurance Co., Ltd. and AIG Edison Life Insurance Company.
- Gross unrealized losses on general account fixed maturity investments of the Financial Services Businesses of \$4.3 billion at December 31, 2011, compared to \$3.1 billion at December 31, 2010; net unrealized gains of \$10.5 billion at December 31, 2011 compared to \$5.7 billion at December 31, 2010.
- GAAP book value for Financial Services Businesses, \$35.7 billion or \$75.04 per Common share at December 31, 2011, compared to \$31.0 billion or \$63.11 per Common share at December 31, 2010. Book value per Common share excluding unrealized gains and losses on investments and pension / postretirement benefits, \$66.63 at December 31, 2011 compared to \$59.48 at December 31, 2010.
- During the fourth quarter, the Company acquired 4.9 million shares of its Common Stock under its share repurchase authorization at a total cost of \$250 million, for an average price of \$50.40 per share. From the commencement of share repurchases in July 2011 through December 31, 2011, the Company has acquired 19.8 million shares of its Common Stock under its share repurchase authorization at a total cost of approximately \$1.0 billion, for an average price of \$50.53 per share.

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NEWARK, N.J. – Prudential Financial, Inc. (NYSE:PRU) today reported net income of its Financial Services Businesses attributable to Prudential Financial, Inc. of \$3.531 billion (\$7.22 per Common share) for the year ended December 31, 2011, compared to \$2.714 billion (\$5.75 per Common share) for 2010. After-tax adjusted operating income for the Financial Services Businesses was \$3.134 billion (\$6.41 per Common share) for 2011, compared to \$2.916 billion (\$6.17 per Common share) for 2010. Information regarding adjusted operating income, a non-GAAP measure, is provided below.

For the fourth quarter of 2011, net income for the Financial Services Businesses attributed to Prudential Financial, Inc. amounted to \$606 million (\$1.26 per Common share) compared to \$213 million (45 cents per Common share) for the fourth quarter of 2010. After-tax adjusted operating income for the fourth quarter of 2011 for the Financial Services Businesses amounted to \$948 million (\$1.97 per Common share) compared to \$848 million (\$1.76 per Common share) for the fourth quarter of 2010.

The Company acquired AIG Star Life Insurance Co., Ltd. and AIG Edison Life Insurance Company on February 1, 2011. Results of the Financial Services Businesses include the results of these businesses from the date of acquisition. Giving effect to the impact of acquisition financing reflecting debt securities and Common shares issued in late 2010 and results of operations, the acquisition resulted in adjusted operating income of approximately 10 cents per Common share for the Financial Services Businesses in the fourth quarter of 2011, before absorption of integration costs during the quarter which amounted to approximately 13 cents per share. Since Gibraltar Life, inclusive of the acquired businesses, is included in the Company's reported results of operations on a one month lag basis, results of the Financial Services Businesses for the year ended December 31, 2011 include the results for the initial ten months of operations of Star and Edison from the date of acquisition.

As a result of the Company's sale of its real estate brokerage franchise and relocation services business in December 2011, the results of this business have been classified as divested businesses and excluded from adjusted operating income for all periods presented.

"Our results for the fourth quarter and year were strong and reflect the business momentum we continue to build. Sustained commitment to our selected markets and our financial strength are

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driving our enhanced competitive position. We focus on maintaining a mix of businesses that have solid financial prospects in a variety of market conditions. During the year, addition of the Star and Edison businesses in Japan and divestiture of several non-core operations have made us a stronger, more focused company. The merger of Star and Edison into Gibraltar Life was successfully completed on January 1, 2012, and the integration of these companies continues on track. We also surpassed significant milestones over the last year, including assets under management over \$900 billion and annualized new business premiums over \$3 billion in International Insurance. Our solid results through challenging markets enhance our confidence that we will achieve our longer-term objectives,” said Chairman and Chief Executive Officer John Strangfeld.

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

Financial Services Businesses

Prudential Financial’s Common Stock (NYSE:PRU) reflects the performance of its Financial Services Businesses, which consist of its U.S. Retirement Solutions and Investment Management, U.S. Individual Life and Group Insurance, and International Insurance divisions and its Corporate and Other operations.

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

The **U.S. Retirement Solutions and Investment Management division** reported adjusted operating income of \$688 million for the fourth quarter of 2011, compared to \$624 million in the year-ago quarter.

The Individual Annuities segment reported adjusted operating income of \$391 million in the current quarter, compared to \$345 million in the year-ago quarter. Current quarter results benefited \$121 million from net reductions in reserves for guaranteed minimum death and income benefits,

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and \$59 million from a net reduction in amortization of deferred policy acquisition and other costs, reflecting an updated estimate of profitability for this business. Results for the year-ago quarter included a net benefit of \$146 million from adjustment of these items to reflect an update of estimated profitability. These benefits to results for both the current quarter and the year-ago quarter were largely driven by increases in market value of customer accounts during the respective periods. Excluding the effect of the foregoing items, adjusted operating income for the Individual Annuities segment increased \$12 million from the year-ago quarter. This increase reflected higher asset-based fees due to growth in variable annuity account values, net of an increased level of related amortization of deferred policy acquisition and other costs in the current quarter. The net benefit from higher asset-based fees was partly offset by higher expenses and financing costs in the current quarter.

The Retirement segment reported adjusted operating income of \$142 million for the current quarter, compared to \$147 million in the year-ago quarter. The decrease reflected a lower contribution from investment results, which was partly offset by higher fees associated with growth in account values and lower expenses in the current quarter.

The Asset Management segment reported adjusted operating income of \$155 million for the current quarter, compared to \$132 million in the year-ago quarter. The increase came primarily from higher asset management fees reflecting growth in assets under management, net of expenses. Current quarter results also benefited from higher performance-based fees.

The **U.S. Individual Life and Group Insurance division** reported adjusted operating income of \$201 million for the fourth quarter of 2011, compared to \$200 million in the year-ago quarter.

The Individual Life segment reported adjusted operating income of \$146 million for the current quarter, compared to \$131 million in the year-ago quarter. The increase came primarily from adjustments of net amortization of deferred policy acquisition costs and other items based on separate account performance in relation to our assumptions, which had a favorable impact of approximately \$20 million on current quarter results and about \$10 million on results for the year-ago quarter. In addition, current quarter results benefited from a greater contribution from underwriting results, which reflected growth of universal life and term insurance business in force.

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The Group Insurance segment reported adjusted operating income of \$55 million in the current quarter, compared to \$69 million in the year-ago quarter. The decrease reflected a higher level of expenses in the current quarter, a lower contribution from investment results, and less favorable group disability claims experience than that of the year-ago quarter. These items were partly offset by a greater contribution from group life underwriting results in the current quarter, reflecting growth of business in force and more favorable claims experience.

The **International Insurance segment** reported adjusted operating income of \$692 million for the fourth quarter of 2011, compared to \$588 million in the year-ago quarter.

Adjusted operating income of the segment's Life Planner insurance operations was \$336 million for the current quarter, compared to \$328 million in the year-ago quarter. The \$8 million increase in adjusted operating income reflected continued business growth, which was partially offset by less favorable mortality experience in the current quarter.

The segment's Gibraltar Life and Other operations reported adjusted operating income of \$356 million for the current quarter, compared to \$260 million in the year-ago quarter. Current quarter results include a benefit of \$96 million from the sale of the Company's stake in Afore XXI, a private pension fund manager in Mexico. In addition, results for the current quarter reflect absorption of \$94 million of integration costs related to the Star and Edison businesses acquired on February 1, 2011. Results for the year-ago quarter include a benefit of \$66 million from the partial sale of an investment, through a consortium, in China Pacific Group. Excluding these items, adjusted operating income increased \$160 million from the year-ago quarter, including an estimated contribution of \$128 million from operations of the Star and Edison businesses. The remainder of the increase came primarily from business growth reflecting expanding sales of protection life insurance products.

Foreign currency exchange rates, including the impact of the Company's currency hedging programs, had a favorable impact of \$11 million on segment results in comparison to the year-ago quarter, including \$9 million within Gibraltar Life and Other operations.

Corporate and Other operations resulted in a loss, on an adjusted operating income basis, of \$281 million in the fourth quarter of 2011, compared to a loss of \$239 million in the year-ago quarter. The increased loss was primarily driven by interest expense, net of investment income, reflecting a greater level of capital debt in the current quarter, and by higher expenses.

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Assets under management amounted to \$901 billion at December 31, 2011, compared to \$784 billion a year earlier.

Net income of the Financial Services Businesses attributable to Prudential Financial, Inc. amounted to \$606 million for the fourth quarter of 2011, compared to \$213 million in the year-ago quarter.

Current quarter net income includes \$568 million of pre-tax net realized investment losses and related charges and adjustments. Net realized investment losses for the current quarter include net losses of \$367 million from products that contain embedded derivatives and associated derivative portfolios that are part of a hedging program related to the risks of these products as well as mark-to-market of derivatives under a capital hedge program. Net realized investment losses also include losses from impairments and sales of credit-impaired investments amounting to \$142 million, and net changes in value relating to foreign currency exchange rates and changes in market value of derivatives primarily related to the Company's investment duration management programs amounting to \$95 million. These losses were partially offset by net gains from general portfolio activities.

At December 31, 2011, gross unrealized losses on general account fixed maturity investments of the Financial Services Businesses amounted to \$4.256 billion, including \$2.999 billion on high and highest quality securities based on NAIC or equivalent ratings. Gross unrealized losses include \$906 million 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 December 31, 2011 include \$2.642 billion of declines in value of 20% or more of amortized cost. Gross unrealized losses on general account fixed maturity investments of the Financial Services Businesses amounted to \$3.100 billion at December 31, 2010. Net unrealized gains on general account fixed maturity investments of the Financial Services Businesses amounted to \$10.493 billion at December 31, 2011, compared to \$5.726 billion at December 31, 2010.

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Net income for the current quarter also reflects pre-tax increases of \$53 million in recorded asset values and \$47 million in recorded liabilities representing changes in value which are expected to ultimately accrue to contractholders. These changes primarily represent interest rate related mark-to-market adjustments. Net income for the current quarter also includes \$39 million of pre-tax income from divested businesses, which reflects a gain of \$49 million from the sale of the Company's real estate brokerage franchise and relocation services business in December 2011.

Net income of the Financial Services Businesses for the year-ago quarter included \$906 million of pre-tax net realized investment losses and related charges and adjustments, decreases of \$218 million in recorded assets and \$200 million in recorded liabilities for which changes in value are expected to ultimately accrue to contractholders, and pre-tax losses of \$8 million from divested businesses, in each case before income taxes.

Closed Block Business

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

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

The Closed Block Business reported income from continuing operations before income taxes of \$119 million for the fourth quarter of 2011, compared to a loss from continuing operations before income taxes of \$52 million for the year-ago quarter.

The Closed Block Business reported net income attributable to Prudential Financial, Inc. of \$80 million for the fourth quarter of 2011 and a net loss of \$36 million for the year-ago quarter.

For the year ended December 31, 2011, the Closed Block Business reported income from continuing operations before income taxes of \$197 million, compared to \$725 million for 2010. The Closed Block Business reported net income attributable to Prudential Financial, Inc. of \$135 million for 2011, compared to \$481 million for 2010.

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Consolidated Results

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

On a consolidated basis, which includes the results of both the Financial Services Businesses and the Closed Block Business, Prudential Financial, Inc. reported net income attributable to Prudential Financial, Inc. of \$686 million for the fourth quarter of 2011 compared to \$177 million for the year-ago quarter, and reported net income attributable to Prudential Financial, Inc. of \$3.666 billion for the year ended December 31, 2011 and \$3.195 billion for 2010.

Share Repurchases

During the fourth quarter of 2011, the Company acquired 4.9 million shares of its Common Stock at a total cost of \$250 million, for an average price of \$50.40 per share. From the commencement of repurchases in July 2011, through December 31, 2011, the Company acquired 19.8 million shares of its Common Stock at a total cost of approximately \$1.0 billion, for an average price of \$50.53 per share. These repurchases were under an authorization by Prudential's Board of Directors in June 2011 to repurchase at management's discretion up to \$1.5 billion of the Company's outstanding Common Stock through June 2012.

Forward-Looking Statements and Non-GAAP Measures

Certain of the statements included in this release 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

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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) the availability and cost of additional debt or equity capital or external financing for our operations; (3) interest rate fluctuations or prolonged periods of low interest rates; (4) the degree to which we choose not to hedge risks, or the potential ineffectiveness or insufficiency of hedging or risk management strategies we do implement, with regard to variable annuity or other product guarantees; (5) any inability to access our credit facilities; (6) reestimates of our reserves for future policy benefits and claims; (7) 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; (8) changes in our assumptions related to deferred policy acquisition costs, value of business acquired or goodwill; (9) changes in assumptions for retirement expense; (10) changes in our financial strength or credit ratings; (11) statutory reserve requirements associated with term and universal life insurance policies under Regulation XXX and Guideline AXXX; (12) investment losses, defaults and counterparty non-performance; (13) competition in our product lines and for personnel; (14) difficulties in marketing and distributing products through current or future distribution channels; (15) changes in tax law; (16) economic, political, currency and other risks relating to our international operations; (17) fluctuations in foreign currency exchange rates and foreign securities markets; (18) regulatory or legislative changes, including the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act; (19) inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (20) adverse determinations in litigation or regulatory matters and our exposure to contingent liabilities, including in connection with our divestiture or winding down of businesses; (21) 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; (22) ineffectiveness of risk management policies and procedures in identifying, monitoring and

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managing risks; (23) effects of acquisitions, divestitures and restructurings, including possible difficulties in integrating and realizing the projected results of acquisitions, including risks associated with the acquisition of certain insurance operations in Japan; (24) interruption in telecommunication, information technology or other operational systems or failure to maintain the security, confidentiality or privacy of sensitive data on such systems; (25) changes in statutory or U.S. GAAP accounting principles, practices or policies; (26) Prudential Financial, Inc.'s primary reliance, as a holding company, on dividends or distributions from its subsidiaries to meet debt payment obligations and the ability of the subsidiaries to pay such dividends or distributions in light of our ratings objectives and/or applicable regulatory restrictions; and (27) 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 and capital profile.

Realized investment gains (losses) within certain of our businesses for which such gains (losses) are a principal source of earnings, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments are included in adjusted operating income. Adjusted operating income excludes realized investment gains and losses from products that contain embedded derivatives, and from associated derivative portfolios that are part of a hedging program related to the risk of those products. Adjusted operating income also excludes gains and losses from changes in value of certain assets and liabilities relating to foreign currency exchange

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movements that have been economically hedged or considered part of our capital funding strategies for our international subsidiaries, as well as gains and losses on certain investments that are classified as other trading account assets.

Adjusted operating income also excludes investment gains and losses on trading account assets supporting insurance liabilities and changes in experience-rated contractholder liabilities due to asset value changes, because these recorded changes in asset and liability values are expected to 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 adjustments made to derive adjusted operating income 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 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, 2010, 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.

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Earnings Conference Call

Members of Prudential's senior management will host a conference call on Thursday, February 9, 2012 at 11 a.m. ET, to discuss with the investment community the Company's fourth quarter results. The conference call will be broadcast live over the Company's Investor Relations Web site at www.investor.prudential.com. Please log on fifteen minutes early in the event necessary software needs to be downloaded. The call will remain on the Investor Relations Web site for replay through February 24. 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 February 9, through February 16, dial (800) 475-6701 (domestic callers) or (320) 365-3844 (international callers). The access code for the replay is 225933.

Prudential Financial, Inc. (NYSE: PRU), a financial services leader with approximately \$901 billion of assets under management as of December 31, 2011, has operations in the United States, Asia, Europe, and Latin America. Prudential's diverse and talented employees are committed to helping individual and institutional customers grow and protect their wealth through a variety of products and services, including life insurance, annuities, retirement-related services, mutual funds and investment management. In the U.S., Prudential's iconic Rock symbol has stood for strength, stability, expertise and innovation for more than a century. For more information, please visit www.news.prudential.com.



Financial Highlights

(in millions, except per share data, unaudited)

	Three Months Ended December 31		Year Ended December 31	
	2011	2010	2011	2010
Financial Services Businesses Income Statement Data:				
Adjusted Operating Income (1):				
Revenues:				
Premiums	\$ 5,654	\$3,941	\$21,409	\$15,242
Policy charges and fee income	1,033	929	4,032	3,480
Net investment income	2,552	2,231	9,917	8,598
Asset management fees, commissions and other income	1,024	916	4,039	3,210
Total revenues	10,263	8,017	39,397	30,530
Benefits and expenses:				
Insurance and annuity benefits	5,047	3,704	20,270	14,877
Interest credited to policyholders' account balances	953	877	3,756	3,418
Interest expense	299	273	1,164	1,049
Other expenses	2,664	1,990	9,934	7,204
Total benefits and expenses	8,963	6,844	35,124	26,548
Adjusted operating income before income taxes	1,300	1,173	4,273	3,982
Income taxes, applicable to adjusted operating income	352	325	1,139	1,066
Financial Services Businesses after-tax adjusted operating income (1)	948	848	3,134	2,916
Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	(568)	(906)	685	(62)
Investment gains (losses) on trading account assets supporting insurance liabilities, net	53	(218)	223	501
Change in experience-rated contractholder liabilities due to asset value changes	(47)	200	(123)	(631)
Divested businesses	39	(8)	54	(25)
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	11	(62)	(192)	(98)
Total reconciling items, before income taxes	(512)	(994)	647	(315)
Income taxes, not applicable to adjusted operating income	(162)	(307)	398	(8)
Total reconciling items, after income taxes	(350)	(687)	249	(307)
Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures	598	161	3,383	2,609
Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	(6)	39	113	73
Income from continuing operations attributable to Prudential Financial, Inc.	592	200	3,496	2,682
Earnings attributable to noncontrolling interests	8	12	72	11
Income from continuing operations (after-tax) of Financial Services Businesses	600	212	3,568	2,693
Income from discontinued operations, net of taxes	14	13	35	32
Net income of Financial Services Businesses	614	225	3,603	2,725
Less: Income attributable to noncontrolling interests	8	12	72	11
Net income of Financial Services Businesses attributable to Prudential Financial, Inc.	\$ 606	\$ 213	\$ 3,531	\$ 2,714

See footnotes on last page.

