

Investor Day

December 2, 2004

Prudential  Financial

Prudential Financial Investor Day

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Eric Durant
Senior Vice President, Investor Relations



Forward-Looking Statements

Certain of the statements included in the following presentation 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,” 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 those set forth in this presentation and without limitation: general economic, market and political conditions, including the performance of financial markets, interest rate fluctuations and the economic environment; various domestic or international military or terrorist activities or conflicts; volatility in the securities markets; reestimates of our reserves for future policy benefits and claims; changes in our assumptions related to deferred policy acquisition costs; our exposure to contingent liabilities; catastrophe losses; investment losses and defaults; changes in our claims-paying or credit ratings; competition in our product lines and for personnel; fluctuations in foreign currency exchange rates and foreign securities markets; risks to our international operations; the impact of changing regulation or accounting practices; Prudential Financial, Inc.’s primary reliance, as a holding company, on dividends from its subsidiaries to meet debt payment obligations and the applicable regulatory restrictions on the ability of the subsidiaries to pay such dividends; adverse litigation results; and changes in tax law. Prudential Financial, Inc. does not intend, and is under no obligation, to update any particular forward-looking statement included in this presentation. 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, 2003, and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, should be considered by readers when reviewing forward-looking statements contained in this presentation.

Non-GAAP Measure

In managing our businesses, we use a non-GAAP measure we call “adjusted operating income” to measure the performance of our Financial Services Businesses (FSB). Our goals for return on equity (ROE) and earnings per share (EPS) are based on FSB after-tax adjusted operating income and attributed equity. Adjusted operating income, which is not measured in accordance with generally accepted accounting principles (GAAP), excludes net realized investment gains and losses. A significant element of realized losses is impairments and losses from sales of credit-impaired securities, the timing of which depends largely on market credit cycles and can vary considerably across periods. The timing of other sales that would result in gains or losses is largely subject to our discretion and influenced by market opportunities. Similarly, adjusted operating income excludes investment gains and losses on trading account assets supporting insurance liabilities and changes in experience-rated contractholder liabilities due to asset value changes, because these recorded changes in asset and liability values will ultimately inure to contractholders. Trends in the underlying profitability of our businesses can be more clearly identified without the fluctuating effects of these transactions. Adjusted operating income also excludes the results of divested businesses, which are not relevant to our ongoing operations. Because we do not predict future realized investment gains/losses or recorded changes in asset and liability values that will ultimately inure to contractholders, we cannot provide a measure of our Common Stock earnings per share expectation based on income from continuing operations of the Financial Services Businesses, which is the GAAP measure most comparable to adjusted operating income. 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.

ROE based on annualized after-tax adjusted operating income is determined by dividing annualized after-tax adjusted operating income (giving effect to the direct equity adjustment), by average FSB attributed equity excluding unrealized gains and losses on investments. An alternative measure to ROE based on after-tax 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 annualized after-tax income from continuing operations as determined in accordance with GAAP (giving effect to the direct equity adjustment), divided by average FSB total attributed equity. Return on average equity (based on income from continuing operations) was 9.76% and 3.89% for the nine months ended September 30, 2004 and 2003, respectively. FSB attributed equity, including unrealized gains and losses on investments, was \$20.457 billion and \$20.541 billion as of September 30, 2004 and 2003, respectively.

For additional information about adjusted operating income and the comparable GAAP measure please refer to our Annual Report on Form 10-K for the year ended December 31, 2003, and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, on the Investor Relations Web site at www.investor.prudential.com. Reconciliations between adjusted operating income and the comparable GAAP measure for the nine month periods ended September 30, 2004 and 2003, are included in this presentation. Additional historical information relating to the Company’s financial performance, including its third quarter 2004 Quarterly Financial Supplement, is also located on the Investor Relations Web site.

Reconciliation between adjusted operating income and the comparable GAAP measure

Prudential Financial, Inc.
FINANCIAL HIGHLIGHTS
(in millions, except per share data)

