
**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): August 7, 2013

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 99.1, a news release announcing second quarter 2013 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 99.1, a news release announcing second quarter 2013 results.
- B. Quarterly Financial Supplement. The Company furnishes herewith, as Exhibit 99.2, the Quarterly Financial Supplement for its Financial Services Businesses for the quarterly period ended June 30, 2013.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

- 99.1 News release of Prudential Financial, Inc., dated August 7, 2013, announcing second quarter 2013 results (furnished and not filed).
- 99.2 Quarterly Financial Supplement for the Financial Services Businesses of Prudential Financial, Inc. for the quarterly period ended June 30, 2013 (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: August 7, 2013

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
99.1	News release of Prudential Financial, Inc., dated August 7, 2013, announcing second quarter 2013 results (furnished and not filed).
99.2	Quarterly Financial Supplement for the Financial Services Businesses of Prudential Financial, Inc. for the quarterly period ended June 30, 2013 (furnished and not filed).

News Release



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

For Immediate Release

August 7, 2013

Contact: Scot Hoffman

(973) 802-2824

scot.hoffman@prudential.com

**PRUDENTIAL FINANCIAL, INC.
ANNOUNCES SECOND QUARTER 2013 RESULTS**

- **After-tax adjusted operating income for the Financial Services Businesses of \$1.090 billion, or \$2.30 per Common share, compared to \$1.38 per Common share for year-ago quarter.**

Financial Services Businesses Second Quarter Highlights

- Pre-tax adjusted operating income up \$660 million or 77% from year-ago quarter, with increases in each operating division.
- International Insurance earnings up 25%.
- Record high earnings in Prudential Retirement, reflecting contribution to results from two significant pension risk transfer transactions in late 2012.
- Retirement account values surpass \$300 billion milestone, reaching \$301.8 billion at June 30 for a 23% increase from a year earlier; gross deposits and sales for the quarter of \$8.1 billion, net additions \$2.0 billion.
- Asset Management institutional and retail net flows, excluding money market, total \$5.6 billion; segment assets under management \$826.0 billion at June 30, up 10% from a year earlier.
- Individual Annuity account values \$141.5 billion at June 30, up 14% from a year earlier; gross sales for the quarter of \$2.5 billion, net sales \$517 million.
- U.S. Individual Life and Group Insurance earnings up \$69 million, reflecting improved individual life mortality and contribution from in force business acquired from The Hartford in January 2013.
- U.S. Individual Life annualized new business premiums \$184 million, compared to \$91 million a year ago; expanded distribution from Hartford Life acquisition contributes \$58 million to current quarter sales.

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- **Significant items included in current quarter adjusted operating income:**
 - Pre-tax net benefit of \$75 million in Individual Annuities, including reduced amortization of deferred policy acquisition and other costs and release of reserves for guaranteed death and income benefits reflecting market performance.
 - Pre-tax charge of \$11 million in Individual Life for integration costs relating to the acquisition of The Hartford's individual life insurance business.
 - Pre-tax charge of \$6 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.
 - Pre-tax charge of \$16 million in Corporate and Other operations for writeoff of issuance costs on debt securities redeemed prior to maturity.
- **Net loss of Financial Services Businesses attributable to Prudential Financial, Inc. for second quarter 2013 of \$524 million, or \$1.13 per Common share.**
 - The current quarter net loss reflects pre-tax charges of approximately \$1.6 billion from net changes in value relating to foreign currency exchange rates primarily resulting from changes in value of the Japanese yen in relation to other currencies. These currency-driven value changes were largely offset by corresponding adjustments to accumulated other comprehensive income which are not reflected in net income or loss. The current quarter net loss also reflects pre-tax charges of \$953 million from changes in market value of derivatives primarily related to the Company's investment duration management programs.
- **Other financial highlights:**
 - GAAP book value for Financial Services Businesses, \$33.7 billion or \$71.93 per Common share at June 30, 2013, compared to \$37.1 billion or \$79.19 per Common share at December 31, 2012. Book value per Common share excluding total accumulated other comprehensive income, \$54.18 at June 30, 2013 compared to \$57.86 at December 31, 2012.
 - Excluding net changes in value relating to foreign currency exchange rate remeasurement reflected in net loss, book value per Common share excluding total accumulated other comprehensive income reached \$60.14 at June 30, 2013, an increase of \$1.90 since December 31 after payment of two quarterly Common Stock dividends totaling 80 cents per share.

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- Net unrealized gains on general account fixed maturity investments of the Financial Services Businesses of \$16.0 billion at June 30, 2013 compared to \$18.6 billion at December 31, 2012; gross unrealized losses of \$4.4 billion at June 30, 2013, compared to \$2.1 billion at December 31, 2012.
- During the second quarter, the Company acquired 3.9 million shares of its Common Stock at a total cost of \$250 million, for an average price of \$64.45 per share under the June 2012 authorization by Prudential's Board of Directors to repurchase at management's discretion up to \$1.0 billion of the Company's outstanding Common Stock through June 2013, bringing total repurchases under that authorization to \$400 million. From the commencement of share repurchases in July 2011 through June 30, 2013, the Company has acquired 35.2 million shares of its Common Stock under its share repurchase authorizations at a total cost of \$1.9 billion, for an average price of \$54.00 per share.

NEWARK, N.J. – Prudential Financial, Inc. (NYSE:PRU) today reported after-tax adjusted operating income for its Financial Services Businesses of \$1.090 billion (\$2.30 per Common share) for the second quarter of 2013, compared to \$648 million (\$1.38 per Common share) for the year-ago quarter. The net loss for the Financial Services Businesses attributable to Prudential Financial, Inc. was \$524 million (\$1.13 per Common share) for the second quarter of 2013, compared to net income of \$2.229 billion (\$4.69 per Common share) for the year-ago quarter. Information regarding adjusted operating income, a non-GAAP measure, is provided below.

For the first half of 2013, after-tax adjusted operating income for the Financial Services Businesses amounted to \$2.172 billion (\$4.59 per Common share) compared to \$1.415 billion (\$3.00 per Common share) for the first half of 2012. The first half 2013 net loss for the Financial Services Businesses attributable to Prudential Financial, Inc. amounted to \$1.245 billion (\$2.68 per Common share) compared to net income of \$1.269 billion (\$2.69 per Common share) for the first half of 2012.

The Company acquired The Hartford's individual life insurance business through a reinsurance transaction on January 2, 2013. Results of the Financial Services Businesses include the results of this business from the date of acquisition.

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As a result of the sale, on July 1, 2013, of the Company's wealth management solutions operation, for which results were previously reported within the Asset Management segment, results for this operation have been classified as "divested businesses" and excluded from adjusted operating income for all periods presented.

"We are pleased to report strong results for the second quarter and first half of the year, driven by solid earnings growth in each of our Divisions. In the U.S., our market-leading pension risk transfer transactions late last year contributed to record-high earnings for the quarter in the Retirement business. We are continuing to benefit from the quality book of business, talented staff, and expanded distribution that came to us with our acquisition of The Hartford's individual life insurance business in January, with integration well on track. Our International Insurance business continues to perform well, building on a sustained track record of success based on delivering protection and retirement solutions tailored to clients' financial security needs over a lifetime," 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 \$847 million for the second quarter of 2013, compared to \$306 million in the year-ago quarter.

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The Individual Annuities segment reported adjusted operating income of \$400 million in the current quarter, compared to \$107 million in the year-ago quarter. Current quarter results benefited \$75 million from a net reduction in amortization of deferred policy acquisition and other costs and net reductions in reserves for guaranteed minimum death and income benefits, reflecting an updated estimate of profitability for this business. Results for the year-ago quarter included a net charge of \$124 million from adjustment of these items to reflect an update of estimated profitability. The foregoing benefit to current quarter results and charge to year-ago quarter results were largely driven by market performance relative to our assumptions during the respective periods. Excluding the effect of the foregoing items, adjusted operating income for the Individual Annuities segment increased \$94 million from the year-ago quarter. The increase reflected higher asset-based fees due to growth in variable annuity account values, net of related amortization of deferred policy acquisition and other costs and asset-based commissions.

The Retirement segment reported adjusted operating income of \$279 million for the current quarter, compared to \$147 million in the year-ago quarter. The increase reflected a \$95 million greater net contribution from investment results, including about \$35 million of returns on non-coupon asset classes that we estimate to be above average expectations. Current quarter results also benefited \$28 million from a greater contribution from case experience on group annuity and similar contracts, about half of which is associated with a true-up in reported deaths reflecting a change in benefits administration. These greater contributions to results were driven largely by two significant pension risk transfer transactions consummated during the fourth quarter of 2012. The remainder of the current quarter increase in Retirement segment adjusted operating income reflected higher fees associated with growth in account values.

The Asset Management segment reported adjusted operating income of \$168 million for the current quarter, compared to \$52 million in the year-ago quarter. The current quarter contribution to results from the segment's incentive, transaction, strategic investing and commercial mortgage activities was \$79 million greater than in the year-ago quarter, primarily reflecting the inclusion in year-ago quarter results of a \$75 million charge for an

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impairment related to our investment in a real estate fund. Excluding the contribution from these segment activities, Asset Management segment adjusted operating income increased \$37 million from the year-ago quarter. This increase came primarily from higher asset management fees reflecting growth in assets under management, net of expenses.

The **U.S. Individual Life and Group Insurance division** reported adjusted operating income of \$163 million for the second quarter of 2013, compared to \$94 million in the year-ago quarter.

The Individual Life segment reported adjusted operating income of \$141 million for the current quarter, compared to \$61 million in the year-ago quarter. Current quarter results reflect absorption of \$11 million of integration costs related to the Company's acquisition of The Hartford's individual life insurance business. Excluding these integration costs, adjusted operating income increased \$91 million from the year-ago quarter. This increase included an estimated contribution of \$42 million from the acquired in force business. The remainder of the increase in Individual Life results was largely driven by improved mortality experience on legacy Prudential business, partly offset by higher distribution costs reflecting expanded third party distribution and greater current quarter sales.

The Group Insurance segment reported adjusted operating income of \$22 million in the current quarter, compared to \$33 million in the year-ago quarter. The decrease was largely driven by less favorable group life claims experience, partly offset by more favorable disability claims experience.

The **International Insurance segment** reported adjusted operating income of \$850 million for the second quarter of 2013, compared to \$678 million in the year-ago quarter.

Adjusted operating income of the segment's Life Planner insurance operations was \$368 million for the current quarter, compared to \$374 million in the year-ago quarter. Higher expenses and less favorable mortality experience in the current quarter more than offset the benefit of continued business growth and a favorable impact of \$13 million in comparison to the year-ago quarter from foreign currency exchange rates including the impact of the Company's currency hedging programs.

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The segment's Gibraltar Life and Other operations reported adjusted operating income of \$482 million for the current quarter, compared to \$304 million in the year-ago quarter. Results for the current quarter reflect absorption of \$6 million of integration costs related to the Star and Edison businesses acquired on February 1, 2011, while results for the year-ago quarter include \$38 million of such costs. Excluding these integration costs, adjusted operating income increased \$146 million from the year-ago quarter. This increase reflected an approximately \$80 million greater contribution from investment results, about half of which came from non-coupon asset classes primarily driven by favorable market performance, and approximately \$25 million from a greater level of policy surrenders, net of less favorable mortality experience. Current quarter results also benefited from continued business growth, and from approximately \$55 million of cost savings resulting from business integration synergies compared to approximately \$40 million in the year-ago quarter. Current quarter results also benefited \$11 million in comparison to the year-ago quarter from foreign currency exchange rates including the impact of the Company's currency hedging programs.

Corporate and Other operations resulted in a loss, on an adjusted operating income basis, of \$347 million in the second quarter of 2013, compared to a loss of \$225 million in the year-ago quarter. Current quarter results include a charge of \$16 million to write off bond issuance costs on debt securities redeemed prior to maturity. Excluding this charge, the loss from Corporate and Other operations increased \$106 million in comparison to the year-ago quarter, reflecting higher expenses and greater interest expense, net of investment income.

Assets under management amounted to \$1.044 trillion at June 30, 2013, compared to \$1.060 trillion at December 31, 2012 and \$961 billion at June 30, 2012.

The **net loss** of the Financial Services Businesses attributable to Prudential Financial, Inc. amounted to \$524 million for the second quarter of 2013, compared to net income of \$2.229 billion in the year-ago quarter.

The current quarter net loss includes \$2.230 billion of pre-tax net realized investment losses and related charges and adjustments. The foregoing net loss includes pre-

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tax losses of \$1.560 billion representing net changes in value relating to foreign currency exchange rates primarily resulting from changes in value of the Japanese yen in relation to other currencies. These currency-driven value changes were largely offset by corresponding adjustments to accumulated other comprehensive income which are not reflected in net income or loss. Pre-tax net realized investment losses for the current quarter also include net losses of \$953 million from changes in market value of derivatives primarily related to the Company's investment duration management programs. In addition, current quarter pre-tax net realized investment losses include net losses of \$124 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 reflect losses from impairments and sales of credit-impaired investments amounting to \$34 million. The foregoing losses were partly offset by net gains from general portfolio activities.

At June 30, 2013, gross unrealized losses on general account fixed maturity investments of the Financial Services Businesses amounted to \$4.446 billion, including \$4.154 billion on high and highest quality securities based on NAIC or equivalent ratings. Gross unrealized losses include \$207 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 amounted to \$2.146 billion at December 31, 2012. Net unrealized gains on general account fixed maturity investments of the Financial Services Businesses amounted to \$15.993 billion at June 30, 2013, compared to \$18.606 billion at December 31, 2012.

The net loss for the current quarter reflects pre-tax decreases of \$471 million in recorded asset values and \$471 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. The net loss for the current quarter also reflects a pre-tax loss of \$84 million from divested businesses, primarily relating to long term care insurance and largely driven by changes in market value of derivatives used in investment duration management for this business.

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Net income of the Financial Services Businesses for the year-ago quarter included \$2.030 billion of pre-tax net realized investment gains and related charges and adjustments, primarily driven by net changes in value relating to foreign currency exchange rates, and pre-tax increases of \$4 million in recorded assets and pre-tax decreases of \$54 million in recorded liabilities representing changes in value which are expected to ultimately accrue to contractholders.

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 \$4 million for the second quarter of 2013, compared to a pre-tax loss of \$2 million for the year-ago quarter.

The Closed Block Business reported net income attributable to Prudential Financial, Inc. of \$3 million for the second quarter of 2013, compared to a net loss of \$5 million for the year-ago quarter.

For the first half of 2013, the Closed Block Business reported income from continuing operations before income taxes of \$23 million, compared to \$28 million for the first half of 2012. The Closed Block Business reported net income attributable to Prudential Financial, Inc. of \$18 million for the first half of 2013, compared to \$16 million for the first half of 2012.

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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 a net loss attributable to Prudential Financial, Inc. of \$521 million for the second quarter of 2013 compared to net income of \$2.224 billion for the year-ago quarter, and reported a net loss attributable to Prudential Financial, Inc. of \$1.227 billion for the first half of 2013 compared to net income of \$1.285 billion for the first half of 2012.

