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

FORM 8-K

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

Date of Report (Date of earliest event reported): February 5, 2014

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 fourth 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 fourth 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 December 31, 2013.
- C. Conference Call and Related Materials. Members of the Company’s senior management will hold a conference call on Thursday, February 6, 2014 at 11:00 A.M. ET, to discuss the Company’s fourth quarter 2013 results. Related materials are available on the Company’s Investor Relations website at www.investor.prudential.com.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

- 99.1 News release of Prudential Financial, Inc., dated February 5, 2014, announcing fourth 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 December 31, 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: February 5, 2014

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 February 5, 2014, announcing fourth 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 December 31, 2013 (furnished and not filed).



News Release

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

For Immediate Release

February 5, 2014

Contact: Scot Hoffman
(973) 802-2824

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

- **After-tax adjusted operating income for the Financial Services Businesses for year 2013 of \$4.586 billion, or \$9.67 per Common share, compared to \$6.40 per Common share for 2012.**
- **Fourth quarter 2013 after-tax adjusted operating income for the Financial Services Businesses of \$1.048 billion, or \$2.20 per Common share, compared to \$1.76 per Common share in the year-ago quarter.**

Financial Services Businesses Fourth Quarter Highlights

- Pre-tax adjusted operating income up \$385 million or 36% from year-ago quarter.
- Record-high earnings in Prudential Retirement, reflecting contribution to results from two significant pension risk transfer transactions that closed in late 2012.
- U.S. Individual Life and Group Insurance earnings up \$128 million, reflecting contribution from in force business acquired from The Hartford in January 2013 and improved group insurance claims experience.
- Retirement account values reach record-high \$322.9 billion at year end, for an 11% increase from a year earlier; gross deposits and sales for the quarter of \$9.9 billion; net additions \$1.4 billion, reflecting positive net flows in Institutional Investment Products and Full Service.
- Asset Management institutional and retail net flows, excluding money market, total \$6.8 billion, marking the 20th consecutive quarter of positive net flows; segment assets under management \$869.9 billion at year end, up 5% from a year earlier.
- Individual Annuity account values surpass \$150 billion milestone, reaching \$154.1 billion at year end, a 14% increase from a year earlier; gross sales for the quarter of \$2.4 billion, net sales \$322 million.
- U.S. Individual Life annualized new business premiums \$166 million, compared to \$144 million a year ago.

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- International Insurance constant dollar basis annualized new business premiums from captive distribution of \$500 million, compared to \$483 million a year ago; total annualized new business premiums of \$742 million for current quarter.
- **Significant items included in current quarter adjusted operating income:**
 - Pre-tax net benefit of \$108 million in Individual Annuities, including release of reserves for guaranteed death and income benefits and reduced amortization of deferred policy acquisition and other costs reflecting market performance.
 - Pre-tax charge of \$8 million in Individual Life for integration costs relating to the acquisition of The Hartford's individual life insurance business.
 - Pre-tax charges of \$101 million in International Insurance, including \$78 million in Life Planner operations and \$23 million in the Gibraltar Life operation, for reserve refinements and related items.
 - Pre-tax charge of \$11 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.

During the **year-ago** quarter, several of our U.S. businesses incurred costs for items such as business process improvements, fund start-up costs, and reserves for costs associated with certain client contracts, which were estimated to be in excess of a baseline level relative to business volume. These items had an estimated negative impact of approximately \$100 million on fourth quarter 2012 pre-tax adjusted operating income including \$17 million in the Individual Annuities segment, \$16 million in the Retirement segment, \$49 million in the Asset Management segment, and \$18 million in the Group Insurance segment. In addition, an update of the effective tax rate applicable to adjusted operating income in the fourth quarter of 2012 based on full year results contributed approximately 7 cents per Common share to year-ago quarter results.

- **Net loss of Financial Services Businesses attributable to Prudential Financial, Inc. for year 2013 of \$713 million, or \$1.55 per Common share.**
- **Fourth quarter 2013 net loss of Financial Services Businesses attributable to Prudential Financial, Inc. of \$427 million, or 94 cents per Common share.**
 - The current quarter net loss includes pre-tax losses of \$1.2 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.

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• **Other financial highlights:**

- Excluding net changes in value relating to foreign currency exchange rate remeasurement reflected in net income or loss, book value per Common share excluding total accumulated other comprehensive income amounted to \$59.99 at December 31, 2013, an increase of \$1.91 from a year earlier after payment of four quarterly Common Stock dividends totaling \$1.73 per share.
- GAAP book value for Financial Services Businesses, \$33.9 billion or \$72.30 per Common share at December 31, 2013, compared to \$37.0 billion or \$79.04 per Common share a year earlier. Book value per Common share excluding total accumulated other comprehensive income, \$53.98 at December 31, 2013 compared to \$57.70 a year earlier.
- Net unrealized gains on general account fixed maturity investments of the Financial Services Businesses of \$15.8 billion at December 31, 2013 compared to \$18.6 billion a year earlier; gross unrealized losses of \$4.0 billion at December 31, 2013, compared to \$2.1 billion a year earlier.
- During the fourth quarter, the Company acquired 2.9 million shares of its Common Stock at a total cost of \$250 million, for an average price of \$85.35 per share under the June 2013 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 during the period from July 1, 2013 through June 30, 2014. From the commencement of share repurchases in July 2011 through December 31, 2013, the Company has acquired 41.3 million shares of its Common Stock under its share repurchase authorizations at a total cost of \$2.4 billion, for an average price of \$58.11 per share.

NEWARK, N.J. – Prudential Financial, Inc. (NYSE:PRU) today reported after-tax adjusted operating income for its Financial Services Businesses of \$4.586 billion (\$9.67 per Common share) for the year ended December 31, 2013, compared to \$3.019 billion (\$6.40 per Common share) for 2012. The net loss for the Financial Services Businesses attributable to Prudential Financial, Inc. was \$713 million (\$1.55 per Common share) for 2013, compared to net income of \$479 million (\$1.05 per Common share) for 2012. Information regarding adjusted operating income, a non-GAAP measure, is provided below.

For the fourth quarter of 2013, after-tax adjusted operating income for the Financial Services Businesses amounted to \$1.048 billion (\$2.20 per Common share) compared to \$831 million (\$1.76 per Common share) for the fourth quarter of 2012. The net loss for the Financial

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Services Businesses attributable to Prudential Financial, Inc. for the fourth quarter of 2013 amounted to \$427 million (94 cents per Common share) compared to a net loss of \$185 million (42 cents per Common share) for the fourth quarter 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.

Results for the fourth quarter of 2013 and earlier periods presented reflect the implementation of a discretionary change in accounting principle related to the Company's accrual of performance-based incentive fee revenue in its Asset Management operations, as discussed under "Change in Accounting Principle" later in this release.

"We are pleased to report strong operating results for the fourth quarter and the year, driven by solid underlying performance across our businesses. Our earnings per share for the year, based on after-tax adjusted operating income of the Financial Services Businesses, represent a 20% compound growth rate over the past three years, and return on equity exceeded the top end of our targeted range. These achievements reflect sustained organic growth coupled with the successful integration of the Star and Edison businesses in International Insurance, the landmark pension risk transfer transactions we completed in late 2012, and the contribution of the individual life insurance business we acquired from The Hartford in early 2013. The alignment of our skill sets with market opportunities in serving protection and retirement needs, the talent of our people, and our track record of successful execution, bolster our confidence in our long-term prospects," 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.

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Financial Services Businesses

Prudential Financial's Common Stock (NYSE:PRU) reflects the performance of its Financial Services Businesses, which consist of its 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 \$996 million for the fourth quarter of 2013, compared to \$714 million in the year-ago quarter.

The Individual Annuities segment reported adjusted operating income of \$492 million in the current quarter, compared to \$304 million in the year-ago quarter. Current quarter results include a benefit of \$108 million and results for the year ago quarter include a benefit of \$57 million, in each case reflecting an updated estimate of profitability for this business driven largely by market performance in relation to our assumptions. In addition, results for the year-ago quarter included a charge of \$9 million for impairment of certain capitalized software costs based on a review of recoverability. Excluding the effect of the foregoing items, adjusted operating income for the Individual Annuities segment increased \$128 million from the year-ago quarter, primarily reflecting higher asset-based fees due to growth in variable annuity account values. Current quarter results also benefited from lower expenses, reflecting the inclusion in the year-ago quarter of approximately \$17 million of costs that were estimated to be above a baseline level in relation to business volume, for items such as business process improvements.

The Retirement segment reported adjusted operating income of \$295 million for the current quarter, compared to \$225 million in the year-ago quarter. Results for the year-ago quarter included income of \$78 million from a recovery, under a settlement, of prior losses attributed to certain client investment funds managed by a third party. Excluding this item, adjusted operating income of the Retirement segment increased \$148 million from the year-ago quarter, reflecting a \$112 million greater net contribution from investment results including about \$55 million of returns on non-coupon investments that we estimate to be above average expectations. The remainder of

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the increase in Retirement segment adjusted operating income reflected higher fees associated with growth in account values and a greater contribution from case experience on group annuity and similar contracts.

The Asset Management segment reported adjusted operating income of \$209 million for the current quarter, compared to \$185 million in the year-ago quarter. Current quarter results benefited from higher asset management fees reflecting growth in assets under management and from lower associated expenses, reflecting the inclusion in the year-ago quarter of approximately \$49 million of costs that were estimated to be above a baseline level in relation to business volume for items including fund start-up costs, reserves for costs associated with certain client contracts, and business process improvements. These benefits were partly offset by less favorable results from other segment operations, including a \$32 million lower contribution to results from the segment's incentive, transaction, strategic investing and commercial mortgage activities.

The **U.S. Individual Life and Group Insurance division** reported adjusted operating income of \$215 million for the fourth quarter of 2013, compared to \$87 million in the year-ago quarter.

The Individual Life segment reported adjusted operating income of \$157 million for the current quarter, compared to \$99 million in the year-ago quarter. Current quarter results reflect absorption of \$8 million of integration costs related to the Company's acquisition of The Hartford's individual life insurance business, while results for the year-ago quarter included a charge of \$15 million, primarily representing transaction costs, related to that acquisition. Excluding these items, adjusted operating income increased \$51 million from the year-ago quarter, with the increase driven by the contribution from the acquired in force business. Segment results for both the current quarter, inclusive of the acquired in force business, and the year-ago quarter benefited from claims experience more favorable than our average expectations, with a contribution of approximately \$30 million to current quarter results inclusive of reserve refinements.

The Group Insurance segment reported adjusted operating income of \$58 million in the current quarter, compared to a loss of \$12 million in the year-ago quarter. Results for the year-ago quarter included a charge of \$20 million to increase legal reserves. Excluding this charge, adjusted operating income increased \$50 million from the year-ago quarter. This increase came primarily from improved group life and group disability claims experience in the current quarter.

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The **International Insurance segment** reported adjusted operating income of \$647 million for the fourth quarter of 2013, unchanged from \$647 million in the year-ago quarter.

Adjusted operating income of the segment's Life Planner insurance operations was \$303 million for the current quarter, compared to \$332 million in the year-ago quarter. Current quarter results include a charge of \$78 million to strengthen reserves, primarily for certain policies associated with a previously acquired block of business. Excluding this charge, adjusted operating income increased \$49 million from the year-ago quarter. This increase reflected continued business growth and a favorable impact of \$11 million in comparison to the year-ago quarter from foreign currency exchange rates, including the impact of the Company's currency hedging programs.

The segment's Gibraltar Life and Other operations reported adjusted operating income of \$344 million for the current quarter, compared to \$315 million in the year-ago quarter. Current quarter results include a charge of \$23 million from refinement of reserves and related items primarily associated with a policy administrative system update. Results for the current quarter also reflect absorption of \$11 million of integration costs related to the Star and Edison businesses acquired on February 1, 2011. Results for the year-ago quarter included charges of approximately \$10 million for integration costs relating to the acquisition. Excluding these items, adjusted operating income increased \$53 million from the year-ago quarter. This increase came primarily from a greater contribution from investment results, and from lower expenses in the current quarter including additional cost savings resulting from business integration synergies. Current quarter results also benefited \$10 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 \$397 million in the fourth quarter of 2013, compared to a loss of \$372 million in the year-ago quarter. Results for the year-ago quarter included a charge of \$54 million to increase recorded liabilities for certain employee benefits, reflecting the completion of a review, and a charge of \$15 million to write off bond issuance costs on debt securities redeemed prior to maturity. Excluding these items, the loss from Corporate and Other operations increased \$94 million from the year-ago quarter, primarily reflecting higher expenses.

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Assets under management amounted to \$1.107 trillion at December 31, 2013, compared to \$1.060 trillion at December 31, 2012.

The **net loss** of the Financial Services Businesses attributable to Prudential Financial, Inc. amounted to \$427 million for the fourth quarter of 2013, compared to a net loss of \$185 million in the year-ago quarter.

The current quarter net loss includes \$2.360 billion of pre-tax net realized investment losses and related charges and adjustments. The foregoing net loss includes pre-tax losses of \$1.204 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. The current quarter net loss also includes pre-tax losses of \$193 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, and \$342 million from net decreases in market value of derivatives used in other risk management activities including asset and liability duration management. General investment portfolio activities resulted in pre-tax losses of \$573 million, primarily driven by changes in interest rates subsequent to the acquisition of securities that were sold during the current quarter. Net realized investment losses also reflect losses from impairments and sales of credit-impaired investments amounting to \$48 million.

At December 31, 2013, gross unrealized losses on general account fixed maturity investments of the Financial Services Businesses amounted to \$3.972 billion, including \$3.749 billion on high and highest quality securities based on NAIC or equivalent ratings. 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 \$15.776 billion at December 31, 2013, compared to \$18.606 billion at December 31, 2012.

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The net loss for the current quarter reflects pre-tax increases of \$23 million in recorded asset values and \$28 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 pre-tax income of \$41 million from divested businesses, primarily relating to the Company's former real estate and relocation business.

The net loss of the Financial Services Businesses for the year-ago quarter included \$1.698 billion of pre-tax net realized investment losses and related charges and adjustments, primarily driven by net changes in value relating to foreign currency exchange rates mainly resulting from changes in value of the Japanese yen in relation to other currencies.

Closed Block Business

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

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

The Closed Block Business reported a loss from continuing operations before income taxes of \$46 million for the fourth quarter of 2013, compared to a loss of \$33 million for the year-ago quarter.

The Closed Block Business reported a net loss attributable to Prudential Financial, Inc. of \$33 million for the fourth quarter of 2013, compared to a net loss of \$18 million for the year-ago quarter.

For the year ended December 31, 2013, the Closed Block Business reported income from continuing operations before income taxes of \$62 million, compared to \$64 million for 2012. The Closed Block Business reported net income attributable to Prudential Financial, Inc. of \$46 million for 2013, compared to \$41 million for 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 \$460 million for the fourth quarter of 2013 compared to a net loss of \$203 million for the year-ago quarter, and reported a net loss attributable to Prudential Financial, Inc. of \$667 million for 2013 compared to net income of \$520 million for 2012.