Financial Highlights

(in millions, except per share data, unaudited)

	Three Months Ended December 31		Year Ended December 31	
	2011	2010	2011	2010
Earnings per share of Common Stock (diluted) (2):				
Financial Services Businesses after-tax adjusted operating income	\$ 1.97	\$ 1.76	\$ 6.41	\$ 6.17
Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	(1.19)	(1.87)	1.40	(0.13)
Investment gains (losses) on trading account assets supporting insurance liabilities, net	0.11	(0.45)	0.46	1.05
Change in experience-rated contractholder liabilities due to asset value changes	(0.10)	0.41	(0.25)	(1.33)
Divested businesses	0.08	(0.02)	0.11	(0.05)
Difference in earnings allocated to participating unvested share-based payment awards	0.01	0.01	(0.01)	0.01
Total reconciling items, before income taxes	(1.09)	(1.92)	1.71	(0.45)
Income taxes, not applicable to adjusted operating income	(0.35)	(0.58)	0.98	0.04
Total reconciling items, after income taxes	(0.74)	(1.34)	0.73	(0.49)
Income from continuing operations (after-tax) of Financial Services Businesses attributable to Prudential Financial, Inc.	1.23	0.42	7.14	5.68
Income from discontinued operations, net of taxes	0.03	0.03	0.08	0.07
Net income of Financial Services Businesses attributable to Prudential Financial, Inc.	\$ 1.26	\$ 0.45	\$ 7.22	\$ 5.75
Weighted average number of outstanding Common shares (basic)	469.2	475.1	480.2	466.8
Weighted average number of outstanding Common shares (diluted) (3)	477.0	483.5	488.7	475.4
Direct equity adjustment for earnings per share calculation (2)	\$ (1)	\$ 7	\$ 24	\$ 36
Earnings related to interest, net of tax, on exchangeable surplus notes (3)	\$ 4	\$ 4	\$ 17	\$ 17
Earnings allocated to participating unvested share-based payment awards for earnings per share calculation				
Financial Services Businesses after-tax adjusted operating income	\$ 13	\$ 10	\$ 42	\$ 37
Income from continuing operations (after-tax) of Financial Services Businesses	\$ 9	\$ 7	\$ 46	\$ 35
Financial Services Businesses Attributed Equity (as of end of period):				
Total attributed equity	\$35,650	\$31,032		
Per share of Common Stock - diluted	75.04	63.11		
Attributed equity excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension/postretirement benefits	\$31,657	\$29,248		
Per share of Common Stock - diluted	66.63	59.48		
Number of diluted shares at end of period	475.1	491.7		
Adjusted operating income before income taxes, by Segment (1):				
Individual Annuities	\$ 391	\$ 345	\$ 713	\$1,046
Retirement	142	147	598	572
Asset Management	155	132	659	487
Total U.S. Retirement Solutions and Investment Management Division	688	624	1,970	2,105
Individual Life	146	131	517	500
Group Insurance	55	69	208	215
Total U.S. Individual Life and Group Insurance Division	201	200	725	715
International Insurance	692	588	2,705	2,085
Total International Insurance Division	692	588	2,705	2,085
Corporate and Other operations	(281)	(239)	(1,127)	(923)
Financial Services Businesses adjusted operating income before income taxes	1,300	1,173	4,273	3,982
Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	(568)	(906)	685	(62)
Investment gains (losses) on trading account assets supporting insurance liabilities, net	53	(218)	223	501
Change in experience-rated contractholder liabilities due to asset value changes	(47)	200	(123)	(631)
Divested businesses	39	(8)	54	(25)
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	11	(62)	(192)	(98)
Total reconciling items, before income taxes	(512)	(994)	647	(315)
Income from continuing operations before income taxes and equity in earnings of operating joint ventures - Financial Services Businesses	\$ 788	\$ 179	\$ 4,920	\$3,667

See footnotes on last page.

Financial Highlights

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

	Three Months Ended December 31		Year Ended December 31	
	2011	2010	2011	2010
U.S. Retirement Solutions and Investment Management Division:				
Fixed and Variable Annuity Sales and Account Values:				
Gross sales	\$ 4,422	\$ 6,120	\$20,293	\$21,754
Net sales	\$ 2,852	\$ 4,196	\$13,061	\$14,616
Total account value at end of period	\$113,535	\$106,185		
Retirement Segment:				
Full Service:				
Deposits and sales	\$ 3,879	\$ 4,369	\$16,821	\$19,266
Net additions (withdrawals)	\$ (2,014)	\$ (1,017)	\$ (2,339)	\$ 2,462
Total account value at end of period	\$139,430	\$141,313		
Institutional Investment Products:				
Gross additions	\$ 10,825	\$ 6,654	\$27,773	\$15,298
Net additions	\$ 8,741	\$ 5,477	\$21,623	\$ 8,340
Total account value at end of period	\$ 90,089	\$ 64,183		
Asset Management Segment:				
Assets managed by Investment Management and Advisory Services (in billions, as of end of period):				
Institutional customers	\$ 269.1	\$ 235.3		
Retail customers	117.9	101.2		
General account	232.1	200.8		
Total Investment Management and Advisory Services	\$ 619.1	\$ 537.3		
Institutional Assets Under Management (in billions):				
Gross additions, other than money market	\$ 14.2	\$ 16.6	\$ 48.0	\$ 50.5
Net additions, other than money market	\$ 3.7	\$ 9.9	\$ 16.7	\$ 28.6
Retail Assets Under Management (in billions):				
Gross additions, other than money market	\$ 6.6	\$ 5.3	\$ 23.9	\$ 21.0
Net additions, other than money market	\$ 1.2	\$ 1.2	\$ 3.5	\$ 6.4
U.S. Individual Life and Group Insurance Division:				
Individual Life Insurance Annualized New Business Premiums (4):				
Variable life	\$ 4	\$ 7	\$ 25	\$ 23
Universal life	29	20	95	77
Term life	42	40	158	160
Total	\$ 75	\$ 67	\$ 278	\$ 260
Group Insurance Annualized New Business Premiums (4):				
Group life	\$ 49	\$ 82	\$ 486	\$ 446
Group disability	37	27	204	161
Total	\$ 86	\$ 109	\$ 690	\$ 607
International Insurance Division:				
International Insurance Annualized New Business Premiums (4) (5):				
Actual exchange rate basis	\$ 849	\$ 532	\$ 3,192	\$ 1,838
Constant exchange rate basis	\$ 799	\$ 522	\$ 3,040	\$ 1,870

See footnotes on last page.

Financial Highlights

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

	Three Months Ended December 31		Year Ended December 31	
	2011	2010	2011	2010
Closed Block Business Data:				
Income Statement Data:				
Revenues	\$ 1,969	\$ 1,684	\$ 7,015	\$ 7,086
Benefits and expenses	1,850	1,736	6,818	6,361
Income (loss) from continuing operations before income taxes	119	(52)	197	725
Income taxes	39	(16)	62	245
Closed Block Business income (loss) from continuing operations	80	(36)	135	480
Income from discontinued operations, net of taxes	—	—	—	1
Closed Block Business net income (loss)	80	(36)	135	481
Less: Income attributable to noncontrolling interests	—	—	—	—
Closed Block Business net income (loss) attributable to Prudential Financial, Inc.	\$ 80	\$ (36)	\$ 135	\$ 481
Direct equity adjustment for earnings per share calculation (2)	1	(7)	(24)	(36)
Earnings available to holders of Class B Stock after direct equity adjustment - based on net income (loss)	\$ 81	\$ (43)	\$ 111	\$ 445
Income (loss) from continuing operations per share of Class B Stock	\$ 40.50	\$ (21.50)	\$ 55.50	\$222.00
Income from discontinued operations, net of taxes per share of Class B Stock	—	—	—	0.50
Net income (loss) per share of Class B Stock	\$ 40.50	\$ (21.50)	\$ 55.50	\$222.50
Weighted average diluted shares outstanding during period	2.0	2.0	2.0	2.0
Closed Block Business Attributed Equity (as of end of period):				
Total attributed equity	\$ 1,573	\$ 1,383		
Per Share of Class B Stock	786.50	691.50		
Attributed equity excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension/postretirement benefits	\$ 1,425	\$ 1,334		
Per Share of Class B Stock	712.50	667.00		
Number of Class B Shares at end of period	2.0	2.0		
Consolidated Data:				
Consolidated Income Statement Data:				
Revenues	11,695	8,049	49,045	38,200
Benefits and expenses	10,788	7,922	43,928	33,808
Income from continuing operations before income taxes and equity in earnings of operating joint ventures	907	127	5,117	4,392
Income tax expense	229	2	1,599	1,303
Income from continuing operations before equity in earnings of operating joint ventures	678	125	3,518	3,089
Equity in earnings of operating joint ventures, net of taxes	2	51	185	84
Income from continuing operations	680	176	3,703	3,173
Income from discontinued operations, net of taxes	14	13	35	33
Consolidated net income	694	189	3,738	3,206
Less: Income attributable to noncontrolling interests	8	12	72	11
Net income attributable to Prudential Financial, Inc.	686	177	3,666	3,195
Net income attributable to Prudential Financial, Inc.:				
Financial Services Businesses	606	213	3,531	2,714
Closed Block Business	80	(36)	135	481
Consolidated net income attributable to Prudential Financial, Inc.	686	177	3,666	3,195
Assets and Asset Management Information (in billions, as of end of period)				
Total assets	\$ 624.5	\$ 539.9		
Assets under management (at fair market value):				
Managed by U.S. Retirement Solutions and Investment Management Division:				
Asset Management Segment - Investment Management and Advisory Services	\$ 619.1	\$ 537.3		
Non-proprietary assets under management	152.2	149.8		
Total managed by U.S. Retirement Solutions and Investment Management Division	771.3	687.1		
Managed by U.S. Individual Life and Group Insurance Division	13.8	13.1		
Managed by International Insurance Division	115.6	83.8		
Total assets under management	900.7	784.0		
Client assets under administration	85.7	84.1		
Total assets under management and administration	\$ 986.4	\$ 868.1		

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; earnings attributable to noncontrolling interests; and the related tax effects thereof. Adjusted operating income includes equity in earnings of operating joint ventures and the related tax effects thereof. Revenues and benefits and expenses shown as components of adjusted operating income, are presented on the same basis as pre-tax adjusted operating income and are adjusted for the items above as well.
- Realized investment gains (losses) within certain of our businesses for which such gains (losses) are a principal source of earnings, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments are included in adjusted operating income. Adjusted operating income excludes realized investment gains and losses from products that contain embedded derivatives, and from associated derivative portfolios that are part of a hedging program related to the risk of those products. Adjusted operating income also excludes gains and losses from changes in value of certain assets and liabilities relating to foreign currency exchange movements that have been economically hedged or considered part of our capital funding strategies for our international subsidiaries, as well as gains and losses on certain investments that are classified as other trading account assets.
- Adjusted operating income does not equate to “Income from continuing operations” as determined in accordance with GAAP but is the measure of profit or loss we use to evaluate segment performance. Adjusted operating income is not a substitute for income determined in accordance with GAAP, and our definition of adjusted operating income may differ from that used by other companies. The items above are important to an understanding of our overall results of operations. However, we believe that the presentation of adjusted operating income as we measure it for management purposes enhances the understanding of our results of operations by highlighting the results from ongoing operations and the underlying profitability factors of our businesses.
- (2) 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) In calculating diluted earnings per share under the if-converted method, the potential shares that would be issued related to the exchangeable surplus notes assuming a hypothetical exchange, weighted for the period the notes are outstanding, is added to the denominator, and interest expense, net of tax, is added to the numerator, if the overall effect is dilutive. For the three months ended December 31, 2010, the hypothetical impact of these shares was antidilutive and therefore excluded from the diluted earnings per share calculation for GAAP measures. The weighted average number of outstanding common shares used in the diluted earnings per share calculation for the three months ended December 31, 2010 for GAAP measures is 478.4 million.
- (4) Premiums from new sales that are expected to be collected over a one year period. Group insurance annualized new business premiums exclude new premiums resulting from rate changes on existing policies, from additional coverage issued under our Servicemembers’ Group Life Insurance contract, and from excess premiums on group universal life insurance that build cash value but do not purchase face amounts. Group insurance annualized new business premiums include premiums from the takeover of claim liabilities. Group disability amounts include long-term care and dental products. Excess (unscheduled) and single premium business for the company’s domestic individual life and international insurance operations are included in annualized new business premiums based on a 10% credit.
- (5) Actual amounts reflect the impact of currency fluctuations. Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 85 per U.S. dollar; Korean won 1180 per U.S. dollar. U.S. denominated activity is included based on the amounts as transacted in U.S. dollars.

Prudential Financial, Inc. (PRU)



Quarterly Financial Supplement

FINANCIAL SERVICES BUSINESSES
FOURTH QUARTER 2011

Reference is made to Prudential Financial, Inc.'s filings with the Securities and Exchange Commission for general information, and consolidated financial information, regarding Prudential Financial, Inc., including its Closed Block Business. All financial information in this document is unaudited.

FEBRUARY 8, 2012

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This quarterly financial supplement reflects, for all periods presented, the classification of the results for the Company's real estate brokerage franchise and relocation services business as a "divested business" and excluded from adjusted operation income as a result of the sale of this business.

FINANCIAL HIGHLIGHTS
(in millions, except per share data)

Year-to-date		%		2010	2011			
2011	2010	Change		4Q	1Q	2Q	3Q	4Q
Financial Services Businesses:								
Pre-tax adjusted operating income (loss) by division:								
1,970	2,105	-6%	U.S. Retirement Solutions and Investment Management Division	624	618	621	43	688
725	715	1%	U.S. Individual Life and Group Insurance Division	200	136	179	209	201
2,705	2,085	30%	International Insurance Division	588	672	590	751	692
(1,127)	(923)	-22%	Corporate and other operations	(239)	(264)	(233)	(349)	(281)
4,273	3,982	7%	Total pre-tax adjusted operating income	1,173	1,162	1,157	654	1,300
1,139	1,066	7%	Income taxes, applicable to adjusted operating income	325	321	316	150	352
3,134	2,916	7%	Financial Services Businesses after-tax adjusted operating income	848	841	841	504	948
Reconciling items:								
685	(62)	1205%	Realized investment gains (losses), net, and related charges and adjustments	(906)	(360)	(11)	1,624	(568)
223	501	-55%	Investment gains (losses) on trading account assets supporting insurance liabilities, net	(218)	(17)	177	10	53
(123)	(631)	81%	Change in experience-rated contractholder liabilities due to asset value changes	200	34	(178)	68	(47)
54	(25)	316%	Divested businesses	(8)	(9)	—	24	39
(192)	(98)	-96%	Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(62)	(133)	18	(88)	11
647	(315)	305%	Total reconciling items, before income taxes	(994)	(485)	6	1,638	(512)
398	(8)	5075%	Income taxes, not applicable to adjusted operating income	(307)	(139)	14	685	(162)
249	(307)	181%	Total reconciling items, after income taxes	(687)	(346)	(8)	953	(350)
3,383	2,609	30%	Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures	161	495	833	1,457	598
113	73	55%	Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	39	80	(18)	57	(6)
3,496	2,682	30%	Income from continuing operations attributable to Prudential Financial, Inc.	200	575	815	1,514	592
72	11	555%	Earnings attributable to noncontrolling interests	12	25	29	10	8
3,568	2,693	32%	Income from continuing operations (after-tax) of Financial Services Businesses	212	600	844	1,524	600
35	32	9%	Income (loss) from discontinued operations, net of taxes	13	14	16	(9)	14
3,603	2,725	32%	Net income of Financial Services Businesses	225	614	860	1,515	614
72	11	555%	Less: Income attributable to noncontrolling interests	12	25	29	10	8
3,531	2,714	30%	Net income of Financial Services Businesses attributable to Prudential Financial, Inc.	213	589	831	1,505	606
10.25%	10.86%		Operating Return on Average Equity (based on adjusted operating income)	11.84%	11.47%	11.11%	6.50%	11.91%
Reconciliation to Consolidated Net Income Attributable to Prudential Financial, Inc.:								
3,531	2,714		Net income of Financial Services Businesses attributable to Prudential Financial, Inc. (above)	213	589	831	1,505	606
135	481		Net income (loss) of Closed Block Business attributable to Prudential Financial, Inc.	(36)	19	7	29	80
3,666	3,195		Consolidated net income attributable to Prudential Financial, Inc.	177	608	838	1,534	686

FINANCIAL HIGHLIGHTS
(in millions, except per share data)

Year-to-date			2010	2011				
2011	2010		4Q	1Q	2Q	3Q	4Q	
Earnings per share of Common Stock (diluted):								
6.41	6.17	Financial Services Businesses after-tax adjusted operating income	1.76	1.71	1.70	1.04	1.97	
Reconciling items:								
1.40	(0.13)	Realized investment gains (losses), net, and related charges and adjustments	(1.87)	(0.73)	(0.02)	3.32	(1.19)	
0.46	1.05	Investment gains (losses) on trading account assets supporting insurance liabilities, net	(0.45)	(0.03)	0.36	0.02	0.11	
(0.25)	(1.33)	Change in experience-rated contractholder liabilities due to asset value changes	0.41	0.07	(0.36)	0.14	(0.10)	
0.11	(0.05)	Divested businesses	(0.02)	(0.02)	—	0.05	0.08	
(0.01)	0.01	Difference in earnings allocated to participating unvested share-based payment awards	0.01	0.01	—	(0.03)	0.01	
1.71	(0.45)	Total reconciling items, before income taxes	(1.92)	(0.70)	(0.02)	3.50	(1.09)	
0.98	0.04	Income taxes, not applicable to adjusted operating income	(0.58)	(0.16)	0.03	1.46	(0.35)	
0.73	(0.49)	Total reconciling items, after income taxes	(1.34)	(0.54)	(0.05)	2.04	(0.74)	
Income from continuing operations (after-tax) of Financial Services Businesses attributable to Prudential Financial, Inc.								
7.14	5.68		0.42	1.17	1.65	3.08	1.23	
0.08	0.07	Income (loss) from discontinued operations, net of taxes	0.03	0.03	0.03	(0.02)	0.03	
7.22	5.75	Net income of Financial Services Businesses attributable to Prudential Financial, Inc.	0.45	1.20	1.68	3.06	1.26	
480.2	466.8	Weighted average number of outstanding Common shares (basic)	475.1	484.9	486.0	481.2	469.2	
488.7	475.4	Weighted average number of outstanding Common shares (diluted) (1)	483.5	493.9	494.8	489.3	477.0	
24	36	Direct equity adjustments for earnings per share calculation	7	9	8	8	(1)	
17	17	Earnings related to interest, net of tax, on exchangeable surplus notes (1)	4	4	5	4	4	
Earnings allocated to participating unvested share-based payment awards for earnings per share calculation								
42	37	Financial Services Businesses after-tax adjusted operating income	10	11	12	6	13	
46	35	Income from continuing operations (after-tax) of Financial Services Businesses	7	8	11	20	9	

- (1) In calculating diluted earnings per share under the if-converted method, the potential shares that would be issued related to the exchangeable surplus notes assuming a hypothetical exchange, weighted for the period the notes are outstanding, is added to the denominator, and interest expense, net of tax, is added to the numerator, if the overall effect is dilutive.
- For the three months ended December 31, 2010, the hypothetical impact of these shares was antidilutive and therefore excluded from the diluted earnings per share calculation for GAAP measures. The weighted average number of outstanding common shares used in the diluted earnings per share calculation for the three months ended December 31, 2010 for GAAP measures is 478.4 million.