Share Repurchases

During the second quarter of 2013, the Company acquired 3.9 million shares of its Common Stock at a total cost of \$250 million, for an average price of \$64.45 per share. From the commencement of repurchases in July 2011, through June 30, 2013, the Company acquired 35.2 million shares of its Common Stock at a total cost of \$1.9 billion, for an average price of \$54.00 per share. The current quarter repurchases were under an authorization by Prudential's Board of Directors in June 2012 to repurchase at management's discretion up to \$1.0 billion of the Company's outstanding Common Stock through June 2013. On June 11, 2013, the Company announced that its Board of Directors authorized further repurchases at management's discretion of up to \$1.0 billion of the Company's outstanding Common Stock during the period from July 1, 2013 through June 30, 2014.

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

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generally part of forward-looking statements. Forward-looking statements are made based on management's current expectations and beliefs concerning future developments and their potential effects upon Prudential Financial, Inc. and its subsidiaries. There can be no assurance that future developments affecting Prudential Financial, Inc. and its subsidiaries will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including, among others: (1) general economic, market and political conditions, including the performance and fluctuations of fixed income, equity, real estate and other financial markets; (2) 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, longevity, 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 Dodd-Frank Wall Street Reform and Consumer Protection

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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 managing risks; (23) effects of acquisitions, divestitures and restructurings, including possible difficulties in integrating and realizing projected results of acquisitions; (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

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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 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.

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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, 2012, should be considered by readers when reviewing forward-looking statements contained in this release. Additional historical information relating to our financial performance is located on our Web site at www.investor.prudential.com.

Earnings Conference Call

Members of Prudential's senior management will host a conference call on Thursday, August 8, 2013 at 11 a.m. ET, to discuss with the investment community the Company's second quarter results. The conference call and an accompanying slide presentation 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 August 23. 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 August 8, through August 15, dial (800) 475-6701 (domestic callers) or (320) 365-3844 (international callers). The access code for the replay is 272223.

Prudential Financial, Inc. (NYSE: PRU), a financial services leader with over \$1 trillion of assets under management as of June 30, 2013, 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 June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Financial Services Businesses Income Statement Data:				
Adjusted Operating Income (1):				
Revenues:				
Premiums	\$ 6,115	\$ 6,695	\$12,444	\$12,675
Policy charges and fee income	1,460	1,085	2,885	2,163
Net investment income	2,901	2,526	5,722	5,026
Asset management fees, commissions and other income	1,247	925	2,490	1,847
Total revenues	11,723	11,231	23,541	21,711
Benefits and expenses:				
Insurance and annuity benefits	6,171	6,404	12,503	11,888
Interest credited to policyholders' account balances	929	971	1,895	1,919
Interest expense	331	311	658	619
Other expenses	2,779	2,692	5,484	5,381
Total benefits and expenses	10,210	10,378	20,540	19,807
Adjusted operating income before income taxes	1,513	853	3,001	1,904
Income taxes, applicable to adjusted operating income	423	205	829	489
Financial Services Businesses after-tax adjusted operating income (1)	1,090	648	2,172	1,415
Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	(2,230)	2,030	(5,233)	192
Investment gains (losses) on trading account assets supporting insurance liabilities, net	(471)	4	(376)	238
Change in experience-rated contractholder liabilities due to asset value changes	471	54	328	(192)
Divested businesses	(84)	22	(55)	23
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	31	8	1	13
Total reconciling items, before income taxes	(2,283)	2,118	(5,335)	274
Income taxes, not applicable to adjusted operating income	(697)	536	(1,938)	422
Total reconciling items, after income taxes	(1,586)	1,582	(3,397)	(148)
Income (loss) from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures	(496)	2,230	(1,225)	1,267
Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	(30)	(9)	(23)	(13)
Income (loss) from continuing operations attributable to Prudential Financial, Inc.	(526)	2,221	(1,248)	1,254
Earnings attributable to noncontrolling interests	35	15	77	26
Income (loss) from continuing operations (after-tax) of Financial Services Businesses	(491)	2,236	(1,171)	1,280
Income from discontinued operations, net of taxes	2	8	3	15
Net income (loss) of Financial Services Businesses	(489)	2,244	(1,168)	1,295
Less: Income attributable to noncontrolling interests	35	15	77	26
Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.	\$ (524)	\$ 2,229	\$ (1,245)	\$ 1,269

See footnotes on last page.

Financial Highlights

(in millions, except per share data, unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Earnings per share of Common Stock (diluted) (2) (3):				
Financial Services Businesses after-tax adjusted operating income	\$ 2.30	\$ 1.38	\$ 4.59	\$ 3.00
Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	(4.72)	4.29	(11.09)	0.40
Investment gains (losses) on trading account assets supporting insurance liabilities, net	(1.00)	0.01	(0.80)	0.50
Change in experience-rated contractholder liabilities due to asset value changes	1.00	0.11	0.70	(0.40)
Divested businesses	(0.18)	0.05	(0.12)	0.05
Difference in earnings allocated to participating unvested share-based payment awards	0.02	(0.03)	0.04	—
Total reconciling items, before income taxes	(4.88)	4.43	(11.27)	0.55
Income taxes, not applicable to adjusted operating income	(1.44)	1.14	(3.99)	0.89
Total reconciling items, after income taxes	(3.44)	3.29	(7.28)	(0.34)
Income (loss) from continuing operations (after-tax) of Financial Services Businesses attributable to Prudential Financial, Inc.	(1.14)	4.67	(2.69)	2.66
Income from discontinued operations, net of taxes	0.01	0.02	0.01	0.03
Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.	\$ (1.13)	\$ 4.69	\$ (2.68)	\$ 2.69
Weighted average number of outstanding Common shares (basic)	464.1	466.1	464.2	467.7
Weighted average number of outstanding Common shares (diluted)	472.2	473.5	471.9	475.5
Direct equity adjustment for earnings per share calculation (2)	\$ 1	\$ 8	\$ 5	\$ 16
Earnings related to interest, net of tax, on exchangeable surplus notes	\$ 5	\$ 5	\$ 9	\$ 9
Earnings allocated to participating unvested share-based payment awards for earnings per share calculation				
Financial Services Businesses after-tax adjusted operating income	\$ 11	\$ 6	\$ 21	\$ 14
Income from continuing operations (after-tax) of Financial Services Businesses	\$ 2	\$ 21	\$ 4	\$ 13
Financial Services Businesses Attributed Equity (as of end of period):				
Total attributed equity	\$33,749	\$36,593		
Per share of Common Stock - diluted	71.93	78.14		
Attributed equity excluding accumulated other comprehensive income	\$25,423	\$28,687		
Per share of Common Stock - diluted	54.18	61.26		
Number of diluted shares at end of period	469.2	468.3		
Adjusted operating income before income taxes, by Segment (1):				
Individual Annuities	\$ 400	\$ 107	\$ 772	\$ 528
Retirement	279	147	507	303
Asset Management	168	52	347	184
Total U.S. Retirement Solutions and Investment Management Division	847	306	1,626	1,015
Individual Life	141	61	278	173
Group Insurance	22	33	31	(7)
Total U.S. Individual Life and Group Insurance Division	163	94	309	166
International Insurance	850	678	1,727	1,275
Total International Insurance Division	850	678	1,727	1,275
Corporate and Other operations	(347)	(225)	(661)	(552)
Financial Services Businesses adjusted operating income before income taxes	1,513	853	3,001	1,904
Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	(2,230)	2,030	(5,233)	192
Investment gains (losses) on trading account assets supporting insurance liabilities, net	(471)	4	(376)	238
Change in experience-rated contractholder liabilities due to asset value changes	471	54	328	(192)
Divested businesses	(84)	22	(55)	23
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	31	8	1	13
Total reconciling items, before income taxes	(2,283)	2,118	(5,335)	274
Income (loss) from continuing operations before income taxes and equity in earnings of operating joint ventures - Financial Services Businesses	\$ (770)	\$ 2,971	\$ (2,334)	\$ 2,178

See footnotes on last page.

Financial Highlights

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

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
U.S. Retirement Solutions and Investment Management Division:				
Fixed and Variable Annuity Sales and Account Values:				
Gross sales	\$ 2,453	\$ 5,358	\$6,677	\$10,317
Net sales	\$ 517	\$ 3,698	\$2,924	\$ 6,938
Total account value at end of period	\$141,474	\$124,094		
Retirement Segment:				
Full Service:				
Deposits and sales	\$ 3,697	\$ 4,363	\$9,376	\$ 9,009
Net additions (withdrawals)	\$ 75	\$ 692	\$1,078	\$ (1,765)
Total account value at end of period	\$157,738	\$142,405		
Institutional Investment Products:				
Gross additions	\$ 4,360	\$ 8,457	\$8,205	\$12,856
Net additions	\$ 1,898	\$ 5,625	\$3,424	\$ 8,486
Total account value at end of period	\$144,101	\$102,443		
Asset Management Segment:				
Assets managed by Investment Management and Advisory Services (in billions, as of end of period):				
Institutional customers	\$ 319.1	\$ 289.2		
Retail customers	152.4	131.7		
General account	354.5	331.4		
Total Investment Management and Advisory Services	\$ 826.0	\$ 752.3		
Institutional Assets Under Management (in billions):				
Gross additions, other than money market	\$ 14.8	\$ 11.2	\$ 29.2	\$ 25.3
Net additions, other than money market	\$ 3.1	\$ —	\$ 10.0	\$ 5.4
Retail Assets Under Management (in billions):				
Gross additions, other than money market	\$ 12.4	\$ 9.5	\$ 23.3	\$ 18.9
Net additions, other than money market	\$ 2.5	\$ 3.6	\$ 4.3	\$ 6.9
U.S. Individual Life and Group Insurance Division:				
Individual Life Insurance Annualized New Business Premiums (4):				
Variable life	\$ 7	\$ 5	\$ 16	\$ 9
Universal life	124	42	281	76
Term life	53	44	103	85
Total	\$ 184	\$ 91	\$ 400	\$ 170
Group Insurance Annualized New Business Premiums (4):				
Group life	\$ 15	\$ 24	\$ 163	\$ 235
Group disability	7	19	52	100
Total	\$ 22	\$ 43	\$ 215	\$ 335
International Insurance Division:				
International Insurance Annualized New Business Premiums (4) (5):				
Actual exchange rate basis	\$ 753	\$ 1,164	\$1,557	\$ 2,027
Constant exchange rate basis	\$ 850	\$ 1,171	\$1,710	\$ 2,021

See footnotes on last page.

Financial Highlights

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

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Closed Block Business Data:				
Income Statement Data:				
Revenues	\$ 1,464	\$ 1,678	\$ 2,983	\$ 3,153
Benefits and expenses	1,460	1,680	2,960	3,125
Income (loss) from continuing operations before income taxes	4	(2)	23	28
Income taxes	1	2	5	11
Closed Block Business income (loss) from continuing operations	3	(4)	18	17
Income (loss) from discontinued operations, net of taxes	—	(1)	—	(1)
Closed Block Business net income (loss)	3	(5)	18	16
Less: Income attributable to noncontrolling interests	—	—	—	—
Closed Block Business net income (loss) attributable to Prudential Financial, Inc.	\$ 3	\$ (5)	\$ 18	\$ 16
Direct equity adjustment for earnings per share calculation (2)	(1)	(8)	(5)	(16)
Earnings available to holders of Class B Stock after direct equity adjustment - based on net income (loss)	\$ 2	\$ (13)	\$ 13	\$ —
Income (loss) from continuing operations per share of Class B Stock	\$ 1.00	\$ (6.00)	\$ 6.50	\$ 0.50
Income (loss) from discontinued operations, net of taxes per share of Class B Stock	—	(0.50)	—	(0.50)
Net income (loss) per share of Class B Stock	\$ 1.00	\$ (6.50)	\$ 6.50	\$ —
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	\$ 1,399	\$ 1,462		
Per Share of Class B Stock	699.50	731.00		
Attributed equity excluding accumulated other comprehensive income	\$ 1,276	\$ 1,271		
Per Share of Class B Stock	638.00	635.50		
Number of Class B Shares at end of period	2.0	2.0		
Consolidated Data:				
Consolidated Income Statement Data:				
Revenues	\$ 10,044	\$ 16,136	\$20,229	\$25,759
Benefits and expenses	10,810	13,167	22,540	23,553
Income (loss) from continuing operations before income taxes and equity in earnings of operating joint ventures	(766)	2,969	(2,311)	2,206
Income tax expense (benefit)	(273)	743	(1,104)	922
Income (loss) from continuing operations before equity in earnings of operating joint ventures	(493)	2,226	(1,207)	1,284
Equity in earnings of operating joint ventures, net of taxes	5	6	54	13
Income (loss) from continuing operations	(488)	2,232	(1,153)	1,297
Income from discontinued operations, net of taxes	2	7	3	14
Consolidated net income (loss)	(486)	2,239	(1,150)	1,311
Less: Income attributable to noncontrolling interests	35	15	77	26
Net income (loss) attributable to Prudential Financial, Inc.	<u>\$ (521)</u>	<u>\$ 2,224</u>	<u>\$ (1,227)</u>	<u>\$ 1,285</u>
Net income (loss) attributable to Prudential Financial, Inc.:				
Financial Services Businesses	\$ (524)	\$ 2,229	\$ (1,245)	\$ 1,269
Closed Block Business	3	(5)	18	16
Consolidated net income (loss) attributable to Prudential Financial, Inc.	<u>\$ (521)</u>	<u>\$ 2,224</u>	<u>\$ (1,227)</u>	<u>\$ 1,285</u>
Assets and Asset Management Information (in billions, as of end of period)				
Total assets	\$ 705.6	\$ 647.5		
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	\$ 826.0	\$ 752.3		
Non-proprietary assets under management	174.4	176.2		
Total managed by U.S. Retirement Solutions and Investment Management Division	1,000.4	928.5		
Managed by U.S. Individual Life and Group Insurance Division	21.5	13.6		
Managed by International Insurance Division	21.8	19.0		
Total assets under management	1,043.7	961.1		
Client assets under administration	106.2	67.6		
Total assets under management and administration	<u>\$1,149.9</u>	<u>\$1,028.7</u>		

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) Diluted share count used in the diluted earnings per share calculation for GAAP measures is equal to weighted average basic common shares for the three and six months ended June 30, 2013 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.
- (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. 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 80 per U.S. dollar; Korean won 1160 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
Second Quarter 2013

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.

August 7, 2013

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This quarterly financial supplement reflects, for all periods presented, the classification of the results for the Company's wealth management solutions operation, previously reported in the Asset Management segment, as "divested business" and excluded from adjusted operating income as a result of the sale of this operation.