Change in Accounting Principle

During the fourth quarter of 2013, with retrospective application for earlier periods, the Company adopted a discretionary change in accounting principle related to the accrual of performance-based incentive fee revenue in its Asset Management operations. Under the revised accounting principle, incentive fee revenue is recorded when the contractual terms of the fee arrangement have been satisfied such that the fee is no longer subject to clawback or contingency. Under the prior method, incentive fee revenue was recorded as if the contracts containing the fee arrangements were terminated as of the applicable balance sheet date. For the year ended December 31, 2012, the retrospective application of the revised accounting principle resulted in increases of \$60 million and \$51 million to pre-tax adjusted operating income and net income of the Financial Services Businesses attributable to Prudential Financial, Inc. respectively; had no impact on results of the Closed Block Business; and resulted in an increase of \$51 million to net income attributable to Prudential Financial, Inc. on a consolidated basis. For the fourth quarter of 2012, the retrospective application of the revised accounting principle resulted in an increase of \$34 million to pre-tax adjusted operating income of the Financial Services Businesses, and a decrease of \$29 million to the net loss of the Financial Services Businesses attributable to Prudential Financial, Inc.; had no impact on results of the Closed Block Business; and resulted in a decrease of \$29 million to the net loss attributable to Prudential Financial, Inc. on a consolidated basis. As a result

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of the retrospective application of the revised accounting principle, attributed equity both including and excluding accumulated other comprehensive income as of December 31, 2012 for the Financial Services Businesses were reduced by \$72 million, for a reduction of 15 cents per Common share to attributed equity including accumulated other comprehensive income and 16 cents per Common share to attributed equity excluding accumulated other comprehensive income.

Forward-Looking Statements and Non-GAAP Measures

Certain of the statements included in this release constitute forward-looking statements within the meaning of the U. S. Private Securities Litigation Reform Act of 1995. Words such as “expects,” “believes,” “anticipates,” “includes,” “plans,” “assumes,” “estimates,” “projects,” “intends,” “should,” “will,” “shall,” or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management’s current expectations and beliefs concerning future developments and their potential effects upon Prudential Financial, Inc. and its subsidiaries. There can be no assurance that future developments affecting Prudential Financial, Inc. and its subsidiaries will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and 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

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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 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

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

Realized investment gains (losses) within certain of our businesses for which such gains (losses) are a principal source of earnings, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments are included in adjusted operating income. Adjusted operating income excludes realized investment gains and losses from products that contain embedded derivatives, and from associated derivative portfolios that are part of a hedging program related to the risk of those products. Adjusted operating income also excludes gains and losses from changes in value of certain assets and liabilities relating to foreign currency exchange 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 and subsequent Quarterly Reports on Form 10-Q, should be considered by readers when reviewing forward-looking statements contained in this release. Additional historical information relating to our financial performance is located on our Web site at www.investor.prudential.com.

Earnings Conference Call

Members of Prudential's senior management will host a conference call on Thursday, February 6, 2014 at 11 a.m. ET, to discuss with the investment community the Company's fourth 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 February 21. Institutional investors, analysts, and other members of the professional financial community are invited to listen to the call and participate in Q&A by dialing (877) 777-1971 (domestic callers) or (612) 332-0226 (international callers). All others are encouraged to dial into the conference call in listen-only mode, using the same numbers. To listen to a replay of the conference call starting at 2:00 p.m. on February 6, through February 13, dial (800) 475-6701 (domestic callers) or (320) 365-3844 (international callers). The access code for the replay is 314076.

Prudential Financial, Inc. (NYSE: PRU), a financial services leader with over \$1 trillion of assets under management as of December 31, 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, unaudited)

	Three Months Ended December 31		Year Ended December 31	
	2013	2012	2013	2012
Financial Services Businesses Income Statement Data:				
Adjusted Operating Income (1):				
Revenues:				
Premiums	\$ 5,257	\$41,145	\$23,115	\$62,083
Policy charges and fee income	1,445	1,183	5,614	4,597
Net investment income	2,935	2,713	11,530	10,370
Asset management fees, commissions and other income	1,341	1,110	5,022	4,053
Total revenues	10,978	46,151	45,281	81,103
Benefits and expenses:				
Insurance and annuity benefits	5,387	40,783	23,310	60,900
Interest credited to policyholders' account balances	921	944	3,702	3,804
Interest expense	306	313	1,260	1,243
Other expenses	2,903	3,035	10,640	11,129
Total benefits and expenses	9,517	45,075	38,912	77,076
Adjusted operating income before income taxes	1,461	1,076	6,369	4,027
Income taxes, applicable to adjusted operating income	413	245	1,783	1,008
Financial Services Businesses after-tax adjusted operating income (1)	1,048	831	4,586	3,019
Reconciling Items:				
Realized investment losses, net, and related charges and adjustments	(2,360)	(1,698)	(8,149)	(2,809)
Investment gains (losses) on trading account assets supporting insurance liabilities, net	23	108	(250)	610
Change in experience-rated contractholder liabilities due to asset value changes	(28)	(94)	227	(540)
Divested businesses	41	49	29	(615)
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	27	16	28	(29)
Total reconciling items, before income taxes	(2,297)	(1,619)	(8,115)	(3,383)
Income taxes, not applicable to adjusted operating income	(853)	(614)	(2,857)	(816)
Total reconciling items, after income taxes	(1,444)	(1,005)	(5,258)	(2,567)
Income (loss) from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures	(396)	(174)	(672)	452
Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	(27)	(14)	(48)	10
Income (loss) from continuing operations attributable to Prudential Financial, Inc.	(423)	(188)	(720)	462
Earnings attributable to noncontrolling interests	32	21	107	50
Income (loss) from continuing operations (after-tax) of Financial Services Businesses	(391)	(167)	(613)	512
Income (loss) from discontinued operations, net of taxes	(4)	3	7	17
Net income (loss) of Financial Services Businesses	(395)	(164)	(606)	529
Less: Income attributable to noncontrolling interests	32	21	107	50
Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.	\$ (427)	\$ (185)	\$ (713)	\$ 479

See footnotes on last page.

Financial Highlights

(in millions, except per share data, unaudited)

	Three Months Ended December 31		Year Ended December 31	
	2013	2012	2013	2012
Earnings per share of Common Stock (diluted) (2) (3) (4):				
Financial Services Businesses after-tax adjusted operating income	\$ 2.20	\$ 1.76	\$ 9.67	\$ 6.40
Reconciling Items:				
Realized investment losses, net, and related charges and adjustments	(5.01)	(3.61)	(17.28)	(5.94)
Investment gains (losses) on trading account assets supporting insurance liabilities, net	0.05	0.23	(0.53)	1.29
Change in experience-rated contractholder liabilities due to asset value changes	(0.06)	(0.20)	0.48	(1.14)
Divested businesses	0.09	0.10	0.06	(1.30)
Difference in earnings allocated to participating unvested share-based payment awards	0.01	—	0.07	0.05
Total reconciling items, before income taxes	(4.92)	(3.48)	(17.20)	(7.04)
Income taxes, not applicable to adjusted operating income	(1.79)	(1.30)	(5.96)	(1.65)
Total reconciling items, after income taxes	(3.13)	(2.18)	(11.24)	(5.39)
Income (loss) from continuing operations (after-tax) of Financial Services Businesses attributable to Prudential Financial, Inc.	(0.93)	(0.42)	(1.57)	1.01
Income (loss) from discontinued operations, net of taxes	(0.01)	—	0.02	0.04
Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.	\$ (0.94)	\$ (0.42)	\$ (1.55)	\$ 1.05
Weighted average number of outstanding Common shares (basic)	461.5	462.6	463.1	465.6
Weighted average number of outstanding Common shares (diluted)	471.2	469.9	471.7	473.2
Direct equity adjustment for earnings per share calculation (2)	\$ (5)	\$ —	\$ 2	\$ 20
Earnings related to interest, net of tax, on exchangeable surplus notes	\$ 4	\$ 4	\$ 17	\$ 17
Earnings allocated to participating unvested share-based payment awards for earnings per share calculation				
Financial Services Businesses after-tax adjusted operating income	\$ 9	\$ 7	\$ 43	\$ 29
Income from continuing operations (after-tax) of Financial Services Businesses	\$ 2	\$ 7	\$ 8	\$ 7
Financial Services Businesses Attributed Equity (as of end of period):				
Total attributed equity	\$33,885	\$37,006		
Per share of Common Stock - diluted	72.30	79.04		
Attributed equity excluding accumulated other comprehensive income	\$25,299	\$27,016		
Per share of Common Stock - diluted	53.98	57.70		
Number of diluted shares at end of period	468.7	468.2		
Adjusted operating income before income taxes, by Segment (1):				
Individual Annuities	\$ 492	\$ 304	\$ 2,085	\$ 1,039
Retirement	295	225	1,039	638
Asset Management	209	185	723	584
Total U.S. Retirement Solutions and Investment Management Division	996	714	3,847	2,261
Individual Life	157	99	583	384
Group Insurance	58	(12)	157	16
Total U.S. Individual Life and Group Insurance Division	215	87	740	400
International Insurance	647	647	3,152	2,704
Total International Insurance Division	647	647	3,152	2,704
Corporate and Other operations	(397)	(372)	(1,370)	(1,338)
Financial Services Businesses adjusted operating income before income taxes	1,461	1,076	6,369	4,027
Reconciling Items:				
Realized investment losses, net, and related charges and adjustments	(2,360)	(1,698)	(8,149)	(2,809)
Investment gains (losses) on trading account assets supporting insurance liabilities, net	23	108	(250)	610
Change in experience-rated contractholder liabilities due to asset value changes	(28)	(94)	227	(540)
Divested businesses	41	49	29	(615)
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	27	16	28	(29)
Total reconciling items, before income taxes	(2,297)	(1,619)	(8,115)	(3,383)
Income (loss) from continuing operations before income taxes and equity in earnings of operating joint ventures - Financial Services Businesses	\$ (836)	\$ (543)	\$ (1,746)	\$ 644

See footnotes on last page.

Financial Highlights

(in millions, or as otherwise noted, unaudited)

	Three Months Ended December 31		Year Ended December 31	
	2013	2012	2013	2012
U.S. Retirement Solutions and Investment Management Division:				
Fixed and Variable Annuity Sales and Account Values:				
Gross sales	\$ 2,432	\$ 3,789	\$11,513	\$20,032
Net sales	\$ 322	\$ 1,976	\$ 3,786	\$13,226
Total account value at end of period	\$154,140	\$135,342		
Retirement Segment:				
Full Service:				
Deposits and sales	\$ 5,846	\$ 3,903	\$20,677	\$16,390
Net additions (withdrawals)	\$ 60	\$ (483)	\$ 1,966	\$ (2,833)
Total account value at end of period	\$173,502	\$148,405		
Institutional Investment Products:				
Gross additions	\$ 4,055	\$ 39,192	\$17,294	\$55,005
Net additions	\$ 1,372	\$ 36,606	\$ 7,343	\$46,510
Total account value at end of period	\$149,402	\$141,435		
Asset Management Segment:				
Assets managed by Investment Management and Advisory Services (in billions, as of end of period):				
Institutional customers	\$ 341.7	\$ 313.7		
Retail customers	170.7	138.7		
General account	357.5	374.6		
Total Investment Management and Advisory Services	\$ 869.9	\$ 827.0		
Institutional Customers - Assets Under Management (in billions):				
Gross additions, other than money market	\$ 13.8	\$ 20.8	\$ 57.1	\$ 58.8
Net additions, other than money market	\$ 5.3	\$ 8.4	\$ 19.4	\$ 17.2
Retail Customers - Assets Under Management (in billions):				
Gross additions, other than money market	\$ 9.8	\$ 10.1	\$ 40.2	\$ 37.0
Net additions, other than money market	\$ 1.5	\$ 3.4	\$ 4.4	\$ 12.8
U.S. Individual Life and Group Insurance Division:				
Individual Life Insurance Annualized New Business Premiums (5):				
Variable life	\$ 13	\$ 8	\$ 38	\$ 20
Universal life	109	90	497	218
Term life	44	46	196	174
Total	\$ 166	\$ 144	\$ 731	\$ 412
Group Insurance Annualized New Business Premiums (5):				
Group life	\$ 44	\$ 51	\$ 240	\$ 304
Group disability	8	7	73	135
Total	\$ 52	\$ 58	\$ 313	\$ 439
International Insurance Division:				
International Insurance Annualized New Business Premiums (5) (6):				
Actual exchange rate basis	\$ 683	\$ 1,097	\$ 2,884	\$ 4,078
Constant exchange rate basis	\$ 742	\$ 1,061	\$ 3,118	\$ 3,956

See footnotes on last page.