FINANCIAL HIGHLIGHTS
(in millions, except per share data)

Year-to-date			2010	2011				
2011	2010		4Q	1Q	2Q	3Q	4Q	
Financial Services Businesses Capitalization Data (1):								
Senior Debt:								
		Short-term debt	1,982	2,432	2,152	2,899		2,336
		Long-term debt	20,384	20,764	21,309	20,651		21,353
		Junior Subordinated Long-Term Debt	1,519	1,519	1,519	1,519		1,519
Attributed Equity:								
		Including accumulated other comprehensive income	31,032	31,300	33,623	35,651		35,650
		Excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension / postretirement benefits	29,248	30,055	31,096	31,954		31,657
		Excluding total accumulated other comprehensive income	28,100	28,785	29,683	30,490		30,232
Total Capitalization:								
		Including accumulated other comprehensive income	52,935	53,583	56,451	57,821		58,522
		Excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension / postretirement benefits	51,151	52,338	53,924	54,124		54,529
		Excluding total accumulated other comprehensive income	50,003	51,068	52,511	52,660		53,104
Book value per share of Common Stock:								
		Including accumulated other comprehensive income	63.11	63.50	68.09	74.52		75.04
		Excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension / postretirement benefits	59.48	60.98	62.97	66.79		66.63
		Excluding total accumulated other comprehensive income	57.15	58.40	60.11	63.73		63.63
		Number of diluted shares at end of period (2)	491.7	492.9	493.8	478.4		475.1
Common Stock Price Range (based on closing price):								
67.32	65.82	High	59.95	67.32	64.62	65.26		57.32
43.91	47.02	Low	50.68	58.32	57.77	43.93		43.91
50.12	58.71	Close	58.71	61.58	63.59	46.86		50.12
Common Stock market capitalization (1)			28,404	29,900	30,912	22,113		23,456

(1) As of end of period.

(2) The number of diluted shares at end of period excludes the impact of exchangeable surplus notes due to the anti-dilutive impact of conversion at \$98.78 per share.

OPERATIONS HIGHLIGHTS

Year-to-date		2010 4Q	2011				
2011	2010		1Q	2Q	3Q	4Q	
Assets Under Management and Administration (\$ billions) (1) (2) (3):							
Assets Under Management:							
Managed by U.S. Retirement Solutions and Investment Management Division:							
Asset Management Segment - Investment Management & Advisory Services							
Institutional customers		235.3	246.2	256.2	258.8	269.1	
Retail customers		101.2	108.8	109.3	110.1	117.9	
General account		200.8	213.8	218.0	230.5	232.1	
Total Investment Management and Advisory Services		537.3	568.8	583.5	599.4	619.1	
Non-proprietary assets under management		149.8	161.7	167.3	136.1	152.2	
Total managed by U.S. Retirement Solutions and Investment Management Division		687.1	730.5	750.8	735.5	771.3	
Managed by U.S. Individual Life and Group Insurance Division		13.1	13.3	13.5	13.6	13.8	
Managed by International Insurance Division		83.8	114.7	118.9	122.2	115.6	
Total assets under management		784.0	858.5	883.2	871.3	900.7	
Client assets under administration		84.1	86.6	89.4	82.6	85.7	
Total assets under management and administration		868.1	945.1	972.6	953.9	986.4	
Assets managed or administered for customers outside of the United States at end of period		151.1	201.4	208.3	213.2	208.9	
Distribution Representatives (1):							
Prudential Agents		2,471	2,506	2,551	2,571	2,529	
International Life Planners		6,565	6,581	6,568	6,699	6,792	
Gibraltar Life Advisors (4)		6,281	13,227	13,353	12,936	12,791	
54	53	Prudential Agent productivity (\$ thousands)	68	50	50	52	64

(1) As of end of period.

(2) At fair market value.

(3) Includes assets under management relating to acquired businesses of AIG Star Life Insurance Co., LTD. and AIG Edison Life Insurance Co. ("Star/Edison") commencing as of February 1, 2011 date of acquisition, totalling \$45 billion as of that date.

(4) Includes Life Advisors associated with acquired businesses of Star/Edison commencing as of February 1, 2011 date of acquisition, totalling 7,269 life advisors as of that date.

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

Year-to-date		%		2010	2011			
2011	2010	Change		4Q	1Q	2Q	3Q	4Q
Revenues (1):								
21,409	15,242	40%	Premiums	3,941	4,828	5,506	5,421	5,654
4,032	3,480	16%	Policy charges and fee income	929	982	1,038	979	1,033
9,917	8,598	15%	Net investment income	2,231	2,304	2,525	2,536	2,552
4,039	3,210	26%	Asset management fees, commissions and other income	916	1,040	1,031	944	1,024
39,397	30,530	29%	Total revenues	8,017	9,154	10,100	9,880	10,263
Benefits and Expenses (1):								
20,270	14,877	36%	Insurance and annuity benefits	3,704	4,644	5,160	5,419	5,047
3,756	3,418	10%	Interest credited to policyholders' account balances	877	829	934	1,040	953
1,164	1,049	11%	Interest expense	273	279	290	296	299
(3,897)	(3,092)	-26%	Deferral of acquisition costs	(849)	(908)	(985)	(1,006)	(998)
1,978	1,368	45%	Amortization of acquisition costs	378	466	539	499	474
11,853	8,928	33%	General and administrative expenses	2,461	2,682	3,005	2,978	3,188
35,124	26,548	32%	Total benefits and expenses	6,844	7,992	8,943	9,226	8,963
4,273	3,982	7%	Adjusted operating income before income taxes	1,173	1,162	1,157	654	1,300
Reconciling items:								
2,521	116	2073%	Realized investment gains (losses), net, and related adjustments	(1,369)	(356)	158	3,376	(657)
(1,836)	(178)	-931%	Related charges	463	(4)	(169)	(1,752)	89
685	(62)	1205%	Total realized investment gains (losses), net, and related charges and adjustments	(906)	(360)	(11)	1,624	(568)
223	501	-55%	Investment gains (losses) on trading account assets supporting insurance liabilities, net	(218)	(17)	177	10	53
(123)	(631)	81%	Change in experience-rated contractholder liabilities due to asset value changes	200	34	(178)	68	(47)
54	(25)	316%	Divested businesses	(8)	(9)	—	24	39
(192)	(98)	-96%	Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(62)	(133)	18	(88)	11
647	(315)	305%	Total reconciling items, before income taxes	(994)	(485)	6	1,638	(512)
Income from continuing operations before income taxes and equity in earnings of operating joint ventures				179	677	1,163	2,292	788
1,537	1,058	45%	Income tax expense	18	182	330	835	190
3,383	2,609	30%	Income from continuing operations before equity in earnings of operating joint ventures	161	495	833	1,457	598

- (1) Revenues exclude realized investment gains, net of losses and related charges and adjustments; investment gains, net of losses, on trading account assets supporting insurance liabilities, and revenues of divested businesses, and include revenues representing equity in earnings of operating joint ventures other than those classified as divested businesses. Benefits and expenses exclude charges related to realized investment gains, net of losses; change in experience-rated contractholder liabilities due to asset value changes and benefits and expenses of divested businesses and include charges for income attributable to non controlling interests.

COMBINED BALANCE SHEETS - FINANCIAL SERVICES BUSINESSES
(in millions)

	12/31/2010	03/31/2011	06/30/2011	09/30/2011	12/31/2011
Assets:					
Investments:					
Fixed maturities, available for sale, at fair value (amortized cost \$144,248; \$182,343; \$186,022; \$195,462; \$197,784)	149,806	186,861	192,902	205,102	208,132
Fixed maturities, held to maturity, at amortized cost (fair value \$5,477; \$5,283; \$5,342; \$5,484; \$5,354)	5,226	5,102	5,091	5,195	5,107
Trading account assets supporting insurance liabilities, at fair value	17,771	18,314	18,563	19,535	19,481
Other trading account assets, at fair value	4,069	3,599	3,616	6,237	5,228
Equity securities, available for sale, at fair value (cost \$3,605; \$5,621; \$5,517; \$4,280; \$4,165)	4,148	6,286	6,022	4,561	4,413
Commercial mortgage and other loans	23,324	24,259	24,712	25,315	26,391
Policy loans	5,290	5,926	6,046	6,176	6,263
Other long-term investments	4,589	6,335	6,239	5,919	5,830
Short-term investments	4,133	6,094	6,497	6,764	8,593
Total investments	218,356	262,776	269,688	284,804	289,438
Cash and cash equivalents	12,447	10,512	13,234	14,734	13,201
Accrued investment income	1,734	2,083	2,111	2,147	2,177
Deferred policy acquisition costs	15,672	16,224	16,563	15,596	16,123
Other assets	16,161	21,066	20,655	16,630	15,752
Separate account assets	207,776	218,382	222,892	207,366	218,380
Total assets	472,146	531,043	545,143	541,277	555,071
Liabilities:					
Future policy benefits	82,242	102,404	108,766	117,978	119,036
Policyholders' account balances	100,905	127,512	125,494	129,069	129,068
Securities sold under agreements to repurchase	2,557	2,599	2,830	2,555	3,118
Cash collateral for loaned securities	1,614	1,522	2,415	2,334	2,254
Income taxes	6,736	6,057	6,939	8,706	8,449
Senior short-term debt	1,982	2,432	2,152	2,899	2,336
Senior long-term debt	20,384	20,764	21,309	20,651	21,353
Junior subordinated long-term debt	1,519	1,519	1,519	1,519	1,519
Other liabilities	14,886	16,002	16,611	11,894	13,320
Separate account liabilities	207,776	218,382	222,892	207,366	218,380
Total liabilities	440,601	499,193	510,927	504,971	518,833
Attributed Equity:					
Accumulated other comprehensive income	2,932	2,515	3,940	5,161	5,418
Other attributed equity	28,100	28,785	29,683	30,490	30,232
Total attributed equity	31,032	31,300	33,623	35,651	35,650
Noncontrolling Interest	513	550	593	655	588
Total Equity	31,545	31,850	34,216	36,306	36,238
Total liabilities and equity	472,146	531,043	545,143	541,277	555,071

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

Quarter Ended December 31, 2011					
	Total Financial Services Businesses	U.S. Retirement Solutions & Investment Management Division	U.S. Individual Life & Group Insurance Division	International Insurance Division	Corporate and Other Operations
Revenues (1):					
Premiums	5,654	257	1,375	4,027	(5)
Policy charges and fee income	1,033	512	384	146	(9)
Net investment income	2,552	1,010	418	1,025	99
Asset management fees, commissions and other income	1,024	963	108	87	(134)
Total revenues	10,263	2,742	2,285	5,285	(49)
Benefits and Expenses (1):					
Insurance and annuity benefits	5,047	416	1,468	3,175	(12)
Interest credited to policyholders' account balances	953	549	135	276	(7)
Interest expense	299	35	73	—	191
Deferral of acquisition costs	(998)	(271)	(117)	(619)	9
Amortization of acquisition costs	474	109	65	307	(7)
General and administrative expenses	3,188	1,216	460	1,454	58
Total benefits and expenses	8,963	2,054	2,084	4,593	232
Adjusted operating income (loss) before income taxes	1,300	688	201	692	(281)

Quarter Ended December 31, 2010					
	Total Financial Services Businesses	U.S. Retirement Solutions & Investment Management Division	U.S. Individual Life & Group Insurance Division	International Insurance Division	Corporate and Other Operations
Revenues (1):					
Premiums	3,941	295	1,239	2,414	(7)
Policy charges and fee income	929	456	372	109	(8)
Net investment income	2,231	1,076	408	662	85
Asset management fees, commissions and other income	916	864	85	88	(121)
Total revenues	8,017	2,691	2,104	3,273	(51)
Benefits and Expenses (1):					
Insurance and annuity benefits	3,704	458	1,319	1,929	(2)
Interest credited to policyholders' account balances	877	609	131	150	(13)
Interest expense	273	27	45	1	200
Deferral of acquisition costs	(849)	(373)	(105)	(379)	8
Amortization of acquisition costs	378	86	88	212	(8)
General and administrative expenses	2,461	1,260	426	772	3
Total benefits and expenses	6,844	2,067	1,904	2,685	188
Adjusted operating income (loss) before income taxes	1,173	624	200	588	(239)

- (1) Revenues exclude realized investment gains, net of losses and related charges and adjustments; investment gains, net of losses, on trading account assets supporting insurance liabilities, and revenues of divested businesses, and include revenues representing equity in earnings of operating joint ventures other than those classified as divested businesses. Benefits and expenses exclude charges related to realized investment gains, net of losses; change in experience-rated contractholder liabilities due to asset value changes and benefits and expenses of divested businesses and include charges for income attributable to non controlling interests.

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

Twelve Months Ended December 31, 2011					
	Total Financial Services Businesses	U.S. Retirement Solutions & Investment Management Division	U.S. Individual Life & Group Insurance Division	International Insurance Division	Corporate and Other Operations
Revenues (1):					
Premiums	21,409	901	5,478	15,052	(22)
Policy charges and fee income	4,032	2,043	1,472	552	(35)
Net investment income	9,917	4,087	1,664	3,777	389
Asset management fees, commissions and other income	4,039	3,789	354	407	(511)
Total revenues	39,397	10,820	8,968	19,788	(179)
Benefits and Expenses (1):					
Insurance and annuity benefits	20,270	2,070	5,969	12,085	146
Interest credited to policyholders' account balances	3,756	2,285	527	978	(34)
Interest expense	1,164	139	214	1	810
Deferral of acquisition costs	(3,897)	(1,224)	(447)	(2,268)	42
Amortization of acquisition costs	1,978	678	200	1,141	(41)
General and administrative expenses	11,853	4,902	1,780	5,146	25
Total benefits and expenses	35,124	8,850	8,243	17,083	948
Adjusted operating income (loss) before income taxes	4,273	1,970	725	2,705	(1,127)

Twelve Months Ended December 31, 2010					
	Total Financial Services Businesses	U.S. Retirement Solutions & Investment Management Division	U.S. Individual Life & Group Insurance Division	International Insurance Division	Corporate and Other Operations
Revenues (1):					
Premiums	15,242	1,232	4,921	9,116	(27)
Policy charges and fee income	3,480	1,662	1,453	407	(42)
Net investment income	8,598	4,237	1,571	2,469	321
Asset management fees, commissions and other income	3,210	3,135	328	228	(481)
Total revenues	30,530	10,266	8,273	12,220	(229)
Benefits and Expenses (1):					
Insurance and annuity benefits	14,877	2,139	5,378	7,315	45
Interest credited to policyholders' account balances	3,418	2,415	511	562	(70)
Interest expense	1,049	96	162	3	788
Deferral of acquisition costs	(3,092)	(1,290)	(442)	(1,402)	42
Amortization of acquisition costs	1,368	305	243	855	(35)
General and administrative expenses	8,928	4,496	1,706	2,802	(76)
Total benefits and expenses	26,548	8,161	7,558	10,135	694
Adjusted operating income (loss) before income taxes	3,982	2,105	715	2,085	(923)

- (1) Revenues exclude realized investment gains, net of losses and related charges and adjustments; investment gains, net of losses, on trading account assets supporting insurance liabilities, and revenues of divested businesses, and include revenues representing equity in earnings of operating joint ventures other than those classified as divested businesses. Benefits and expenses exclude charges related to realized investment gains, net of losses; change in experience-rated contractholder liabilities due to asset value changes and benefits and expenses of divested businesses and include charges for income attributable to non controlling interests.