FINANCIAL HIGHLIGHTS
(in millions, except per share data)

Year-to-date		%		2012			2013	
2013	2012	Change		2Q	3Q	4Q	1Q	2Q
Financial Services Businesses:								
Pre-tax adjusted operating income (loss) by division:								
1,626	1,015	60%	U.S. Retirement Solutions and Investment Management Division	306	506	680	779	847
309	166	86%	U.S. Individual Life and Group Insurance Division	94	147	87	146	163
1,727	1,275	35%	International Insurance Division	678	782	647	877	850
(661)	(552)	-20%	Corporate and other operations	(225)	(414)	(372)	(314)	(347)
3,001	1,904	58%	Total pre-tax adjusted operating income	853	1,021	1,042	1,488	1,513
829	489	70%	Income taxes, applicable to adjusted operating income	205	270	239	406	423
2,172	1,415	53%	Financial Services Businesses after-tax adjusted operating income	648	751	803	1,082	1,090
Reconciling items:								
(5,233)	192	-2826%	Realized investment gains (losses), net, and related charges and adjustments	2,030	(1,303)	(1,698)	(3,003)	(2,230)
(376)	238	-258%	Investment gains (losses) on trading account assets supporting insurance liabilities, net	4	264	108	95	(471)
328	(192)	271%	Change in experience-rated contractholder liabilities due to asset value changes	54	(254)	(94)	(143)	471
(55)	23	-339%	Divested businesses	22	(687)	49	29	(84)
1	13	-92%	Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	8	(40)	26	(30)	31
(5,335)	274	-2047%	Total reconciling items, before income taxes	2,118	(2,020)	(1,609)	(3,052)	(2,283)
(1,938)	422	-559%	Income taxes, not applicable to adjusted operating income	536	(623)	(614)	(1,241)	(697)
(3,397)	(148)	-2195%	Total reconciling items, after income taxes	1,582	(1,397)	(995)	(1,811)	(1,586)
(1,225)	1,267	-197%	Income (loss) from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures	2,230	(646)	(192)	(729)	(496)
(23)	(13)	-77%	Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	(9)	20	(25)	7	(30)
(1,248)	1,254	-200%	Income (loss) from continuing operations attributable to Prudential Financial, Inc.	2,221	(626)	(217)	(722)	(526)
77	26	196%	Earnings attributable to noncontrolling interests	15	25	27	42	35
(1,171)	1,280	-191%	Income (loss) from continuing operations (after-tax) of Financial Services Businesses	2,236	(601)	(190)	(680)	(491)
3	15	-80%	Income (loss) from discontinued operations, net of taxes	8	(1)	3	1	2
(1,168)	1,295	-190%	Net income (loss) of Financial Services Businesses	2,244	(602)	(187)	(679)	(489)
77	26	196%	Less: Income attributable to noncontrolling interests	15	25	27	42	35
(1,245)	1,269	-198%	Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.	2,229	(627)	(214)	(721)	(524)
16.6%	10.3%		Operating Return on Average Equity (based on adjusted operating income)	9.5%	10.7%	11.7%	16.3%	16.9%
Reconciliation to Consolidated Net Income (Loss) Attributable to Prudential Financial, Inc.:								
(1,245)	1,269		Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc. (above)	2,229	(627)	(214)	(721)	(524)
18	16		Net income (loss) of Closed Block Business attributable to Prudential Financial, Inc.	(5)	43	(18)	15	3
(1,227)	1,285		Consolidated net income (loss) attributable to Prudential Financial, Inc.	2,224	(584)	(232)	(706)	(521)

FINANCIAL HIGHLIGHTS
(in millions, except per share data)

Year-to-date			2012			2013	
2013	2012		2Q	3Q	4Q	1Q	2Q
Earnings per share of Common Stock (diluted): (1)							
4.59	3.00	Financial Services Businesses after-tax adjusted operating income	1.38	1.59	1.70	2.29	2.30
Reconciling items:							
(11.09)	0.40	Realized investment gains (losses), net, and related charges and adjustments	4.29	(2.76)	(3.61)	(6.37)	(4.72)
(0.80)	0.50	Investment gains (losses) on trading account assets supporting insurance liabilities, net	0.01	0.56	0.23	0.20	(1.00)
0.70	(0.40)	Change in experience-rated contractholder liabilities due to asset value changes	0.11	(0.54)	(0.20)	(0.30)	1.00
(0.12)	0.05	Divested businesses	0.05	(1.46)	0.10	0.06	(0.18)
0.04	—	Difference in earnings allocated to participating unvested share-based payment awards	(0.03)	0.02	—	0.02	0.02
(11.27)	0.55	Total reconciling items, before income taxes	4.43	(4.17)	(3.48)	(6.39)	(4.88)
(3.99)	0.89	Income taxes, not applicable to adjusted operating income	1.14	(1.24)	(1.30)	(2.55)	(1.44)
(7.28)	(0.34)	Total reconciling items, after income taxes	3.29	(2.93)	(2.18)	(3.84)	(3.44)
Income (loss) from continuing operations (after-tax) of Financial Services Businesses attributable to Prudential Financial, Inc.							
(2.69)	2.66		4.67	(1.34)	(0.48)	(1.55)	(1.14)
0.01	0.03	Income from discontinued operations, net of taxes	0.02	—	—	—	0.01
(2.68)	2.69	Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.	4.69	(1.34)	(0.48)	(1.55)	(1.13)
464.2	467.7	Weighted average number of outstanding Common shares (basic)	466.1	464.4	462.6	464.3	464.1
471.9	475.5	Weighted average number of outstanding Common shares (diluted)	473.5	471.8	469.9	471.7	472.2
5	16	Direct equity adjustments for earnings per share calculation	8	4	—	4	1
9	9	Earnings related to interest, net of tax, on exchangeable surplus notes	5	4	4	4	5
Earnings allocated to participating unvested share-based payment awards for earnings per share calculation							
21	14	Financial Services Businesses after-tax adjusted operating income	6	8	7	10	11
4	13	Income from continuing operations (after-tax) of Financial Services Businesses	21	—	7	2	2

- (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 three months ended September 30, 2012, December 31, 2012, March 31, 2013, and June 30, 2013, as well as for the six months ended June 30, 2013 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.

FINANCIAL HIGHLIGHTS
(in millions, except per share data)

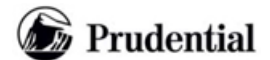
Year-to-date			2012			2013	
2013	2012		2Q	3Q	4Q	1Q	2Q
Financial Services Businesses Capitalization Data (1):							
Senior Debt:							
		Short-term debt	3,226	3,013	2,409	2,153	2,545
		Long-term debt	21,030	19,576	18,460	18,009	17,083
		Junior Subordinated Long-Term Debt	1,519	2,519	4,594	5,804	4,884
Attributed Equity:							
		Including accumulated other comprehensive income	36,593	37,189	37,078	38,478	33,749
		Excluding accumulated other comprehensive income (3)	28,687	27,976	27,088	26,265	25,423
		Amount included above for foreign currency exchange rate remeasurement (4)	1,039	813	(179)	(1,782)	(2,796)
		Excluding accumulated other comprehensive income and adjusted to remove amount included for foreign currency exchange rate remeasurement (4)	27,648	27,163	27,267	28,047	28,219
Book value per share of Common Stock:							
		Including accumulated other comprehensive income	78.14	79.63	79.19	81.96	71.93
		Excluding accumulated other comprehensive income (3)	61.26	59.91	57.86	55.94	54.18
		Amount included above for foreign currency exchange rate remeasurement (4)	2.22	1.74	(0.38)	(3.80)	(5.96)
		Excluding accumulated other comprehensive income and adjusted to remove amount included for foreign currency exchange rate remeasurement (4)	59.04	58.17	58.24	59.74	60.14
		Number of diluted shares at end of period (2)	468.3	467.0	468.2	469.5	469.2
Common Stock Price Range (based on closing price):							
73.03	64.65	High	64.50	58.63	59.89	60.41	73.03
54.64	44.74	Low	44.74	45.46	48.74	54.64	54.91
73.03	48.43	Close	48.43	54.51	53.33	58.99	73.03
Common Stock market capitalization (1)			22,472	25,184	24,692	27,448	33,813

(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.

(3) Foreign currency translation adjustments and the cumulative impact of foreign currency exchange rate remeasurement, except for those items remeasured through net income (loss), are a component of accumulated other comprehensive income.

(4) Represents cumulative impact of gains and losses resulting from foreign currency exchange rate remeasurement included in net income (loss).



OPERATIONS HIGHLIGHTS

Year-to-date								
		2013	2012	2012		2013		
		2Q	3Q	4Q	1Q	2Q		
Assets Under Management and Administration (\$ billions) (1) (2):								
Assets Under Management:								
Managed by U.S. Retirement Solutions and Investment Management Division:								
Asset Management Segment - Investment Management & Advisory Services								
Institutional customers		289.2	303.1	313.7	323.2	319.1		
Retail customers		131.7	133.9	138.7	143.8	152.4		
General account		331.4	340.7	374.6	373.3	354.5		
Total Investment Management and Advisory Services		752.3	777.7	827.0	840.3	826.0		
Non-proprietary assets under management		176.2	193.0	196.8	180.7	174.4		
Total managed by U.S. Retirement Solutions and Investment Management Division		928.5	970.7	1,023.8	1,021.0	1,000.4		
Managed by U.S. Individual Life and Group Insurance Division		13.6	13.7	16.4	22.6	21.5		
Managed by International Insurance Division		19.0	20.5	20.1	17.8	21.8		
Total assets under management		961.1	1,004.9	1,060.3	1,061.4	1,043.7		
Client assets under administration		67.6	67.8	69.2	105.5	106.2		
Total assets under management and administration		1,028.7	1,072.7	1,129.5	1,166.9	1,149.9		
Assets managed or administered for customers outside of the United States at end of period		223.0	237.3	243.8	241.2	236.7		
Distribution Representatives (1):								
Prudential Agents		2,607	2,662	2,615	2,701	2,724		
International Life Planners		6,806	6,929	7,058	7,101	7,113		
Gibraltar Life Consultants		12,031	11,683	11,333	10,252	9,795		
48	50	Prudential Agent productivity (\$ thousands)		54	58	64	48	49

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

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

Year-to-date		% Change						
2013	2012			2012		2013		
				2Q	3Q	4Q	1Q	2Q
Revenues (1):								
12,444	12,675	-2%	Premiums	6,695	8,263	41,145	6,329	6,115
2,885	2,163	33%	Policy charges and fee income	1,085	1,251	1,183	1,425	1,460
5,722	5,026	14%	Net investment income	2,526	2,631	2,713	2,821	2,901
2,490	1,847	35%	Asset management fees, commissions and other income	925	1,092	1,082	1,243	1,247
23,541	21,711	8%	Total revenues	11,231	13,237	46,123	11,818	11,723
Benefits and Expenses (1):								
12,503	11,888	5%	Insurance and annuity benefits	6,404	8,229	40,783	6,332	6,171
1,895	1,919	-1%	Interest credited to policyholders' account balances	971	941	944	966	929
658	619	6%	Interest expense	311	311	313	327	331
(1,570)	(1,720)	9%	Deferral of acquisition costs	(911)	(882)	(932)	(864)	(706)
977	919	6%	Amortization of acquisition costs	513	466	581	475	502
6,077	6,182	-2%	General and administrative expenses	3,090	3,151	3,392	3,094	2,983
20,540	19,807	4%	Total benefits and expenses	10,378	12,216	45,081	10,330	10,210
3,001	1,904	58%	Adjusted operating income before income taxes	853	1,021	1,042	1,488	1,513
Reconciling items:								
(6,003)	342	-1855%	Realized investment gains (losses), net, and related adjustments	3,058	(1,951)	(2,057)	(3,305)	(2,698)
770	(150)	613%	Related charges	(1,028)	648	359	302	468
(5,233)	192	-2826%	Total realized investment gains (losses), net, and related charges and adjustments	2,030	(1,303)	(1,698)	(3,003)	(2,230)
(376)	238	-258%	Investment gains (losses) on trading account assets supporting insurance liabilities, net	4	264	108	95	(471)
328	(192)	271%	Change in experience-rated contractholder liabilities due to asset value changes	54	(254)	(94)	(143)	471
(55)	23	-339%	Divested businesses	22	(687)	49	29	(84)
1	13	-92%	Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	8	(40)	26	(30)	31
(5,335)	274	-2047%	Total reconciling items, before income taxes	2,118	(2,020)	(1,609)	(3,052)	(2,283)
(2,334)	2,178	-207%	Income (loss) from continuing operations before income taxes and equity in earnings of operating joint ventures	2,971	(999)	(567)	(1,564)	(770)
(1,109)	911	-222%	Income tax expense (benefit)	741	(353)	(375)	(835)	(274)
(1,225)	1,267	-197%	Income (loss) from continuing operations before equity in earnings of operating joint ventures	2,230	(646)	(192)	(729)	(496)

- (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)

	06/30/2012	09/30/2012	12/31/2012	03/31/2013	06/30/2013
Assets:					
Investments:					
Fixed maturities, available for sale, at fair value (amortized cost \$202,699; \$208,474; \$236,517; \$232,366; \$226,247)	217,232	226,015	254,917	254,222	242,059
Fixed maturities, held to maturity, at amortized cost (fair value \$5,041; \$5,018; \$4,511; \$4,186; \$3,769)	4,771	4,720	4,268	3,878	3,562
Trading account assets supporting insurance liabilities, at fair value	19,729	20,132	20,590	20,890	20,658
Other trading account assets, at fair value	5,349	5,610	6,053	6,584	5,809
Equity securities, available for sale, at fair value (cost \$4,188; \$4,253; \$4,302; \$4,070; \$4,102)	4,651	4,821	5,052	5,315	5,289
Commercial mortgage and other loans	26,643	27,057	27,125	28,744	28,320
Policy loans	6,291	6,551	6,455	6,861	6,679
Other long-term investments	5,655	6,133	8,016	7,689	7,847
Short-term investments	8,253	7,825	5,186	4,700	6,344
Total investments	298,574	308,864	337,662	338,883	326,567
Cash and cash equivalents	13,390	13,102	17,546	14,023	12,425
Accrued investment income	2,180	2,230	2,534	2,523	2,528
Deferred policy acquisition costs	12,612	13,250	13,688	13,968	14,547
Value of business acquired	3,510	3,516	3,248	4,167	3,846
Other assets	11,496	11,901	11,376	13,462	13,114
Separate account assets	235,268	247,510	253,254	266,308	264,054
Total assets	577,030	600,373	639,308	653,334	637,081
Liabilities:					
Future policy benefits	123,555	132,209	165,212	160,290	153,683
Policyholders' account balances	128,423	130,227	128,987	132,913	131,222
Securities sold under agreements to repurchase	4,656	4,662	3,436	3,679	3,707
Cash collateral for loaned securities	2,247	2,442	2,864	2,375	4,927
Income taxes	9,081	9,323	9,058	8,501	5,619
Senior short-term debt	3,226	3,013	2,409	2,153	2,545
Senior long-term debt	21,030	19,576	18,460	18,009	17,083
Junior subordinated long-term debt	1,519	2,519	4,594	5,804	4,884
Notes issued by consolidated variable interest entities	537	636	1,577	1,896	2,147
Other liabilities	10,286	10,376	11,663	12,225	12,701
Separate account liabilities	235,268	247,510	253,254	266,308	264,054
Total liabilities	539,828	562,493	601,514	614,153	602,572
Attributed Equity:					
Accumulated other comprehensive income	7,906	9,213	9,990	12,213	8,326
Other attributed equity	28,687	27,976	27,088	26,265	25,423
Total attributed equity	36,593	37,189	37,078	38,478	33,749
Noncontrolling Interest	609	691	716	703	760
Total Equity	37,202	37,880	37,794	39,181	34,509
Total liabilities and equity	577,030	600,373	639,308	653,334	637,081