Financial Highlights

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

	Three Months Ended December 31		Year Ended December 31	
	2013	2012	2013	2012
Closed Block Business Data:				
Income Statement Data:				
Revenues	\$ 1,458	\$ 1,600	\$ 6,036	\$ 6,257
Benefits and expenses	1,504	1,633	5,974	6,193
Income (loss) from continuing operations before income taxes	(46)	(33)	62	64
Income taxes	(13)	(15)	16	21
Closed Block Business income (loss) from continuing operations	(33)	(18)	46	43
Income (loss) from discontinued operations, net of taxes	—	—	—	(2)
Closed Block Business net income (loss)	(33)	(18)	46	41
Less: Income attributable to noncontrolling interests	—	—	—	—
Closed Block Business net income (loss) attributable to Prudential Financial, Inc.	\$ (33)	\$ (18)	\$ 46	\$ 41
Direct equity adjustment for earnings per share calculation (2)	5	—	(2)	(20)
Earnings available to holders of Class B Stock after direct equity adjustment - based on net income (loss)	\$ (28)	\$ (18)	\$ 44	\$ 21
Income (loss) from continuing operations per share of Class B Stock	\$ (14.00)	\$ (9.00)	\$ 22.00	\$ 11.50
Income (loss) from discontinued operations, net of taxes per share of Class B Stock	—	—	—	(1.00)
Net income (loss) per share of Class B Stock	\$ (14.00)	\$ (9.00)	\$ 22.00	\$ 10.50
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	\$ 1,393	\$ 1,497		
Per Share of Class B Stock	696.50	748.50		
Attributed equity excluding accumulated other comprehensive income	\$ 1,298	\$ 1,273		
Per Share of Class B Stock	649.00	636.50		
Number of Class B Shares at end of period	2.0	2.0		
Consolidated Data:				
Consolidated Income Statement Data:				
Revenues	\$ 9,939	\$ 45,936	\$41,461	\$84,847
Benefits and expenses	10,821	46,512	43,145	84,139
Income (loss) from continuing operations before income taxes and equity in earnings of operating joint ventures	(882)	(576)	(1,684)	708
Income tax expense (benefit)	(453)	(384)	(1,058)	213
Income (loss) from continuing operations before equity in earnings of operating joint ventures	(429)	(192)	(626)	495
Equity in earnings of operating joint ventures, net of taxes	5	7	59	60
Income (loss) from continuing operations	(424)	(185)	(567)	555
Income (loss) from discontinued operations, net of taxes	(4)	3	7	15
Consolidated net income (loss)	(428)	(182)	(560)	570
Less: Income attributable to noncontrolling interests	32	21	107	50
Net income (loss) attributable to Prudential Financial, Inc.	<u>\$ (460)</u>	<u>\$ (203)</u>	<u>\$ (667)</u>	<u>\$ 520</u>
Net income (loss) attributable to Prudential Financial, Inc.:				
Financial Services Businesses	\$ (427)	\$ (185)	\$ (713)	\$ 479
Closed Block Business	(33)	(18)	46	41
Consolidated net income (loss) attributable to Prudential Financial, Inc.	<u>\$ (460)</u>	<u>\$ (203)</u>	<u>\$ (667)</u>	<u>\$ 520</u>
Assets and Asset Management Information (in billions, as of end of period)				
Total assets	\$ 731.8	\$ 709.2		
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	\$ 869.9	\$ 827.0		
Non-proprietary assets under management	195.9	196.8		
Total managed by U.S. Retirement Solutions and Investment Management Division	1,065.8	1,023.8		
Managed by U.S. Individual Life and Group Insurance Division	22.3	16.4		
Managed by International Insurance Division	19.0	20.1		
Total assets under management	1,107.1	1,060.3		
Client assets under administration	116.6	69.2		
Total assets under management and administration	<u>\$1,223.7</u>	<u>\$1,129.5</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 months ended December 31, 2012 and 2013 as well as for the twelve months ended December 31, 2013, as all potential common shares are antidilutive due to the loss from continuing operations available to holders of Common Stock after direct equity adjustment.
- (4) In calculating diluted earnings per share under the if-converted method, the potential shares that would be issued related to the exchangeable surplus notes assuming a hypothetical exchange, weighted for the period the notes are outstanding, is added to the denominator, and interest expense, net of tax, is added to the numerator, if the overall effect is dilutive. For the twelve months ended December 31, 2012, the hypothetical impact of these shares was antidilutive and therefore excluded from the diluted earnings per share calculation for GAAP measures. The weighted average number of outstanding common shares used in the diluted earnings per share calculation for the twelve months ended December 31, 2012, for GAAP measures is 468.1 million.
- (5) 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.
- (6) 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 82 per U.S. dollar and Korean won 1150 per U.S. dollar. U.S. dollar-denominated activity is included based on the amounts as transacted in U.S. dollars.

Prudential Financial, Inc. (PRU)



Quarterly Financial Supplement

FINANCIAL SERVICES BUSINESSES
Fourth Quarter 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.

February 5, 2014

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This quarterly financial supplement reflects, for all periods presented, a discretionary change to an accounting principle that we believe is preferable for the recognition of performance based incentive fee revenue within our Asset Management businesses. Under the newly adopted accounting principle, the Company records performance based incentive fee revenue when the contractual terms of the asset management fee arrangement have been satisfied such that the performance fee is no longer subject to clawback or contingency. Under the prior accounting principle, the Company accrued performance based incentive fee revenue quarterly based on measuring fund performance to date versus the performance benchmark stated in the investment management agreement, as if the contracts containing the fee arrangements were terminated as of the applicable balance sheet date. The Company adopted this revised accounting principle in the fourth quarter of 2013 with retrospective application for prior periods.

FINANCIAL HIGHLIGHTS
(in millions, except per share data)

Year-to-date		% Change		2012	2013			
2013	2012			4Q	1Q	2Q	3Q	4Q
Financial Services Businesses:								
Pre-tax adjusted operating income (loss) by division:								
3,847	2,261	70%	U.S. Retirement Solutions and Investment Management Division	714	769	851	1,231	996
740	400	85%	U.S. Individual Life and Group Insurance Division	87	146	163	216	215
3,152	2,704	17%	International Insurance Division	647	877	850	778	647
(1,370)	(1,338)	-2%	Corporate and other operations	(372)	(314)	(347)	(312)	(397)
6,369	4,027	58%	Total pre-tax adjusted operating income	1,076	1,478	1,517	1,913	1,461
1,783	1,008	77%	Income taxes, applicable to adjusted operating income	245	406	424	540	413
4,586	3,019	52%	Financial Services Businesses after-tax adjusted operating income	831	1,072	1,093	1,373	1,048
Reconciling items:								
(8,149)	(2,809)	-190%	Realized investment losses, net, and related charges and adjustments	(1,698)	(3,003)	(2,230)	(556)	(2,360)
(250)	610	-141%	Investment gains (losses) on trading account assets supporting insurance liabilities, net	108	95	(471)	103	23
227	(540)	142%	Change in experience-rated contractholder liabilities due to asset value changes	(94)	(143)	471	(73)	(28)
29	(615)	105%	Divested businesses	49	29	(84)	43	41
28	(29)	197%	Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	16	(34)	24	11	27
(8,115)	(3,383)	-140%	Total reconciling items, before income taxes	(1,619)	(3,056)	(2,290)	(472)	(2,297)
(2,857)	(816)	-250%	Income taxes, not applicable to adjusted operating income	(614)	(1,237)	(700)	(67)	(853)
(5,258)	(2,567)	-105%	Total reconciling items, after income taxes	(1,005)	(1,819)	(1,590)	(405)	(1,444)
(672)	452	-249%	Income (loss) from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures	(174)	(747)	(497)	968	(396)
(48)	10	-580%	Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	(14)	11	(22)	(10)	(27)
(720)	462	-256%	Income (loss) from continuing operations attributable to Prudential Financial, Inc.	(188)	(736)	(519)	958	(423)
107	50	114%	Earnings attributable to noncontrolling interests	21	35	27	13	32
(613)	512	-220%	Income (loss) from continuing operations (after-tax) of Financial Services Businesses	(167)	(701)	(492)	971	(391)
7	17	-59%	Income (loss) from discontinued operations, net of taxes	3	1	2	8	(4)
(606)	529	-215%	Net income (loss) of Financial Services Businesses	(164)	(700)	(490)	979	(395)
107	50	114%	Less: Income attributable to noncontrolling interests	21	35	27	13	32
(713)	479	-249%	Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.	(185)	(735)	(517)	966	(427)
17.7%	11.0%		Operating Return on Average Equity (based on adjusted operating income)	12.1%	16.2%	17.0%	21.4%	16.3%
Reconciliation to Consolidated Net Income (Loss) Attributable to Prudential Financial, Inc.:								
(713)	479		Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc. (above)	(185)	(735)	(517)	966	(427)
46	41		Net income (loss) of Closed Block Business attributable to Prudential Financial, Inc.	(18)	15	3	61	(33)
(667)	520		Consolidated net income (loss) attributable to Prudential Financial, Inc.	(203)	(720)	(514)	1,027	(460)

FINANCIAL HIGHLIGHTS
(in millions, except per share data)

Year-to-date			2012	2013			
2013	2012		4Q	1Q	2Q	3Q	4Q
Earnings per share of Common Stock (diluted): (1)							
9.67	6.40	Financial Services Businesses after-tax adjusted operating income	1.76	2.27	2.30	2.89	2.20
Reconciling items:							
(17.28)	(5.94)	Realized investment losses, net, and related charges and adjustments	(3.61)	(6.37)	(4.72)	(1.18)	(5.01)
(0.53)	1.29	Investment gains (losses) on trading account assets supporting insurance liabilities, net	0.23	0.20	(1.00)	0.22	0.05
0.48	(1.14)	Change in experience-rated contractholder liabilities due to asset value changes	(0.20)	(0.30)	1.00	(0.15)	(0.06)
0.06	(1.30)	Divested businesses	0.10	0.06	(0.18)	0.09	0.09
0.07	0.05	Difference in earnings allocated to participating unvested share-based payment awards	—	0.02	0.02	0.01	0.01
(17.20)	(7.04)	Total reconciling items, before income taxes	(3.48)	(6.39)	(4.88)	(1.01)	(4.92)
(5.96)	(1.65)	Income taxes, not applicable to adjusted operating income	(1.30)	(2.54)	(1.46)	(0.14)	(1.79)
(11.24)	(5.39)	Total reconciling items, after income taxes	(2.18)	(3.85)	(3.42)	(0.87)	(3.13)
(1.57)	1.01	Income (loss) from continuing operations (after-tax) of Financial Services Businesses attributable to Prudential Financial, Inc.	(0.42)	(1.58)	(1.12)	2.02	(0.93)
0.02	0.04	Income (loss) from discontinued operations, net of taxes	—	—	—	0.02	(0.01)
(1.55)	1.05	Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.	(0.42)	(1.58)	(1.12)	2.04	(0.94)
463.1	465.6	Weighted average number of outstanding Common shares (basic)	462.6	464.3	464.1	462.6	461.5
471.7	473.2	Weighted average number of outstanding Common shares (diluted) (2)	469.9	471.7	472.2	472.0	471.2
2	20	Direct equity adjustments for earnings per share calculation	—	4	1	2	(5)
17	17	Earnings related to interest, net of tax, on exchangeable surplus notes (2)	4	4	5	4	4
Earnings allocated to participating unvested share-based payment awards for earnings per share calculation							
43	29	Financial Services Businesses after-tax adjusted operating income	7	10	11	13	9
8	7	Income from continuing operations (after-tax) of Financial Services Businesses	7	2	2	9	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 December 31, 2012, March 31, 2013, June 30, 2013, and December 31, 2013, as well as for the twelve months ended December 31, 2013, as all potential common shares are antidilutive due to the loss from continuing operations available to holders of Common Stock after direct equity adjustment.
- (2) In calculating diluted earnings per share under the if-converted method, the potential shares that would be issued related to the exchangeable surplus notes assuming a hypothetical exchange, weighted for the period the notes are outstanding, is added to the denominator, and interest expense, net of tax, is added to the numerator, if the overall effect is dilutive. For the twelve months ended December 31, 2012, the hypothetical impact of these shares was antidilutive and therefore excluded from the diluted earnings per share calculation for GAAP measures. The weighted average number of outstanding common shares used in the diluted earnings per share calculation for the twelve months ended December 31, 2012, for GAAP measures is 468.1 million.

FINANCIAL HIGHLIGHTS
(in millions, except per share data)

Year-to-date			2012	2013				
2013	2012		4Q	1Q	2Q	3Q	4Q	
Financial Services Businesses Capitalization Data (1):								
Senior Debt:								
Short-term debt			2,409	2,153	2,545	3,043		2,594
Long-term debt			18,460	18,009	17,083	17,083		17,069
Junior Subordinated Long-Term Debt			4,594	5,804	4,884	4,884		4,884
Attributed Equity:								
Including accumulated other comprehensive income			37,006	38,392	33,669	32,818		33,885
Excluding accumulated other comprehensive income (3)			27,016	26,179	25,343	26,034		25,299
Amount included above for foreign currency exchange rate remeasurement (4)			(179)	(1,782)	(2,796)	(2,036)		(2,818)
Excluding accumulated other comprehensive income and adjusted to remove amount included for foreign currency exchange rate remeasurement (4)			27,195	27,961	28,139	28,070		28,117
Book value per share of Common Stock:								
Including accumulated other comprehensive income			79.04	81.77	71.76	70.05		72.30
Excluding accumulated other comprehensive income (3)			57.70	55.76	54.01	55.57		53.98
Amount included above for foreign currency exchange rate remeasurement (4)			(0.38)	(3.80)	(5.96)	(4.35)		(6.01)
Excluding accumulated other comprehensive income and adjusted to remove amount included for foreign currency exchange rate remeasurement (4)			58.08	59.56	59.97	59.92		59.99
Number of diluted shares at end of period (2)			468.2	469.5	469.2	468.5		468.7
Common Stock Price Range (based on closing price):								
92.43	64.65	High	59.89	60.41	73.03	82.62		92.43
54.64	44.74	Low	48.74	54.64	54.91	73.30		75.99
92.22	53.33	Close	53.33	58.99	73.03	77.98		92.22
Common Stock market capitalization (1)			24,692	27,448	33,813	36,019		42,523

(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 antidilutive impact of conversion.

(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

<u>Year-to-date</u>		<u>2012</u>		<u>2013</u>				
<u>2013</u>	<u>2012</u>	<u>4Q</u>		<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	
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		313.7		323.2	319.1	330.3		341.7
Retail customers		138.7		143.8	152.4	159.1		170.7
General account		374.6		373.3	354.5	358.7		357.5
Total Investment Management and Advisory Services		827.0		840.3	826.0	848.1		869.9
Non-proprietary assets under management		196.8		180.7	174.4	186.9		195.9
Total managed by U.S. Retirement Solutions and Investment Management Division		1,023.8		1,021.0	1,000.4	1,035.0		1,065.8
Managed by U.S. Individual Life and Group Insurance Division		16.4		22.6	21.5	21.9		22.3
Managed by International Insurance Division		20.1		17.8	21.8	19.3		19.0
Total assets under management		1,060.3		1,061.4	1,043.7	1,076.2		1,107.1
Client assets under administration		69.2		105.5	106.2	111.1		116.6
Total assets under management and administration		1,129.5		1,166.9	1,149.9	1,187.3		1,223.7
Assets managed or administered for customers outside of the United States at end of period		243.8		241.2	236.7	244.2		242.9
Distribution Representatives (1):								
Prudential Agents		2,615		2,701	2,724	2,780		2,722
International Life Planners		7,058		7,101	7,113	7,208		7,248
Gibraltar Life Consultants		11,333		10,252	9,795	9,298		9,327
53	55	Prudential Agent productivity (\$ thousands)		64	48	49	50	67

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

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

Year-to-date		% Change		2012	2013			
2013	2012			4Q	1Q	2Q	3Q	4Q
Revenues (1):								
23,115	62,083	-63%	Premiums	41,145	6,329	6,115	5,414	5,257
5,614	4,597	22%	Policy charges and fee income	1,183	1,425	1,460	1,284	1,445
11,530	10,370	11%	Net investment income	2,713	2,821	2,901	2,873	2,935
5,022	4,053	24%	Asset management fees, commissions and other income	1,110	1,225	1,244	1,212	1,341
45,281	81,103	-44%	Total revenues	46,151	11,800	11,720	10,783	10,978
Benefits and Expenses (1):								
23,310	60,900	-62%	Insurance and annuity benefits	40,783	6,332	6,171	5,420	5,387
3,702	3,804	-3%	Interest credited to policyholders' account balances	944	966	929	886	921
1,260	1,243	1%	Interest expense	313	327	331	296	306
(2,902)	(3,534)	18%	Deferral of acquisition costs	(932)	(864)	(706)	(646)	(686)
1,394	1,966	-29%	Amortization of acquisition costs	581	475	502	31	386
12,148	12,697	-4%	General and administrative expenses	3,386	3,086	2,976	2,883	3,203
38,912	77,076	-50%	Total benefits and expenses	45,075	10,322	10,203	8,870	9,517
6,369	4,027	58%	Adjusted operating income before income taxes	1,076	1,478	1,517	1,913	1,461
Reconciling items:								
(9,956)	(3,666)	-172%	Realized investment losses, net, and related adjustments	(2,057)	(3,305)	(2,698)	(1,319)	(2,634)
1,807	857	111%	Related charges	359	302	468	763	274
(8,149)	(2,809)	-190%	Total realized investment losses, net, and related charges and adjustments	(1,698)	(3,003)	(2,230)	(556)	(2,360)
(250)	610	-141%	Investment gains (losses) on trading account assets supporting insurance liabilities, net	108	95	(471)	103	23
227	(540)	142%	Change in experience-rated contractholder liabilities due to asset value changes	(94)	(143)	471	(73)	(28)
29	(615)	105%	Divested businesses	49	29	(84)	43	41
28	(29)	197%	Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	16	(34)	24	11	27
(8,115)	(3,383)	-140%	Total reconciling items, before income taxes	(1,619)	(3,056)	(2,290)	(472)	(2,297)
Income (loss) from continuing operations before income taxes and equity in earnings of operating joint ventures								
(1,746)	644	-371%		(543)	(1,578)	(773)	1,441	(836)
(1,074)	192	-659%	Income tax expense (benefit)	(369)	(831)	(276)	473	(440)
Income (loss) from continuing operations before equity in earnings of operating joint ventures								
(672)	452	-249%		(174)	(747)	(497)	968	(396)