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

As of December 31, 2011					
	Total Financial Services Businesses	U.S. Retirement Solutions & Investment Management Division	U.S. Individual Life & Group Insurance Division	International Insurance Division	Corporate and Other Operations
Assets:					
Total investments	289,438	97,005	36,164	148,946	7,323
Deferred policy acquisition costs	16,123	2,941	4,640	8,668	(126)
Other assets	31,130	9,271	4,652	12,760	4,447
Separate account assets	218,380	183,785	35,665	1,118	(2,188)
Total assets	<u>555,071</u>	<u>293,002</u>	<u>81,121</u>	<u>171,492</u>	<u>9,456</u>
Liabilities:					
Future policy benefits	119,036	20,451	11,194	86,987	404
Policyholders' account balances	129,068	57,878	16,810	54,908	(528)
Debt	25,208	4,704	7,045	18	13,441
Other liabilities	27,141	10,504	4,323	11,200	1,114
Separate account liabilities	218,380	183,785	35,665	1,118	(2,188)
Total liabilities	<u>518,833</u>	<u>277,322</u>	<u>75,037</u>	<u>154,231</u>	<u>12,243</u>
Attributed Equity:					
Accumulated other comprehensive income (loss)	5,418	2,056	1,483	3,340	(1,461)
Other attributed equity	30,232	12,999	4,601	13,870	(1,238)
Total attributed equity	<u>35,650</u>	<u>15,055</u>	<u>6,084</u>	<u>17,210</u>	<u>(2,699)</u>
Noncontrolling Interest	588	625	—	51	(88)
Total Equity	<u>36,238</u>	<u>15,680</u>	<u>6,084</u>	<u>17,261</u>	<u>(2,787)</u>
Total liabilities and equity	<u>555,071</u>	<u>293,002</u>	<u>81,121</u>	<u>171,492</u>	<u>9,456</u>
As of December 31, 2010					
	Total Financial Services Businesses	U.S. Retirement Solutions & Investment Management Division	U.S. Individual Life & Group Insurance Division	International Insurance Division	Corporate and Other Operations
Assets:					
Total investments	218,356	88,387	32,408	88,842	8,719
Deferred policy acquisition costs	15,672	3,675	4,653	7,494	(150)
Other assets	30,342	7,832	3,133	6,068	13,309
Separate account assets	207,776	172,759	36,427	693	(2,103)
Total assets	<u>472,146</u>	<u>272,653</u>	<u>76,621</u>	<u>103,097</u>	<u>19,775</u>
Liabilities:					
Future policy benefits	82,242	16,227	10,055	55,556	404
Policyholders' account balances	100,905	57,179	15,812	28,919	(1,005)
Debt	23,885	4,429	5,644	—	13,812
Other liabilities	25,793	8,260	3,590	7,277	6,666
Separate account liabilities	207,776	172,759	36,427	693	(2,103)
Total liabilities	<u>440,601</u>	<u>258,854</u>	<u>71,528</u>	<u>92,445</u>	<u>17,774</u>
Attributed Equity:					
Accumulated other comprehensive income (loss)	2,932	1,430	765	1,837	(1,100)
Other attributed equity	28,100	11,786	4,328	8,808	3,178
Total attributed equity	<u>31,032</u>	<u>13,216</u>	<u>5,093</u>	<u>10,645</u>	<u>2,078</u>
Noncontrolling Interest	513	583	—	7	(77)
Total Equity	<u>31,545</u>	<u>13,799</u>	<u>5,093</u>	<u>10,652</u>	<u>2,001</u>
Total liabilities and equity	<u>472,146</u>	<u>272,653</u>	<u>76,621</u>	<u>103,097</u>	<u>19,775</u>

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

	As of December 31, 2011				As of December 31, 2010			
	Senior debt		Junior Subordinated Long-term Debt	Total Debt	Senior debt		Junior Subordinated Long-term Debt	Total Debt
	Short-term Debt	Long-term Debt			Short-term Debt	Long-term Debt		
Financial Services Businesses								
Borrowings by use of proceeds:								
Capital Debt	450	9,255	1,519	11,224	371	6,873	1,519	8,763
Investment related	926	7,971	—	8,897	803	8,766	—	9,569
Securities business related	857	661	—	1,518	691	1,539	—	2,230
Specified other businesses	103	3,466	—	3,569	117	3,206	—	3,323
Limited recourse and non-recourse borrowing	—	—	—	—	—	—	—	—
Total debt - Financial Services Businesses	2,336	21,353	1,519	25,208	1,982	20,384	1,519	23,885
Ratio of long-term and short-term capital debt to capitalization (1)	25.3%				22.1%			

Closed Block Business

Investment related	—	—	—	—	—	—	—	—
Limited recourse and non-recourse borrowing	—	1,750	—	1,750	—	1,750	—	1,750
Total debt	<u>—</u>	<u>1,750</u>	<u>—</u>	<u>1,750</u>	<u>—</u>	<u>1,750</u>	<u>—</u>	<u>1,750</u>

	As of December 31, 2011				As of December 31, 2010			
	Prudential Financial, Inc.	The Prudential Insurance Co. of America (2)(3)	Other Affiliates	Total	Prudential Financial, Inc.	The Prudential Insurance Co. of America (2)(3)	Other Affiliates	Total
Financial Services Businesses								
<i>Borrowings by sources:</i>								
Capital Debt	9,662	1,040	522	11,224	7,648	1,064	51	8,763
Investment related	4,970	710	3,217	8,897	5,686	654	3,229	9,569
Securities business related	1,086	422	10	1,518	1,673	552	5	2,230
Specified other businesses	2,834	735	—	3,569	2,603	720	—	3,323
Limited recourse and non-recourse borrowing	—	—	—	—	—	—	—	—
Total debt - Financial Services Businesses	<u>18,552</u>	<u>2,907</u>	<u>3,749</u>	<u>25,208</u>	<u>17,610</u>	<u>2,990</u>	<u>3,285</u>	<u>23,885</u>

- (1) For the purposes of calculating the ratio of capital debt to capitalization, Junior Subordinated Notes are considered 25% equity and 75% debt.
(2) Includes Prudential Funding, LLC.
(3) Capital debt at Prudential Insurance Co. of America includes \$940 million of Surplus Notes for December 31, 2011 and \$942 million for December 31, 2010.

COMBINED STATEMENTS OF OPERATIONS - U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION
(in millions)

Year-to-date		%		2010	2011			
2011	2010	Change		4Q	1Q	2Q	3Q	4Q
Revenues (1):								
901	1,232	-27%	Premiums	295	211	244	189	257
2,043	1,662	23%	Policy charges and fee income	456	492	520	519	512
4,087	4,237	-4%	Net investment income	1,076	1,044	1,034	999	1,010
3,789	3,135	21%	Asset management fees, commissions and other income	864	905	1,039	882	963
10,820	10,266	5%	Total revenues	2,691	2,652	2,837	2,589	2,742
Benefits and Expenses (1):								
2,070	2,139	-3%	Insurance and annuity benefits	458	426	530	698	416
2,285	2,415	-5%	Interest credited to policyholders' account balances	609	550	563	623	549
139	96	45%	Interest expense	27	34	35	35	35
(1,224)	(1,290)	5%	Deferral of acquisition costs	(373)	(398)	(280)	(275)	(271)
678	305	122%	Amortization of acquisition costs	86	133	156	280	109
4,902	4,496	9%	General and administrative expenses	1,260	1,289	1,212	1,185	1,216
8,850	8,161	8%	Total benefits and expenses	2,067	2,034	2,216	2,546	2,054
1,970	2,105	-6%	Adjusted operating income before income taxes	624	618	621	43	688

- (1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities.
Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes and include charges for income attributable to non controlling interests.

COMBINING STATEMENTS OF OPERATIONS - U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION
(in millions)

	Twelve Months Ended December 31, 2011				Quarter Ended December 31, 2011			
	Total U.S. Retirement Solutions & Investment Management Division	Individual Annuities	Retirement	Asset Management	Total U.S. Retirement Solutions & Investment Management Division	Individual Annuities	Retirement	Asset Management
Revenues (1):								
Premiums	901	121	780	—	257	24	233	—
Policy charges and fee income	2,043	1,850	193	—	512	463	49	—
Net investment income	4,087	790	3,178	119	1,010	197	782	31
Asset management fees, commissions and other income	3,789	877	720	2,192	963	218	182	563
Total revenues	10,820	3,638	4,871	2,311	2,742	902	1,246	594
Benefits and Expenses (1):								
Insurance and annuity benefits	2,070	476	1,594	—	416	(25)	441	—
Interest credited to policyholders' account balances	2,285	570	1,715	—	549	116	433	—
Interest expense	139	112	14	13	35	29	3	3
Deferral of acquisition costs	(1,224)	(1,159)	(42)	(23)	(271)	(256)	(10)	(5)
Amortization of acquisition costs	678	606	47	25	109	99	4	6
General and administrative expenses	4,902	2,320	945	1,637	1,216	548	233	435
Total benefits and expenses	8,850	2,925	4,273	1,652	2,054	511	1,104	439
Adjusted operating income before income taxes	1,970	713	598	659	688	391	142	155

	Twelve Months Ended December 31, 2010				Quarter Ended December 31, 2010			
	Total U.S. Retirement Solutions & Investment Management Division	Individual Annuities	Retirement	Asset Management	Total U.S. Retirement Solutions & Investment Management Division	Individual Annuities	Retirement	Asset Management
Revenues (1):								
Premiums	1,232	166	1,066	—	295	37	258	—
Policy charges and fee income	1,662	1,461	201	—	456	406	50	—
Net investment income	4,237	878	3,238	121	1,076	218	821	37
Asset management fees, commissions and other income	3,135	690	678	1,767	864	200	179	485
Total revenues	10,266	3,195	5,183	1,888	2,691	861	1,308	522
Benefits and Expenses (1):								
Insurance and annuity benefits	2,139	291	1,848	—	458	3	455	—
Interest credited to policyholders' account balances	2,415	581	1,834	—	609	144	465	—
Interest expense	96	66	17	13	27	20	4	3
Deferral of acquisition costs	(1,290)	(1,214)	(52)	(24)	(373)	(354)	(13)	(6)
Amortization of acquisition costs	305	260	20	25	86	75	5	6
General and administrative expenses	4,496	2,165	944	1,387	1,260	628	245	387
Total benefits and expenses	8,161	2,149	4,611	1,401	2,067	516	1,161	390
Adjusted operating income before income taxes	2,105	1,046	572	487	624	345	147	132

- (1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities. Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes and include charges for income attributable to non controlling interests.

U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION - INDIVIDUAL ANNUITIES SALES RESULTS AND ACCOUNT VALUES
(in millions)

Year-to-date			2010	2011			
2011	2010		4Q	1Q	2Q	3Q	4Q
SALES AND ACCOUNT VALUES:							
Variable Annuities:							
102,348	80,519	Beginning total account value	93,375	102,348	109,969	112,202	102,879
20,224	21,651	Sales	6,108	6,815	4,531	4,472	4,406
(7,049)	(6,923)	Surrenders and withdrawals	(1,879)	(1,967)	(1,933)	(1,623)	(1,526)
13,175	14,728	Net sales	4,229	4,848	2,598	2,849	2,880
(1,092)	(981)	Benefit payments	(252)	(254)	(290)	(272)	(276)
12,083	13,747	Net flows	3,977	4,594	2,308	2,577	2,604
(2,450)	9,748	Change in market value, interest credited, and other (1)	5,488	3,552	493	(11,330)	4,835
(2,238)	(1,666)	Policy charges	(492)	(525)	(568)	(570)	(575)
109,743	102,348	Ending total account value	102,348	109,969	112,202	102,879	109,743
Fixed Annuities:							
3,837	3,452	Beginning total account value	3,828	3,837	3,841	3,825	3,810
69	103	Sales	12	18	20	15	16
(183)	(215)	Surrenders and withdrawals	(45)	(48)	(45)	(46)	(44)
(114)	(112)	Net redemptions	(33)	(30)	(25)	(31)	(28)
(276)	(267)	Benefit payments	(68)	(67)	(65)	(67)	(77)
(390)	(379)	Net flows	(101)	(97)	(90)	(98)	(105)
346	766	Interest credited and other (1)	111	102	74	83	87
(1)	(2)	Policy charges	(1)	(1)	—	—	—
3,792	3,837	Ending total account value	3,837	3,841	3,825	3,810	3,792
SALES BY DISTRIBUTION CHANNEL:							
Variable and Fixed Annuities (2):							
3,223	2,847	Insurance Agents	817	997	758	736	732
4,563	4,612	Wirehouses	1,300	1,414	929	1,040	1,180
9,140	10,611	Independent Financial Planners	2,880	3,339	2,057	1,922	1,822
3,367	3,684	Bank Distribution	1,123	1,083	807	789	688
20,293	21,754	Total	6,120	6,833	4,551	4,487	4,422

- (1) Includes cumulative reclassifications during the first quarter of 2010 of \$267 million from variable annuity to fixed annuity account values to conform presentation of certain contracts in annuitization status to current reporting practices.
- (2) Amounts represent gross sales.

U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION - INDIVIDUAL ANNUITIES ACCOUNT VALUE ACTIVITY
(in millions)

Year-to-date			2010	2011			
2011	2010		4Q	1Q	2Q	3Q	4Q
INDIVIDUAL ANNUITIES:							
<i>Account Values in General Account (1):</i>							
13,223	14,606	Beginning balance	13,693	13,223	12,621	12,185	12,971
1,906	2,491	Premiums and deposits	569	521	391	489	505
(1,114)	(1,480)	Surrenders and withdrawals	(362)	(346)	(294)	(295)	(179)
792	1,011	Net sales	207	175	97	194	326
(347)	(351)	Benefit payments	(89)	(88)	(85)	(82)	(92)
445	660	Net flows	118	87	12	112	234
412	561	Interest credited and other	129	106	100	102	104
(1,249)	(2,602)	Net transfers (to) from separate account	(716)	(794)	(548)	572	(479)
(1)	(2)	Policy charges	(1)	(1)	—	—	—
<u>12,830</u>	<u>13,223</u>	Ending balance	<u>13,223</u>	<u>12,621</u>	<u>12,185</u>	<u>12,971</u>	<u>12,830</u>
<i>Account Values in Separate Account:</i>							
92,962	69,365	Beginning balance	83,510	92,962	101,189	103,842	93,718
18,387	19,263	Premiums and deposits	5,551	6,312	4,160	3,998	3,917
(6,118)	(5,658)	Surrenders and withdrawals	(1,562)	(1,669)	(1,684)	(1,374)	(1,391)
12,269	13,605	Net sales	3,989	4,643	2,476	2,624	2,526
(1,021)	(897)	Benefit payments	(231)	(233)	(270)	(257)	(261)
11,248	12,708	Net flows	3,758	4,410	2,206	2,367	2,265
(2,516)	9,953	Change in market value, interest credited and other	5,470	3,548	467	(11,349)	4,818
1,249	2,602	Net transfers (to) from general account	716	794	548	(572)	479
(2,238)	(1,666)	Policy charges	(492)	(525)	(568)	(570)	(575)
<u>100,705</u>	<u>92,962</u>	Ending balance	<u>92,962</u>	<u>101,189</u>	<u>103,842</u>	<u>93,718</u>	<u>100,705</u>

- (1) Premiums and deposits, and surrenders and withdrawals, are classified within the general account and separate account for purposes of this presentation based on the allocation of customer funds. For example, premiums allocated by customers to separate account investments at the time of sale, while remitted through the company's general account, are shown as separate account premium in this display, rather than as general account premium and transfers to the separate account.

U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION - INDIVIDUAL ANNUITIES LIVING BENEFIT FEATURES
(in millions)

	2010 4Q	2011			
		1Q	2Q	3Q	4Q
LIVING BENEFIT FEATURES ACCOUNT VALUE AND NET AMOUNT AT RISK (1):					
<u>Variable Annuity Account Values with Living Benefit Features</u>					
Guaranteed minimum accumulation benefits	9,873	9,935	9,667	8,844	8,771
Guaranteed minimum withdrawal benefits	1,315	1,296	1,215	1,018	1,031
Guaranteed minimum income benefits	4,532	4,480	4,261	3,580	3,685
Guaranteed minimum withdrawal & income benefits	59,351	66,857	70,349	66,080	72,154
Total	<u>75,071</u>	<u>82,568</u>	<u>85,492</u>	<u>79,522</u>	<u>85,641</u>
<u>Living Benefit Features Account Values by Product Design Type</u>					
Account Values with Auto-Rebalancing Feature	57,336	64,786	68,273	64,769	70,341
Account Values without Auto-Rebalancing Feature	17,735	17,782	17,219	14,753	15,300
Total	<u>75,071</u>	<u>82,568</u>	<u>85,492</u>	<u>79,522</u>	<u>85,641</u>
<u>Living Benefit Features Net Amount at Risk by Product Design Type</u>					
Net Amount at Risk with Auto-Rebalancing Feature	1,217	1,227	1,438	4,996	4,238
Net Amount at Risk without Auto-Rebalancing Feature	1,825	1,574	1,622	2,934	2,361
Total	<u>3,042</u>	<u>2,801</u>	<u>3,060</u>	<u>7,930</u>	<u>6,599</u>

(1) At end of period.

U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION - INDIVIDUAL ANNUITIES DEATH BENEFIT FEATURES
(in millions)

	2010 4Q	2011			
		1Q	2Q	3Q	4Q
DEATH BENEFIT FEATURES ACCOUNT VALUE AND NET AMOUNT AT RISK (1):					
<u>Variable Annuity Account Values by Death Benefit Features</u>					
Return of net deposits:					
Account value	69,982	76,405	78,748	72,971	78,334
Net amount at risk	1,132	929	918	3,238	2,083
<i>Minimum return, anniversary contract value, or maximum contract value:</i>					
Account value	29,047	30,216	30,191	27,022	28,414
Net amount at risk	4,327	3,871	3,958	6,751	5,699
<u>Death Benefit Features Account Values by Product Design Type</u>					
Account Values with Auto-Rebalancing Feature	57,336	64,786	68,273	64,769	70,341
Account Values without Auto-Rebalancing Feature	41,693	41,835	40,666	35,224	36,407
Total	<u>99,029</u>	<u>106,621</u>	<u>108,939</u>	<u>99,993</u>	<u>106,748</u>
<u>Death Benefit Features Net Amount at Risk by Product Design Type</u>					
Net Amount at Risk with Auto-Rebalancing Feature	592	557	591	3,042	2,154
Net Amount at Risk without Auto-Rebalancing Feature	4,867	4,243	4,285	6,947	5,628
Total	<u>5,459</u>	<u>4,800</u>	<u>4,876</u>	<u>9,989</u>	<u>7,782</u>

(1) At end of period.