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

Quarter Ended June 30, 2013					
	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	6,115	256	1,294	4,570	(5)
Policy charges and fee income	1,460	654	654	162	(10)
Net investment income	2,901	1,236	504	1,067	94
Asset management fees, commissions and other income	1,247	1,159	159	141	(212)
Total revenues	11,723	3,305	2,611	5,940	(133)
Benefits and Expenses (1):					
Insurance and annuity benefits	6,171	683	1,578	3,904	6
Interest credited to policyholders' account balances	929	495	201	233	—
Interest expense	331	31	98	—	202
Deferral of acquisition costs	(706)	(141)	(186)	(397)	18
Amortization of acquisition costs	502	137	102	275	(12)
General and administrative expenses	2,983	1,253	655	1,075	—
Total benefits and expenses	10,210	2,458	2,448	5,090	214
Adjusted operating income (loss) before income taxes	1,513	847	163	850	(347)
Quarter Ended June 30, 2012					
	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	6,695	248	1,290	5,164	(7)
Policy charges and fee income	1,085	556	389	150	(10)
Net investment income	2,526	983	402	1,030	111
Asset management fees, commissions and other income	925	915	114	62	(166)
Total revenues	11,231	2,702	2,195	6,406	(72)
Benefits and Expenses (1):					
Insurance and annuity benefits	6,404	611	1,452	4,303	38
Interest credited to policyholders' account balances	971	568	139	270	(6)
Interest expense	311	39	80	(1)	193
Deferral of acquisition costs	(911)	(288)	(100)	(542)	19
Amortization of acquisition costs	513	168	77	284	(16)
General and administrative expenses	3,090	1,298	453	1,414	(75)
Total benefits and expenses	10,378	2,396	2,101	5,728	153
Adjusted operating income (loss) before income taxes	853	306	94	678	(225)

- (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)

Six Months Ended June 30, 2013					
	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	12,444	401	2,573	9,484	(14)
Policy charges and fee income	2,885	1,273	1,311	321	(20)
Net investment income	5,722	2,396	977	2,160	189
Asset management fees, commissions and other income	2,490	2,299	307	325	(441)
Total revenues	23,541	6,369	5,168	12,290	(286)
Benefits and Expenses (1):					
Insurance and annuity benefits	12,503	1,207	3,183	8,107	6
Interest credited to policyholders' account balances	1,895	1,001	394	500	—
Interest expense	658	64	194	1	399
Deferral of acquisition costs	(1,570)	(376)	(406)	(824)	36
Amortization of acquisition costs	977	282	175	545	(25)
General and administrative expenses	6,077	2,565	1,319	2,234	(41)
Total benefits and expenses	20,540	4,743	4,859	10,563	375
Adjusted operating income (loss) before income taxes	3,001	1,626	309	1,727	(661)

Six Months Ended June 30, 2012					
	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	12,675	364	2,559	9,769	(17)
Policy charges and fee income	2,163	1,100	780	302	(19)
Net investment income	5,026	1,982	802	2,044	198
Asset management fees, commissions and other income	1,847	1,875	221	108	(357)
Total revenues	21,711	5,321	4,362	12,223	(195)
Benefits and Expenses (1):					
Insurance and annuity benefits	11,888	862	2,925	8,055	46
Interest credited to policyholders' account balances	1,919	1,112	272	548	(13)
Interest expense	619	74	157	—	388
Deferral of acquisition costs	(1,720)	(553)	(189)	(1,012)	34
Amortization of acquisition costs	919	265	134	544	(24)
General and administrative expenses	6,182	2,546	897	2,813	(74)
Total benefits and expenses	19,807	4,306	4,196	10,948	357
Adjusted operating income (loss) before income taxes	1,904	1,015	166	1,275	(552)

- (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 June 30, 2013					
	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	326,567	118,693	44,186	148,996	14,692
Deferred policy acquisition costs	14,547	4,788	3,821	6,206	(268)
Other assets	31,913	10,881	10,061	9,310	1,661
Separate account assets	264,054	223,864	41,046	1,620	(2,476)
Total assets	<u>637,081</u>	<u>358,226</u>	<u>99,114</u>	<u>166,132</u>	<u>13,609</u>
Liabilities:					
Future policy benefits	153,683	50,179	12,127	88,061	3,316
Policyholders' account balances	131,222	55,656	27,496	48,066	4
Debt	24,512	4,949	9,259	52	10,252
Other liabilities	29,101	8,810	5,567	11,460	3,264
Separate account liabilities	264,054	223,864	41,046	1,620	(2,476)
Total liabilities	<u>602,572</u>	<u>343,458</u>	<u>95,495</u>	<u>149,259</u>	<u>14,360</u>
Attributed Equity:					
Accumulated other comprehensive income (loss)	8,326	507	614	8,542	(1,337)
Other attributed equity	25,423	13,500	3,005	8,321	597
Total attributed equity	<u>33,749</u>	<u>14,007</u>	<u>3,619</u>	<u>16,863</u>	<u>(740)</u>
Noncontrolling Interest	760	761	—	10	(11)
Total Equity	<u>34,509</u>	<u>14,768</u>	<u>3,619</u>	<u>16,873</u>	<u>(751)</u>
Total liabilities and equity	<u>637,081</u>	<u>358,226</u>	<u>99,114</u>	<u>166,132</u>	<u>13,609</u>
As of December 31, 2012					
	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	337,662	124,654	36,648	164,144	12,216
Deferred policy acquisition costs	13,688	4,036	3,298	6,589	(235)
Other assets	34,704	13,958	6,422	11,506	2,818
Separate account assets	253,254	214,416	39,757	1,555	(2,474)
Total assets	<u>639,308</u>	<u>357,064</u>	<u>86,125</u>	<u>183,794</u>	<u>12,325</u>
Liabilities:					
Future policy benefits	165,212	54,799	10,252	96,874	3,287
Policyholders' account balances	128,987	56,282	18,518	54,172	15
Debt	25,463	4,969	8,428	38	12,028
Other liabilities	28,598	9,308	5,172	13,016	1,102
Separate account liabilities	253,254	214,416	39,757	1,555	(2,474)
Total liabilities	<u>601,514</u>	<u>339,774</u>	<u>82,127</u>	<u>165,655</u>	<u>13,958</u>
Attributed Equity:					
Accumulated other comprehensive income (loss)	9,990	2,541	1,728	7,359	(1,638)
Other attributed equity	27,088	14,023	2,270	10,776	19
Total attributed equity	<u>37,078</u>	<u>16,564</u>	<u>3,998</u>	<u>18,135</u>	<u>(1,619)</u>
Noncontrolling Interest	716	726	—	4	(14)
Total Equity	<u>37,794</u>	<u>17,290</u>	<u>3,998</u>	<u>18,139</u>	<u>(1,633)</u>
Total liabilities and equity	<u>639,308</u>	<u>357,064</u>	<u>86,125</u>	<u>183,794</u>	<u>12,325</u>

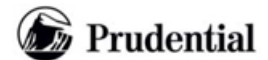
SHORT-TERM AND LONG-TERM DEBT
(in millions)

	As of June 30, 2013				As of December 31, 2012			
	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	573	5,375	4,884	10,832	668	5,381	4,594	10,643
Operating Debt - Investment related	1,275	8,153	—	9,428	1,258	9,203	—	10,461
Operating Debt - Specified businesses	697	3,555	—	4,252	483	3,876	—	4,359
Limited recourse and non-recourse borrowing	—	—	—	—	—	—	—	—
Total debt - Financial Services Businesses	2,545	17,083	4,884	24,512	2,409	18,460	4,594	25,463
Closed Block Business								
Investment related	—	—	—	—	—	—	—	—
Limited recourse and non-recourse borrowing	75	1,675	—	1,750	75	1,675	—	1,750
Total debt	75	1,675	—	1,750	75	1,675	—	1,750

	As of June 30, 2013				As of December 31, 2012			
	Prudential Financial, Inc.	The Prudential Insurance Co. of America (1)(2)	Other Affiliates	Total	Prudential Financial, Inc.	The Prudential Insurance Co. of America (1)(2)	Other Affiliates	Total
Financial Services Businesses								
Borrowings by sources:								
Capital Debt	9,401	1,042	389	10,832	9,149	1,042	452	10,643
Operating Debt - Investment related	5,499	718	3,211	9,428	6,955	293	3,213	10,461
Operating Debt - Specified businesses	2,623	1,426	203	4,252	2,740	1,468	151	4,359
Limited recourse and non-recourse borrowing	—	—	—	—	—	—	—	—
Total debt - Financial Services Businesses	17,523	3,186	3,803	24,512	18,844	2,803	3,816	25,463

(1) Includes Prudential Funding, LLC.

(2) Capital debt at Prudential Insurance Co. of America includes \$940 million of Surplus Notes for June 30, 2013 and December 31, 2012, respectively.



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

Year-to-date		% Change		2012					2013	
2013	2012			2Q	3Q	4Q	1Q	2Q		
Revenues (1):										
401	364	10%	Premiums	248	161	31,979	145	256		
1,273	1,100	16%	Policy charges and fee income	556	584	598	619	654		
2,396	1,982	21%	Net investment income	983	1,002	1,096	1,160	1,236		
2,299	1,875	23%	Asset management fees, commissions and other income	915	1,074	1,107	1,140	1,159		
6,369	5,321	20%	Total revenues	2,702	2,821	34,780	3,064	3,305		
Benefits and Expenses (1):										
1,207	862	40%	Insurance and annuity benefits	611	736	32,292	524	683		
1,001	1,112	-10%	Interest credited to policyholders' account balances	568	504	531	506	495		
64	74	-14%	Interest expense	39	37	33	33	31		
(376)	(553)	32%	Deferral of acquisition costs	(288)	(305)	(233)	(235)	(141)		
282	265	6%	Amortization of acquisition costs	168	(20)	166	145	137		
2,565	2,546	1%	General and administrative expenses	1,298	1,363	1,311	1,312	1,253		
4,743	4,306	10%	Total benefits and expenses	2,396	2,315	34,100	2,285	2,458		
1,626	1,015	60%	Adjusted operating income before income taxes	306	506	680	779	847		

- (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.

	Six Months Ended June 30, 2013				Quarter Ended June 30, 2013			
	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	401	53	348	—	256	29	227	—
Policy charges and fee income	1,273	1,171	102	—	654	600	54	—
Net investment income	2,396	357	2,001	38	1,236	181	1,035	20
Asset management fees, commissions and other income	2,299	606	406	1,287	1,159	309	205	645
Total revenues	6,369	2,187	2,857	1,325	3,305	1,119	1,521	665
Benefits and Expenses (1):								
Insurance and annuity benefits	1,207	115	1,092	—	683	73	610	—
Interest credited to policyholders' account balances	1,001	231	770	—	495	113	382	—
Interest expense	64	45	13	6	31	22	6	3
Deferral of acquisition costs	(376)	(350)	(13)	(13)	(141)	(127)	(8)	(6)
Amortization of acquisition costs	282	258	11	13	137	124	6	7
General and administrative expenses	2,565	1,116	477	972	1,253	514	246	493
Total benefits and expenses	4,743	1,415	2,350	978	2,458	719	1,242	497
Adjusted operating income before income taxes	1,626	772	507	347	847	400	279	168
	Six Months Ended June 30, 2012				Quarter Ended June 30, 2012			
	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	364	54	310	—	248	27	221	—
Policy charges and fee income	1,100	1,000	100	—	556	506	50	—
Net investment income	1,982	388	1,556	38	983	191	777	15
Asset management fees, commissions and other income	1,875	484	383	1,008	915	244	194	477
Total revenues	5,321	1,926	2,349	1,046	2,702	968	1,242	492
Benefits and Expenses (1):								
Insurance and annuity benefits	862	133	729	—	611	178	433	—
Interest credited to policyholders' account balances	1,112	259	853	—	568	142	426	—
Interest expense	74	56	10	8	39	28	6	5
Deferral of acquisition costs	(553)	(528)	(12)	(13)	(288)	(274)	(8)	(6)
Amortization of acquisition costs	265	243	10	12	168	157	5	6
General and administrative expenses	2,546	1,235	456	855	1,298	630	233	435
Total benefits and expenses	4,306	1,398	2,046	862	2,396	861	1,095	440
Adjusted operating income before income taxes	1,015	528	303	184	306	107	147	52

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

Year-to-date						
2013	2012					
		2Q	2012 3Q	4Q	2013 1Q	2Q
SALES AND ACCOUNT VALUES:						
Variable Annuities:						
131,608	109,743	120,276	120,326	128,949	131,608	139,034
6,647	10,287	5,344	5,912	3,778	4,208	2,439
(3,674)	(3,302)	(1,626)	(1,579)	(1,765)	(1,776)	(1,898)
2,973	6,985	3,718	4,333	2,013	2,432	541
(636)	(573)	(288)	(283)	(313)	(310)	(326)
2,337	6,412	3,430	4,050	1,700	2,122	215
5,373	5,429	(2,742)	5,264	1,687	6,039	(666)
(1,543)	(1,258)	(638)	(691)	(728)	(735)	(808)
137,775	120,326	120,326	128,949	131,608	139,034	137,775
Fixed Annuities:						
3,734	3,792	3,778	3,768	3,756	3,734	3,714
30	30	14	14	11	16	14
(79)	(77)	(34)	(35)	(48)	(41)	(38)
(49)	(47)	(20)	(21)	(37)	(25)	(24)
(167)	(145)	(62)	(68)	(68)	(71)	(96)
(216)	(192)	(82)	(89)	(105)	(96)	(120)
182	169	73	78	83	77	105
(1)	(1)	(1)	(1)	—	(1)	—
3,699	3,768	3,768	3,756	3,734	3,714	3,699
SALES BY DISTRIBUTION CHANNEL:						
<u>Variable and Fixed Annuities (1):</u>						
1,250	1,563	799	903	557	703	547
1,387	2,532	1,299	1,471	929	923	464
2,944	4,441	2,338	2,706	1,661	1,935	1,009
1,096	1,781	922	846	642	663	433
6,677	10,317	5,358	5,926	3,789	4,224	2,453

(1) Amounts represent gross sales.