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

COMBINED BALANCE SHEETS - FINANCIAL SERVICES BUSINESSES
(in millions)

	12/31/2012	03/31/2013	06/30/2013	09/30/2013	12/31/2013
Assets:					
Investments:					
Fixed maturities, available for sale, at fair value (amortized cost \$236,517; \$232,366; \$226,247; \$231,616; \$228,099)	254,917	254,222	242,059	245,032	243,654
Fixed maturities, held to maturity, at amortized cost (fair value \$4,511; \$4,186; \$3,769; \$3,872; \$3,553)	4,268	3,878	3,562	3,629	3,312
Trading account assets supporting insurance liabilities, at fair value	20,590	20,890	20,658	21,131	20,827
Other trading account assets, at fair value	6,053	6,584	5,809	6,121	6,111
Equity securities, available for sale, at fair value (cost \$4,302; \$4,070; \$4,102; \$4,279; \$4,561)	5,052	5,315	5,289	5,488	6,026
Commercial mortgage and other loans	27,125	28,744	28,320	29,709	31,335
Policy loans	6,455	6,861	6,679	6,827	6,753
Other long-term investments	8,016	7,689	7,847	7,904	8,304
Short-term investments	5,186	4,700	6,344	6,404	5,837
Total investments	337,662	338,883	326,567	332,245	332,159
Cash and cash equivalents	17,546	14,023	12,425	11,950	10,797
Accrued investment income	2,534	2,523	2,528	2,533	2,505
Deferred policy acquisition costs	13,688	13,968	14,547	15,812	16,101
Value of business acquired	3,248	4,167	3,846	3,837	3,675
Other assets	11,313	13,392	13,050	12,677	13,082
Separate account assets	253,254	266,308	264,054	275,091	285,060
Total assets	639,245	653,264	637,017	654,145	663,379
Liabilities:					
Future policy benefits	165,212	160,290	153,683	158,857	156,601
Policyholders' account balances	128,987	132,913	131,222	132,202	131,298
Securities sold under agreements to repurchase	3,436	3,679	3,707	3,530	4,128
Cash collateral for loaned securities	2,864	2,375	4,927	4,988	4,230
Income taxes	9,019	8,467	5,581	5,367	6,010
Senior short-term debt	2,409	2,153	2,545	3,043	2,594
Senior long-term debt	18,460	18,009	17,083	17,083	17,069
Junior subordinated long-term debt	4,594	5,804	4,884	4,884	4,884
Notes issued by consolidated variable interest entities	1,577	1,896	2,147	2,423	3,302
Other liabilities	11,818	12,389	12,877	13,229	13,715
Separate account liabilities	253,254	266,308	264,054	275,091	285,060
Total liabilities	601,630	614,283	602,710	620,697	628,891
Attributed Equity:					
Accumulated other comprehensive income	9,990	12,213	8,326	6,784	8,586
Other attributed equity	27,016	26,179	25,343	26,034	25,299
Total attributed equity	37,006	38,392	33,669	32,818	33,885
Noncontrolling Interest	609	589	638	630	603
Total Equity	37,615	38,981	34,307	33,448	34,488
Total liabilities and equity	639,245	653,264	637,017	654,145	663,379

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

Quarter Ended December 31, 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	5,257	331	1,269	3,664	(7)
Policy charges and fee income	1,445	690	634	136	(15)
Net investment income	2,935	1,255	517	1,060	103
Asset management fees, commissions and other income	1,341	1,253	167	131	(210)
Total revenues	10,978	3,529	2,587	4,991	(129)
Benefits and Expenses (1):					
Insurance and annuity benefits	5,387	733	1,522	3,150	(18)
Interest credited to policyholders' account balances	921	476	206	239	—
Interest expense	306	33	112	2	159
Deferral of acquisition costs	(686)	(137)	(190)	(372)	13
Amortization of acquisition costs	386	107	57	232	(10)
General and administrative expenses	3,203	1,321	665	1,093	124
Total benefits and expenses	9,517	2,533	2,372	4,344	268
Adjusted operating income (loss) before income taxes	1,461	996	215	647	(397)

Quarter Ended 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
Revenues (1):					
Premiums	41,145	31,979	1,274	7,901	(9)
Policy charges and fee income	1,183	598	439	156	(10)
Net investment income	2,713	1,096	408	1,105	104
Asset management fees, commissions and other income	1,110	1,135	117	47	(189)
Total revenues	46,151	34,808	2,238	9,209	(104)
Benefits and Expenses (1):					
Insurance and annuity benefits	40,783	32,292	1,411	7,068	12
Interest credited to policyholders' account balances	944	531	146	271	(4)
Interest expense	313	33	83	2	195
Deferral of acquisition costs	(932)	(233)	(199)	(518)	18
Amortization of acquisition costs	581	166	80	350	(15)
General and administrative expenses	3,386	1,305	630	1,389	62
Total benefits and expenses	45,075	34,094	2,151	8,562	268
Adjusted operating income (loss) before income taxes	1,076	714	87	647	(372)

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

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

	Twelve Months Ended December 31, 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	23,115	1,008	5,098	17,037	(28)
Policy charges and fee income	5,614	2,628	2,432	599	(45)
Net investment income	11,530	4,847	1,991	4,306	386
Asset management fees, commissions and other income	5,022	4,688	617	598	(881)
Total revenues	45,281	13,171	10,138	22,540	(568)
Benefits and Expenses (1):					
Insurance and annuity benefits	23,310	2,538	6,201	14,606	(35)
Interest credited to policyholders' account balances	3,702	1,910	808	984	—
Interest expense	1,260	128	414	3	715
Deferral of acquisition costs	(2,902)	(649)	(773)	(1,543)	63
Amortization of acquisition costs	1,394	297	121	1,011	(35)
General and administrative expenses	12,148	5,100	2,627	4,327	94
Total benefits and expenses	38,912	9,324	9,398	19,388	802
Adjusted operating income (loss) before income taxes	6,369	3,847	740	3,152	(1,370)

	Twelve Months Ended 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
Revenues (1):					
Premiums	62,083	32,504	5,128	24,484	(33)
Policy charges and fee income	4,597	2,282	1,756	597	(38)
Net investment income	10,370	4,080	1,619	4,268	403
Asset management fees, commissions and other income	4,053	4,088	465	237	(737)
Total revenues	81,103	42,954	8,968	29,586	(405)
Benefits and Expenses (1):					
Insurance and annuity benefits	60,900	33,890	5,769	21,105	136
Interest credited to policyholders' account balances	3,804	2,147	557	1,122	(22)
Interest expense	1,243	144	323	3	773
Deferral of acquisition costs	(3,534)	(1,091)	(491)	(2,024)	72
Amortization of acquisition costs	1,966	411	424	1,173	(42)
General and administrative expenses	12,697	5,192	1,986	5,503	16
Total benefits and expenses	77,076	40,693	8,568	26,882	933
Adjusted operating income (loss) before income taxes	4,027	2,261	400	2,704	(1,338)

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

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

As of December 31, 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	332,159	117,314	46,351	152,219	16,275
Deferred policy acquisition costs	16,101	5,715	4,295	6,407	(316)
Other assets	30,059	11,207	10,088	8,102	662
Separate account assets	285,060	242,344	43,441	1,949	(2,674)
Total assets	<u>663,379</u>	<u>376,580</u>	<u>104,175</u>	<u>168,677</u>	<u>13,947</u>
Liabilities:					
Future policy benefits	156,601	49,521	12,520	91,145	3,415
Policyholders' account balances	131,298	55,510	28,918	46,858	12
Debt	24,547	5,523	9,245	55	9,724
Other liabilities	31,385	9,800	5,629	11,821	4,135
Separate account liabilities	285,060	242,344	43,441	1,949	(2,674)
Total liabilities	<u>628,891</u>	<u>362,698</u>	<u>99,753</u>	<u>151,828</u>	<u>14,612</u>
Attributed Equity:					
Accumulated other comprehensive income (loss)	8,586	689	413	8,251	(767)
Other attributed equity	25,299	12,590	4,009	8,588	112
Total attributed equity	<u>33,885</u>	<u>13,279</u>	<u>4,422</u>	<u>16,839</u>	<u>(655)</u>
Noncontrolling Interest	603	603	—	10	(10)
Total Equity	<u>34,488</u>	<u>13,882</u>	<u>4,422</u>	<u>16,849</u>	<u>(665)</u>
Total liabilities and equity	<u>663,379</u>	<u>376,580</u>	<u>104,175</u>	<u>168,677</u>	<u>13,947</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	124,692	36,648	164,144	12,178
Deferred policy acquisition costs	13,688	4,036	3,298	6,589	(235)
Other assets	34,641	13,895	6,422	11,506	2,818
Separate account assets	253,254	214,416	39,757	1,555	(2,474)
Total assets	<u>639,245</u>	<u>357,039</u>	<u>86,125</u>	<u>183,794</u>	<u>12,287</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	28,714	9,424	5,172	13,016	1,102
Separate account liabilities	253,254	214,416	39,757	1,555	(2,474)
Total liabilities	<u>601,630</u>	<u>339,890</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	27,016	13,989	2,270	10,776	(19)
Total attributed equity	<u>37,006</u>	<u>16,530</u>	<u>3,998</u>	<u>18,135</u>	<u>(1,657)</u>
Noncontrolling Interest	609	619	—	4	(14)
Total Equity	<u>37,615</u>	<u>17,149</u>	<u>3,998</u>	<u>18,139</u>	<u>(1,671)</u>
Total liabilities and equity	<u>639,245</u>	<u>357,039</u>	<u>86,125</u>	<u>183,794</u>	<u>12,287</u>

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

	As of December 31, 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	309	5,036	4,884	10,229	668	5,381	4,594	10,643
Operating Debt - Investment related	1,867	8,035	—	9,902	1,258	9,203	—	10,461
Operating Debt - Specified businesses	418	3,802	—	4,220	483	3,876	—	4,359
Limited recourse and non-recourse borrowing	—	196	—	196	—	—	—	—
Total debt - Financial Services Businesses	2,594	17,069	4,884	24,547	2,409	18,460	4,594	25,463
Closed Block Business								
Investment related	—	—	—	—	—	—	—	—
Limited recourse and non-recourse borrowing	75	1,600	—	1,675	75	1,675	—	1,750
Total debt	75	1,600	—	1,675	75	1,675	—	1,750
	As of December 31, 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	8,817	1,042	370	10,229	9,149	1,042	452	10,643
Operating Debt - Investment related	6,281	411	3,210	9,902	6,955	293	3,213	10,461
Operating Debt - Specified businesses	2,969	1,251	—	4,220	2,740	1,468	151	4,359
Limited recourse and non-recourse borrowing	—	196	—	196	—	—	—	—
Total debt - Financial Services Businesses	18,067	2,900	3,580	24,547	18,844	2,803	3,816	25,463

(1) Includes Prudential Funding, LLC.

(2) Capital debt at Prudential Insurance Co. of America includes \$941 million of surplus notes at both December 31, 2013 and December 31, 2012.

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

Year-to-date		% Change		2012	2013			
2013	2012			4Q	1Q	2Q	3Q	4Q
Revenues (1):								
1,008	32,504	-97%	Premiums	31,979	145	256	276	331
2,628	2,282	15%	Policy charges and fee income	598	619	654	665	690
4,847	4,080	19%	Net investment income	1,096	1,160	1,236	1,196	1,255
4,688	4,088	15%	Asset management fees, commissions and other income	1,135	1,122	1,156	1,157	1,253
13,171	42,954	-69%	Total revenues	34,808	3,046	3,302	3,294	3,529
Benefits and Expenses (1):								
2,538	33,890	-93%	Insurance and annuity benefits	32,292	524	683	598	733
1,910	2,147	-11%	Interest credited to policyholders' account balances	531	506	495	433	476
128	144	-11%	Interest expense	33	33	31	31	33
(649)	(1,091)	41%	Deferral of acquisition costs	(233)	(235)	(141)	(136)	(137)
297	411	-28%	Amortization of acquisition costs	166	145	137	(92)	107
5,100	5,192	-2%	General and administrative expenses	1,305	1,304	1,246	1,229	1,321
9,324	40,693	-77%	Total benefits and expenses	34,094	2,277	2,451	2,063	2,533
3,847	2,261	70%	Adjusted operating income before income taxes	714	769	851	1,231	996

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

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

	Twelve Months Ended December 31, 2013				Quarter Ended December 31, 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	1,008	108	900	—	331	29	302	—
Policy charges and fee income	2,628	2,421	207	—	690	637	53	—
Net investment income	4,847	693	4,067	87	1,255	167	1,061	27
Asset management fees, commissions and other income	4,688	1,243	854	2,591	1,253	325	230	698
Total revenues	13,171	4,465	6,028	2,678	3,529	1,158	1,646	725
Benefits and Expenses (1):								
Insurance and annuity benefits	2,538	77	2,461	—	733	30	703	—
Interest credited to policyholders' account balances	1,910	381	1,529	—	476	96	380	—
Interest expense	128	91	26	11	33	24	6	3
Deferral of acquisition costs	(649)	(598)	(29)	(22)	(137)	(124)	(9)	(4)
Amortization of acquisition costs	297	257	15	25	107	98	3	6
General and administrative expenses	5,100	2,172	987	1,941	1,321	542	268	511
Total benefits and expenses	9,324	2,380	4,989	1,955	2,533	666	1,351	516
Adjusted operating income before income taxes	3,847	2,085	1,039	723	996	492	295	209