U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION - RETIREMENT SEGMENT SALES RESULTS AND ACCOUNT VALUES
(in millions)

Year-to-date			2010	2011			
2011	2010		4Q	1Q	2Q	3Q	4Q
RETIREMENT SEGMENT SALES AND ACCOUNT VALUES							
Full Service:							
141,313	126,345	Beginning total account value	135,248	141,313	145,977	146,580	134,198
16,821	19,266	Deposits and sales	4,369	4,848	4,128	3,966	3,879
(19,160)	(16,804)	Withdrawals and benefits	(5,386)	(4,927)	(4,214)	(4,126)	(5,893)
456	12,506	Change in market value, interest credited, interest income and other activity (1)	7,082	4,743	689	(12,222)	7,246
<u>139,430</u>	<u>141,313</u>	Ending total account value	<u>141,313</u>	<u>145,977</u>	<u>146,580</u>	<u>134,198</u>	<u>139,430</u>
<u>(2,339)</u>	<u>2,462</u>	Net additions (withdrawals)	<u>(1,017)</u>	<u>(79)</u>	<u>(86)</u>	<u>(160)</u>	<u>(2,014)</u>
Stable value account values included above			39,142	39,062	39,828	40,889	41,142
Institutional Investment Products:							
64,183	51,908	Beginning total account value	59,062	64,183	68,892	74,131	80,513
27,773	15,298	Additions	6,654	5,785	5,592	5,571	10,825
(6,150)	(6,958)	Withdrawals and benefits (2)	(1,177)	(1,128)	(1,437)	(1,501)	(2,084)
4,581	3,370	Change in market value, interest credited and interest income	(175)	482	1,190	2,176	733
(298)	565	Other (3)	(181)	(430)	(106)	136	102
<u>90,089</u>	<u>64,183</u>	Ending total account value	<u>64,183</u>	<u>68,892</u>	<u>74,131</u>	<u>80,513</u>	<u>90,089</u>
<u>21,623</u>	<u>8,340</u>	Net additions	<u>5,477</u>	<u>4,657</u>	<u>4,155</u>	<u>4,070</u>	<u>8,741</u>

- (1) Includes \$469 million for the three and twelve months ended December 31, 2011, representing the addition of Prudential's Non-Qualified pension plan transferred from a third party administrator.
- (2) Includes \$(67) million, \$(34) million, \$(18) million, \$(16) million and \$(10) million for the three months ended December 31, 2010, March 31, 2011, June 30, 2011, September 30, 2011 and December 31, 2011 respectively, and \$(78) million, \$(752) million for the twelve months ended December 31, 2011 and 2010, respectively, representing transfers of client balances managed by Prudential to externally managed accounts. These withdrawals are offset within the "Other" category and there are no net impacts on ending account values for these transfers.
- (3) "Other" activity includes transfers to the Asset Management segment of \$(118) million, \$(402) million and \$(13) million for the three months ended December 31, 2010, March 31, 2011 and June 30, 2011 respectively, and \$(415) million and \$(164) million for the twelve months ended December 31, 2011 and 2010 respectively. "Other" activity also includes \$67 million, \$34 million, \$18 million, \$16 million and \$10 million for the three months ended December 31, 2010, March 31, 2011, June 30, 2011, September 30, 2011 and December 31, 2011, respectively, \$78 million and \$752 million for the twelve months ended December 31, 2011 and 2010, respectively, related to transfers discussed above in note 2. The remainder of "Other" activity primarily represents changes in asset balances for externally managed accounts.

U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION - SUPPLEMENTARY REVENUE AND ASSETS UNDER MANAGEMENT
INFORMATION FOR ASSET MANAGEMENT SEGMENT

Supplementary Revenue Information (in millions):

Year-to-date		% Change		2010	2011			
2011	2010			4Q	1Q	2Q	3Q	4Q
Analysis of revenues by type:								
1,467	1,273	15%	Asset management fees	338	356	368	367	376
339	210	61%	Incentive, transaction, strategic investing and commercial mortgage revenues	68	57	149	35	98
505	405	25%	Service, distribution and other revenues	116	135	139	111	120
<u>2,311</u>	<u>1,888</u>	22%	Total Asset Management segment revenues	<u>522</u>	<u>548</u>	<u>656</u>	<u>513</u>	<u>594</u>
Analysis of asset management fees by source:								
714	626	14%	Institutional customers	163	174	178	178	184
426	353	21%	Retail customers	98	104	108	107	107
327	294	11%	General account	77	78	82	82	85
<u>1,467</u>	<u>1,273</u>	15%	Total asset management fees	<u>338</u>	<u>356</u>	<u>368</u>	<u>367</u>	<u>376</u>

Supplementary Assets Under Management Information (in billions):

December 31, 2011				
	Equity	Fixed Income	Real Estate	Total
Institutional customers	44.2	197.2	27.7	269.1
Retail customers	70.8	45.7	1.4	117.9
General account	4.2	226.6	1.3	232.1
Total	<u>119.2</u>	<u>469.5</u>	<u>30.4</u>	<u>619.1</u>

December 31, 2010				
	Equity	Fixed Income	Real Estate	Total
Institutional customers	51.3	160.4	23.6	235.3
Retail customers	72.7	27.0	1.5	101.2
General account	4.1	195.8	0.9	200.8
Total	<u>128.1</u>	<u>383.2</u>	<u>26.0</u>	<u>537.3</u>

U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION - SUPPLEMENTARY ASSETS UNDER MANAGEMENT AND ADMINISTRATION
INFORMATION FOR ASSET MANAGEMENT SEGMENT
(in billions)

Year-to-date			2010	2011			
2011	2010		4Q	1Q	2Q	3Q	4Q
Institutional Assets Under Management:							
Assets gathered by Investment Management & Advisory Services sales force:							
197.6	152.1	Beginning assets under management	184.1	197.6	209.2	218.9	221.6
48.0	50.5	Additions	16.6	12.4	10.8	10.6	14.2
(31.3)	(21.9)	Withdrawals	(6.7)	(6.5)	(5.8)	(8.5)	(10.5)
16.8	16.9	Change in market value	3.0	5.4	4.7	0.8	5.9
—	(0.5)	Net money market flows	0.1	(0.1)	—	(0.2)	0.3
0.4	0.5	Other (1)	0.5	0.4	—	—	—
231.5	197.6	Ending assets under management	197.6	209.2	218.9	221.6	231.5
37.6	37.7	Affiliated institutional assets under management	37.7	37.0	37.3	37.2	37.6
269.1	235.3	Total assets managed for institutional customers at end of period	235.3	246.2	256.2	258.8	269.1
16.7	28.6	Net institutional additions, excluding money market activity	9.9	5.9	5.0	2.1	3.7
Retail Assets Under Management:							
Assets gathered by Investment Management & Advisory Services sales force:							
61.6	51.1	Beginning assets under management	55.5	61.6	66.2	66.8	58.9
23.9	21.0	Additions	5.3	6.1	5.0	6.2	6.6
(20.4)	(14.6)	Withdrawals	(4.1)	(4.1)	(5.2)	(5.7)	(5.4)
(0.5)	6.7	Change in market value	4.9	3.0	0.8	(8.4)	4.1
—	(2.6)	Net money market flows	—	—	—	—	—
(0.4)	—	Other (2)	—	(0.4)	—	—	—
64.2	61.6	Ending assets under management	61.6	66.2	66.8	58.9	64.2
53.7	39.6	Affiliated retail assets under management	39.6	42.6	42.5	51.2	53.7
117.9	101.2	Total assets managed for retail customers at end of period	101.2	108.8	109.3	110.1	117.9
3.5	6.4	Net retail additions (withdrawals), excluding money market activity	1.2	2.0	(0.2)	0.5	1.2

- (1) Other activity includes acquisition of an asset management rights contract of \$0.5 billion during the fourth quarter of 2010. "Other" activity during the first quarter of 2011 represents transfers from the Retirement Segment as a result of a change in client contract form.
- (2) Amounts in the first quarter 2011 represent a reclassification of certain fund balances to affiliated retail assets under management.

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

Year-to-date		% Change		2010	2011			
2011	2010			4Q	1Q	2Q	3Q	4Q
Revenues (1):								
5,478	4,921	11%	Premiums	1,239	1,360	1,361	1,382	1,375
1,472	1,453	1%	Policy charges and fee income	372	385	384	319	384
1,664	1,571	6%	Net investment income	408	407	418	421	418
354	328	8%	Asset management fees, commissions and other income	85	79	86	81	108
8,968	8,273	8%	Total revenues	2,104	2,231	2,249	2,203	2,285
Benefits and Expenses (1):								
5,969	5,378	11%	Insurance and annuity benefits	1,319	1,510	1,453	1,538	1,468
527	511	3%	Interest credited to policyholders' account balances	131	128	130	134	135
214	162	32%	Interest expense	45	45	48	48	73
(447)	(442)	-1%	Deferral of acquisition costs	(105)	(103)	(112)	(115)	(117)
200	243	-18%	Amortization of acquisition costs	88	93	107	(65)	65
1,780	1,706	4%	General and administrative expenses	426	422	444	454	460
8,243	7,558	9%	Total benefits and expenses	1,904	2,095	2,070	1,994	2,084
725	715	1%	Adjusted operating income before income taxes	200	136	179	209	201

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

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

	Twelve Months Ended December 31, 2011			Quarter Ended December 31, 2011		
	Total U.S. Individual Life & Group Insurance Division	Individual Life	Group Insurance	Total U.S. Individual Life & Group Insurance Division	Individual Life	Group Insurance
Revenues (1):						
Premiums	5,478	716	4,762	1,375	179	1,196
Policy charges and fee income	1,472	952	520	384	258	126
Net investment income	1,664	978	686	418	249	169
Asset management fees, commissions and other income	354	254	100	108	83	25
Total revenues	8,968	2,900	6,068	2,285	769	1,516
Benefits and Expenses (1):						
Insurance and annuity benefits	5,969	1,144	4,825	1,468	276	1,192
Interest credited to policyholders' account balances	527	299	228	135	77	58
Interest expense	214	214	—	73	73	—
Deferral of acquisition costs	(447)	(391)	(56)	(117)	(104)	(13)
Amortization of acquisition costs	200	174	26	65	58	7
General and administrative expenses	1,780	943	837	460	243	217
Total benefits and expenses	8,243	2,383	5,860	2,084	623	1,461
Adjusted operating income before income taxes	725	517	208	201	146	55

	Twelve Months Ended December 31, 2010			Quarter Ended December 31, 2010		
	Total U.S. Individual Life & Group Insurance Division	Individual Life	Group Insurance	Total U.S. Individual Life & Group Insurance Division	Individual Life	Group Insurance
Revenues (1):						
Premiums	4,921	714	4,207	1,239	180	1,059
Policy charges and fee income	1,453	975	478	372	266	106
Net investment income	1,571	903	668	408	237	171
Asset management fees, commissions and other income	328	223	105	85	56	29
Total revenues	8,273	2,815	5,458	2,104	739	1,365
Benefits and Expenses (1):						
Insurance and annuity benefits	5,378	1,120	4,258	1,319	276	1,043
Interest credited to policyholders' account balances	511	284	227	131	72	59
Interest expense	162	162	—	45	45	—
Deferral of acquisition costs	(442)	(396)	(46)	(105)	(94)	(11)
Amortization of acquisition costs	243	218	25	88	79	9
General and administrative expenses	1,706	927	779	426	230	196
Total benefits and expenses	7,558	2,315	5,243	1,904	608	1,296
Adjusted operating income before income taxes	715	500	215	200	131	69

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

U.S. INDIVIDUAL LIFE AND GROUP INSURANCE DIVISION - INDIVIDUAL LIFE ANNUALIZED NEW BUSINESS PREMIUMS, ACCOUNT VALUE ACTIVITY, AND
FACE AMOUNT IN FORCE
(in millions)

Year-to-date			2010	2011			
2011	2010		4Q	1Q	2Q	3Q	4Q
ANNUALIZED NEW BUSINESS PREMIUMS (1):							
25	23	Variable life	7	7	6	8	4
95	77	Universal life	20	23	22	21	29
158	160	Term life	40	35	40	41	42
<u>278</u>	<u>260</u>	Total	<u>67</u>	<u>65</u>	<u>68</u>	<u>70</u>	<u>75</u>
ANNUALIZED NEW BUSINESS PREMIUMS BY DISTRIBUTION CHANNEL (1):							
84	84	Prudential Agents	22	20	21	21	22
194	176	Third party distribution	45	45	47	49	53
<u>278</u>	<u>260</u>	Total	<u>67</u>	<u>65</u>	<u>68</u>	<u>70</u>	<u>75</u>
ACCOUNT VALUE ACTIVITY:							
<i>Policyholders' Account Balances (2):</i>							
8,767	8,081	Beginning balance	8,548	8,767	8,968	9,080	9,358
1,631	1,507	Premiums and deposits	367	402	374	401	454
(780)	(795)	Surrenders and withdrawals	(198)	(180)	(217)	(184)	(199)
851	712	Net sales	169	222	157	217	255
(221)	(197)	Benefit payments	(52)	(51)	(49)	(70)	(51)
630	515	Net flows	117	171	108	147	204
164	291	Interest credited and other	133	62	20	126	(44)
287	251	Net transfers from separate account	62	61	74	93	59
(354)	(371)	Policy charges	(93)	(93)	(90)	(88)	(83)
<u>9,494</u>	<u>8,767</u>	Ending balance	<u>8,767</u>	<u>8,968</u>	<u>9,080</u>	<u>9,358</u>	<u>9,494</u>
<i>Separate Account Liabilities:</i>							
17,157	15,692	Beginning balance	16,079	17,156	17,749	17,544	15,506
896	1,031	Premiums and deposits	243	220	215	246	215
(694)	(595)	Surrenders and withdrawals	(145)	(161)	(255)	(128)	(150)
202	436	Net sales (redemptions)	98	59	(40)	118	65
(37)	(33)	Benefit payments	(11)	(13)	(11)	(5)	(8)
165	403	Net flows	87	46	(51)	113	57
128	2,002	Change in market value, interest credited and other	1,222	777	90	(1,890)	1,151
(287)	(251)	Net transfers to general account	(62)	(61)	(74)	(93)	(59)
(671)	(689)	Policy charges	(169)	(169)	(170)	(168)	(164)
<u>16,492</u>	<u>17,157</u>	Ending balance	<u>17,157</u>	<u>17,749</u>	<u>17,544</u>	<u>15,506</u>	<u>16,491</u>
FACE AMOUNT IN FORCE (3):							
		Variable life	118,078	117,538	116,024	113,349	113,039
		Universal life	37,481	38,190	38,896	39,644	41,063
		Term life	457,014	460,683	466,129	471,453	477,235
		Total	<u>612,573</u>	<u>616,411</u>	<u>621,049</u>	<u>624,446</u>	<u>631,337</u>

(1) Excludes corporate-owned life insurance.

(2) Includes fixed rate funds, alliance deposits, supplementary contracts and deferred revenues on variable products.

(3) At end of period; before reinsurance ceded.

U.S. INDIVIDUAL LIFE AND GROUP INSURANCE DIVISION - SUPPLEMENTARY INFORMATION FOR INDIVIDUAL LIFE INSURANCE
(dollar amounts in millions)

Year-to-date			2010	2011			
2011	2010		4Q	1Q	2Q	3Q	4Q
		Individual Life Insurance:					
		Policy Surrender Experience:					
778	697	Cash value of surrenders	172	189	286	148	155
3.3%	3.0%	Cash value of surrenders as a percentage of mean future policy benefits, policyholders' account balances, and separate account balances	2.9%	3.1%	4.7%	2.5%	2.7%
		Death benefits per \$1,000 of in force (1):					
4.52	4.35	Variable and universal life	3.89	5.15	3.73	5.00	4.18
1.09	1.07	Term life	1.06	1.12	1.06	1.21	0.99
2.73	2.67	Total, Individual Life Insurance	2.45	3.05	2.34	3.03	2.49

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

U.S. INDIVIDUAL LIFE AND GROUP INSURANCE DIVISION - SUPPLEMENTARY INFORMATION FOR GROUP INSURANCE
(dollar amounts in millions)

Year-to-date			2010	2011			
2011	2010		4Q	1Q	2Q	3Q	4Q
GROUP INSURANCE ANNUALIZED NEW BUSINESS PREMIUMS:							
486	446	Group life	82	392	22	23	49
204	161	Group disability (1)	27	108	30	29	37
690	607	Total	109	500	52	52	86
Future Policy Benefits (2):							
		Group life	2,262	2,233	2,202	2,184	2,418
		Group disability (1)	1,453	1,560	1,621	1,676	1,751
		Total	3,715	3,793	3,823	3,860	4,169
Policyholders' Account Balances (2):							
		Group life	6,863	6,943	7,075	7,027	7,127
		Group disability (1)	182	174	179	187	189
		Total	7,045	7,117	7,254	7,214	7,316
Separate Account Liabilities (2):							
		Group life	19,271	19,292	20,027	19,148	19,174
		Group disability (1)	—	—	—	—	—
		Total	19,271	19,292	20,027	19,148	19,174
Group Life Insurance:							
4,202	3,721	Gross premiums, policy charges and fee income (3)	944	1,066	1,046	1,050	1,040
4,065	3,539	Earned premiums, policy charges and fee income	856	1,010	992	1,064	999
89.5%	89.7%	Benefits ratio	86.1%	92.3%	90.4%	89.3%	86.0%
8.3%	8.8%	Administrative operating expense ratio	8.8%	8.1%	7.9%	8.5%	8.8%
		Persistency ratio	92.1%	97.2%	96.6%	96.2%	95.8%
Group Disability Insurance (1):							
1,236	1,165	Gross premiums, policy charges and fee income (3)	315	301	304	304	327
1,217	1,146	Earned premiums, policy charges and fee income	309	299	296	299	323
97.5%	94.7%	Benefits ratio	99.0%	94.3%	97.0%	95.0%	103.4%
21.4%	21.3%	Administrative operating expense ratio	19.4%	21.6%	21.4%	21.7%	21.1%
		Persistency ratio	92.1%	93.3%	91.6%	89.7%	88.5%

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

DEFERRED POLICY ACQUISITION COSTS & DEFERRED SALES INDUCEMENTS - INDIVIDUAL ANNUITIES, INDIVIDUAL LIFE AND GROUP INSURANCE
(in millions)