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

Year-to-date		2012			2013		
2013	2012	2Q	3Q	4Q	1Q	2Q	
INDIVIDUAL ANNUITIES:							
Account Values in General Account (1):							
11,564	12,830	Beginning balance	12,277	12,355	11,929	11,564	11,148
746	1,210	Premiums and deposits	662	674	476	488	258
(513)	(531)	Surrenders and withdrawals	(253)	(239)	(288)	(268)	(245)
233	679	Net sales	409	435	188	220	13
(205)	(185)	Benefit payments	(84)	(86)	(86)	(89)	(116)
28	494	Net flows	325	349	102	131	(103)
178	207	Interest credited and other	111	97	70	86	92
(866)	(1,175)	Net transfers to separate account	(357)	(871)	(537)	(632)	(234)
(1)	(1)	Policy charges	(1)	(1)	—	(1)	—
10,903	12,355	Ending balance	12,355	11,929	11,564	11,148	10,903
Account Values in Separate Account:							
123,778	100,705	Beginning balance	111,777	111,739	120,776	123,778	131,600
5,931	9,107	Premiums and deposits	4,696	5,252	3,313	3,736	2,195
(3,240)	(2,848)	Surrenders and withdrawals	(1,407)	(1,375)	(1,525)	(1,549)	(1,691)
2,691	6,259	Net sales	3,289	3,877	1,788	2,187	504
(598)	(533)	Benefit payments	(266)	(265)	(295)	(292)	(306)
2,093	5,726	Net flows	3,023	3,612	1,493	1,895	198
5,377	5,391	Change in market value, interest credited and other	(2,780)	5,245	1,700	6,030	(653)
866	1,175	Net transfers from general account	357	871	537	632	234
(1,543)	(1,258)	Policy charges	(638)	(691)	(728)	(735)	(808)
130,571	111,739	Ending balance	111,739	120,776	123,778	131,600	130,571

- (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)

	2012			2013	
	2Q	3Q	4Q	1Q	2Q
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	8,368	8,224	7,947	7,764	7,290
Guaranteed minimum withdrawal benefits	984	980	947	945	895
Guaranteed minimum income benefits	3,603	3,631	3,556	3,639	3,519
Guaranteed minimum withdrawal & income benefits	83,110	91,366	94,804	101,688	101,686
Total	<u>96,065</u>	<u>104,201</u>	<u>107,254</u>	<u>114,036</u>	<u>113,390</u>
<u>Living Benefit Features Account Values by Product Design Type</u>					
Account Values with Auto-Rebalancing Feature	80,811	88,672	91,954	98,362	98,119
Account Values without Auto-Rebalancing Feature	15,254	15,529	15,300	15,674	15,271
Total	<u>96,065</u>	<u>104,201</u>	<u>107,254</u>	<u>114,036</u>	<u>113,390</u>
<u>Living Benefit Features Net Amount at Risk by Product Design Type</u>					
Net Amount at Risk with Auto-Rebalancing Feature	3,938	3,013	3,145	2,435	3,134
Net Amount at Risk without Auto-Rebalancing Feature	2,008	1,701	1,663	1,346	1,434
Total	<u>5,946</u>	<u>4,714</u>	<u>4,808</u>	<u>3,781</u>	<u>4,568</u>

(1) At end of period.

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

	2012			2013	
	2Q	3Q	4Q	1Q	2Q
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	87,311	94,401	96,951	102,944	102,277
Net amount at risk	1,390	850	769	584	677
<i>Minimum return, anniversary contract value, or maximum contract value:</i>					
Account value	30,037	31,510	31,687	33,046	32,511
Net amount at risk	4,975	4,268	4,207	3,574	3,931
<u>Death Benefit Features Account Values by Product Design Type</u>					
Account Values with Auto-Rebalancing Feature	80,811	88,672	91,954	98,362	98,119
Account Values without Auto-Rebalancing Feature	36,537	37,239	36,684	37,628	36,669
Total	<u>117,348</u>	<u>125,911</u>	<u>128,638</u>	<u>135,990</u>	<u>134,788</u>
<u>Death Benefit Features Net Amount at Risk by Product Design Type</u>					
Net Amount at Risk with Auto-Rebalancing Feature	1,596	983	958	715	1,064
Net Amount at Risk without Auto-Rebalancing Feature	4,769	4,135	4,018	3,443	3,544
Total	<u>6,365</u>	<u>5,118</u>	<u>4,976</u>	<u>4,158</u>	<u>4,608</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			2012			2013	
2013	2012		2Q	3Q	4Q	1Q	2Q
RETIREMENT SEGMENT SALES AND ACCOUNT VALUES							
Full Service:							
148,405	139,430	Beginning total account value	145,991	142,405	146,934	148,405	156,380
9,376	9,009	Deposits and sales	4,363	3,478	3,903	5,679	3,697
(8,298)	(10,774)	Withdrawals and benefits	(3,671)	(4,063)	(4,386)	(4,676)	(3,622)
8,255	4,740	Change in market value, interest credited, interest income and other activity (1)	(4,278)	5,114	1,954	6,972	1,283
<u>157,738</u>	<u>142,405</u>	Ending total account value	<u>142,405</u>	<u>146,934</u>	<u>148,405</u>	<u>156,380</u>	<u>157,738</u>
<u>1,078</u>	<u>(1,765)</u>	Net additions (withdrawals)	<u>692</u>	<u>(585)</u>	<u>(483)</u>	<u>1,003</u>	<u>75</u>
Stable value account values included above			41,634	42,044	42,836	43,065	43,365
Institutional Investment Products:							
141,435	90,089	Beginning total account value	93,853	102,443	104,646	141,435	143,011
8,205	12,856	Additions (2)	8,457	2,957	39,192	3,845	4,360
(4,781)	(4,370)	Withdrawals and benefits (3)	(2,832)	(1,539)	(2,586)	(2,319)	(2,462)
(460)	2,490	Change in market value, interest credited and interest income	1,562	1,509	788	202	(662)
(298)	1,378	Other (4)	1,403	(724)	(605)	(152)	(146)
<u>144,101</u>	<u>102,443</u>	Ending total account value (5)	<u>102,443</u>	<u>104,646</u>	<u>141,435</u>	<u>143,011</u>	<u>144,101</u>
<u>3,424</u>	<u>8,486</u>	Net additions	<u>5,625</u>	<u>1,418</u>	<u>36,606</u>	<u>1,526</u>	<u>1,898</u>

- (1) Includes \$(1.4) billion for the three months ended June 30, 2012, representing the divestiture of bank deposits previously held by Prudential Bank & Trust, as a result of the Company's decision to limit its operations to trust services.
- (2) Includes \$1,008 million for the three months ended December 31, 2012, representing transfers of client balances from externally managed accounts to accounts managed by Prudential. These additions are offset within the "Other" category and there are no net impacts on ending account values for these transfers.
- (3) Includes \$(886) million, and \$(9) million, \$(4) million, and \$(6) million for the three months ended June 30, 2012, September 30, 2012, March 31, 2013, and June 30, 2013, 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.
- (4) "Other" activity includes transfers to externally/(internally) managed accounts of \$886 million, \$9 million, \$(1,008) million, \$4 million, and \$6 million for the three months ended June 30, 2012, September 30, 2012, December 31, 2012, March 31, 2013, and June 30, 2013, respectively. These transfers are offset in withdrawals/(additions) discussed above in notes 2 & 3. The remainder of "Other" activity primarily represents changes in asset balances for externally managed accounts.
- (5) Ending total account values for Institutional Investment Products business includes \$1.5 billion as of June 30, 2012 and September 30, 2012, and \$1.9 billion as of December 31, 2012, March 31, 2013, and June 30, 2013, respectively, related to collateralized funding agreements issued to the Federal Home Loan Bank of New York (FHLB NY).

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		2012			2013	
2013	2012			2Q	3Q	4Q	1Q	2Q
Analysis of revenues by type:								
918	810	13%	Asset management fees	407	424	433	451	467
125	5	2400%	Other related revenues	(25)	113	89	65	60
282	231	22%	Service, distribution and other revenues	110	103	135	144	138
<u>1,325</u>	<u>1,046</u>	27%	Total Asset Management segment revenues	<u>492</u>	<u>640</u>	<u>657</u>	<u>660</u>	<u>665</u>
Analysis of asset management fees by source:								
410	380	8%	Institutional customers	190	194	201	203	207
299	245	22%	Retail customers	124	132	132	145	154
209	185	13%	General account	93	98	100	103	106
<u>918</u>	<u>810</u>	13%	Total asset management fees	<u>407</u>	<u>424</u>	<u>433</u>	<u>451</u>	<u>467</u>

Supplementary Assets Under Management Information (in billions):

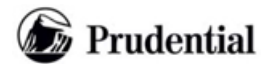
	June 30, 2013			
	Equity	Fixed Income	Real Estate	Total
Institutional customers	57.1	229.3	32.7	319.1
Retail customers	98.9	51.3	2.2	152.4
General account	7.9	345.2	1.4	354.5
Total	<u>163.9</u>	<u>625.8</u>	<u>36.3</u>	<u>826.0</u>

	June 30, 2012			
	Equity	Fixed Income	Real Estate	Total
Institutional customers	48.0	211.1	30.1	289.2
Retail customers	80.9	49.5	1.3	131.7
General account	8.5	321.4	1.5	331.4
Total	<u>137.4</u>	<u>582.0</u>	<u>32.9</u>	<u>752.3</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			2012			2013	
2013	2012		2Q	3Q	4Q	1Q	2Q
Institutional Assets Under Management:							
Assets gathered by Investment Management & Advisory Services sales force:							
274.6	234.2	Beginning assets under management	247.5	251.4	263.8	274.6	282.9
29.2	25.3	Additions	11.2	12.7	20.8	14.4	14.8
(19.2)	(19.9)	Withdrawals	(11.2)	(9.3)	(12.4)	(7.5)	(11.7)
(4.2)	11.4	Change in market value	3.7	8.9	2.8	1.9	(6.1)
(0.2)	0.2	Net money market flows	0.1	0.1	(0.1)	(0.2)	—
(0.6)	0.2	Other (1)	0.1	—	(0.3)	(0.3)	(0.3)
279.6	251.4	Ending assets under management	251.4	263.8	274.6	282.9	279.6
39.5	37.8	Affiliated institutional assets under management	37.8	39.3	39.1	40.3	39.5
319.1	289.2	Total assets managed for institutional customers at end of period	289.2	303.1	313.7	323.2	319.1
10.0	5.4	Net institutional additions, excluding money market activity	—	3.4	8.4	6.9	3.1
Retail Assets Under Management:							
Assets gathered by Investment Management & Advisory Services sales force:							
91.1	69.6	Beginning assets under management	81.1	81.1	87.8	91.1	97.9
23.3	18.9	Additions	9.5	8.0	10.1	10.9	12.4
(19.0)	(12.0)	Withdrawals	(5.9)	(5.5)	(6.7)	(9.1)	(9.9)
5.0	4.6	Change in market value	(3.6)	4.3	(0.1)	5.0	—
—	—	Net money market flows	—	(0.1)	—	—	—
—	—	Other	—	—	—	—	—
100.4	81.1	Ending assets under management	81.1	87.8	91.1	97.9	100.4
52.0	50.6	Affiliated retail assets under management	50.6	46.1	47.6	45.9	52.0
152.4	131.7	Total assets managed for retail customers at end of period	131.7	133.9	138.7	143.8	152.4
4.3	6.9	Net retail additions, excluding money market activity	3.6	2.5	3.4	1.8	2.5

(1) "Other" activity represents transfers from the Retirement Segment, as a result of changes in the client contract form; and FX related to International assets under management.



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

Year-to-date		% Change						
2013	2012			2012		2013		
				2Q	3Q	4Q	1Q	2Q
Revenues (1):								
2,573	2,559	1%	Premiums	1,290	1,295	1,274	1,279	1,294
1,311	780	68%	Policy charges and fee income	389	537	439	657	654
977	802	22%	Net investment income	402	409	408	473	504
307	221	39%	Asset management fees, commissions and other income	114	127	117	148	159
<u>5,168</u>	<u>4,362</u>	18%	Total revenues	<u>2,195</u>	<u>2,368</u>	<u>2,238</u>	<u>2,557</u>	<u>2,611</u>
Benefits and Expenses (1):								
3,183	2,925	9%	Insurance and annuity benefits	1,452	1,433	1,411	1,605	1,578
394	272	45%	Interest credited to policyholders' account balances	139	139	146	193	201
194	157	24%	Interest expense	80	83	83	96	98
(406)	(189)	-115%	Deferral of acquisition costs	(100)	(103)	(199)	(220)	(186)
175	134	31%	Amortization of acquisition costs	77	210	80	73	102
1,319	897	47%	General and administrative expenses	453	459	630	664	655
<u>4,859</u>	<u>4,196</u>	16%	Total benefits and expenses	<u>2,101</u>	<u>2,221</u>	<u>2,151</u>	<u>2,411</u>	<u>2,448</u>
<u>309</u>	<u>166</u>	86%	Adjusted operating income before income taxes	<u>94</u>	<u>147</u>	<u>87</u>	<u>146</u>	<u>163</u>

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

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

	Six Months Ended June 30, 2013			Quarter Ended June 30, 2013		
	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	2,573	397	2,176	1,294	204	1,090
Policy charges and fee income	1,311	1,038	273	654	523	131
Net investment income	977	684	293	504	354	150
Asset management fees, commissions and other income	307	248	59	159	131	28
Total revenues	5,168	2,367	2,801	2,611	1,212	1,399
Benefits and Expenses (1):						
Insurance and annuity benefits	3,183	934	2,249	1,578	466	1,112
Interest credited to policyholders' account balances	394	281	113	201	145	56
Interest expense	194	189	5	98	95	3
Deferral of acquisition costs	(406)	(408)	2	(186)	(188)	2
Amortization of acquisition costs	175	170	5	102	99	3
General and administrative expenses	1,319	923	396	655	454	201
Total benefits and expenses	4,859	2,089	2,770	2,448	1,071	1,377
Adjusted operating income before income taxes	309	278	31	163	141	22
	Six Months Ended June 30, 2012			Quarter Ended June 30, 2012		
	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	2,559	358	2,201	1,290	183	1,107
Policy charges and fee income	780	540	240	389	275	114
Net investment income	802	510	292	402	256	146
Asset management fees, commissions and other income	221	171	50	114	89	25
Total revenues	4,362	1,579	2,783	2,195	803	1,392
Benefits and Expenses (1):						
Insurance and annuity benefits	2,925	644	2,281	1,452	350	1,102
Interest credited to policyholders' account balances	272	158	114	139	81	58
Interest expense	157	155	2	80	78	2
Deferral of acquisition costs	(189)	(189)	—	(100)	(100)	—
Amortization of acquisition costs	134	132	2	77	76	1
General and administrative expenses	897	506	391	453	257	196
Total benefits and expenses	4,196	1,406	2,790	2,101	742	1,359
Adjusted operating income (loss) before income taxes	166	173	(7)	94	61	33

(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			2012			2013	
2013	2012		2Q	3Q	4Q	1Q	2Q
ANNUALIZED NEW BUSINESS PREMIUMS (1):							
16	9	Variable life	5	4	8	9	7
281	76	Universal life	42	52	90	157	124
103	85	Term life	44	42	46	50	53
<u>400</u>	<u>170</u>	Total	<u>91</u>	<u>98</u>	<u>144</u>	<u>216</u>	<u>184</u>
ANNUALIZED NEW BUSINESS PREMIUMS BY DISTRIBUTION CHANNEL (1):							
50	44	Prudential Agents	24	22	24	25	25
350	126	Third party distribution	67	76	120	191	159
<u>400</u>	<u>170</u>	Total	<u>91</u>	<u>98</u>	<u>144</u>	<u>216</u>	<u>184</u>
ACCOUNT VALUE ACTIVITY:							
<i>Policyholders' Account Balances (2)(3):</i>							
10,583	9,500	Beginning balance	9,792	10,021	10,058	10,583	20,026
2,073	982	Premiums and deposits	502	506	709	1,108	965
(545)	(416)	Surrenders and withdrawals	(220)	(209)	(213)	(240)	(305)
1,528	566	Net sales	282	297	496	868	660
(219)	(122)	Benefit payments	(65)	(53)	(59)	(133)	(86)
1,309	444	Net flows	217	244	437	735	574
575	116	Interest credited and other	28	(195)	111	276	299
186	148	Net transfers from separate account	78	68	84	88	98
(627)	(187)	Policy charges	(94)	(80)	(107)	(340)	(287)
8,684	—	Acquisition	—	—	—	8,684	—
<u>20,710</u>	<u>10,021</u>	Ending balance	<u>10,021</u>	<u>10,058</u>	<u>10,583</u>	<u>20,026</u>	<u>20,710</u>
<i>Separate Account Liabilities (3):</i>							
17,817	16,491	Beginning balance	17,842	17,113	17,835	17,817	24,611
689	419	Premiums and deposits	211	212	218	305	384
(548)	(275)	Surrenders and withdrawals	(130)	(148)	(154)	(233)	(315)
141	144	Net sales	81	64	64	72	69
(93)	(15)	Benefit payments	(8)	(8)	(7)	(41)	(52)
48	129	Net flows	73	56	57	31	17
1,840	968	Change in market value, interest credited and other	(562)	895	173	1,487	353
(186)	(148)	Net transfers to general account	(78)	(68)	(84)	(88)	(98)
(571)	(327)	Policy charges	(162)	(161)	(164)	(243)	(328)
5,607	—	Acquisition	—	—	—	5,607	—
<u>24,555</u>	<u>17,113</u>	Ending balance	<u>17,113</u>	<u>17,835</u>	<u>17,817</u>	<u>24,611</u>	<u>24,555</u>
FACE AMOUNT IN FORCE (4):							
		Variable life	111,530	111,159	110,218	175,851	173,991
		Universal life	45,161	47,943	53,092	130,182	135,686
		Term life	491,724	499,051	506,868	597,272	606,212
		Total	<u>648,415</u>	<u>658,153</u>	<u>670,178</u>	<u>903,305</u>	<u>915,889</u>