	Twelve Months Ended December 31, 2012				Quarter Ended December 31, 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	32,504	102	32,402	—	31,979	24	31,955	—
Policy charges and fee income	2,282	2,080	202	—	598	549	49	—
Net investment income	4,080	770	3,203	107	1,096	185	880	31
Asset management fees, commissions and other income	4,088	1,031	788	2,269	1,135	281	200	654
Total revenues	42,954	3,983	36,595	2,376	34,808	1,039	33,084	685
Benefits and Expenses (1):								
Insurance and annuity benefits	33,890	573	33,317	—	32,292	55	32,237	—
Interest credited to policyholders' account balances	2,147	452	1,695	—	531	121	410	—
Interest expense	144	109	20	15	33	24	5	4
Deferral of acquisition costs	(1,091)	(1,016)	(49)	(26)	(233)	(200)	(27)	(6)
Amortization of acquisition costs	411	338	49	24	166	131	29	6
General and administrative expenses	5,192	2,488	925	1,779	1,305	604	205	496
Total benefits and expenses	40,693	2,944	35,957	1,792	34,094	735	32,859	500
Adjusted operating income before income taxes	2,261	1,039	638	584	714	304	225	185

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

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

Year-to-date			2012	2013			
2013	2012		4Q	1Q	2Q	3Q	4Q
SALES AND ACCOUNT VALUES:							
Variable Annuities:							
131,608	109,743	Beginning total account value	128,949	131,608	139,034	137,775	143,697
11,447	19,977	Sales	3,778	4,208	2,439	2,388	2,412
(7,567)	(6,646)	Surrenders and withdrawals	(1,765)	(1,776)	(1,898)	(1,824)	(2,069)
3,880	13,331	Net sales	2,013	2,432	541	564	343
(1,282)	(1,169)	Benefit payments	(313)	(310)	(326)	(310)	(336)
2,598	12,162	Net flows	1,700	2,122	215	254	7
19,455	12,380	Change in market value, interest credited, and other	1,687	6,039	(666)	6,479	7,603
(3,194)	(2,677)	Policy charges	(728)	(735)	(808)	(811)	(840)
<u>150,467</u>	<u>131,608</u>	Ending total account value	<u>131,608</u>	<u>139,034</u>	<u>137,775</u>	<u>143,697</u>	<u>150,467</u>
Fixed Annuities:							
3,734	3,792	Beginning total account value	3,756	3,734	3,714	3,699	3,681
66	55	Sales	11	16	14	16	20
(160)	(160)	Surrenders and withdrawals	(48)	(41)	(38)	(40)	(41)
(94)	(105)	Net redemptions	(37)	(25)	(24)	(24)	(21)
(335)	(281)	Benefit payments	(68)	(71)	(96)	(83)	(85)
(429)	(386)	Net flows	(105)	(96)	(120)	(107)	(106)
371	330	Interest credited and other	83	77	105	91	98
(3)	(2)	Policy charges	—	(1)	—	(2)	—
<u>3,673</u>	<u>3,734</u>	Ending total account value	<u>3,734</u>	<u>3,714</u>	<u>3,699</u>	<u>3,681</u>	<u>3,673</u>
SALES BY DISTRIBUTION CHANNEL:							
<u>Variable and Fixed Annuities (1):</u>							
2,425	3,023	Insurance Agents	557	703	547	575	600
2,246	4,932	Wirehouses	929	923	464	433	426
4,978	8,808	Independent Financial Planners	1,661	1,935	1,009	1,001	1,033
1,864	3,269	Bank Distribution	642	663	433	395	373
<u>11,513</u>	<u>20,032</u>	Total	<u>3,789</u>	<u>4,224</u>	<u>2,453</u>	<u>2,404</u>	<u>2,432</u>

(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		4Q	1Q	2Q	3Q	4Q
INDIVIDUAL ANNUITIES:							
<i>Account Values in General Account (1):</i>							
11,564	12,830	Beginning balance	11,929	11,564	11,148	10,903	10,409
1,198	2,360	Premiums and deposits	476	488	258	230	222
(963)	(1,058)	Surrenders and withdrawals	(288)	(268)	(245)	(217)	(233)
235	1,302	Net sales (redemptions)	188	220	13	13	(11)
(408)	(357)	Benefit payments	(86)	(89)	(116)	(102)	(101)
(173)	945	Net flows	102	131	(103)	(89)	(112)
337	374	Interest credited and other	70	86	92	81	78
(1,671)	(2,583)	Net transfers to separate account	(537)	(632)	(234)	(484)	(321)
(3)	(2)	Policy charges	—	(1)	—	(2)	—
<u>10,054</u>	<u>11,564</u>	Ending balance	<u>11,564</u>	<u>11,148</u>	<u>10,903</u>	<u>10,409</u>	<u>10,054</u>
<i>Account Values in Separate Account (1):</i>							
123,778	100,705	Beginning balance	120,776	123,778	131,600	130,571	136,969
10,315	17,672	Premiums and deposits	3,313	3,736	2,195	2,174	2,210
(6,764)	(5,748)	Surrenders and withdrawals	(1,525)	(1,549)	(1,691)	(1,647)	(1,877)
3,551	11,924	Net sales	1,788	2,187	504	527	333
(1,209)	(1,093)	Benefit payments	(295)	(292)	(306)	(291)	(320)
2,342	10,831	Net flows	1,493	1,895	198	236	13
19,489	12,336	Change in market value, interest credited and other	1,700	6,030	(653)	6,489	7,623
1,671	2,583	Net transfers from general account	537	632	234	484	321
(3,194)	(2,677)	Policy charges	(728)	(735)	(808)	(811)	(840)
<u>144,086</u>	<u>123,778</u>	Ending balance	<u>123,778</u>	<u>131,600</u>	<u>130,571</u>	<u>136,969</u>	<u>144,086</u>

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

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

	2012 4Q	2013 1Q	2013 2Q	2013 3Q	2013 4Q
LIVING BENEFIT FEATURES ACCOUNT VALUE AND NET AMOUNT AT RISK (1):					
<u>Variable Annuity Account Values with Living Benefit Features</u>					
Guaranteed minimum accumulation benefits	7,947	7,764	7,290	7,037	6,799
Guaranteed minimum withdrawal benefits	947	945	895	889	886
Guaranteed minimum income benefits	3,556	3,639	3,519	3,583	3,667
Guaranteed minimum withdrawal & income benefits	94,804	101,688	101,686	107,109	113,246
Total	107,254	114,036	113,390	118,618	124,598
<u>Living Benefit Features Account Values by Product Design Type</u>					
Account Values with Auto-Rebalancing Feature	91,954	98,362	98,119	102,783	107,910
Account Values without Auto-Rebalancing Feature	15,300	15,674	15,271	15,835	16,688
Total	107,254	114,036	113,390	118,618	124,598
<u>Living Benefit Features Net Amount at Risk by Product Design Type</u>					
Net Amount at Risk with Auto-Rebalancing Feature	3,145	2,435	3,134	2,378	1,735
Net Amount at Risk without Auto-Rebalancing Feature	1,663	1,346	1,434	1,176	910
Total	4,808	3,781	4,568	3,554	2,645

(1) At end of period.

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

	2012 4Q	2013			
		1Q	2Q	3Q	4Q
DEATH BENEFIT FEATURES ACCOUNT VALUE AND NET AMOUNT AT RISK (1):					
<u>Variable Annuity Account Values by Death Benefit Features</u>					
<i>Return of net deposits:</i>					
Account value	96,951	102,944	102,277	107,025	112,445
Net amount at risk	769	584	677	532	465
<i>Minimum return, anniversary contract value, or maximum contract value:</i>					
Account value	31,687	33,046	32,511	33,592	34,846
Net amount at risk	4,207	3,574	3,931	3,330	2,817
<u>Death Benefit Features Account Values by Product Design Type</u>					
Account Values with Auto-Rebalancing Feature	91,954	98,362	98,119	102,783	107,910
Account Values without Auto-Rebalancing Feature	36,684	37,628	36,669	37,834	39,381
Total	<u>128,638</u>	<u>135,990</u>	<u>134,788</u>	<u>140,617</u>	<u>147,291</u>
<u>Death Benefit Features Net Amount at Risk by Product Design Type</u>					
Net Amount at Risk with Auto-Rebalancing Feature	958	715	1,064	774	613
Net Amount at Risk without Auto-Rebalancing Feature	4,018	3,443	3,544	3,088	2,669
Total	<u>4,976</u>	<u>4,158</u>	<u>4,608</u>	<u>3,862</u>	<u>3,282</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		4Q	1Q	2Q	3Q	4Q
RETIREMENT SEGMENT SALES AND ACCOUNT VALUES							
Full Service:							
148,405	139,430	Beginning total account value	146,934	148,405	156,380	157,738	165,364
20,677	16,390	Deposits and sales	3,903	5,679	3,697	5,455	5,846
(18,711)	(19,223)	Withdrawals and benefits	(4,386)	(4,676)	(3,622)	(4,627)	(5,786)
23,131	11,808	Change in market value, interest credited, interest income and other activity	1,954	6,972	1,283	6,798	8,078
<u>173,502</u>	<u>148,405</u>	Ending total account value	<u>148,405</u>	<u>156,380</u>	<u>157,738</u>	<u>165,364</u>	<u>173,502</u>
<u>1,966</u>	<u>(2,833)</u>	Net additions (withdrawals)	<u>(483)</u>	<u>1,003</u>	<u>75</u>	<u>828</u>	<u>60</u>
Stable value account values included above			42,836	43,065	43,365	44,186	44,013
Institutional Investment Products:							
141,435	90,089	Beginning total account value	104,646	141,435	143,011	144,101	147,100
17,294	55,005	Additions (1)	39,192	3,845	4,360	5,034	4,055
(9,951)	(8,495)	Withdrawals and benefits	(2,586)	(2,319)	(2,462)	(2,487)	(2,683)
1,066	4,787	Change in market value, interest credited and interest income	788	202	(662)	547	979
(442)	49	Other (2)	(605)	(152)	(146)	(95)	(49)
<u>149,402</u>	<u>141,435</u>	Ending total account value (3)	<u>141,435</u>	<u>143,011</u>	<u>144,101</u>	<u>147,100</u>	<u>149,402</u>
<u>7,343</u>	<u>46,510</u>	Net additions	<u>36,606</u>	<u>1,526</u>	<u>1,898</u>	<u>2,547</u>	<u>1,372</u>

- (1) Includes \$1 billion 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.
- (2) "Other" activity includes transfers to internally managed accounts of \$(1) billion for the three months ended December 31, 2012. These transfers are offset in additions discussed above in note 1. The remainder of "Other" activity primarily represents changes in asset balances for externally managed accounts.
- (3) Ending total account values for Institutional Investment Products business includes \$1.9 billion as of December 31, 2012, March 31, 2013, June 30, 2013, September 30, 2013, and December 31, 2013, respectively, related to collateralized funding agreements issued to the Federal Home Loan Bank of New York (FHLBNY).

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			4Q	1Q	2Q	3Q	4Q
Analysis of revenues by type:								
1,881	1,667	13%	Asset management fees	433	451	467	472	491
254	240	6%	Other related revenues	114	51	57	52	94
543	469	16%	Service, distribution and other revenues	138	140	138	125	140
<u>2,678</u>	<u>2,376</u>	13%	Total Asset Management segment revenues	<u>685</u>	<u>642</u>	<u>662</u>	<u>649</u>	<u>725</u>
Analysis of asset management fees by source:								
838	775	8%	Institutional customers	201	203	207	210	218
631	509	24%	Retail customers	132	145	154	161	171
412	383	8%	General account	100	103	106	101	102
<u>1,881</u>	<u>1,667</u>	13%	Total asset management fees	<u>433</u>	<u>451</u>	<u>467</u>	<u>472</u>	<u>491</u>

Supplementary Assets Under Management Information (in billions):

December 31, 2013				
	Equity	Fixed Income	Real Estate	Total
Institutional customers	63.4	243.8	34.5	341.7
Retail customers	117.0	51.5	2.2	170.7
General account	8.9	347.2	1.4	357.5
Total	<u>189.3</u>	<u>642.5</u>	<u>38.1</u>	<u>869.9</u>
December 31, 2012				
	Equity	Fixed Income	Real Estate	Total
Institutional customers	51.7	230.8	31.2	313.7
Retail customers	86.6	50.3	1.8	138.7
General account	9.4	363.7	1.5	374.6
Total	<u>147.7</u>	<u>644.8</u>	<u>34.5</u>	<u>827.0</u>

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

Year-to-date			2012	2013			
2013	2012		4Q	1Q	2Q	3Q	4Q
Institutional Customers - Assets Under Management:							
Assets gathered by Investment Management & Advisory Services sales force:							
274.6	234.2	Beginning assets under management	263.8	274.6	282.9	279.6	290.0
57.1	58.8	Additions	20.8	14.4	14.8	14.1	13.8
(37.7)	(41.6)	Withdrawals	(12.4)	(7.5)	(11.7)	(10.0)	(8.5)
7.8	23.1	Change in market value	2.8	1.9	(6.1)	6.0	6.0
(0.5)	0.2	Net money market flows	(0.1)	(0.2)	—	0.2	(0.5)
(0.8)	(0.1)	Other (1)	(0.3)	(0.3)	(0.3)	0.1	(0.3)
300.5	274.6	Ending assets under management	274.6	282.9	279.6	290.0	300.5
41.2	39.1	Affiliated institutional assets under management	39.1	40.3	39.5	40.3	41.2
<u>341.7</u>	<u>313.7</u>	Total assets managed for institutional customers at end of period	<u>313.7</u>	<u>323.2</u>	<u>319.1</u>	<u>330.3</u>	<u>341.7</u>
<u>19.4</u>	<u>17.2</u>	Net institutional additions, excluding money market activity	<u>8.4</u>	<u>6.9</u>	<u>3.1</u>	<u>4.1</u>	<u>5.3</u>
Retail Customers - Assets Under Management:							
Assets gathered by Investment Management & Advisory Services sales force:							
91.1	69.6	Beginning assets under management	87.8	91.1	97.9	100.4	106.5
40.2	37.0	Additions	10.1	10.9	12.4	7.1	9.8
(35.8)	(24.2)	Withdrawals	(6.7)	(9.1)	(9.9)	(8.5)	(8.3)
19.5	8.8	Change in market value	(0.1)	5.0	—	7.5	7.0
—	(0.1)	Net money market flows	—	—	—	—	—
—	—	Other	—	—	—	—	—
115.0	91.1	Ending assets under management	91.1	97.9	100.4	106.5	115.0
55.7	47.6	Affiliated retail assets under management	47.6	45.9	52.0	52.6	55.7
<u>170.7</u>	<u>138.7</u>	Total assets managed for retail customers at end of period	<u>138.7</u>	<u>143.8</u>	<u>152.4</u>	<u>159.1</u>	<u>170.7</u>
<u>4.4</u>	<u>12.8</u>	Net retail additions (withdrawals), excluding money market activity	<u>3.4</u>	<u>1.8</u>	<u>2.5</u>	<u>(1.4)</u>	<u>1.5</u>