Year-to-date			2010	2011				
2011	2010		4Q	1Q	2Q	3Q	4Q	
<i>DEFERRED POLICY ACQUISITION COSTS</i>								
INDIVIDUAL ANNUITIES:								
3,392	2,449	Beginning balance	2,600	3,392	3,673	3,697	2,380	
1,159	1,214	Capitalization	354	379	264	260	256	
(606)	(260)	Amortization - operating results	(75)	(99)	(146)	(262)	(99)	
(1,276)	15	Amortization - realized investment gains and losses	362	18	(94)	(1,282)	82	
18	(26)	Impact of unrealized (gains) or losses on AFS securities	151	(1)	—	(33)	52	
(16)	—	Other (1)	—	(16)	—	—	—	
<u>2,671</u>	<u>3,392</u>	Ending balance	<u>3,392</u>	<u>3,673</u>	<u>3,697</u>	<u>2,380</u>	<u>2,671</u>	
INDIVIDUAL LIFE INSURANCE:								
4,261	4,179	Beginning balance	4,129	4,261	4,272	4,217	4,305	
391	396	Capitalization	94	89	97	101	104	
(174)	(218)	Amortization - operating results	(79)	(86)	(101)	71	(58)	
—	—	Amortization - realized investment gains and losses	—	—	—	—	—	
(260)	(96)	Impact of unrealized (gains) or losses on AFS securities	117	8	(51)	(84)	(133)	
<u>4,218</u>	<u>4,261</u>	Ending balance	<u>4,261</u>	<u>4,272</u>	<u>4,217</u>	<u>4,305</u>	<u>4,218</u>	
GROUP INSURANCE:								
392	371	Beginning balance	390	392	399	408	416	
56	46	Capitalization	11	14	15	14	13	
(26)	(25)	Amortization - operating results	(9)	(7)	(6)	(6)	(7)	
—	—	Amortization - realized investment gains and losses	—	—	—	—	—	
—	—	Impact of unrealized losses on AFS securities	—	—	—	—	—	
<u>422</u>	<u>392</u>	Ending balance	<u>392</u>	<u>399</u>	<u>408</u>	<u>416</u>	<u>422</u>	
<i>DEFERRED SALES INDUCEMENTS</i>								
INDIVIDUAL ANNUITIES:								
1,348	1,117	Beginning balance	1,094	1,348	1,431	1,415	915	
358	431	Capitalization	109	121	86	72	79	
(262)	(196)	Amortization - operating results	(53)	(56)	(60)	(105)	(41)	
(464)	(19)	Amortization - realized investment gains and losses	143	6	(44)	(455)	29	
4	15	Impact of unrealized (gains) or losses on AFS securities	55	(4)	2	(12)	18	
16	—	Other (1)	—	16	—	—	—	
<u>1,000</u>	<u>1,348</u>	Ending balance	<u>1,348</u>	<u>1,431</u>	<u>1,415</u>	<u>915</u>	<u>1,000</u>	

(1) "Other" activity for the first quarter of 2011 reflects a reclassification between the balances, as of January 1, 2011, of deferred policy acquisition costs and deferred sales inducements for Individual Annuities due to a refinement in methodology for allocating such balances.

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

Year-to-date		% Change		2010	2011			
2011	2010			4Q	1Q	2Q	3Q	4Q
Revenues (1):								
15,052	9,116	65%	Premiums	2,414	3,267	3,912	3,846	4,027
552	407	36%	Policy charges and fee income	109	113	143	150	146
3,777	2,469	53%	Net investment income	662	765	961	1,026	1,025
407	228	79%	Asset management fees, commissions and other income	88	183	33	104	87
19,788	12,220	62%	Total revenues	3,273	4,328	5,049	5,126	5,285
Benefits and Expenses (1):								
12,085	7,315	65%	Insurance and annuity benefits	1,929	2,706	3,170	3,034	3,175
978	562	74%	Interest credited to policyholders' account balances	150	161	249	292	276
1	3	-67%	Interest expense	1	—	1	—	—
(2,268)	(1,402)	-62%	Deferral of acquisition costs	(379)	(422)	(603)	(624)	(619)
1,141	855	33%	Amortization of acquisition costs	212	250	287	297	307
5,146	2,802	84%	General and administrative expenses	772	961	1,355	1,376	1,454
17,083	10,135	69%	Total benefits and expenses	2,685	3,656	4,459	4,375	4,593
2,705	2,085	30%	Adjusted operating income before income taxes	588	672	590	751	692

- (1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities and include revenues representing equity in earnings of operating joint ventures. Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes and include charges for income attributable to non controlling interests.

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

	Twelve Months Ended December 31, 2011			Quarter Ended December 31, 2011		
	Total International Insurance Division	International Insurance - Life Planner Operations	International Insurance - Gibraltar Life & Other Operations	Total International Insurance Division	International Insurance - Life Planner Operations	International Insurance - Gibraltar Life & Other Operations
Revenues (1):						
Premiums	15,052	6,432	8,620	4,027	1,638	2,389
Policy charges and fee income	552	371	181	146	92	54
Net investment income	3,777	1,451	2,326	1,025	375	650
Asset management fees, commissions and other income	407	(40)	447	87	(16)	103
Total revenues	19,788	8,214	11,574	5,285	2,089	3,196
Benefits and Expenses (1):						
Insurance and annuity benefits	12,085	5,294	6,791	3,175	1,351	1,824
Interest credited to policyholders' account balances	978	245	733	276	61	215
Interest expense	1	(1)	2	—	(1)	1
Deferral of acquisition costs	(2,268)	(1,024)	(1,244)	(619)	(260)	(359)
Amortization of acquisition costs	1,141	638	503	307	161	146
General and administrative expenses	5,146	1,693	3,453	1,454	441	1,013
Total benefits and expenses	17,083	6,845	10,238	4,593	1,753	2,840
Adjusted operating income before income taxes	2,705	1,369	1,336	692	336	356

	Twelve Months Ended December 31, 2010			Quarter Ended December 31, 2010		
	Total International Insurance Division	International Insurance - Life Planner Operations	International Insurance - Gibraltar Life & Other Operations	Total International Insurance Division	International Insurance - Life Planner Operations	International Insurance - Gibraltar Life & Other Operations
Revenues (1):						
Premiums	9,116	5,662	3,454	2,414	1,491	923
Policy charges and fee income	407	325	82	109	86	23
Net investment income	2,469	1,256	1,213	662	336	326
Asset management fees, commissions and other income	228	23	205	88	(5)	93
Total revenues	12,220	7,266	4,954	3,273	1,908	1,365
Benefits and Expenses (1):						
Insurance and annuity benefits	7,315	4,594	2,721	1,929	1,211	718
Interest credited to policyholders' account balances	562	213	349	150	54	96
Interest expense	3	2	1	1	1	—
Deferral of acquisition costs	(1,402)	(903)	(499)	(379)	(238)	(141)
Amortization of acquisition costs	855	565	290	212	135	77
General and administrative expenses	2,802	1,526	1,276	772	417	355
Total benefits and expenses	10,135	5,997	4,138	2,685	1,580	1,105
Adjusted operating income before income taxes	2,085	1,269	816	588	328	260

- (1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities and include revenues representing equity in earnings of operating joint ventures. Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes and include charges for income attributable to non controlling interests.

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

Year-to-date			2010	2011				
2011	2010		4Q	1Q	2Q	3Q	4Q	
Japanese Yen Basis Results:								
Revenues (1):								
¥ 516,278	¥489,882	Japanese insurance operations excluding Gibraltar Life	¥121,126	¥138,200	¥122,889	¥128,648	¥126,541	
934,031	438,702	Gibraltar Life and Other Operations	115,475	171,976	257,054	256,318	248,683	
<u>1,450,309</u>	<u>928,584</u>	Total revenues, yen basis	<u>236,601</u>	<u>310,176</u>	<u>379,943</u>	<u>384,966</u>	<u>375,224</u>	
Benefits and Expenses (1):								
416,442	392,648	Japanese insurance operations excluding Gibraltar Life	96,878	113,597	97,084	103,679	102,082	
832,091	360,379	Gibraltar Life and Other Operations	93,126	154,260	235,846	216,665	225,320	
<u>1,248,533</u>	<u>753,027</u>	Total benefits and expenses, yen basis	<u>190,004</u>	<u>267,857</u>	<u>332,930</u>	<u>320,344</u>	<u>327,402</u>	
Adjusted operating income (2):								
99,836	97,234	Japanese insurance operations excluding Gibraltar Life	24,248	24,603	25,805	24,969	24,459	
101,940	78,323	Gibraltar Life and Other Operations	22,349	17,716	21,208	39,653	23,363	
<u>¥ 201,776</u>	<u>¥175,557</u>	Total adjusted operating income, yen basis	<u>¥ 46,597</u>	<u>¥ 42,319</u>	<u>¥ 47,013</u>	<u>¥ 64,622</u>	<u>¥ 47,822</u>	
U.S. Dollar adjusted operating income (3):								
\$ 1,150	\$ 1,034	Japanese insurance operations excluding Gibraltar Life and Other Operations	\$ 265	\$ 281	\$ 294	\$ 290	\$ 285	
1,336	816	Gibraltar Life and Other Operations	260	342	244	394	356	
<u>2,486</u>	<u>1,850</u>	Total adjusted operating income, U.S. dollar basis	<u>525</u>	<u>623</u>	<u>538</u>	<u>684</u>	<u>641</u>	
<u>219</u>	<u>235</u>	All other (4)	<u>63</u>	<u>49</u>	<u>52</u>	<u>67</u>	<u>51</u>	
<u>\$ 2,705</u>	<u>\$ 2,085</u>	Total adjusted operating income, International Insurance segment, U.S. dollar basis	<u>\$ 588</u>	<u>\$ 672</u>	<u>\$ 590</u>	<u>\$ 751</u>	<u>\$ 692</u>	

- (1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities and include revenues representing equity in earnings of operating joint ventures. Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes and include charges for income attributable to non controlling interests. Revenues and benefits and expenses exclude non-Japanese operations.
- (2) Adjusted operating income on yen basis excludes impact of currency hedging and non-Japanese operations.
- (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 DIVISION - SALES RESULTS AND SUPPLEMENTARY INFORMATION
(in millions)

Year-to-date			2010	2011				
2011	2010		4Q	1Q	2Q	3Q	4Q	
INTERNATIONAL INSURANCE OPERATING DATA:								
Actual exchange rate basis (1):								
Net premiums, policy charges and fee income:								
5,219	4,529	Japan, excluding Gibraltar Life	1,182	1,378	1,210	1,311	1,320	
8,801	3,536	Gibraltar Life	946	1,628	2,447	2,283	2,443	
1,584	1,458	All other countries	395	374	398	402	410	
<u>15,604</u>	<u>9,523</u>	Total	<u>2,523</u>	<u>3,380</u>	<u>4,055</u>	<u>3,996</u>	<u>4,173</u>	
Annualized new business premiums:								
816	690	Japan, excluding Gibraltar Life	191	224	176	209	207	
2,042	874	Gibraltar Life	256	373	544	570	555	
334	274	All other countries	85	83	82	82	87	
<u>3,192</u>	<u>1,838</u>	Total	<u>532</u>	<u>680</u>	<u>802</u>	<u>861</u>	<u>849</u>	
Annualized new business premiums by distribution channel:								
1,150	964	Life Planners	276	307	258	291	294	
979	487	Gibraltar Life Advisors	123	160	270	269	280	
603	332	Banks	106	135	143	173	152	
460	55	Independent Agency	27	78	131	128	123	
<u>3,192</u>	<u>1,838</u>	Total	<u>532</u>	<u>680</u>	<u>802</u>	<u>861</u>	<u>849</u>	
Constant exchange rate basis (2):								
Net premiums, policy charges and fee income:								
4,972	4,635	Japan, excluding Gibraltar Life	1,156	1,343	1,173	1,226	1,230	
8,366	3,652	Gibraltar Life	926	1,589	2,367	2,139	2,271	
1,501	1,445	All other countries	382	355	365	375	406	
<u>14,839</u>	<u>9,732</u>	Total	<u>2,464</u>	<u>3,287</u>	<u>3,905</u>	<u>3,740</u>	<u>3,907</u>	
Annualized new business premiums:								
781	703	Japan, excluding Gibraltar Life	187	218	171	198	194	
1,943	897	Gibraltar Life	253	363	524	537	519	
316	270	All other countries	82	79	76	75	86	
<u>3,040</u>	<u>1,870</u>	Total	<u>522</u>	<u>660</u>	<u>771</u>	<u>810</u>	<u>799</u>	
Annualized new business premiums by distribution channel:								
1,097	973	Life Planners	269	297	247	273	280	
928	505	Gibraltar Life Advisors	121	155	258	253	262	
580	336	Banks	106	132	139	165	144	
435	56	Independent Agency	26	76	127	119	113	
<u>3,040</u>	<u>1,870</u>	Total	<u>522</u>	<u>660</u>	<u>771</u>	<u>810</u>	<u>799</u>	

(1) Translated based on applicable average exchange rates for the period shown.

(2) Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 85 per U.S. dollar; Korean won 1180 per U.S. dollar. U.S. denominated activity is included based on the amounts as transacted in U.S. dollars.

INTERNATIONAL INSURANCE DIVISION - SALES RESULTS AND SUPPLEMENTARY INFORMATION

	<u>2010</u> <u>4Q</u>	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>
Face amount of individual policies in force at end of period (in billions) (1)(2):					
(Constant exchange rate basis)					
Japan, excluding Gibraltar Life	320	322	324	326	328
Gibraltar Life (3)	231	377	375	378	380
All other countries	100	102	102	103	105
Total	<u>651</u>	<u>801</u>	<u>801</u>	<u>807</u>	<u>813</u>
Number of individual policies in force at end of period (in thousands) (2):					
Japan, excluding Gibraltar Life	2,549	2,590	2,616	2,647	2,678
Gibraltar Life (3)	3,903	7,457	7,430	7,459	7,477
All other countries	1,504	1,522	1,536	1,555	1,575
Total	<u>7,956</u>	<u>11,569</u>	<u>11,582</u>	<u>11,661</u>	<u>11,730</u>
International life insurance policy persistency: (4)					
<u>Excluding Gibraltar Life:</u>					
13 months	92.2%	92.1%	92.2%	92.7%	92.8%
25 months	84.5%	84.6%	84.7%	85.1%	85.4%
<u>Gibraltar Life:</u>					
13 months	92.4%	92.4%	92.7%	93.0%	93.1%
25 months	84.7%	85.3%	85.5%	85.8%	85.8%
Number of Life Planners at end of period:					
Japan	3,122	3,150	3,106	3,144	3,137
All other countries	3,443	3,431	3,462	3,555	3,655
Total life planners	<u>6,565</u>	<u>6,581</u>	<u>6,568</u>	<u>6,699</u>	<u>6,792</u>
Gibraltar Life Advisors (5)	6,281	13,227	13,353	12,936	12,791

- (1) Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 85 per U.S. dollar; Korean won 1180 per U.S. dollar. U.S. denominated activity is included based on the amounts as transacted in U.S. dollars.
- (2) Direct business only; policy count includes annuities.
- (3) Includes Star/Edison business from February 1, 2011 date of acquisition, amounting to face amount of \$135 billion and 3.529 million individual policies as of that date.
- (4) Excludes acquired Star/Edison business.
- (5) Includes Life Advisors associated with acquired businesses of Star/Edison commencing as of February 1, 2011 date of acquisition, totalling 7,269 life advisors as of that date.

INVESTMENT PORTFOLIO COMPOSITION
(in millions)

	December 31, 2011				December 31, 2010			
	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	209,297	30,211	179,086	64.3%	155,076	30,499	124,577	59.3%
Public, held-to-maturity, at amortized cost	3,743	—	3,743	1.3%	3,940	—	3,940	1.9%
Private, available-for-sale, at fair value	43,243	16,305	26,938	9.7%	37,786	14,678	23,108	11.0%
Private, held-to-maturity, at amortized cost	1,364	—	1,364	0.5%	1,286	—	1,286	0.6%
Trading account assets supporting insurance liabilities, at fair value	19,481	—	19,481	7.0%	17,771	—	17,771	8.5%
Other trading account assets, at fair value	2,421	317	2,104	0.8%	1,376	156	1,220	0.6%
Equity securities, available-for-sale, at fair value	7,523	3,122	4,401	1.6%	7,728	3,593	4,135	2.0%
Commercial mortgage and other loans, at book value	34,113	9,040	25,073	9.0%	30,408	8,507	21,901	10.4%
Policy loans, at outstanding balance	11,559	5,296	6,263	2.2%	10,667	5,377	5,290	2.5%
Other long-term investments (1)	6,471	1,990	4,481	1.6%	4,570	1,582	2,988	1.4%
Short-term investments (2)	6,137	528	5,609	2.0%	4,862	1,164	3,698	1.8%
Subtotal (3)	345,352	66,809	278,543	100.0%	275,470	65,556	209,914	100.0%
Invested assets of other entities and operations (4)	10,895	—	10,895		8,442	—	8,442	
Total investments	356,247	66,809	289,438		283,912	65,556	218,356	

Fixed Maturities by Credit Quality (3):

	December 31, 2011					December 31, 2010				
	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)										
1	151,700	11,143	1,756	161,087	88.0%	105,068	6,278	1,240	110,106	85.5%
2	17,017	1,298	797	17,518	9.6%	14,129	892	585	14,436	11.2%
Subtotal - High or Highest Quality Securities	168,717	12,441	2,553	178,605	97.6%	119,197	7,170	1,825	124,542	96.7%
3	3,446	66	574	2,938	1.6%	2,753	100	208	2,645	2.1%
4	1,328	34	296	1,066	0.6%	1,067	24	206	885	0.7%
5	443	6	174	275	0.1%	630	21	211	440	0.3%
6	219	15	105	129	0.1%	271	28	89	210	0.2%
Subtotal - Other Securities	5,436	121	1,149	4,408	2.4%	4,721	173	714	4,180	3.3%
Total	174,153	12,562	3,702	183,013	100.0%	123,918	7,343	2,539	128,722	100.0%

Private Fixed Maturities:

NAIC Rating (5)										
1	7,018	730	84	7,664	27.0%	6,226	511	90	6,647	27.2%
2	15,847	1,273	362	16,758	59.1%	13,264	792	341	13,715	56.1%
Subtotal - High or Highest Quality Securities	22,865	2,003	446	24,422	86.1%	19,490	1,303	431	20,362	83.3%
3	2,532	134	43	2,623	9.2%	2,467	104	63	2,508	10.3%
4	715	14	20	709	2.5%	948	26	44	930	3.8%
5	490	5	42	453	1.6%	518	21	17	522	2.1%
6	130	31	3	158	0.6%	95	29	6	118	0.5%
Subtotal - Other Securities	3,867	184	108	3,943	13.9%	4,028	180	130	4,078	16.7%
Total	26,732	2,187	554	28,365	100.0%	23,518	1,483	561	24,440	100.0%

- (1) Other long-term investments consist of real estate and non-real estate related investments in joint ventures and partnerships, investment real estate held through direct ownership, and other miscellaneous investments.
- (2) Short-term investments have virtually no sub-prime exposure.
- (3) Excludes (i) assets of our securities brokerage, 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 trading and 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 the international insurance operations. Includes, as of December 31, 2011 and December 31, 2010, respectively, 110 securities with amortized cost of \$817 million (fair value \$852 million) and 177 securities with amortized cost of \$1,787 million (fair value, \$1,820 million) that have been categorized based on expected NAIC designations pending receipt of SVO ratings.