- (1) Excludes corporate-owned life insurance.
(2) Includes fixed rate funds, alliance deposits, supplementary contracts and deferred revenues on variable products.
(3) Includes reclassifications during the second quarter of 2013 to conform presentation of certain acquired liabilities.
(4) 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			2012			2013	
2013	2012		2Q	3Q	4Q	1Q	2Q
		Individual Life Insurance:					
		Policy Surrender Experience:					
598	325	Cash value of surrenders	155	165	169	303	295
3.0%	2.7%	Cash value of surrenders as a percentage of mean future policy benefits, policyholders' account balances, and separate account balances	2.5%	2.6%	2.6%	3.1%	2.9%
		Death benefits per \$1,000 of in force (1):					
4.27	5.16	Variable and universal life	5.90	4.38	4.17	4.35	4.19
1.31	1.75	Term life	2.08	1.00	1.36	1.29	1.34
3.07	3.39	Total, Individual Life Insurance	3.89	2.60	2.69	3.10	3.05

(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)

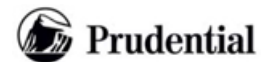
Year-to-date			2012			2013	
2013	2012		2Q	3Q	4Q	1Q	2Q
GROUP INSURANCE ANNUALIZED NEW BUSINESS PREMIUMS:							
163	235	Group life	24	18	51	148	15
52	100	Group disability	19	28	7	45	7
<u>215</u>	<u>335</u>	Total	<u>43</u>	<u>46</u>	<u>58</u>	<u>193</u>	<u>22</u>
Future Policy Benefits (1):							
		Group life	2,300	2,231	2,385	2,297	2,292
		Group disability	28	17	4	34	23
		Total	<u>2,328</u>	<u>2,248</u>	<u>2,389</u>	<u>2,331</u>	<u>2,315</u>
Policyholders' Account Balances (1):							
		Group life	7,310	7,522	7,726	7,657	7,696
		Group disability	182	193	209	212	214
		Total	<u>7,492</u>	<u>7,715</u>	<u>7,935</u>	<u>7,869</u>	<u>7,910</u>
Separate Account Liabilities (1):							
		Group life	19,506	20,110	21,940	23,076	22,352
		Group disability	—	—	—	—	—
		Total	<u>19,506</u>	<u>20,110</u>	<u>21,940</u>	<u>23,076</u>	<u>22,352</u>
Group Life Insurance:							
2,126	2,079	Gross premiums, policy charges and fee income (2)	1,015	1,019	1,079	1,074	1,052
1,998	1,979	Earned premiums, policy charges and fee income	989	1,010	994	997	1,001
91.4%	92.0%	Benefits ratio	88.6%	90.7%	89.0%	92.2%	90.6%
9.4%	9.5%	Administrative operating expense ratio	9.9%	9.2%	11.8%	9.2%	9.6%
		Persistency ratio	95.0%	94.5%	94.0%	95.0%	94.7%
Group Disability Insurance:							
482	477	Gross premiums, policy charges and fee income (2)	245	239	243	240	242
451	462	Earned premiums, policy charges and fee income	232	231	232	231	220
93.8%	99.8%	Benefits ratio	97.4%	93.9%	98.7%	94.4%	93.2%
26.1%	24.5%	Administrative operating expense ratio	23.3%	23.8%	28.4%	26.7%	25.6%
		Persistency ratio	91.6%	90.5%	89.3%	91.7%	89.7%

(1) As of end of period.

(2) 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							
2013	2012		2012	2013			
			2Q	3Q	4Q	1Q	2Q
<i>DEFERRED POLICY ACQUISITION COSTS</i>							
INDIVIDUAL ANNUITIES:							
3,829	2,390	Beginning balance	3,252	2,619	3,457	3,829	4,223
350	528	Capitalization	274	288	200	223	127
(258)	(243)	Amortization - operating results	(157)	36	(131)	(134)	(124)
562	(72)	Amortization - realized investment gains and losses	(747)	518	288	271	291
94	16	Impact of unrealized (gains) or losses on AFS securities	(3)	(4)	15	34	60
—	—	Other	—	—	—	—	—
<u>4,577</u>	<u>2,619</u>	Ending balance	<u>2,619</u>	<u>3,457</u>	<u>3,829</u>	<u>4,223</u>	<u>4,577</u>
INDIVIDUAL LIFE INSURANCE:							
3,116	3,192	Beginning balance	3,242	3,238	2,994	3,116	3,317
408	189	Capitalization	100	103	144	220	188
(170)	(132)	Amortization - operating results	(76)	(209)	(78)	(71)	(99)
7	—	Amortization - realized investment gains and losses	—	—	—	2	5
285	(11)	Impact of unrealized (gains) or losses on AFS securities	(28)	(138)	56	50	235
<u>3,646</u>	<u>3,238</u>	Ending balance	<u>3,238</u>	<u>2,994</u>	<u>3,116</u>	<u>3,317</u>	<u>3,646</u>
GROUP INSURANCE:							
182	132	Beginning balance	131	130	129	182	180
(2)	—	Capitalization	—	—	55	—	(2)
(5)	(2)	Amortization - operating results	(1)	(1)	(2)	(2)	(3)
—	—	Amortization - realized investment gains and losses	—	—	—	—	—
—	—	Impact of unrealized losses on AFS securities	—	—	—	—	—
<u>175</u>	<u>130</u>	Ending balance	<u>130</u>	<u>129</u>	<u>182</u>	<u>180</u>	<u>175</u>
<i>DEFERRED SALES INDUCEMENTS</i>							
INDIVIDUAL ANNUITIES:							
1,357	1,000	Beginning balance	1,306	1,032	1,275	1,357	1,425
31	170	Capitalization	88	70	18	16	15
(106)	(113)	Amortization - operating results	(68)	(2)	(50)	(54)	(52)
193	(33)	Amortization - realized investment gains and losses	(295)	172	107	92	101
31	8	Impact of unrealized losses on AFS securities	1	3	7	14	17
—	—	Other	—	—	—	—	—
<u>1,506</u>	<u>1,032</u>	Ending balance	<u>1,032</u>	<u>1,275</u>	<u>1,357</u>	<u>1,425</u>	<u>1,506</u>



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

Year-to-date		% Change		2012					2013	
2013	2012			2Q	3Q	4Q	1Q	2Q		
Revenues (1):										
9,484	9,769	-3%	Premiums	5,164	6,814	7,901	4,914	4,570		
321	302	6%	Policy charges and fee income	150	139	156	159	162		
2,160	2,044	6%	Net investment income	1,030	1,119	1,105	1,093	1,067		
325	108	201%	Asset management fees, commissions and other income	62	82	47	184	141		
12,290	12,223	1%	Total revenues	6,406	8,154	9,209	6,350	5,940		
Benefits and Expenses (1):										
8,107	8,055	1%	Insurance and annuity benefits	4,303	5,982	7,068	4,203	3,904		
500	548	-9%	Interest credited to policyholders' account balances	270	303	271	267	233		
1	—	—	Interest expense	(1)	1	2	1	—		
(824)	(1,012)	19%	Deferral of acquisition costs	(542)	(494)	(518)	(427)	(397)		
545	544	0%	Amortization of acquisition costs	284	279	350	270	275		
2,234	2,813	-21%	General and administrative expenses	1,414	1,301	1,389	1,159	1,075		
10,563	10,948	-4%	Total benefits and expenses	5,728	7,372	8,562	5,473	5,090		
1,727	1,275	35%	Adjusted operating income before income taxes	678	782	647	877	850		

- (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)

	Six Months Ended June 30, 2013			Quarter Ended June 30, 2013		
	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	9,484	3,513	5,971	4,570	1,623	2,947
Policy charges and fee income	321	175	146	162	85	77
Net investment income	2,160	793	1,367	1,067	390	677
Asset management fees, commissions and other income	325	120	205	141	60	81
Total revenues	12,290	4,601	7,689	5,940	2,158	3,782
Benefits and Expenses (1):						
Insurance and annuity benefits	8,107	2,972	5,135	3,904	1,381	2,523
Interest credited to policyholders' account balances	500	124	376	233	55	178
Interest expense	1	1	—	—	—	—
Deferral of acquisition costs	(824)	(376)	(448)	(397)	(166)	(231)
Amortization of acquisition costs	545	237	308	275	117	158
General and administrative expenses	2,234	853	1,381	1,075	403	672
Total benefits and expenses	10,563	3,811	6,752	5,090	1,790	3,300
Adjusted operating income before income taxes	1,727	790	937	850	368	482
	Six Months Ended June 30, 2012			Quarter Ended June 30, 2012		
	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	9,769	3,516	6,253	5,164	1,690	3,474
Policy charges and fee income	302	188	114	150	94	56
Net investment income	2,044	767	1,277	1,030	381	649
Asset management fees, commissions and other income	108	38	70	62	27	35
Total revenues	12,223	4,509	7,714	6,406	2,192	4,214
Benefits and Expenses (1):						
Insurance and annuity benefits	8,055	2,892	5,163	4,303	1,402	2,901
Interest credited to policyholders' account balances	548	129	419	270	61	209
Interest expense	—	—	—	(1)	—	(1)
Deferral of acquisition costs	(1,012)	(438)	(574)	(542)	(226)	(316)
Amortization of acquisition costs	544	250	294	284	124	160
General and administrative expenses	2,813	920	1,893	1,414	457	957
Total benefits and expenses	10,948	3,753	7,195	5,728	1,818	3,910
Adjusted operating income before income taxes	1,275	756	519	678	374	304

- (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 DIVISION - SALES RESULTS AND SUPPLEMENTARY INFORMATION
(in millions)

Year-to-date			2012			2013	
2013	2012		2Q	3Q	4Q	1Q	2Q
INTERNATIONAL INSURANCE OPERATING DATA:							
Actual exchange rate basis (1):							
Net premiums, policy charges and fee income:							
2,851	2,924	Japan, excluding Gibraltar Life	1,393	1,416	1,389	1,559	1,292
6,117	6,367	Gibraltar Life	3,530	5,143	6,229	3,093	3,024
837	780	All other countries	391	394	439	421	416
<u>9,805</u>	<u>10,071</u>	Total	<u>5,314</u>	<u>6,953</u>	<u>8,057</u>	<u>5,073</u>	<u>4,732</u>
Annualized new business premiums:							
428	621	Japan, excluding Gibraltar Life	316	181	190	249	179
957	1,231	Gibraltar Life	762	680	813	459	498
172	175	All other countries	86	93	94	96	76
<u>1,557</u>	<u>2,027</u>	Total	<u>1,164</u>	<u>954</u>	<u>1,097</u>	<u>804</u>	<u>753</u>
Annualized new business premiums by distribution channel:							
600	796	Life Planners	402	274	284	345	255
436	509	Gibraltar Life Consultants	316	208	213	204	232
406	454	Banks	261	433	547	209	197
115	268	Independent Agency	185	39	53	46	69
<u>1,557</u>	<u>2,027</u>	Total	<u>1,164</u>	<u>954</u>	<u>1,097</u>	<u>804</u>	<u>753</u>
Constant exchange rate basis (2):							
Net premiums, policy charges and fee income:							
3,229	2,920	Japan, excluding Gibraltar Life	1,394	1,398	1,405	1,736	1,493
6,951	6,330	Gibraltar Life	3,559	5,076	6,252	3,395	3,556
814	767	All other countries	390	388	421	402	412
<u>10,994</u>	<u>10,017</u>	Total	<u>5,343</u>	<u>6,862</u>	<u>8,078</u>	<u>5,533</u>	<u>5,461</u>
Annualized new business premiums:							
490	622	Japan, excluding Gibraltar Life	316	178	192	280	210
1,053	1,228	Gibraltar Life	769	670	806	488	565
167	171	All other countries	86	93	91	92	75
<u>1,710</u>	<u>2,021</u>	Total	<u>1,171</u>	<u>941</u>	<u>1,089</u>	<u>860</u>	<u>850</u>
Annualized new business premiums by distribution channel:							
657	793	Life Planners	402	271	283	372	285
482	507	Gibraltar Life Consultants	318	203	212	217	265
445	451	Banks	261	429	542	223	222
126	270	Independent Agency	190	38	52	48	78
<u>1,710</u>	<u>2,021</u>	Total	<u>1,171</u>	<u>941</u>	<u>1,089</u>	<u>860</u>	<u>850</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 80 per U.S. dollar; Korean won 1160 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

	2012			2013	
	2Q	3Q	4Q	1Q	2Q
Face amount of individual policies in force at end of period (in billions) (1)(2):					
(Constant exchange rate basis)					
Japan, excluding Gibraltar Life	354	356	359	364	367
Gibraltar Life	400	406	411	414	414
All other countries	105	106	107	108	109
Total	<u>859</u>	<u>868</u>	<u>877</u>	<u>886</u>	<u>890</u>
Number of individual policies in force at end of period (in thousands) (2):					
Japan, excluding Gibraltar Life	2,773	2,794	2,825	2,880	2,911
Gibraltar Life	7,417	7,432	7,449	7,417	7,340
All other countries	1,624	1,643	1,662	1,680	1,697
Total	<u>11,814</u>	<u>11,869</u>	<u>11,936</u>	<u>11,977</u>	<u>11,948</u>
International life insurance policy persistency:					
<u>Excluding Gibraltar Life:</u>					
13 months	93.0%	93.0%	93.0%	93.0%	93.2%
25 months	85.4%	85.7%	86.1%	86.3%	86.3%
<u>Gibraltar Life:</u>					
13 months	90.6%	90.4%	89.7%	89.4%	89.6%
25 months	81.6%	82.0%	82.4%	82.2%	81.9%
Number of Life Planners at end of period:					
Japan	3,116	3,169	3,216	3,284	3,243
All other countries	<u>3,690</u>	<u>3,760</u>	<u>3,842</u>	<u>3,817</u>	<u>3,870</u>
Total life planners	<u>6,806</u>	<u>6,929</u>	<u>7,058</u>	<u>7,101</u>	<u>7,113</u>
Gibraltar Life Consultants	12,031	11,683	11,333	10,252	9,795

- (1) Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 80 per U.S. dollar; Korean won 1160 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.