(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		%		2012	2013				
2013	2012	Change		4Q	1Q	2Q	3Q	4Q	
Revenues (1):									
5,098	5,128	-1%	Premiums	1,274	1,279	1,294	1,256	1,269	
2,432	1,756	38%	Policy charges and fee income	439	657	654	487	634	
1,991	1,619	23%	Net investment income	408	473	504	497	517	
617	465	33%	Asset management fees, commissions and other income	117	148	159	143	167	
10,138	8,968	13%	Total revenues	2,238	2,557	2,611	2,383	2,587	
Benefits and Expenses (1):									
6,201	5,769	7%	Insurance and annuity benefits	1,411	1,605	1,578	1,496	1,522	
808	557	45%	Interest credited to policyholders' account balances	146	193	201	208	206	
414	323	28%	Interest expense	83	96	98	108	112	
(773)	(491)	-57%	Deferral of acquisition costs	(199)	(220)	(186)	(177)	(190)	
121	424	-71%	Amortization of acquisition costs	80	73	102	(111)	57	
2,627	1,986	32%	General and administrative expenses	630	664	655	643	665	
9,398	8,568	10%	Total benefits and expenses	2,151	2,411	2,448	2,167	2,372	
740	400	85%	Adjusted operating income before income taxes	87	146	163	216	215	

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

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

	Twelve Months Ended December 31, 2013			Quarter Ended December 31, 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	5,098	810	4,288	1,269	215	1,054
Policy charges and fee income	2,432	1,906	526	634	494	140
Net investment income	1,991	1,406	585	517	369	148
Asset management fees, commissions and other income	617	498	119	167	134	33
Total revenues	10,138	4,620	5,518	2,587	1,212	1,375
Benefits and Expenses (1):						
Insurance and annuity benefits	6,201	1,902	4,299	1,522	481	1,041
Interest credited to policyholders' account balances	808	576	232	206	146	60
Interest expense	414	407	7	112	110	2
Deferral of acquisition costs	(773)	(762)	(11)	(190)	(181)	(9)
Amortization of acquisition costs	121	111	10	57	54	3
General and administrative expenses	2,627	1,803	824	665	445	220
Total benefits and expenses	9,398	4,037	5,361	2,372	1,055	1,317
Adjusted operating income before income taxes	740	583	157	215	157	58
	Twelve Months Ended December 31, 2012			Quarter Ended December 31, 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	5,128	725	4,403	1,274	183	1,091
Policy charges and fee income	1,756	1,251	505	439	304	135
Net investment income	1,619	1,033	586	408	262	146
Asset management fees, commissions and other income	465	358	107	117	91	26
Total revenues	8,968	3,367	5,601	2,238	840	1,398
Benefits and Expenses (1):						
Insurance and annuity benefits	5,769	1,241	4,528	1,411	298	1,113
Interest credited to policyholders' account balances	557	329	228	146	88	58
Interest expense	323	316	7	83	81	2
Deferral of acquisition costs	(491)	(436)	(55)	(199)	(144)	(55)
Amortization of acquisition costs	424	419	5	80	78	2
General and administrative expenses	1,986	1,114	872	630	340	290
Total benefits and expenses	8,568	2,983	5,585	2,151	741	1,410
Adjusted operating income (loss) before income taxes	400	384	16	87	99	(12)

(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		4Q	1Q	2Q	3Q	4Q
ANNUALIZED NEW BUSINESS PREMIUMS (1):							
38	20	Variable life	8	9	7	9	13
497	218	Universal life	90	157	124	107	109
196	174	Term life	46	50	53	49	44
<u>731</u>	<u>412</u>	Total	<u>144</u>	<u>216</u>	<u>184</u>	<u>165</u>	<u>166</u>
ANNUALIZED NEW BUSINESS PREMIUMS BY DISTRIBUTION CHANNEL (1):							
95	90	Prudential Agents	24	25	25	22	23
636	322	Third party distribution	120	191	159	143	143
<u>731</u>	<u>412</u>	Total	<u>144</u>	<u>216</u>	<u>184</u>	<u>165</u>	<u>166</u>
ACCOUNT VALUE ACTIVITY:							
<i>Policyholders' Account Balances (2)(3):</i>							
10,583	9,500	Beginning balance	10,058	10,583	20,026	20,710	21,367
3,799	2,197	Premiums and deposits	709	1,108	965	892	834
(1,063)	(838)	Surrenders and withdrawals	(213)	(240)	(305)	(266)	(252)
2,736	1,359	Net sales	496	868	660	626	582
(419)	(234)	Benefit payments	(59)	(133)	(86)	(91)	(109)
2,317	1,125	Net flows	437	735	574	535	473
1,170	32	Interest credited and other	111	276	299	360	235
368	300	Net transfers from separate account	84	88	98	84	98
(1,280)	(374)	Policy charges	(107)	(340)	(287)	(322)	(331)
8,684	—	Acquisition	—	8,684	—	—	—
<u>21,842</u>	<u>10,583</u>	Ending balance	<u>10,583</u>	<u>20,026</u>	<u>20,710</u>	<u>21,367</u>	<u>21,842</u>
<i>Separate Account Liabilities (3):</i>							
17,817	16,491	Beginning balance	17,835	17,817	24,611	24,555	25,380
1,277	849	Premiums and deposits	218	305	384	196	392
(902)	(577)	Surrenders and withdrawals	(154)	(233)	(315)	(122)	(232)
375	272	Net sales	64	72	69	74	160
(121)	(30)	Benefit payments	(7)	(41)	(52)	1	(29)
254	242	Net flows	57	31	17	75	131
4,575	2,036	Change in market value, interest credited and other	173	1,487	353	991	1,744
(368)	(300)	Net transfers to general account	(84)	(88)	(98)	(84)	(98)
(969)	(652)	Policy charges	(164)	(243)	(328)	(157)	(241)
5,607	—	Acquisition	—	5,607	—	—	—
<u>26,916</u>	<u>17,817</u>	Ending balance	<u>17,817</u>	<u>24,611</u>	<u>24,555</u>	<u>25,380</u>	<u>26,916</u>
FACE AMOUNT IN FORCE (4):							
		Variable life	110,218	175,851	173,991	173,142	172,870
		Universal life	53,092	130,182	135,686	139,808	144,533
		Term life	506,868	597,272	606,212	614,032	621,289
		Total	<u>670,178</u>	<u>903,305</u>	<u>915,889</u>	<u>926,982</u>	<u>938,692</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)

<u>Year-to-date</u>			<u>2012</u>	<u>2013</u>				
<u>2013</u>	<u>2012</u>		<u>4Q</u>	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	
Individual Life Insurance:								
Policy Surrender Experience:								
1,173	659	Cash value of surrenders	169	303	295	284	291	
2.8%	2.7%	Cash value of surrenders as a percentage of mean future policy benefits, policyholders' account balances, and separate account balances	2.6%	3.1%	2.9%	2.7%	2.7%	
Death benefits per \$1,000 of in force (1):								
4.54	4.71	Variable and universal life	4.17	4.35	4.19	5.31	4.41	
1.29	1.46	Term life	1.36	1.29	1.34	1.01	1.55	
3.22	3.01	Total, Individual Life Insurance	2.69	3.10	3.05	3.53	3.25	

(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		4Q	1Q	2Q	3Q	4Q
GROUP INSURANCE ANNUALIZED NEW BUSINESS PREMIUMS:							
240	304	Group life	51	148	15	33	44
73	135	Group disability	7	45	7	13	8
313	439	Total	58	193	22	46	52
Future Policy Benefits (1) (2):							
		Group life	2,385	2,297	2,292	2,123	2,281
		Group disability	4	34	23	13	3
		Total	2,389	2,331	2,315	2,136	2,284
Policyholders' Account Balances (1):							
		Group life	7,726	7,657	7,696	7,822	7,928
		Group disability	209	212	214	233	251
		Total	7,935	7,869	7,910	8,055	8,179
Separate Account Liabilities (1):							
		Group life	21,940	23,076	22,352	22,017	22,706
		Group disability	—	—	—	—	—
		Total	21,940	23,076	22,352	22,017	22,706
Group Life Insurance:							
4,099	4,177	Gross premiums, policy charges and fee income (3)	1,079	1,074	1,052	960	1,013
3,915	3,983	Earned premiums, policy charges and fee income	994	997	1,001	948	969
88.5%	90.9%	Benefits ratio	89.0%	92.2%	90.6%	84.8%	86.2%
10.1%	10.0%	Administrative operating expense ratio	11.8%	9.2%	9.6%	11.1%	10.8%
		Persistency ratio	94.0%	95.0%	94.7%	93.8%	93.7%
Group Disability Insurance:							
967	959	Gross premiums, policy charges and fee income (3)	243	240	242	243	242
899	925	Earned premiums, policy charges and fee income	232	231	220	223	225
92.8%	98.1%	Benefits ratio	98.7%	94.4%	93.2%	91.9%	91.6%
26.6%	25.3%	Administrative operating expense ratio	28.4%	26.7%	25.6%	25.9%	28.1%
		Persistency ratio	89.3%	91.7%	89.7%	88.1%	87.0%

- (1) As of end of period.
(2) The amounts shown exclude liabilities for unpaid claims and claim adjustment expenses.
(3) Before returns of premiums to participating policyholders for favorable claims experience.

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

Year-to-date			2012	2013				
2013	2012		4Q	1Q	2Q	3Q	4Q	
<i>DEFERRED POLICY ACQUISITION COSTS</i>								
INDIVIDUAL ANNUITIES:								
3,829	2,390	Beginning balance	3,457	3,829	4,223	4,577	5,314	
598	1,016	Capitalization	200	223	127	124	124	
(257)	(338)	Amortization - operating results	(131)	(134)	(124)	99	(98)	
1,214	734	Amortization - realized investment gains and losses	288	271	291	510	142	
106	27	Impact of unrealized losses on AFS securities	15	34	60	4	8	
—	—	Other	—	—	—	—	—	
<u>5,490</u>	<u>3,829</u>	Ending balance	<u>3,829</u>	<u>4,223</u>	<u>4,577</u>	<u>5,314</u>	<u>5,490</u>	
INDIVIDUAL LIFE INSURANCE:								
3,116	3,192	Beginning balance	2,994	3,116	3,317	3,646	3,952	
762	436	Capitalization	144	220	188	173	181	
(111)	(419)	Amortization - operating results	(78)	(71)	(99)	113	(54)	
15	—	Amortization - realized investment gains and losses	—	2	5	4	4	
330	(93)	Impact of unrealized (gains) or losses on AFS securities	56	50	235	16	29	
<u>4,112</u>	<u>3,116</u>	Ending balance	<u>3,116</u>	<u>3,317</u>	<u>3,646</u>	<u>3,952</u>	<u>4,112</u>	
GROUP INSURANCE:								
182	132	Beginning balance	129	182	180	175	177	
11	55	Capitalization	55	—	(2)	4	9	
(10)	(5)	Amortization - operating results	(2)	(2)	(3)	(2)	(3)	
—	—	Amortization - realized investment gains and losses	—	—	—	—	—	
—	—	Impact of unrealized losses on AFS securities	—	—	—	—	—	
<u>183</u>	<u>182</u>	Ending balance	<u>182</u>	<u>180</u>	<u>175</u>	<u>177</u>	<u>183</u>	
<i>DEFERRED SALES INDUCEMENTS</i>								
INDIVIDUAL ANNUITIES:								
1,357	1,000	Beginning balance	1,275	1,357	1,425	1,506	1,764	
53	258	Capitalization	18	16	15	13	9	
(137)	(165)	Amortization - operating results	(50)	(54)	(52)	8	(39)	
504	246	Amortization - realized investment gains and losses	107	92	101	235	76	
36	18	Impact of unrealized losses on AFS securities	7	14	17	2	3	
—	—	Other	—	—	—	—	—	
<u>1,813</u>	<u>1,357</u>	Ending balance	<u>1,357</u>	<u>1,425</u>	<u>1,506</u>	<u>1,764</u>	<u>1,813</u>	

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

Year-to-date		%		2012	2013			
2013	2012	Change		4Q	1Q	2Q	3Q	4Q
Revenues (1):								
17,037	24,484	-30%	Premiums	7,901	4,914	4,570	3,889	3,664
599	597	0%	Policy charges and fee income	156	159	162	142	136
4,306	4,268	1%	Net investment income	1,105	1,093	1,067	1,086	1,060
598	237	152%	Asset management fees, commissions and other income	47	184	141	142	131
22,540	29,586	-24%	Total revenues	9,209	6,350	5,940	5,259	4,991
Benefits and Expenses (1):								
14,606	21,105	-31%	Insurance and annuity benefits	7,068	4,203	3,904	3,349	3,150
984	1,122	-12%	Interest credited to policyholders' account balances	271	267	233	245	239
3	3	0%	Interest expense	2	1	—	—	2
(1,543)	(2,024)	24%	Deferral of acquisition costs	(518)	(427)	(397)	(347)	(372)
1,011	1,173	-14%	Amortization of acquisition costs	350	270	275	234	232
4,327	5,503	-21%	General and administrative expenses	1,389	1,159	1,075	1,000	1,093
19,388	26,882	-28%	Total benefits and expenses	8,562	5,473	5,090	4,481	4,344
3,152	2,704	17%	Adjusted operating income before income taxes	647	877	850	778	647

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

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

	Twelve Months Ended December 31, 2013			Quarter Ended December 31, 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	17,037	6,770	10,267	3,664	1,651	2,013
Policy charges and fee income	599	349	250	136	86	50
Net investment income	4,306	1,616	2,690	1,060	418	642
Asset management fees, commissions and other income	598	243	355	131	49	82
Total revenues	22,540	8,978	13,562	4,991	2,204	2,787
Benefits and Expenses (1):						
Insurance and annuity benefits	14,606	5,814	8,792	3,150	1,478	1,672
Interest credited to policyholders' account balances	984	244	740	239	57	182
Interest expense	3	2	1	2	1	1
Deferral of acquisition costs	(1,543)	(702)	(841)	(372)	(173)	(199)
Amortization of acquisition costs	1,011	443	568	232	110	122
General and administrative expenses	4,327	1,660	2,667	1,093	428	665
Total benefits and expenses	19,388	7,461	11,927	4,344	1,901	2,443
Adjusted operating income before income taxes	3,152	1,517	1,635	647	303	344
	Twelve Months Ended December 31, 2012			Quarter Ended December 31, 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	24,484	6,971	17,513	7,901	1,728	6,173
Policy charges and fee income	597	371	226	156	100	56
Net investment income	4,268	1,595	2,673	1,105	410	695
Asset management fees, commissions and other income	237	65	172	47	18	29
Total revenues	29,586	9,002	20,584	9,209	2,256	6,953
Benefits and Expenses (1):						
Insurance and annuity benefits	21,105	5,799	15,306	7,068	1,471	5,597
Interest credited to policyholders' account balances	1,122	261	861	271	52	219
Interest expense	3	—	3	2	—	2
Deferral of acquisition costs	(2,024)	(819)	(1,205)	(518)	(191)	(327)
Amortization of acquisition costs	1,173	441	732	350	115	235
General and administrative expenses	5,503	1,839	3,664	1,389	477	912
Total benefits and expenses	26,882	7,521	19,361	8,562	1,924	6,638
Adjusted operating income before income taxes	2,704	1,481	1,223	647	332	315