FINANCIAL SERVICES BUSINESSES INVESTMENT PORTFOLIO COMPOSITION
(in millions)

	December 31, 2011		December 31, 2010	
	Amount	% of Total	Amount	% of Total
Japanese Insurance Operations (1):				
Fixed maturities:				
Public, available-for-sale, at fair value	111,857	80.3%	60,115	74.9%
Public, held-to-maturity, at amortized cost	3,743	2.7%	3,940	4.9%
Private, available-for-sale, at fair value	5,020	3.6%	3,304	4.1%
Private, held-to-maturity, at amortized cost	1,364	1.0%	1,286	1.6%
Trading account assets supporting insurance liabilities, at fair value	1,732	1.2%	1,518	1.9%
Other trading account assets, at fair value	1,496	1.1%	702	0.9%
Equity securities, available-for-sale, at fair value	1,932	1.4%	1,612	2.0%
Commercial mortgage and other loans, at book value	5,672	4.1%	4,202	5.2%
Policy loans, at outstanding balance	2,873	2.0%	2,083	2.6%
Other long-term investments (2)	2,892	2.1%	1,320	1.6%
Short-term investments	702	0.5%	211	0.3%
Total	<u>139,283</u>	<u>100.0%</u>	<u>80,293</u>	<u>100.0%</u>
Financial Services Businesses excluding Japanese Insurance Operations (1):				
Fixed maturities:				
Public, available-for-sale, at fair value	67,229	48.3%	64,462	49.7%
Public, held-to-maturity, at amortized cost	—	0.0%	—	0.0%
Private, available-for-sale, at fair value	21,918	15.7%	19,804	15.3%
Private, held-to-maturity, at amortized cost	—	0.0%	—	0.0%
Trading account assets supporting insurance liabilities, at fair value	17,749	12.8%	16,253	12.5%
Other trading account assets, at fair value	608	0.4%	518	0.4%
Equity securities, available-for-sale, at fair value	2,469	1.8%	2,523	1.9%
Commercial mortgage and other loans, at book value	19,401	13.9%	17,699	13.7%
Policy loans, at outstanding balance	3,390	2.4%	3,207	2.5%
Other long-term investments (2)	1,589	1.2%	1,668	1.3%
Short-term investments	4,907	3.5%	3,487	2.7%
Total	<u>139,260</u>	<u>100.0%</u>	<u>129,621</u>	<u>100.0%</u>

(1) Excludes assets classified as “Separate account assets” on our balance sheet.

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

FINANCIAL SERVICES BUSINESSES INVESTMENT RESULTS
(in millions)

	Quarter Ended December 31					
	2011			2010		
	Investment Income Yield (3)	Amount	Realized Gains / (Losses)	Investment Income Yield (3)	Amount	Realized Gains / (Losses)
Financial Services Businesses (1):						
Fixed maturities	3.75%	1,849	(50)	4.24%	1,532	(82)
Equity securities	5.16%	55	(22)	5.40%	48	8
Commercial mortgage and other loans	5.30%	269	27	5.84%	254	9
Policy loans	4.66%	72	—	5.01%	65	—
Short-term investments and cash equivalents	0.27%	9	—	0.28%	9	—
Other investments	1.77%	31	(440)	5.87%	62	(1,100)
Gross investment income before investment expenses	3.69%	2,285	(485)	4.22%	1,970	(1,165)
Investment expenses	-0.11%	(58)	—	-0.14%	(55)	—
Subtotal	3.58%	2,227	(485)	4.07%	1,915	(1,165)
Investment results of other entities and operations (2)		307	10		322	(23)
Less, investment income related to adjusted operating income reconciling items		18			(6)	
Total		2,552	(475)		2,231	(1,188)

	Twelve Months Ended December 31					
	2011			2010		
	Investment Income Yield (3)(4)	Amount	Realized Gains / (Losses)	Investment Income Yield (3)	Amount	Realized Gains / (Losses)
Financial Services Businesses (1):						
Fixed maturities	3.83%	7,063	(164)	4.33%	5,927	(426)
Equity securities	5.93%	240	(120)	6.33%	212	11
Commercial mortgage and other loans	5.44%	1,033	74	5.84%	966	67
Policy loans	4.71%	277	—	5.00%	243	—
Short-term investments and cash equivalents	0.36%	46	1	0.29%	36	—
Other investments	3.64%	246	2,024	4.71%	193	573
Gross investment income before investment expenses	3.83%	8,905	1,815	4.27%	7,577	225
Investment expenses	-0.12%	(230)	—	-0.14%	(208)	—
Subtotal	3.71%	8,675	1,815	4.13%	7,369	225
Investment results of other entities and operations (2)		1,235	171		1,249	31
Less, investment income related to adjusted operating income reconciling items		7			(20)	
Total		9,917	1,986		8,598	256

- (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. Realized gains / (losses) for Other investments includes changes in fair value of product-related and other derivatives and embedded derivatives.
- (2) Includes investment income of securities brokerage, securities trading, banking operations, real estate and relocation services, asset management operations, commercial loans, and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders.
- (3) Yields are annualized, for interim periods, and are based on quarterly average carrying values except for fixed maturities, equity securities and securities lending activity. Yields for fixed maturities are based on amortized cost. Yields for equity securities are based on cost. Yields for fixed maturities and short term investments and cash equivalents are calculated net of liabilities and rebate expenses corresponding to securities lending activity. Yields exclude investment income and assets related to commercial loans and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders and investment income on assets other than those included in invested assets. Prior period’s yields are presented on a basis consistent with the current presentation.
- (4) Yields are weighted for ten months of income and assets related to the Star and Edison businesses.

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

	Quarter Ended December 31					
	2011			2010		
	Investment Income Yield (1)	Amount	Realized Gains / (Losses)	Investment Income Yield (1)	Amount	Realized Gains / (Losses)
Japanese Insurance Operations:						
Fixed maturities	2.70%	797	(86)	2.79%	465	(90)
Equity securities	3.25%	18	(17)	2.42%	10	(1)
Commercial mortgage and other loans	4.06%	57	10	4.52%	46	(5)
Policy loans	3.35%	24	—	3.87%	20	—
Short-term investments and cash equivalents	0.40%	3	—	0.18%	1	—
Other investments (3)	1.47%	18	(9)	7.57%	42	(99)
Gross investment income before investment expenses	2.68%	917	(102)	2.97%	584	(195)
Investment expenses	-0.11%	(37)	—	-0.14%	(28)	—
Total	2.57%	880	(102)	2.83%	556	(195)

	Twelve Months Ended December 31					
	2011			2010		
	Investment Income Yield (1)(2)	Amount	Realized Gains / (Losses)	Investment Income Yield (1)	Amount	Realized Gains / (Losses)
Japanese Insurance Operations:						
Fixed maturities	2.66%	2,844	(323)	2.81%	1,733	(488)
Equity securities	3.33%	73	(138)	2.84%	44	(67)
Commercial mortgage and other loans	4.10%	212	24	4.63%	175	7
Policy loans	3.37%	90	—	3.85%	72	—
Short-term investments and cash equivalents	0.62%	23	1	0.24%	4	—
Other investments (3)	3.48%	163	396	6.01%	132	201
Gross investment income before investment expenses	2.71%	3,405	(40)	2.97%	2,160	(347)
Investment expenses	-0.11%	(142)	—	-0.15%	(106)	—
Total	2.60%	3,263	(40)	2.82%	2,054	(347)

- (1) Yields are annualized, for interim periods, and are based on quarterly average carrying values except for fixed maturities, equity securities and securities lending activity. Yields for fixed maturities are based on amortized cost. Yields for equity securities are based on cost. Yields for fixed maturities and short term investments and cash equivalents are calculated net of liabilities and rebate expenses corresponding to securities lending activity. Yields exclude investment income and assets related to commercial loans and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders and investment income on assets other than those included in invested assets. Prior period's yields are presented on a basis consistent with the current presentation.
- (2) Yields are weighted for ten months of income and assets related to the Star and Edison businesses.
- (3) Realized gains / (losses) for Other investments includes changes in fair value of product-related and other derivatives and embedded derivatives.

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

	Quarter Ended December 31					
	2011			2010		
	Investment Income Yield (2)	Amount	Realized Gains / (Losses)	Investment Income Yield (2)	Amount	Realized Gains / (Losses)
Financial Services Businesses excluding Japanese Insurance Operations (1):						
Fixed maturities	5.30%	1,052	36	5.46%	1,067	8
Equity securities	7.22%	37	(5)	7.80%	38	9
Commercial mortgage and other loans	5.76%	212	17	6.24%	208	14
Policy loans	5.78%	48	—	5.75%	45	—
Short-term investments and cash equivalents	0.23%	6	—	0.30%	8	—
Other investments	2.57%	13	(431)	3.99%	20	(1,001)
Gross investment income before investment expenses	4.92%	1,368	(383)	5.12%	1,386	(970)
Investment expenses	-0.12%	(21)	—	-0.14%	(27)	—
Total	4.80%	1,347	(383)	4.98%	1,359	(970)
Twelve Months Ended December 31						
	2011			2010		
	Investment Income Yield (2)	Amount	Realized Gains / (Losses)	Investment Income Yield (2)	Amount	Realized Gains / (Losses)
	Yield (2)	Amount	Realized Gains / (Losses)	Yield (2)	Amount	Realized Gains / (Losses)
Financial Services Businesses excluding Japanese Insurance Operations (1):						
Fixed maturities	5.46%	4,219	159	5.58%	4,194	62
Equity securities	9.04%	167	18	9.29%	168	78
Commercial mortgage and other loans	5.94%	821	50	6.20%	791	60
Policy loans	5.81%	187	—	5.72%	171	—
Short-term investments and cash equivalents	0.25%	23	—	0.30%	32	—
Other investments	4.02%	83	1,628	3.21%	61	372
Gross investment income before investment expenses	5.12%	5,500	1,855	5.16%	5,417	572
Investment expenses	-0.13%	(88)	—	-0.14%	(102)	—
Total	4.99%	5,412	1,855	5.02%	5,315	572

- (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. Realized gains / (losses) for Other investments includes changes in fair value of product-related and other derivatives and embedded derivatives.
- (2) Yields are annualized, for interim periods, and are based on quarterly average carrying values except for fixed maturities, equity securities and securities lending activity. Yields for fixed maturities are based on amortized cost. Yields for equity securities are based on cost. Yields for fixed maturities and short term investments and cash equivalents are calculated net of liabilities and rebate expenses corresponding to securities lending activity. Yields exclude investment income and assets related to commercial loans and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders and investment income on assets other than those included in invested assets. Prior period’s yields are presented on a basis consistent with the current presentation.

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

Years ended December 31		2010				2011		
2009	2008	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Financial Services Businesses:								
Pre-tax adjusted operating income (loss) by division:								
1,306	(113)	U.S. Retirement Solutions and Investment Management Division						
893	786	496	130	855	624	618	621	43
1,868	1,335	U.S. Individual Life and Group Insurance Division						
(779)	(247)	144	120	251	200	136	179	209
3,288	1,761	491	466	540	588	672	590	751
830	494	(207)	(190)	(287)	(239)	(264)	(233)	(349)
2,458	1,267	924	526	1,359	1,173	1,162	1,157	654
Total pre-tax adjusted operating income		246	124	371	325	321	316	150
Income taxes, applicable to adjusted operating income		678	402	988	848	841	841	504
Financial Services Businesses after-tax adjusted operating income								
Reconciling items:								
(1,708)	(2,484)	Realized investment gains (losses), net, and related charges and adjustments						
1,601	(1,734)	(60)	620	284	(906)	(360)	(11)	1,624
(899)	1,163	Investment gains (losses) on trading account assets supporting insurance liabilities, net						
2,086	(678)	252	79	388	(218)	(17)	177	10
(2,364)	654	Change in experience-rated contractholder liabilities due to asset value changes						
(1,284)	(3,079)	(320)	(144)	(367)	200	34	(178)	68
(699)	(1,009)	Divested businesses						
(585)	(2,070)	(10)	3	(10)	(8)	(9)	—	24
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests		(36)	18	(18)	(62)	(133)	18	(88)
Total reconciling items, before income taxes		(174)	576	277	(994)	(485)	6	1,638
Income taxes, not applicable to adjusted operating income		7	177	115	(307)	(139)	14	685
Total reconciling items, after income taxes		(181)	399	162	(687)	(346)	(8)	953
1,873	(803)	Income (loss) from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures						
1,557	(483)	497	801	1,150	161	495	833	1,457
3,430	(1,286)	Equity in earnings of operating joint ventures, net of taxes and earnings from continuing operations attributable to noncontrolling interests						
(34)	36	36	(18)	16	39	80	(18)	57
3,396	(1,250)	Income (loss) from continuing operations attributable to Prudential Financial, Inc.						
(19)	146	533	783	1,166	200	575	815	1,514
3,377	(1,104)	Earnings from continuing operations attributable to noncontrolling interests						
(34)	36	(26)	27	(2)	12	25	29	10
Income (loss) from continuing operations (after-tax) of Financial Services Businesses		507	810	1,164	212	600	844	1,524
Income (loss) from discontinued operations, net of taxes, attributable to Prudential Financial, Inc.		3	15	1	13	14	16	(9)
Net income (loss) of Financial Services Businesses		510	825	1,165	225	614	860	1,515
Less: Income (loss) attributable to noncontrolling interests		(26)	27	(2)	12	25	29	10
Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.		536	798	1,167	213	589	831	1,505
11.16%	6.04%	Operating Return on Average Equity (based on adjusted operating income)						
		10.72%	6.25%	14.43%	11.84%	11.47%	11.11%	6.50%
Reconciliation to Consolidated Net Income Attributable to Prudential Financial, Inc.:								
3,411	(1,140)	Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc. (above)						
(287)	23	536	798	1,167	213	589	831	1,505
3,124	(1,117)	Net income (loss) of Closed Block Business attributable to Prudential Financial, Inc.						
		161	279	77	(36)	19	7	29
		697	1,077	1,244	177	608	838	1,534

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

Years ended December 31									
2009	2008		2010				2011		
			1Q	2Q	3Q	4Q	1Q	2Q	3Q
Earnings per share of Common Stock (diluted): (1)									
5.53	3.03	Financial Services Businesses after-tax adjusted operating income	1.45	0.87	2.09	1.76	1.71	1.70	1.04
Reconciling items:									
(3.81)	(5.73)	Realized investment gains (losses), net, and related charges and adjustments	(0.13)	1.32	0.60	(1.87)	(0.73)	(0.02)	3.32
3.57	(4.00)	Investment gains (losses) on trading account assets supporting insurance liabilities, net	0.53	0.17	0.82	(0.45)	(0.03)	0.36	0.02
(2.01)	2.68	Change in experience-rated contractholder liabilities due to asset value changes	(0.68)	(0.31)	(0.78)	0.41	0.07	(0.36)	0.14
4.65	(1.56)	Divested businesses	(0.02)	0.01	(0.02)	(0.02)	(0.02)	—	0.05
(0.02)	0.01	Difference in earnings allocated to participating unvested share-based payment awards	—	(0.01)	—	0.01	0.01	—	(0.03)
2.38	(8.60)	Total reconciling items, before income taxes	(0.30)	1.18	0.62	(1.92)	(0.70)	(0.02)	3.50
0.24	(2.70)	Income taxes, not applicable to adjusted operating income	—	0.39	0.25	(0.58)	(0.16)	0.03	1.46
2.14	(5.90)	Total reconciling items, after income taxes	(0.30)	0.79	0.37	(1.34)	(0.54)	(0.05)	2.04
7.67	(2.87)	Income (loss) from continuing operations (after-tax) of Financial Services Businesses attributable to Prudential Financial, Inc.	1.15	1.66	2.46	0.42	1.17	1.65	3.08
(0.04)	0.34	Income (loss) from discontinued operations, net of taxes, attributable to Prudential Financial, Inc.	—	0.04	—	0.03	0.03	0.03	(0.02)
7.63	(2.53)	Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.	1.15	1.70	2.46	0.45	1.20	1.68	3.06
444.6	429.7	Weighted average number of outstanding Common shares (basic)	463.0	464.3	464.8	475.1	484.9	486.0	481.2
448.2	433.6	Weighted average number of outstanding Common shares (diluted) (2)	471.5	468.2	473.2	483.5	493.9	494.8	489.3
43	55	Direct equity adjustments for earnings per share calculation	10	10	9	7	9	8	8
5	—	Earnings related to interest, net of tax, on exchangeable surplus notes (2)	4	5	4	4	4	5	4
Earnings allocated to participating unvested share-based payment awards for earnings per share calculation									
28	7	Financial Services Businesses after-tax adjusted operating income	8	6	13	10	11	12	6
39	1	Income from continuing operations (after-tax) of Financial Services Businesses	7	10	15	7	8	11	20

- (1) Diluted share count used in the diluted earnings per share calculation for GAAP measures is equal to weighted average basic common shares for the twelve months ended December 31, 2008 as all potential common shares are anti-dilutive due to the loss from continuing operations available to holders of common stock after direct equity adjustment.
- (2) In calculating diluted earnings per share under the if-converted method, the potential shares that would be issued related to the exchangeable surplus notes assuming a hypothetical exchange, weighted for the period the notes are outstanding, is added to the denominator, and interest expense, net of tax, is added to the numerator, if the overall effect is dilutive. For the three months ended June 30, 2010, the hypothetical impact of these shares was antidilutive and therefore excluded from the diluted earnings per share calculation for non-GAAP measures, as presented above. The weighted average number of outstanding common shares used in the diluted earnings per share calculation for the three months ended June 30, 2010 for GAAP measures is 473.3 million. For the three months ended December 31, 2010, the hypothetical impact of these shares was antidilutive and therefore excluded from the diluted earnings per share calculation for GAAP measures. The weighted average number of outstanding common shares used in the diluted earnings per share calculation for the three months ended December 31, 2010 for GAAP measures is 478.4 million.