INVESTMENT PORTFOLIO COMPOSITION
(in millions)

	June 30, 2013				December 31, 2012			
	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	239,907	27,489	212,418	66.4%	254,096	28,790	225,306	68.2%
Public, held-to-maturity, at amortized cost	2,693	—	2,693	0.8%	3,116	—	3,116	0.9%
Private, available-for-sale, at fair value	45,846	16,559	29,287	9.2%	46,875	17,629	29,246	8.8%
Private, held-to-maturity, at amortized cost	869	—	869	0.3%	1,152	—	1,152	0.3%
Trading account assets supporting insurance liabilities, at fair value	20,658	—	20,658	6.5%	20,590	—	20,590	6.2%
Other trading account assets, at fair value	1,675	274	1,401	0.4%	1,701	275	1,426	0.4%
Equity securities, available-for-sale, at fair value	8,754	3,465	5,289	1.7%	8,256	3,225	5,031	1.5%
Commercial mortgage and other loans, at book value	37,579	9,749	27,830	8.7%	36,231	9,608	26,623	8.1%
Policy loans, at outstanding balance	11,740	5,061	6,679	2.1%	11,575	5,120	6,455	2.0%
Other long-term investments (1)	8,664	2,102	6,562	2.0%	8,677	2,012	6,665	2.0%
Short-term investments	7,915	1,731	6,184	1.9%	6,385	1,261	5,124	1.6%
Subtotal (2)	386,300	66,430	319,870	100.0%	398,654	67,920	330,734	100.0%
Invested assets of other entities and operations (3)	6,697	—	6,697		6,928	—	6,928	
Total investments	392,997	66,430	326,567		405,582	67,920	337,662	

Fixed Maturities by Credit Quality (2):

	June 30, 2013					December 31, 2012				
	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 (4)										
1	168,844	15,490	2,944	181,390	84.3%	181,892	15,753	985	196,660	86.0%
2	26,614	2,091	962	27,743	12.9%	25,074	2,029	439	26,664	11.7%
Subtotal - High or Highest Quality Securities	195,458	17,581	3,906	209,133	97.2%	206,966	17,782	1,424	223,324	97.7%
3	4,045	246	128	4,163	1.9%	3,670	128	204	3,594	1.6%
4	1,541	144	76	1,609	0.8%	1,351	100	122	1,329	0.6%
5	295	32	23	304	0.1%	340	20	58	302	0.1%
6	54	16	3	67	0.0%	55	10	17	48	0.0%
Subtotal - Other Securities	5,935	438	230	6,143	2.8%	5,416	258	401	5,273	2.3%
Total	201,393	18,019	4,136	215,276	100.0%	212,382	18,040	1,825	228,597	100.0%

Private Fixed Maturities:

NAIC Rating (4)										
1	7,202	722	73	7,851	26.0%	7,237	811	52	7,996	26.2%
2	17,432	1,498	175	18,755	62.1%	17,350	1,659	217	18,792	61.7%
Subtotal - High or Highest Quality Securities	24,634	2,220	248	26,606	88.1%	24,587	2,470	269	26,788	87.9%
3	2,493	138	30	2,601	8.6%	2,416	173	29	2,560	8.4%
4	628	37	11	654	2.2%	631	33	7	657	2.2%
5	227	11	16	222	0.7%	310	7	16	301	1.0%
6	105	14	5	114	0.4%	131	29	—	160	0.5%
Subtotal - Other Securities	3,453	200	62	3,591	11.9%	3,488	242	52	3,678	12.1%
Total	28,087	2,420	310	30,197	100.0%	28,075	2,712	321	30,466	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) Excludes (i) assets of our asset management operations, including assets managed for third parties, (ii) derivative trading operations and (iii) those assets classified as "Separate account assets" on our balance sheet.
- (3) Includes invested assets of our asset management and derivative trading operations. Excludes assets within our asset management operations managed for third parties and those assets classified as "Separate account assets" on our balance sheet. Our derivative trading operation acts on behalf of affiliates and not in a dealer capacity.
- (4) Reflects equivalent ratings for investments of the international insurance operations. Includes, as of June 30, 2013 and December 31, 2012, respectively, 134 securities with amortized cost of \$1,032 million (fair value \$1,040 million) and 104 securities with amortized cost of \$793 million (fair value, \$847 million) that have been categorized based on expected NAIC designations pending receipt of SVO ratings.

FINANCIAL SERVICES BUSINESSES INVESTMENT PORTFOLIO COMPOSITION
(in millions)

	June 30, 2013		December 31, 2012	
	Amount	% of Total	Amount	% of Total
Japanese Insurance Operations (1):				
Fixed maturities:				
Public, available-for-sale, at fair value	111,802	81.7%	124,710	82.2%
Public, held-to-maturity, at amortized cost	2,693	2.0%	3,116	2.0%
Private, available-for-sale, at fair value	6,306	4.6%	6,252	4.1%
Private, held-to-maturity, at amortized cost	869	0.6%	1,152	0.8%
Trading account assets supporting insurance liabilities, at fair value	1,798	1.3%	1,838	1.2%
Other trading account assets, at fair value	915	0.7%	1,195	0.8%
Equity securities, available-for-sale, at fair value	2,363	1.7%	2,126	1.4%
Commercial mortgage and other loans, at book value	5,950	4.3%	6,156	4.1%
Policy loans, at outstanding balance	2,314	1.7%	2,665	1.7%
Other long-term investments (2)	1,576	1.2%	2,215	1.5%
Short-term investments	330	0.2%	318	0.2%
Total	<u>136,916</u>	<u>100.0%</u>	<u>151,743</u>	<u>100.0%</u>
Financial Services Businesses excluding Japanese Insurance Operations (1):				
Fixed maturities:				
Public, available-for-sale, at fair value	100,616	55.0%	100,596	56.2%
Public, held-to-maturity, at amortized cost	—	0.0%	—	0.0%
Private, available-for-sale, at fair value	22,981	12.6%	22,994	12.9%
Private, held-to-maturity, at amortized cost	—	0.0%	—	0.0%
Trading account assets supporting insurance liabilities, at fair value	18,860	10.3%	18,752	10.5%
Other trading account assets, at fair value	486	0.3%	231	0.1%
Equity securities, available-for-sale, at fair value	2,926	1.6%	2,905	1.6%
Commercial mortgage and other loans, at book value	21,880	11.9%	20,467	11.4%
Policy loans, at outstanding balance	4,365	2.4%	3,790	2.1%
Other long-term investments (2)	4,986	2.7%	4,450	2.5%
Short-term investments	5,854	3.2%	4,806	2.7%
Total	<u>182,954</u>	<u>100.0%</u>	<u>178,991</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 June 30					
	2013			2012		
	Investment Income Yield (3)	Amount	Realized Gains / (Losses)	Investment Income Yield (3)	Amount	Realized Gains / (Losses)
Financial Services Businesses (1):						
Fixed maturities	3.74%	2,136	265	3.76%	1,872	(118)
Equity securities	6.82%	69	31	6.07%	62	(14)
Commercial mortgage and other loans	4.99%	291	6	5.17%	271	—
Policy loans	4.65%	78	—	4.61%	71	—
Short-term investments and cash equivalents	0.22%	8	—	0.27%	9	—
Other investments	8.39%	165	(1,327)	4.25%	65	1,737
Gross investment income before investment expenses	3.88%	2,747	(1,025)	3.78%	2,350	1,605
Investment expenses	-0.13%	(77)	—	-0.13%	(64)	—
Subtotal	3.75%	2,670	(1,025)	3.65%	2,286	1,605
Investment results of other entities and operations (2)		271	23		277	4
Less, investment income related to adjusted operating income reconciling items		(40)	—		(37)	—
Total		2,901	(1,002)		2,526	1,609

	Six Months Ended June 30					
	2013			2012		
	Investment Income Yield (3)	Amount	Realized Gains / (Losses)	Investment Income Yield (3)	Amount	Realized Gains / (Losses)
Financial Services Businesses (1):						
Fixed maturities	3.73%	4,283	319	3.75%	3,713	(132)
Equity securities	6.27%	128	64	5.82%	118	(69)
Commercial mortgage and other loans	5.04%	573	(5)	5.22%	541	3
Policy loans	4.68%	154	—	4.60%	142	—
Short-term investments and cash equivalents	0.20%	16	1	0.27%	17	—
Other investments	6.41%	253	(2,263)	3.51%	111	424
Gross investment income before investment expenses	3.79%	5,407	(1,884)	3.75%	4,642	226
Investment expenses	-0.13%	(157)	—	-0.13%	(125)	—
Subtotal	3.66%	5,250	(1,884)	3.62%	4,517	226
Investment results of other entities and operations (2)		566	62		575	9
Less, investment income related to adjusted operating income reconciling items		(94)	—		(66)	—
Total		5,722	(1,822)		5,026	235

- (1) Excludes assets of commercial loans, trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders, derivative trading operations, 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 invested income of commercial loans, trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders and our asset management and derivative trading operations. Our derivative trading operation acts on behalf of affiliates and not in a dealer capacity.
- (3) Yields are based on net investment income as reported under U.S. GAAP and do not include adjustments, such as settlements of duration management swaps that are included in adjusted operating income. 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.

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

	Quarter Ended June 30					
	2013			2012		
	Investment Income Yield (1)	Amount	Realized Gains / (Losses)	Investment Income Yield (1)	Amount	Realized Gains / (Losses)
Japanese Insurance Operations:						
Fixed maturities	2.95%	820	248	2.75%	818	(101)
Equity securities	5.42%	23	20	2.46%	12	(18)
Commercial mortgage and other loans	4.20%	64	3	4.08%	57	2
Policy loans	3.66%	21	—	3.53%	25	—
Short-term investments and cash equivalents	0.17%	1	—	0.16%	2	—
Other investments (2)	4.93%	35	(483)	4.44%	43	264
Gross investment income before investment expenses	3.06%	964	(212)	2.81%	957	147
Investment expenses	-0.11%	(36)	—	-0.14%	(49)	—
Total	2.95%	928	(212)	2.67%	908	147
Six Months Ended June 30						
	2013			2012		
	Investment Income Yield (1)	Amount	Realized Gains / (Losses)	Investment Income Yield (1)	Amount	Realized Gains / (Losses)
Japanese Insurance Operations:						
Fixed maturities	2.87%	1,653	375	2.72%	1,612	(113)
Equity securities	4.72%	42	49	2.79%	28	(79)
Commercial mortgage and other loans	4.26%	129	4	4.03%	112	6
Policy loans	3.52%	43	—	3.44%	48	—
Short-term investments and cash equivalents	0.15%	2	—	0.17%	3	—
Other investments (2)	5.46%	82	(778)	3.60%	74	61
Gross investment income before investment expenses	2.98%	1,951	(350)	2.76%	1,877	(125)
Investment expenses	-0.12%	(78)	—	-0.14%	(93)	—
Total	2.86%	1,873	(350)	2.62%	1,784	(125)

- (1) Yields are based on net investment income as reported under U.S. GAAP and do not include adjustments, such as settlements of duration management swaps that are included in adjusted operating income. 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) 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 June 30					
	2013			2012		
	<u>Investment Income</u>	<u>Realized</u>	<u>Gains /</u>	<u>Investment Income</u>	<u>Realized</u>	<u>Gains /</u>
	<u>Yield (2)</u>	<u>Amount</u>	<u>(Losses)</u>	<u>Yield (2)</u>	<u>Amount</u>	<u>(Losses)</u>
Financial Services Businesses excluding Japanese Insurance Operations (1):						
Fixed maturities	4.49%	1,316	17	5.25%	1,054	(17)
Equity securities	7.83%	46	11	9.27%	50	4
Commercial mortgage and other loans	5.27%	227	3	5.57%	214	(2)
Policy loans	5.18%	57	—	5.47%	46	—
Short-term investments and cash equivalents	0.24%	7	—	0.31%	7	—
Other investments	10.30%	130	(844)	3.92%	22	1,473
Gross investment income before investment expenses	4.55%	1,783	(813)	4.96%	1,393	1,458
Investment expenses	0.13%	(41)	—	-0.11%	(15)	—
Total	4.42%	1,742	(813)	4.85%	1,378	1,458
Six Months Ended June 30						
	2013			2012		
	<u>Investment Income</u>	<u>Realized</u>	<u>Gains /</u>	<u>Investment Income</u>	<u>Realized</u>	<u>Gains /</u>
	<u>Yield (2)</u>	<u>Amount</u>	<u>(Losses)</u>	<u>Yield (2)</u>	<u>Amount</u>	<u>(Losses)</u>
Financial Services Businesses excluding Japanese Insurance Operations (1):						
Fixed maturities	4.60%	2,630	(56)	5.27%	2,101	(19)
Equity securities	7.46%	86	15	8.67%	90	10
Commercial mortgage and other loans	5.33%	444	(9)	5.65%	429	(3)
Policy loans	5.37%	111	—	5.55%	94	—
Short-term investments and cash equivalents	0.21%	14	1	0.30%	14	—
Other investments	6.98%	171	(1,485)	3.34%	37	363
Gross investment income before investment expenses	4.48%	3,456	(1,534)	4.95%	2,765	351
Investment expenses	-0.14%	(79)	—	-0.11%	(32)	—
Total	4.34%	3,377	(1,534)	4.84%	2,733	351