- (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		4Q	1Q	2Q	3Q	4Q
INTERNATIONAL INSURANCE OPERATING DATA:							
Actual exchange rate basis (1):							
Net premiums, policy charges and fee income:							
5,395	5,729	Japan, excluding Gibraltar Life	1,389	1,559	1,292	1,271	1,273
10,517	17,739	Gibraltar Life	6,229	3,093	3,024	2,337	2,063
1,724	1,613	All other countries	439	421	416	423	464
<u>17,636</u>	<u>25,081</u>	Total	<u>8,057</u>	<u>5,073</u>	<u>4,732</u>	<u>4,031</u>	<u>3,800</u>
Annualized new business premiums:							
763	992	Japan, excluding Gibraltar Life	190	249	179	152	183
1,756	2,724	Gibraltar Life	813	459	498	407	392
365	362	All other countries	94	96	76	85	108
<u>2,884</u>	<u>4,078</u>	Total	<u>1,097</u>	<u>804</u>	<u>753</u>	<u>644</u>	<u>683</u>
Annualized new business premiums by distribution channel:							
1,128	1,354	Life Planners	284	345	255	237	291
779	930	Gibraltar Life Consultants	213	204	232	176	167
757	1,434	Banks	547	209	197	182	169
220	360	Independent Agency	53	46	69	49	56
<u>2,884</u>	<u>4,078</u>	Total	<u>1,097</u>	<u>804</u>	<u>753</u>	<u>644</u>	<u>683</u>
Constant exchange rate basis (2):							
Net premiums, policy charges and fee income:							
6,111	5,621	Japan, excluding Gibraltar Life	1,380	1,704	1,468	1,460	1,479
11,883	17,274	Gibraltar Life	6,112	3,326	3,484	2,695	2,378
1,639	1,545	All other countries	412	392	403	408	436
<u>19,633</u>	<u>24,440</u>	Total	<u>7,904</u>	<u>5,422</u>	<u>5,355</u>	<u>4,563</u>	<u>4,293</u>
Annualized new business premiums:							
869	977	Japan, excluding Gibraltar Life	188	274	206	177	212
1,904	2,635	Gibraltar Life	785	476	550	450	428
345	344	All other countries	88	91	71	81	102
<u>3,118</u>	<u>3,956</u>	Total	<u>1,061</u>	<u>841</u>	<u>827</u>	<u>708</u>	<u>742</u>
Annualized new business premiums by distribution channel:							
1,214	1,321	Life Planners	276	365	277	258	314
849	898	Gibraltar Life Consultants	207	212	256	195	186
817	1,386	Banks	526	217	218	200	182
238	351	Independent Agency	52	47	76	55	60
<u>3,118</u>	<u>3,956</u>	Total	<u>1,061</u>	<u>841</u>	<u>827</u>	<u>708</u>	<u>742</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 82 per U.S. dollar and Korean won 1150 per U.S. dollar. U.S. dollar-denominated activity is included based on the amounts as transacted in U.S. dollars.

INTERNATIONAL INSURANCE DIVISION - SALES RESULTS AND SUPPLEMENTARY INFORMATION

	<u>2012</u> <u>4Q</u>	<u>1Q</u>	<u>2Q</u>	<u>2013</u> <u>3Q</u>	<u>4Q</u>
Face amount of individual policies in force at end of period (in billions) (1)(2):					
(Constant exchange rate basis)					
Japan, excluding Gibraltar Life	351	356	359	361	364
Gibraltar Life	402	405	405	406	406
All other countries	106	106	107	108	110
Total	<u>859</u>	<u>867</u>	<u>871</u>	<u>875</u>	<u>880</u>
Number of individual policies in force at end of period (in thousands) (2):					
Japan, excluding Gibraltar Life	2,825	2,880	2,911	2,936	2,969
Gibraltar Life	7,449	7,417	7,340	7,307	7,274
All other countries	1,662	1,680	1,697	1,715	1,742
Total	<u>11,936</u>	<u>11,977</u>	<u>11,948</u>	<u>11,958</u>	<u>11,985</u>
International life insurance policy persistency:					
<u>Excluding Gibraltar Life:</u>					
13 months	93.0%	93.0%	93.2%	93.1%	93.0%
25 months	86.1%	86.3%	86.3%	85.9%	85.6%
<u>Gibraltar Life:</u>					
13 months	89.7%	89.4%	89.6%	90.8%	90.9%
25 months	82.4%	82.2%	81.9%	83.0%	82.4%
Number of Life Planners at end of period:					
Japan	3,216	3,284	3,243	3,274	3,258
All other countries	3,842	3,817	3,870	3,934	3,990
Total life planners	<u>7,058</u>	<u>7,101</u>	<u>7,113</u>	<u>7,208</u>	<u>7,248</u>
Gibraltar Life Consultants	11,333	10,252	9,795	9,298	9,327

- (1) Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 82 per U.S. dollar and Korean won 1150 per U.S. dollar. U.S. dollar-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)

	December 31, 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	240,090	27,401	212,689	65.4%	254,096	28,790	225,306	68.2%
Public, held-to-maturity, at amortized cost	2,500	—	2,500	0.8%	3,116	—	3,116	0.9%
Private, available-for-sale, at fair value	46,461	15,811	30,650	9.4%	46,875	17,629	29,246	8.8%
Private, held-to-maturity, at amortized cost	812	—	812	0.2%	1,152	—	1,152	0.3%
Trading account assets supporting insurance liabilities, at fair value	20,827	—	20,827	6.4%	20,590	—	20,590	6.2%
Other trading account assets, at fair value	1,683	342	1,341	0.4%	1,701	275	1,426	0.4%
Equity securities, available-for-sale, at fair value	9,903	3,884	6,019	1.8%	8,256	3,225	5,031	1.5%
Commercial mortgage and other loans, at book value	40,806	9,673	31,133	9.6%	36,231	9,608	26,623	8.1%
Policy loans, at outstanding balance	11,766	5,013	6,753	2.1%	11,575	5,120	6,455	2.0%
Other long-term investments (1)	9,196	2,024	7,172	2.2%	8,677	2,012	6,665	2.0%
Short-term investments	7,311	1,866	5,445	1.7%	6,385	1,261	5,124	1.6%
Subtotal (2)	391,355	66,014	325,341	100.0%	398,654	67,920	330,734	100.0%
Invested assets of other entities and operations (3)	6,818	—	6,818		6,928	—	6,928	
Total investments	398,173	66,014	332,159		405,582	67,920	337,662	

Fixed Maturities by Credit Quality (2):

	December 31, 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	171,777	14,808	2,719	183,866	85.4%	181,892	15,753	985	196,660	86.0%
2	24,281	2,029	781	25,529	11.8%	25,074	2,029	439	26,664	11.7%
Subtotal - High or Highest Quality Securities	196,058	16,837	3,500	209,395	97.2%	206,966	17,782	1,424	223,324	97.7%
3	4,078	256	136	4,198	1.9%	3,670	128	204	3,594	1.6%
4	1,391	162	33	1,520	0.7%	1,351	100	122	1,329	0.6%
5	125	22	9	138	0.1%	340	20	58	302	0.1%
6	116	20	3	133	0.1%	55	10	17	48	0.0%
Subtotal - Other Securities	5,710	460	181	5,989	2.8%	5,416	258	401	5,273	2.3%
Total	201,768	17,297	3,681	215,384	100.0%	212,382	18,040	1,825	228,597	100.0%

Private Fixed Maturities:

NAIC Rating (4)										
1	7,766	712	92	8,386	26.6%	7,237	811	52	7,996	26.2%
2	18,378	1,534	157	19,755	62.7%	17,350	1,659	217	18,792	61.7%
Subtotal - High or Highest Quality Securities	26,144	2,246	249	28,141	89.3%	24,587	2,470	269	26,788	87.9%
3	2,243	156	16	2,383	7.6%	2,416	173	29	2,560	8.4%
4	667	29	18	678	2.2%	631	33	7	657	2.2%
5	197	9	7	199	0.6%	310	7	16	301	1.0%
6	97	11	1	107	0.3%	131	29	—	160	0.5%
Subtotal - Other Securities	3,204	205	42	3,367	10.7%	3,488	242	52	3,678	12.1%
Total	29,348	2,451	291	31,508	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 operations and (iii) those assets classified as "Separate account assets" on our balance sheet.
- (3) Includes invested assets of our asset management and derivative operations. Excludes assets of our asset management operations managed for third parties and those assets classified as "Separate account assets" on our balance sheet.
- (4) Reflects equivalent ratings for investments of the international insurance operations. Includes, as of December 31, 2013 and December 31, 2012, respectively, 306 securities with amortized cost of \$806 million (fair value \$831 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)

	December 31, 2013		December 31, 2012	
	Amount	% of Total	Amount	% of Total
Japanese Insurance Operations (1):				
Fixed maturities:				
Public, available-for-sale, at fair value	112,501	81.0%	124,710	82.2%
Public, held-to-maturity, at amortized cost	2,500	1.8%	3,116	2.0%
Private, available-for-sale, at fair value	6,762	4.9%	6,252	4.1%
Private, held-to-maturity, at amortized cost	812	0.6%	1,152	0.8%
Trading account assets supporting insurance liabilities, at fair value	1,925	1.4%	1,838	1.2%
Other trading account assets, at fair value	884	0.6%	1,195	0.8%
Equity securities, available-for-sale, at fair value	2,557	1.9%	2,126	1.4%
Commercial mortgage and other loans, at book value	6,581	4.7%	6,156	4.1%
Policy loans, at outstanding balance	2,280	1.6%	2,665	1.7%
Other long-term investments (2)	1,576	1.1%	2,215	1.5%
Short-term investments	541	0.4%	318	0.2%
Total	<u>138,919</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	100,188	53.8%	100,596	56.2%
Public, held-to-maturity, at amortized cost	—	0.0%	—	0.0%
Private, available-for-sale, at fair value	23,888	12.8%	22,994	12.9%
Private, held-to-maturity, at amortized cost	—	0.0%	—	0.0%
Trading account assets supporting insurance liabilities, at fair value	18,902	10.1%	18,752	10.5%
Other trading account assets, at fair value	457	0.2%	231	0.1%
Equity securities, available-for-sale, at fair value	3,462	1.9%	2,905	1.6%
Commercial mortgage and other loans, at book value	24,552	13.2%	20,467	11.4%
Policy loans, at outstanding balance	4,473	2.4%	3,790	2.1%
Other long-term investments (2)	5,596	3.0%	4,450	2.5%
Short-term investments	4,904	2.6%	4,806	2.7%
Total	<u>186,422</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 December 31					
	2013			2012		
	Investment Income Yield (3)	Amount	Realized Gains / (Losses)	Investment Income Yield (3)	Amount	Realized Gains / (Losses)
Financial Services Businesses (1):						
Fixed maturities	3.80%	2,159	(798)	3.66%	2,035	76
Equity securities	5.06%	55	48	5.95%	63	6
Commercial mortgage and other loans	4.73%	302	(9)	5.40%	295	19
Policy loans	4.78%	81	—	4.83%	78	—
Short-term investments and cash equivalents	0.26%	7	—	0.22%	8	—
Other investments	8.47%	174	(600)	4.04%	74	(593)
Gross investment income before investment expenses	3.92%	2,778	(1,359)	3.69%	2,553	(492)
Investment expenses	-0.13%	(86)	—	-0.15%	(87)	—
Subtotal	3.79%	2,692	(1,359)	3.54%	2,466	(492)
Investment results of other entities and operations (2)		288	62		285	92
Less, investment income related to adjusted operating income reconciling items		(45)			(38)	
Total		2,935	(1,297)		2,713	(400)

	Twelve Months Ended December 31					
	2013			2012		
	Investment Income Yield (3)	Amount	Realized Gains / (Losses)	Investment Income Yield (3)	Amount	Realized Gains / (Losses)
Financial Services Businesses (1):						
Fixed maturities	3.79%	8,575	(183)	3.72%	7,645	(148)
Equity securities	6.19%	256	130	6.14%	249	(54)
Commercial mortgage and other loans	4.98%	1,169	(13)	5.36%	1,118	30
Policy loans	4.82%	316	—	4.73%	293	—
Short-term investments and cash equivalents	0.22%	30	1	0.24%	33	—
Other investments	7.04%	553	(5,546)	4.04%	268	(1,642)
Gross investment income before investment expenses	3.87%	10,899	(5,611)	3.75%	9,606	(1,814)
Investment expenses	-0.13%	(308)	—	-0.13%	(273)	—
Subtotal	3.74%	10,591	(5,611)	3.62%	9,333	(1,814)
Investment results of other entities and operations (2)		1,122	173		1,175	130
Less, investment income related to adjusted operating income reconciling items		(183)			(138)	
Total		11,530	(5,438)		10,370	(1,684)

- (1) Excludes assets of commercial loans, trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders, derivative 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 operations.
- (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 December 31					
	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%	810	61	2.73%	861	21
Equity securities	3.48%	16	52	3.14%	15	1
Commercial mortgage and other loans	4.11%	66	1	4.14%	63	7
Policy loans	3.86%	23	—	3.74%	26	—
Short-term investments and cash equivalents	0.27%	1	—	0.13%	1	—
Other investments (2)	4.53%	29	(164)	5.35%	48	(220)
Gross investment income before investment expenses	3.03%	945	(50)	2.82%	1,014	(191)
Investment expenses	-0.12%	(38)	—	-0.13%	(47)	—
Total	2.91%	907	(50)	2.69%	967	(191)
Twelve Months Ended December 31						
	2013			2012		
	Investment Income Yield (1)	Amount	Realized Gains / (Losses)	Investment Income Yield (1)	Amount	Realized Gains / (Losses)
Japanese Insurance Operations:						
Fixed maturities	2.91%	3,269	771	2.75%	3,317	(188)
Equity securities	4.69%	82	118	3.36%	65	(88)
Commercial mortgage and other loans	4.21%	258	6	4.15%	237	16
Policy loans	3.70%	88	—	3.60%	99	—
Short-term investments and cash equivalents	0.19%	4	—	0.16%	5	—
Other investments (2)	6.12%	170	(927)	4.71%	181	(142)
Gross investment income before investment expenses	3.04%	3,871	(32)	2.83%	3,904	(402)
Investment expenses	-0.12%	(156)	—	-0.13%	(184)	—
Total	2.92%	3,715	(32)	2.70%	3,720	(402)