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

Years ended December 31			2010				2011		
2009	2008		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Revenues (1):									
13,283	11,845	Premiums	3,528	3,806	3,967	3,941	4,828	5,506	5,421
3,033	3,123	Policy charges and fee income	860	888	803	929	982	1,038	979
8,219	8,370	Net investment income	2,072	2,105	2,190	2,231	2,304	2,525	2,536
2,288	2,429	Asset management fees, commissions and other income	684	814	796	916	1,040	1,031	944
26,823	25,767	Total revenues	7,144	7,613	7,756	8,017	9,154	10,100	9,880
Benefits and Expenses (1):									
12,691	12,519	Insurance and annuity benefits	3,428	3,993	3,752	3,704	4,644	5,160	5,419
3,376	3,399	Interest credited to policyholders' account balances	846	875	820	877	829	934	1,040
955	1,134	Interest expense	251	258	267	273	279	290	296
(2,769)	(2,302)	Deferral of acquisition costs	(717)	(746)	(780)	(849)	(908)	(985)	(1,006)
1,266	1,553	Amortization of acquisition costs	352	539	99	378	466	539	499
8,016	7,703	General and administrative expenses	2,060	2,168	2,239	2,461	2,682	3,005	2,978
23,535	24,006	Total benefits and expenses	6,220	7,087	6,397	6,844	7,992	8,943	9,226
3,288	1,761	Adjusted operating income before income taxes	924	526	1,359	1,173	1,162	1,157	654
Reconciling items:									
(1,216)	(2,777)	Realized investment gains (losses), net, and related adjustments	67	1,252	166	(1,369)	(356)	158	3,376
(492)	293	Related charges	(127)	(632)	118	463	(4)	(169)	(1,752)
(1,708)	(2,484)	Total realized investment gains (losses), net, and related charges and adjustments	(60)	620	284	(906)	(360)	(11)	1,624
1,601	(1,734)	Investment gains on trading account assets supporting insurance liabilities, net	252	79	388	(218)	(17)	177	10
(899)	1,163	Change in experience-rated contractholder liabilities due to asset value changes	(320)	(144)	(367)	200	34	(178)	68
2,086	(678)	Divested businesses	(10)	3	(10)	(8)	(9)	—	24
(2,364)	654	Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(36)	18	(18)	(62)	(133)	18	(88)
(1,284)	(3,079)	Total reconciling items, before income taxes	(174)	576	277	(994)	(485)	6	1,638
Income (loss) from continuing operations before income taxes and equity in earnings of operating joint ventures			750	1,102	1,636	179	677	1,163	2,292
2,004	(1,318)								
131	(515)	Income tax expense (benefit)	253	301	486	18	182	330	835
Income (loss) from continuing operations before equity in earnings of operating joint ventures			497	801	1,150	161	495	833	1,457
1,873	(803)								

- (1) Revenues exclude realized investment gains, net of losses and related charges and adjustments; investment gains, net of losses, on trading account assets supporting insurance liabilities, and revenues of divested businesses, and include revenues representing equity in earnings of operating joint ventures other than those classified as divested businesses. Benefits and expenses exclude charges related to realized investment gains, net of losses; change in experience-rated contractholder liabilities due to asset value changes and benefits and expenses of divested businesses and include charges for income attributable to non controlling interests.

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

Years ended December 31			2010				2011		
2009	2008		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Revenues (1):									
(22)	(23)	Premiums	(7)	(7)	(6)	(7)	(10)	(11)	4
(39)	(31)	Policy charges and fee income	(8)	(7)	(19)	(8)	(8)	(9)	(9)
237	556	Net investment income	67	86	83	85	88	112	90
(429)	(418)	Asset management fees, commissions and other income	(120)	(116)	(124)	(121)	(127)	(127)	(123)
(253)	84	Total revenues	(68)	(44)	(66)	(51)	(57)	(35)	(38)
Benefits and Expenses (1):									
25	176	Insurance and annuity benefits	—	31	16	(2)	2	7	149
(121)	(192)	Interest credited to policyholders' account balances	(22)	(19)	(16)	(13)	(10)	(8)	(9)
702	686	Interest expense	193	198	197	200	200	206	213
39	46	Deferral of acquisition costs	9	13	12	8	15	10	8
(25)	(49)	Amortization of acquisition costs	(8)	(16)	(3)	(8)	(10)	(11)	(13)
(94)	(336)	General and administrative expenses	(33)	(61)	15	3	10	(6)	(37)
526	331	Total benefits and expenses	139	146	221	188	207	198	311
(779)	(247)	Adjusted operating loss before income taxes	(207)	(190)	(287)	(239)	(264)	(233)	(349)

- (1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities and include revenues representing equity in earnings of operating joint ventures. Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes and include charges for income attributable to non controlling interests.

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

Year ended December 31 2009		2010				2011		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Constant exchange rate basis (1):								
Net premiums, policy charges and fee income:								
4,361	Japan, excluding Gibraltar Life	1,241	1,093	1,145	1,156	1,343	1,173	1,226
3,237	Gibraltar Life	833	1,008	885	926	1,589	2,367	2,139
1,356	All other countries	337	362	364	382	355	365	375
8,954	Total	2,411	2,463	2,394	2,464	3,287	3,905	3,740
Annualized new business premiums:								
612	Japan, excluding Gibraltar Life	193	144	179	187	218	171	198
612	Gibraltar Life	170	234	240	253	363	524	537
271	All other countries	62	62	64	82	79	76	75
1,495	Total	425	440	483	522	660	771	810
Annualized new business premiums by distribution channel:								
883	Life Planners	255	206	243	269	297	247	273
475	Gibraltar Life Advisors	111	147	126	121	155	258	253
137	Banks	57	80	93	106	132	139	165
—	Independent Agency	2	7	21	26	76	127	119
1,495	Total	425	440	483	522	660	771	810
Face amount of individual policies in force at end of period (in billions) (1)(2):								
310	Japan, excluding Gibraltar Life	313	315	317	320	322	324	326
230	Gibraltar Life (3)	230	229	229	231	377	375	378
98	All other countries	99	99	100	100	102	102	103
638	Total	642	643	646	651	801	801	807

- (1) Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 85 per U.S. dollar; Korean won 1180 per U.S. dollar. U.S. denominated activity is included based on the amounts as transacted in U.S. dollars.
- (2) Direct business only; policy count includes annuities.
- (3) Includes Star/Edison business from February 1, 2011 date of acquisition, amounting to face amount of \$135 billion and 3.529 million individual policies as of that date.

KEY DEFINITIONS AND FORMULAS

1. Adjusted operating income before income taxes:

Adjusted operating income is a non-GAAP measure of performance of our Financial Services Businesses that excludes “Realized investment gains (losses), net”, as adjusted, and related charges and adjustments; net investment gains and losses on trading account assets supporting insurance liabilities; change in experience-rated contractholder liabilities due to asset value changes; results of divested businesses and discontinued operations; earnings attributable to noncontrolling interests; and the related tax effects thereof. Adjusted operating income includes equity in earnings of operating joint ventures and the related tax effects thereof. Revenues and benefits and expenses shown as components of adjusted operating income, are presented on the same basis as pre-tax adjusted operating income and are adjusted for the items above as well.

Realized investment gains (losses) within certain of our businesses for which such gains (losses) are a principal source of earnings, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments are included in adjusted operating income. Adjusted operating income excludes realized investment gains and losses from products that contain embedded derivatives, and from associated derivative portfolios that are part of a hedging program related to the risk of those products. Adjusted operating income also excludes gains and losses from changes in value of certain assets and liabilities relating to foreign currency exchange movements that have been economically hedged or considered part of our capital funding strategies for our international subsidiaries, as well as gains and losses on certain investments that are classified as other trading account assets.

Adjusted operating income does not equate to “Income from continuing operations” as determined in accordance with GAAP but is the measure of profit or loss we use to evaluate segment performance. Adjusted operating income is not a substitute for income determined in accordance with GAAP, and our definition of adjusted operating income may differ from that used by other companies. The items above are important to an understanding of our overall results of operations. However, we believe that the presentation of adjusted operating income as we measure it for management purposes enhances the understanding of our results of operations by highlighting the results from ongoing operations and the underlying profitability factors of our businesses.

2. After-tax adjusted operating income:

Adjusted operating income before taxes, as defined above, less the income tax effect applicable to adjusted operating income before taxes.

3. Annualized New Business Premiums:

Premiums from new sales that are expected to be collected over a one year period. Group insurance annualized new business premiums exclude new premiums resulting from rate changes on existing policies, from additional coverage issued under our Servicemembers’ Group Life Insurance contract, and from excess premiums on group universal life insurance that build cash value but do not purchase face amounts. Group insurance annualized new business premiums include premiums from the takeover of claim liabilities. Group disability amounts include long-term care products and dental products. Excess (unscheduled) and single premium business for the company’s domestic individual life and international insurance operations are included in annualized new business premiums based on a 10% credit.

4. Assets Under Management:

Fair market value or account value of assets which Prudential manages directly in proprietary products, such as mutual funds and variable annuities, in separate accounts, wrap-fee products and the general account, and assets invested in investment options included in the Company’s products that are managed by third party sub-managers (i.e., the non-proprietary investment options in the Company’s products).

5. Attributed Equity:

Amount of capital assigned to each of the Company’s segments for purposes of measuring segment adjusted operating income before income taxes, established at a level which management considers necessary to support the segment’s risks. Attributed equity for the Financial Services Businesses represents all of the Company’s equity that is not included in the Closed Block Business or attributable to noncontrolling interests.

6. Book value per share of Common Stock:

Equity attributed to Financial Services Businesses divided by the number of Common shares outstanding at end of period, on a diluted basis.

7. Borrowings - Capital Debt:

Borrowings that are or will be used for capital requirements at Prudential Financial, Inc as well as borrowings invested in equity or debt securities of direct or indirect subsidiaries of Prudential Financial, Inc., and subsidiary borrowings, utilized for capital requirements.

8. Borrowings - Investment Related:

Debt issued to finance specific investment assets or portfolios of investment assets, including institutional spread lending investment portfolios, real estate, and real estate related investments held in consolidated joint ventures, as well as institutional and insurance company portfolio cash flow timing differences.

9. Borrowings - Securities Business Related:

Debt issued to finance primarily the liquidity of our broker-dealers, and our capital markets and other securities business related operations including our discontinued commercial mortgage conduit related activities.

10. Borrowings - Specified Other Businesses:

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

KEY DEFINITIONS AND FORMULAS

11. Client Assets:

Fair market value of assets in client accounts of International brokerage operations, Prudential Bank and mortgage loan servicing business, that are not included in Assets Under Management. Prudential does not receive a management or administrative fee on these assets, but may receive a fee for executing trades, custody or recordkeeping services.

12. Earned Premiums:

The portion of a premium, net of any amount ceded, that represents coverage already provided or that belongs to the insurer based on the part of the policy period that has passed.

13. Earnings Per Share of Common Stock:

Net income (loss) for the Financial Services Businesses and the Closed Block Business is determined in accordance with GAAP and includes general and administrative expenses charged to each of the businesses based on the Company's methodology for the allocation of such expenses. Cash flows between the Financial Services Businesses and the Closed Block Business related to administrative expenses are determined by a policy servicing fee arrangement that is based upon insurance and policies in force and statutory cash premiums. To the extent reported administrative expenses vary from these cash flow amounts, the differences are recorded, on an after-tax basis, as direct equity adjustments to the equity balances of each business. The direct equity adjustments modify earnings available to holders of Common Stock and Class B Stock for earnings per share purposes. Earnings per share of Common Stock based on adjusted operating income (loss) of the Financial Services Businesses reflects these adjustments as well.

14. Full Service:

The Full Service line of business provides retirement plan products and services to public, private and not-for-profit organizations. This business provides recordkeeping, plan administration, actuarial advisory services, participant education and communication services, trustee services and institutional and retail investment funds. This business mainly services defined contribution and defined benefit plans; non-qualified plans are also serviced. For clients with both defined contribution and defined benefit plans, integrated recordkeeping services are available. For participants leaving these plans, a range of rollover products are provided through a broker-dealer bank.

15. Full Service Stable Value:

Our Full Service Stable Value products represent fixed rate options on investment funds offered to customers. These products contain an obligation to pay interest at a specified rate for a specific period of time. Upon termination these products repay account balances at market value immediately or may be liquidated at book value over time. Substantially all of these products are either fully or partially participating, with annual or semi-annual resets giving effect to previous investment experience. These products are issued through the general account, separate accounts or client-owned trusts. Profits from partially participating general account products result from the spread between the rate of return on investment assets and the interest rates credited to the customer, less expenses. For fully participating products, generally subject to a minimum interest rate guarantee, we earn fee income.

16. General Account:

Invested assets and policyholder liabilities and reserves for which the Company bears the investment risk. Excludes assets recognized for statutory purposes that are specifically allocated to a separate account. General account assets also include assets of the parent company, Prudential Financial, Inc.

17. Gibraltar Life Advisors:

Insurance representatives for Gibraltar Life.

18. Group Life Insurance and Group Disability Insurance Administrative Operating Expense Ratios:

Ratio of administrative operating expenses (excluding commissions) to gross premiums, policy charges and fee income.

19. Group Life Insurance and Group Disability Insurance Benefits Ratios:

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

20. Individual Annuity Account Values in General Account and Separate Account:

Amounts represent the breakdown of invested customer funds in annuities either written or reinsured by the Company.

21. Individual Annuities - Net Amounts at Risk:

Living Benefit Features - For guarantees of benefits that are payable at annuitization, the net amount at risk is generally defined as the present value of the minimum guaranteed annuity payments available to the contractholder determined in accordance with the terms of the contract in excess of the current account balance. For guarantees of benefits that are payable at withdrawal, the net amount at risk is generally defined as the present value of the minimum guaranteed withdrawal payments available to the contractholder determined in accordance with the terms of the contract in excess of the current account balance. For guarantees of accumulation balances, the net amount at risk is generally defined as the guaranteed minimum accumulation balance minus the current account balance.

Death Benefit Features - Net amount at risk is generally defined as the current guaranteed minimum death benefit in excess of the current account balance at the balance sheet date.

KEY DEFINITIONS AND FORMULAS

22. Insurance and Annuity Benefits:

Total death benefits, annuity benefits, disability benefits, other policy benefits, and losses paid or incurred, under insurance and annuity contracts, plus the change in reserves for future policy benefits, losses and loss adjustment expenses.

23. International Life Planners:

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

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, for the Financial Services Businesses, attributable to Prudential Financial, Inc. as determined in accordance with GAAP (giving effect to the direct equity adjustment for earnings per share calculation), annualized for interim periods, divided by average total attributed equity for the Financial Services Businesses. Return on average equity (based on income from continuing operations) is 10.52% for the twelve months ended December 31, 2011, 9.63% for the twelve months ended December 31, 2010, 6.63% for the three months ended December 31, 2011, 17.58% for the three months ended September 30, 2011, 10.14% for the three months ended June 30, 2011, 7.50% for the three months ended March 31, 2011, 2.63% for the three months ended December 31, 2010.

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 the purposes of this ratio, we measure "debt" as the sum of senior debt supporting capital needs and 75% of Junior Subordinated Notes supporting capital needs, we measure "total capitalization" as the sum of senior debt supporting capital needs, 100% of Junior Subordinated Notes supporting capital needs, and attributed equity of the Financial Services Businesses excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension / postretirement benefits.

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

FINANCIAL STRENGTH RATINGS as of February 8, 2012

	A.M. Best	Standard & Poor's	Moody's	Fitch Ratings
The Prudential Insurance Company of America	A+	AA-	A2	A+
PRUCO Life Insurance Company	A+	AA-	A2	A+
PRUCO Life Insurance Company of New Jersey	A+	AA-	NR *	A+
Prudential Annuities Life Assurance Corporation	A+	AA-	NR	A+
Prudential Retirement Insurance and Annuity Company	A+	AA-	A2	A+
The Prudential Life Insurance Co., Ltd. (Prudential of Japan)	NR	AA-	NR	NR
Gibraltar Life Insurance Company, Ltd.	NR	AA-	A2	NR

CREDIT RATINGS:

as of February 8, 2012

Prudential Financial, Inc.:

Short-Term Borrowings	AMB-1	A-1	P-2	F2
Long-Term Senior Debt (1)	a-	A	Baa2	BBB+
Junior Subordinated Long-Term Debt	bbb	BBB+	Baa3	BBB-

The Prudential Insurance Company of America:

Capital and surplus notes	a	A	Baa1	A-
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Prudential Funding, LLC:

Short-Term Debt	AMB-1	A-1+	P-2	F1
Long-Term Senior Debt	a+	AA-	A3	A

PRICOA Global Funding I

Long-Term Senior Debt	aa-	AA-	A2	A+
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* NR indicates not rated.

(1) Includes the retail medium-term notes program.

INVESTOR INFORMATION:

Corporate Offices:

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

Investor Information Hotline:

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

Web Site:

www.prudential.com

Common Stock:

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