- (1) Excludes assets of commercial loans, trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders, derivative trading operations, 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 based on net investment income as reported under U.S. GAAP and do not include adjustments, such as settlements of duration management swaps that are included in adjusted operating income. 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			2012				2013
2011	2010		1Q	2Q	3Q	4Q	1Q
Financial Services Businesses:							
		Pre-tax adjusted operating income (loss) by division:					
2,051	2,040	U.S. Retirement Solutions and Investment Management Division	709	306	506	680	779
645	656	U.S. Individual Life and Group Insurance Division	72	94	147	87	146
2,263	1,887	International Insurance Division	597	678	782	647	877
(1,112)	(938)	Corporate and other operations	(327)	(225)	(414)	(372)	(314)
3,847	3,645	Total pre-tax adjusted operating income	1,051	853	1,021	1,042	1,488
995	956	Income taxes, applicable to adjusted operating income	284	205	270	239	406
2,852	2,689	Financial Services Businesses after-tax adjusted operating income	767	648	751	803	1,082
Reconciling items:							
847	(27)	Realized investment gains (losses), net, and related charges and adjustments	(1,838)	2,030	(1,303)	(1,698)	(3,003)
223	501	Investment gains on trading account assets supporting insurance liabilities, net	234	4	264	108	95
(123)	(631)	Change in experience-rated contractholder liabilities due to asset value changes	(246)	54	(254)	(94)	(143)
90	1	Divested businesses	1	22	(687)	49	29
(189)	(95)	Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	5	8	(40)	26	(30)
848	(251)	Total reconciling items, before income taxes	(1,844)	2,118	(2,020)	(1,609)	(3,052)
425	35	Income taxes, not applicable to adjusted operating income	(114)	536	(623)	(614)	(1,241)
423	(286)	Total reconciling items, after income taxes	(1,730)	1,582	(1,397)	(995)	(1,811)
3,275	2,403	Income (loss) from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures	(963)	2,230	(646)	(192)	(729)
110	71	Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	(4)	(9)	20	(25)	7
3,385	2,474	Income (loss) from continuing operations attributable to Prudential Financial, Inc.	(967)	2,221	(626)	(217)	(722)
72	11	Earnings attributable to noncontrolling interests	11	15	25	27	42
3,457	2,485	Income (loss) from continuing operations (after-tax) of Financial Services Businesses	(956)	2,236	(601)	(190)	(680)
35	32	Income (loss) from discontinued operations, net of taxes	7	8	(1)	3	1
3,492	2,517	Net income (loss) of Financial Services Businesses	(949)	2,244	(602)	(187)	(679)
72	11	Less: Income attributable to noncontrolling interests	11	15	25	27	42
3,420	2,506	Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.	(960)	2,229	(627)	(214)	(721)
10.6%	11.3%	Operating Return on Average Equity (based on adjusted operating income)	11.4%	9.5%	10.7%	11.7%	16.3%
Reconciliation to Consolidated Net Income (Loss) Attributable to Prudential Financial, Inc.:							
3,420	2,506	Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc. (above)	(960)	2,229	(627)	(214)	(721)
146	495	Net income (loss) of Closed Block Business attributable to Prudential Financial, Inc.	21	(5)	43	(18)	15
3,566	3,001	Consolidated net income (loss) attributable to Prudential Financial, Inc.	(939)	2,224	(584)	(232)	(706)

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

Years ended December 31			2012				2013
2011	2010		1Q	2Q	3Q	4Q	1Q
Earnings per share of Common Stock (diluted): (1)							
5.84	5.69	Financial Services Businesses after-tax adjusted operating income	1.61	1.38	1.59	1.70	2.29
Reconciling items:							
1.73	(0.06)	Realized investment gains (losses), net, and related charges and adjustments	(3.85)	4.29	(2.76)	(3.61)	(6.37)
0.46	1.05	Investment gains on trading account assets supporting insurance liabilities, net	0.49	0.01	0.56	0.23	0.20
(0.25)	(1.33)	Change in experience-rated contractholder liabilities due to asset value changes	(0.52)	0.11	(0.54)	(0.20)	(0.30)
0.18	—	Divested businesses	0.01	0.05	(1.46)	0.10	0.06
(0.01)	0.01	Difference in earnings allocated to participating unvested share-based payment awards	0.02	(0.03)	0.02	—	0.02
2.11	(0.33)	Total reconciling items, before income taxes	(3.85)	4.43	(4.17)	(3.48)	(6.39)
1.03	0.11	Income taxes, not applicable to adjusted operating income	(0.20)	1.14	(1.24)	(1.30)	(2.55)
1.08	(0.44)	Total reconciling items, after income taxes	(3.65)	3.29	(2.93)	(2.18)	(3.84)
Income (loss) from continuing operations (after-tax) of Financial Services Businesses attributable to Prudential Financial, Inc.							
6.92	5.25		(2.04)	4.67	(1.34)	(0.48)	(1.55)
0.07	0.07	Income from discontinued operations, net of taxes	0.01	0.02	—	—	—
6.99	5.32	Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.	(2.03)	4.69	(1.34)	(0.48)	(1.55)
480.2	466.8	Weighted average number of outstanding Common shares (basic)	469.2	466.1	464.4	462.6	464.3
488.7	475.4	Weighted average number of outstanding Common shares (diluted)	477.5	473.5	471.8	469.9	471.7
24	36	Direct equity adjustments for earnings per share calculation	8	8	4	—	4
17	17	Earnings related to interest, net of tax, on exchangeable surplus notes	4	5	4	4	4
Earnings allocated to participating unvested share-based payment awards for earnings per share calculation							
38	35	Financial Services Businesses after-tax adjusted operating income	8	6	8	7	10
45	32	Income from continuing operations (after-tax) of Financial Services Businesses	—	21	—	7	2

- (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 three months ended March 31, 2012, September 30, 2012, December 31, 2012, and March 31, 2013 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.

RECLASSIFIED OPERATIONS HIGHLIGHTS

Years ended December 31						
2011	2010		2012			
			1Q	2Q	3Q	4Q
						2013 1Q
Assets Under Management and Administration (\$ billions) (1) (2):						
Assets Under Management:						
Managed by U.S. Retirement Solutions and Investment Management Division:						
Asset Management Segment - Investment Management & Advisory Services						
1,040.8	237.8	Institutional customers	286.1	289.2	303.1	313.7
477.2	110.6	Retail customers	125.1	131.7	133.9	138.7
1,254.3	257.4	General account	321.3	331.4	340.7	374.6
2,772.3	605.8	Total Investment Management and Advisory Services	732.5	752.3	777.7	827.0
617.3	149.8	Non-proprietary assets under management	176.8	176.2	193.0	196.8
Total managed by U.S. Retirement Solutions and Investment Management Division						
3,389.6	755.6		909.3	928.5	970.7	1,023.8
54.2	13.1	Managed by U.S. Individual Life and Group Insurance Division	14.8	13.6	13.7	16.4
69.9	15.3	Managed by International Insurance Division	18.8	19.0	20.5	20.1
3,513.7	784.0	Total assets under management	942.9	961.1	1,004.9	1,060.3
66.9	64.5	Client assets under administration	69.0	67.6	67.8	69.2
3,580.6	848.5	Total assets under management and administration	1,011.9	1,028.7	1,072.7	1,129.5
208.9	151.1	Assets managed or administered for customers outside of the United States at end of period	214.6	223.0	237.3	243.8

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

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

Years ended December 31			2012				2013
2011	2010		1Q	2Q	3Q	4Q	1Q
		Revenues (1):					
21,038	14,912	Premiums	5,980	6,695	8,263	41,145	6,329
4,032	3,482	Policy charges and fee income	1,078	1,085	1,251	1,183	1,425
9,803	8,501	Net investment income	2,500	2,526	2,631	2,713	2,821
3,998	3,150	Asset management fees, commissions and other income	922	925	1,092	1,082	1,243
38,871	30,045	Total revenues	10,480	11,231	13,237	46,123	11,818
		Benefits and Expenses (1):					
19,919	14,557	Insurance and annuity benefits	5,484	6,404	8,229	40,783	6,332
3,756	3,418	Interest credited to policyholders' account balances	948	971	941	944	966
1,163	1,049	Interest expense	308	311	311	313	327
(3,027)	(2,432)	Deferral of acquisition costs	(809)	(911)	(882)	(932)	(864)
1,565	1,027	Amortization of acquisition costs	406	513	466	581	475
11,648	8,781	General and administrative expenses	3,092	3,090	3,151	3,392	3,094
35,024	26,400	Total benefits and expenses	9,429	10,378	12,216	45,081	10,330
3,847	3,645	Adjusted operating income before income taxes	1,051	853	1,021	1,042	1,488
		Reconciling items:					
2,503	152	Realized investment gains (losses), net, and related adjustments	(2,716)	3,058	(1,951)	(2,057)	(3,305)
(1,656)	(179)	Related charges	878	(1,028)	648	359	302
847	(27)	Total realized investment gains (losses), net, and related charges and adjustments	(1,838)	2,030	(1,303)	(1,698)	(3,003)
223	501	Investment gains on trading account assets supporting insurance liabilities, net	234	4	264	108	95
(123)	(631)	Change in experience-rated contractholder liabilities due to asset value changes	(246)	54	(254)	(94)	(143)
90	1	Divested businesses	1	22	(687)	49	29
(189)	(95)	Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	5	8	(40)	26	(30)
848	(251)	Total reconciling items, before income taxes	(1,844)	2,118	(2,020)	(1,609)	(3,052)
4,695	3,394	Income (loss) from continuing operations before income taxes and equity in earnings of operating joint ventures	(793)	2,971	(999)	(567)	(1,564)
1,420	991	Income tax expense (benefit)	170	741	(353)	(375)	(835)
3,275	2,403	Income (loss) from continuing operations before equity in earnings of operating joint ventures	(963)	2,230	(646)	(192)	(729)

- (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 - U.S. RETIREMENT SOLUTIONS AND INVESTMENT MANAGEMENT DIVISION
(in millions)

Years ended December 31			2012				2013
2011	2010		1Q	2Q	3Q	4Q	1Q
		Revenues (1):					
901	1,232	Premiums	116	248	161	31,979	145
2,043	1,662	Policy charges and fee income	544	556	584	598	619
4,086	4,237	Net investment income	999	983	1,002	1,096	1,160
3,955	3,214	Asset management fees, commissions and other income	960	915	1,074	1,107	1,140
10,985	10,345	Total revenues	2,619	2,702	2,821	34,780	3,064
		Benefits and Expenses (1):					
2,070	2,139	Insurance and annuity benefits	251	611	736	32,292	524
2,285	2,415	Interest credited to policyholders' account balances	544	568	504	531	506
139	96	Interest expense	35	39	37	33	33
(1,093)	(1,154)	Deferral of acquisition costs	(265)	(288)	(305)	(233)	(235)
602	272	Amortization of acquisition costs	97	168	(20)	166	145
4,931	4,537	General and administrative expenses	1,248	1,298	1,363	1,311	1,312
8,934	8,305	Total benefits and expenses	1,910	2,396	2,315	34,100	2,285
2,051	2,040	Adjusted operating income before income taxes	709	306	506	680	779

- (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.

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

Years ended December 31			2012				2013
2011	2010		1Q	2Q	3Q	4Q	1Q
		Revenues (1):					
—	—	Premiums	—	—	—	—	—
—	—	Policy charges and fee income	—	—	—	—	—
118	121	Net investment income	23	15	38	31	18
2,358	1,846	Asset management fees, commissions and other income	531	477	603	626	642
2,476	1,967	Total revenues	554	492	641	657	660
		Benefits and Expenses (1):					
—	—	Insurance and annuity benefits	—	—	—	—	—
—	—	Interest credited to policyholders' account balances	—	—	—	—	—
13	13	Interest expense	3	5	3	4	3
(23)	(24)	Deferral of acquisition costs	(7)	(6)	(7)	(6)	(7)
25	25	Amortization of acquisition costs	6	6	6	6	6
1,666	1,428	General and administrative expenses	420	435	450	502	479
1,681	1,442	Total benefits and expenses	422	440	452	506	481
795	525	Adjusted operating income before income taxes	132	52	189	151	179

(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.

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

Years ended December 31			2012				2013
2011	2010		1Q	2Q	3Q	4Q	1Q
		Revenues (1):					
(22)	(27)	Premiums	(10)	(7)	(7)	(9)	(9)
(35)	(42)	Policy charges and fee income	(9)	(10)	(9)	(10)	(10)
410	330	Net investment income	87	111	101	104	95
(540)	(489)	Asset management fees, commissions and other income	(191)	(166)	(191)	(189)	(229)
(187)	(228)	Total revenues	(123)	(72)	(106)	(104)	(153)
		Benefits and Expenses (1):					
146	45	Insurance and annuity benefits	8	38	78	12	—
(34)	(70)	Interest credited to policyholders' account balances	(7)	(6)	(5)	(4)	—
809	788	Interest expense	195	193	190	195	197
67	63	Deferral of acquisition costs	15	19	20	18	18
(58)	(40)	Amortization of acquisition costs	(8)	(16)	(3)	(15)	(13)
(5)	(76)	General and administrative expenses	1	(75)	28	62	(41)
925	710	Total benefits and expenses	204	153	308	268	161
(1,112)	(938)	Adjusted operating income before income taxes	(327)	(225)	(414)	(372)	(314)

- (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.

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

Supplementary Revenue Information (in millions):

Years ended December 31		% Change		2012				2013
2011	2010			1Q	2Q	3Q	4Q	1Q
Analysis of revenues by type:								
1,541	1,326	16%	Asset management fees	403	407	424	433	451
339	210	61%	Other related revenues	30	(25)	113	89	65
596	431	38%	Service, distribution and other revenues	121	110	103	135	144
<u>2,476</u>	<u>1,967</u>	26%	Total Asset Management segment revenues	<u>554</u>	<u>492</u>	<u>640</u>	<u>657</u>	<u>660</u>
Analysis of asset management fees by source:								
729	639	14%	Institutional customers	190	190	194	201	203
452	372	22%	Retail customers	121	124	132	132	145
360	315	14%	General account	92	93	98	100	103
<u>1,541</u>	<u>1,326</u>	16%	Total asset management fees	<u>403</u>	<u>407</u>	<u>424</u>	<u>433</u>	<u>451</u>

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 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 - Operating Debt - Investment Related:

Debt issued to finance specific investment assets or portfolios of investment assets, including institutional spread lending investment portfolios as well as institutional and insurance company portfolio cash flow timing differences.

9. Borrowings - Operating Debt - Specified Businesses:

Borrowings primarily associated with the individual annuity and asset management businesses.

KEY DEFINITIONS AND FORMULAS

10. Client Assets:

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

11. Earned Premiums:

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

12. Earnings Per Share of Common Stock:

Net income (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.

13. Full Service:

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

14. Full Service Stable Value:

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

15. General Account:

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

16. Gibraltar Life Consultants:

Insurance representatives for Gibraltar Life, previously identified as Life Advisors.

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

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

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

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

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

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

20. Individual 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

21. Insurance and Annuity Benefits:

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

22. International Life Planners:

Insurance agents in our insurance operations outside the United States, excluding Gibraltar Life Advisors.

23. 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.

24. 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.

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 2.2% for the three months ended June 30, 2013, (7.6%) for the three months ended March 31, 2013, (2.3)% for the three months ended December 31, 2012, (6.7)% for the three months ended September 30, 2012, and 25.4% for the three months ended June 30, 2012.

25. 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).

26. 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.

27. Prudential Agents:

Insurance agents in our insurance operations in the United States.

28. 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.

29. 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.

30. 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 August 7, 2013

	A.M. Best	Standard & Poor's	Moody's	Fitch Ratings
The Prudential Insurance Company of America	A+	AA-	A1	A+
PRUCO Life Insurance Company	A+	AA-	A1	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-	A1	A+
The Prudential Life Insurance Co., Ltd. (Prudential of Japan)	NR	AA-	NR	NR
Gibraltar Life Insurance Company, Ltd.	NR	AA-	NR	NR
The Prudential Gibraltar Financial Life Insurance Co. Ltd.	NR	AA-	NR	NR

CREDIT RATINGS:

as of August 7, 2013

Prudential Financial, Inc.:				
Short-Term Borrowings	AMB-1	A-1	P-2	F2
Long-Term Senior Debt	a-	A	Baa1	BBB+
Junior Subordinated Long-Term Debt	bbb	BBB+	Baa2	BBB-
The Prudential Insurance Company of America:				
Capital and surplus notes	a	A	A3	A-
Prudential Funding, LLC:				
Short-Term Debt	AMB-1	A-1+	P-1	F1
Long-Term Senior Debt	a+	AA-	A2	A
PRICOA Global Funding I				
Long-Term Senior Debt	aa-	AA-	A1	A+

* NR indicates not rated.

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.