- (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 December 31					
	2013			2012		
	Investment Income Yield (2)	Amount	Realized Gains / (Losses)	Investment Income Yield (2)	Amount	Realized Gains / (Losses)
Financial Services Businesses excluding Japanese Insurance Operations (1):						
Fixed maturities	4.60%	1,349	(859)	4.88%	1,174	55
Equity securities	6.16%	39	(4)	8.38%	48	5
Commercial mortgage and other loans	4.93%	236	(10)	5.90%	232	12
Policy loans	5.27%	58	—	5.64%	52	—
Short-term investments and cash equivalents	0.26%	6	—	0.24%	7	—
Other investments	10.24%	145	(436)	2.79%	26	(373)
Gross investment income before investment expenses	4.62%	1,833	(1,309)	4.63%	1,539	(301)
Investment expenses	-0.14%	(48)	—	-0.16%	(40)	—
Total	4.48%	1,785	(1,309)	4.47%	1,499	(301)
Twelve Months Ended December 31						
	2013			2012		
	Investment Income Yield (2)	Amount	Realized Gains / (Losses)	Investment Income Yield (2)	Amount	Realized Gains / (Losses)
Financial Services Businesses excluding Japanese Insurance Operations (1):						
Fixed maturities	4.65%	5,306	(954)	5.09%	4,328	40
Equity securities	7.30%	174	12	8.70%	184	34
Commercial mortgage and other loans	5.25%	911	(19)	5.82%	881	14
Policy loans	5.45%	228	—	5.62%	194	—
Short-term investments and cash equivalents	0.23%	26	1	0.26%	28	—
Other investments	7.54%	383	(4,619)	3.13%	87	(1,500)
Gross investment income before investment expenses	4.56%	7,028	(5,579)	4.81%	5,702	(1,412)
Investment expenses	-0.14%	(152)	—	-0.13%	(89)	—
Total	4.42%	6,876	(5,579)	4.68%	5,613	(1,412)

- (1) Excludes assets of commercial loans, trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders, derivative 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	2Q	3Q
Financial Services Businesses:									
Pre-tax adjusted operating income (loss) by division:									
2,144	2,038	U.S. Retirement Solutions and Investment Management Division	724	309	514	714	769	851	1,231
645	656	U.S. Individual Life and Group Insurance Division	72	94	147	87	146	163	216
2,263	1,887	International Insurance Division	597	678	782	647	877	850	778
(1,112)	(938)	Corporate and other operations	(327)	(225)	(414)	(372)	(314)	(347)	(312)
3,940	3,643	Total pre-tax adjusted operating income	1,066	856	1,029	1,076	1,478	1,517	1,913
1,023	979	Income taxes, applicable to adjusted operating income	287	206	270	245	406	424	540
2,917	2,664	Financial Services Businesses after-tax adjusted operating income	779	650	759	831	1,072	1,093	1,373
Reconciling items:									
847	(27)	Realized investment gains (losses), net, and related charges and adjustments	(1,838)	2,030	(1,303)	(1,698)	(3,003)	(2,230)	(556)
223	501	Investment gains on trading account assets supporting insurance liabilities, net	234	4	264	108	95	(471)	103
(123)	(631)	Change in experience-rated contractholder liabilities due to asset value changes	(246)	54	(254)	(94)	(143)	471	(73)
90	1	Divested businesses	1	22	(687)	49	29	(84)	43
(227)	(87)	Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	2	9	(56)	16	(34)	24	11
810	(243)	Total reconciling items, before income taxes	(1,847)	2,119	(2,036)	(1,619)	(3,056)	(2,290)	(472)
424	35	Income taxes, not applicable to adjusted operating income	(117)	540	(625)	(614)	(1,237)	(700)	(67)
386	(278)	Total reconciling items, after income taxes	(1,730)	1,579	(1,411)	(1,005)	(1,819)	(1,590)	(405)
Income (loss) from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures			(951)	2,229	(652)	(174)	(747)	(497)	968
148	63	Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	(2)	(10)	36	(14)	11	(22)	(10)
3,451	2,449	Income (loss) from continuing operations attributable to Prudential Financial, Inc.	(953)	2,219	(616)	(188)	(736)	(519)	958
34	19	Earnings attributable to noncontrolling interests	6	16	7	21	35	27	13
3,485	2,468	Income (loss) from continuing operations (after-tax) of Financial Services Businesses	(947)	2,235	(609)	(167)	(701)	(492)	971
35	32	Income (loss) from discontinued operations, net of taxes	7	8	(1)	3	1	2	8
3,520	2,500	Net income (loss) of Financial Services Businesses	(940)	2,243	(610)	(164)	(700)	(490)	979
34	19	Less: Income attributable to noncontrolling interests	6	16	7	21	35	27	13
3,486	2,481	Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.	(946)	2,227	(617)	(185)	(735)	(517)	966
11.1%	11.3%	Operating Return on Average Equity (based on adjusted operating income)	11.6%	9.6%	10.8%	12.1%	16.2%	17.0%	21.4%
Reconciliation to Consolidated Net Income (Loss) Attributable to Prudential Financial, Inc.:									
3,486	2,481	Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc. (above)	(946)	2,227	(617)	(185)	(735)	(517)	966
146	495	Net income (loss) of Closed Block Business attributable to Prudential Financial, Inc.	21	(5)	43	(18)	15	3	61
3,632	2,976	Consolidated net income (loss) attributable to Prudential Financial, Inc.	(925)	2,222	(574)	(203)	(720)	(514)	1,022

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

Years ended December 31									
2011	2010		2012				2013		
			1Q	2Q	3Q	4Q	1Q	2Q	3Q
		Earnings per share of Common Stock (diluted): (1)							
5.97	5.64	Financial Services Businesses after-tax adjusted operating income	1.64	1.39	1.61	1.76	2.27	2.30	2.89
		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)	(4.72)	(1.18)
0.46	1.05	Investment gains on trading account assets supporting insurance liabilities, net	0.49	0.01	0.56	0.23	0.20	(1.00)	0.22
(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)	1.00	(0.15)
0.18	—	Divested businesses	—	0.05	(1.46)	0.10	0.06	(0.18)	0.09
(0.01)	—	Difference in earnings allocated to participating unvested share-based payment awards	0.02	(0.03)	0.01	—	0.02	0.02	0.01
2.11	(0.34)	Total reconciling items, before income taxes	(3.86)	4.43	(4.19)	(3.48)	(6.39)	(4.88)	(1.01)
1.03	0.10	Income taxes, not applicable to adjusted operating income	(0.21)	1.15	(1.26)	(1.30)	(2.54)	(1.46)	(0.14)
1.08	(0.44)	Total reconciling items, after income taxes	(3.65)	3.28	(2.93)	(2.18)	(3.85)	(3.42)	(0.87)
		Income (loss) from continuing operations (after-tax) of Financial Services Businesses attributable to Prudential Financial, Inc.	(2.01)	4.67	(1.32)	(0.42)	(1.58)	(1.12)	2.02
0.07	0.06	Income from discontinued operations, net of taxes	0.01	0.02	—	—	—	—	0.02
7.12	5.26	Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.	(2.00)	4.69	(1.32)	(0.42)	(1.58)	(1.12)	2.04
480.2	466.8	Weighted average number of outstanding Common shares (basic)	469.2	466.1	464.4	462.6	464.3	464.1	462.6
488.7	475.4	Weighted average number of outstanding Common shares (diluted)	477.5	473.5	471.8	469.9	471.7	472.2	472.0
24	36	Direct equity adjustments for earnings per share calculation	8	8	4	—	4	1	2
17	17	Earnings related to interest, net of tax, on exchangeable surplus notes	4	5	4	4	4	5	4
		Earnings allocated to participating unvested share-based payment awards for earnings per share calculation							
39	34	Financial Services Businesses after-tax adjusted operating income	9	6	7	7	10	11	13
46	32	Income from continuing operations (after-tax) of Financial Services Businesses	—	21	—	7	2	2	9

(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, March 31, 2013, and June 30, 2013, as all potential common shares are antidilutive due to the loss from continuing operations available to holders of Common Stock after direct equity adjustment.

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

Years ended December 31			2012				2013		
2011	2010		1Q	2Q	3Q	4Q	1Q	2Q	3Q
		Revenues (1):							
21,038	14,912	Premiums	5,980	6,695	8,263	41,145	6,329	6,115	5,414
4,032	3,482	Policy charges and fee income	1,078	1,085	1,251	1,183	1,425	1,460	1,284
9,803	8,501	Net investment income	2,500	2,526	2,631	2,713	2,821	2,901	2,873
4,053	3,156	Asset management fees, commissions and other income	931	929	1,083	1,110	1,225	1,244	1,212
38,926	30,051	Total revenues	10,489	11,235	13,228	46,151	11,800	11,720	10,783
		Benefits and Expenses (1):							
19,919	14,557	Insurance and annuity benefits	5,484	6,404	8,229	40,783	6,332	6,171	5,420
3,756	3,418	Interest credited to policyholders' account balances	948	971	941	944	966	929	886
1,163	1,049	Interest expense	308	311	311	313	327	331	296
(3,027)	(2,432)	Deferral of acquisition costs	(809)	(911)	(882)	(932)	(864)	(706)	(646)
1,565	1,027	Amortization of acquisition costs	406	513	466	581	475	502	31
11,610	8,789	General and administrative expenses	3,086	3,091	3,134	3,386	3,086	2,976	2,883
34,986	26,408	Total benefits and expenses	9,423	10,379	12,199	45,075	10,322	10,203	8,870
3,940	3,643	Adjusted operating income before income taxes	1,066	856	1,029	1,076	1,478	1,517	1,913
		Reconciling items:							
2,503	152	Realized investment gains (losses), net, and related adjustments	(2,716)	3,058	(1,951)	(2,057)	(3,305)	(2,698)	(1,319)
(1,656)	(179)	Related charges	878	(1,028)	648	359	302	468	763
847	(27)	Total realized investment gains (losses), net, and related charges and adjustments	(1,838)	2,030	(1,303)	(1,698)	(3,003)	(2,230)	(556)
223	501	Investment gains on trading account assets supporting insurance liabilities, net	234	4	264	108	95	(471)	103
(123)	(631)	Change in experience-rated contractholder liabilities due to asset value changes	(246)	54	(254)	(94)	(143)	471	(73)
90	1	Divested businesses	1	22	(687)	49	29	(84)	43
(227)	(87)	Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	2	9	(56)	16	(34)	24	11
810	(243)	Total reconciling items, before income taxes	(1,847)	2,119	(2,036)	(1,619)	(3,056)	(2,290)	(472)
4,750	3,400	Income (loss) from continuing operations before income taxes and equity in earnings of operating joint ventures	(781)	2,975	(1,007)	(543)	(1,578)	(773)	1,441
1,447	1,014	Income tax expense (benefit)	170	746	(355)	(369)	(831)	(276)	473
3,303	2,386	Income (loss) from continuing operations before equity in earnings of operating joint ventures	(951)	2,229	(652)	(174)	(747)	(497)	968

- (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	2Q	3Q
Revenues (1):								
901	1,232	116	248	161	31,979	145	256	276
2,043	1,662	544	556	584	598	619	654	665
4,086	4,237	999	983	1,002	1,096	1,160	1,236	1,196
4,010	3,220	969	919	1,065	1,135	1,122	1,156	1,157
11,040	10,351	2,628	2,706	2,812	34,808	3,046	3,302	3,294
Benefits and Expenses (1):								
2,070	2,139	251	611	736	32,292	524	683	598
2,285	2,415	544	568	504	531	506	495	433
139	96	35	39	37	33	33	31	31
(1,093)	(1,154)	(265)	(288)	(305)	(233)	(235)	(141)	(136)
602	272	97	168	(20)	166	145	137	(92)
4,893	4,545	1,242	1,299	1,346	1,305	1,304	1,246	1,229
8,896	8,313	1,904	2,397	2,298	34,094	2,277	2,451	2,063
2,144	2,038	724	309	514	714	769	851	1,231

- (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	2Q	3Q
Revenues (1):								
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
118	121	23	15	38	31	18	20	22
2,413	1,852	540	481	594	654	624	642	627
2,531	1,973	563	496	632	685	642	662	649
Benefits and Expenses (1):								
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
13	13	3	5	3	4	3	3	2
(23)	(24)	(7)	(6)	(7)	(6)	(7)	(6)	(5)
25	25	6	6	6	6	6	7	6
1,628	1,436	414	436	433	496	471	486	473
1,643	1,450	416	441	435	500	473	490	476
888	523	147	55	197	185	169	172	173

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

Year ended December 31 2011		2012				2013		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Constant exchange rate basis (1):								
Net premiums, policy charges and fee income:								
5,098	Japan, excluding Gibraltar Life	1,498	1,371	1,372	1,380	1,704	1,468	1,460
8,591	Gibraltar Life	2,713	3,484	4,965	6,112	3,326	3,484	2,695
1,464	All other countries	370	381	382	412	392	403	408
15,153	Total	4,581	5,236	6,719	7,904	5,422	5,355	4,563
Annualized new business premiums:								
800	Japan, excluding Gibraltar Life	300	313	176	188	274	206	177
1,976	Gibraltar Life	447	749	654	785	476	550	450
307	All other countries	86	80	90	88	91	71	81
3,083	Total	833	1,142	920	1,061	841	827	708
Annualized new business premiums by distribution channel:								
1,107	Life Planners	386	393	266	276	365	277	258
943	Gibraltar Life Consultants	184	309	198	207	212	256	195
587	Banks	185	256	419	526	217	218	200
446	Independent Agency	78	184	37	52	47	76	55
3,083	Total	833	1,142	920	1,061	841	827	708
Face amount of individual policies in force at end of period (in billions) (1)(2):								
339	Japan, excluding Gibraltar Life	343	346	348	351	356	359	361
392	Gibraltar Life (3)	391	391	397	402	405	405	406
102	All other countries	103	104	105	106	106	107	108
833	Total	837	841	850	859	867	871	875

- (1) Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 82 per U.S. dollar and Korean won 1150 per U.S. dollar. U.S. dollar-denominated activity is included based on the amounts as transacted in U.S. dollars.
- (2) Direct business only; policy count includes annuities.
- (3) Includes Star/Edison business from February 1, 2011 date of acquisition, amounting to face amount of \$135 billion and 3.529 million individual policies as of that date.

KEY DEFINITIONS AND FORMULAS

1. Adjusted operating income before income taxes:

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

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

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

2. After-tax adjusted operating income:

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

3. Annualized New Business Premiums:

Premiums from new sales that are expected to be collected over a one year period. Group insurance annualized new business premiums exclude new premiums resulting from rate changes on existing policies, from additional coverage issued under our Servicemembers’ Group Life Insurance contract, and from excess premiums on group universal life insurance that build cash value but do not purchase face amounts. Group insurance annualized new business premiums include premiums from the takeover of claim liabilities. Group disability amounts include 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.

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 (5.1)% for the three months ended December 31, 2013, 11.6% for the three months ended September 30, 2013, (5.8)% for the three months ended June 30, 2013, (7.8)% for the three months ended March 31, 2013, and (2.0)% for the three months ended December 31, 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 February 5, 2014

	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
Prudential Life Insurance Co. of Taiwan, Inc.	NR	twAA+	NR	NR

CREDIT RATINGS:

as of February 5, 2014

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-
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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+
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* NR indicates not rated.

(1) Prudential Life Insurance Co. of Taiwan was assigned a financial strength rating by Taiwan Ratings Corporation, a partner of Standard and Poor's.

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.