	Nine months ended September 30,	
	2003	2004
Financial Services Businesses:		
Pre-tax adjusted operating income by division:		
Insurance Division	582	694
Investment Division	233	244
International Insurance and Investments Division	618	733
Corporate and other operations	49	144
Total pre-tax adjusted operating income	1,482	1,815
Income taxes, applicable to adjusted operating income	482	481
Financial Services Businesses after-tax adjusted operating income	1,000	1,334
Items excluded from adjusted operating income:		
Realized investment gains (losses), net, and related charges and adjustments	(170)	182
Investment gains (losses) on trading account assets supporting insurance liabilities, net	-	(64)
Change in experience-rated contractholder liabilities due to asset value changes	-	33
Divested businesses	(450)	(53)
Total items excluded from adjusted operating income, before income taxes	(620)	98
Income taxes, applicable to items excluded from adjusted operating income	(187)	9
Total items excluded from adjusted operating income, after income taxes	(433)	89
Income from continuing operations (after-tax) of Financial Services Businesses		
before extraordinary gain on acquisition and cumulative effect of accounting change	567	1,423
Loss from discontinued operations, net of taxes	(23)	(8)
Extraordinary gain on acquisition, net of taxes	-	21
Cumulative effect of accounting change, net of taxes	-	(79)
Net income of Financial Services Businesses	544	1,357
Earnings per share of Common Stock (diluted):		
Financial Services Businesses after-tax adjusted operating income	1.90	2.63
Items excluded from adjusted operating income:		
Realized investment gains (losses), net, and related charges and adjustments	(0.31)	0.34
Investment gains (losses) on trading account assets supporting insurance liabilities, net	-	(0.12)
Change in experience-rated contractholder liabilities due to asset value changes	-	0.06
Divested businesses	(0.82)	(0.10)
Total items excluded from adjusted operating income, before income taxes	(1.13)	0.18
Income taxes, applicable to items excluded from adjusted operating income	(0.34)	0.02
Total items excluded from adjusted operating income, after income taxes	(0.79)	0.16
Income from continuing operations (after-tax) of Financial Services Businesses		
before extraordinary gain on acquisition and cumulative effect of accounting change	1.11	2.79
Loss from discontinued operations, net of taxes	(0.04)	(0.01)
Extraordinary gain on acquisition, net of taxes	-	0.04
Cumulative effect of accounting change, net of taxes	-	(0.15)
Net income of Financial Services Businesses	1.07	2.67
Weighted average number of outstanding Common shares (diluted basis)	550.5	532.5
Reconciliation to Consolidated Net Income of Prudential Financial, Inc.:		
Net income of Financial Services Businesses (above)	544	1,357
Net income of Closed Block Business	145	321
Consolidated net income	689	1,678
Direct equity adjustments for earnings per share calculations	45	64

Reconciliation between adjusted operating income and the comparable GAAP measure (continued)

Prudential Financial, Inc.
COMBINED STATEMENTS OF OPERATIONS - FINANCIAL SERVICES BUSINESSES
(in millions)

	Nine months ended September 30,	
	2003	2004
Revenues (1):		
Premiums	5,876	6,577
Policy charges and fee income	1,448	1,735
Net investment income	3,717	3,979
Commissions, investment management fees, and other income	2,648	2,497
Total revenues	13,689	14,788
Benefits and Expenses (1):		
Insurance and annuity benefits	6,113	6,699
Interest credited to policyholders' account balances	1,263	1,543
Interest expense	143	193
Deferral of acquisition costs	(917)	(1,056)
Amortization of acquisition costs	452	585
General and administrative expenses	5,153	5,009
Total benefits and expenses	12,207	12,973
Adjusted operating income before income taxes	1,482	1,815
Items excluded from adjusted operating income before income taxes:		
Realized investment gains (losses), net, and related adjustments	(145)	214
Related charges	(25)	(32)
Total realized investment gains (losses), net, and related charges and adjustments	(170)	182
Investment gains (losses) on trading account assets supporting insurance liabilities, net	-	(64)
Change in experience-rated contractholder liabilities due to asset value changes	-	33
Divested businesses	(450)	(53)
Total items excluded from adjusted operating income before income taxes	(620)	98
Income from continuing operations before income taxes, extraordinary gain on acquisition and cumulative effect of accounting change	862	1,913
Income tax expense	295	490
Income from continuing operations before extraordinary gain on acquisition and cumulative effect of accounting change	567	1,423

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities, and revenues of divested businesses. Benefits and expenses exclude charges related to realized investment gains, net of losses; changes in experience-rated contractholder liabilities due to asset value changes, and benefits and expenses of divested businesses.

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Prudential Financial, Inc.

Art Ryan
Chairman and CEO

Prudential  Financial

ROE levers: 2001 - 2005

Expense cuts

Resolve underperforming businesses

Grow high return businesses

Redeploy capital

What has happened since demutualization

- Divested P&C business
- Combined retail brokerage into Wachovia
- Acquired American Skandia
- Acquired CIGNA Retirement
- Repurchased \$2.9 billion of Common Stock⁽¹⁾
- Increased cash dividend: 25% in 2003, 25% in 2004
- Achieved significant expense reductions
- Doubled earnings per share⁽²⁾
- Maintained "AA" balance sheet and capital position

(1) Through September 30, 2004

(2) Based on after-tax adjusted operating income, year ended December 31, 2003 compared to year ended December 31, 2001

After 2005 ...

Two substantial growth opportunities:

International businesses

Domestic retirement and savings businesses

Evolving multi-channel distribution strategy

Substantial operating cash flows enable share repurchases, growing cash dividends

Opportunistic acquisitions

2005 – 2007

**Execution and business mix drive superior
shareholder value growth**

ROE of 12% - 14%

Double digit average annual growth: AOI, EPS

Reasonably consistent operating results

Visible, sustainable cash flow

“AA” capital management

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Prudential Financial, Inc.

Mark Grier
Vice Chairman, Financial Management



Year to date financial highlights ⁽¹⁾

	For the nine months ended September 30		
	2003	2004	Change
Pre-tax adjusted operating income ⁽²⁾	\$ 1,482	\$ 1,815	22 %
Earnings per share of Common Stock ⁽³⁾	\$ 1.90	\$ 2.63	38 %
Return on Equity ⁽⁴⁾	7.6 %	10.0 %	

(1) For the Financial Services Businesses (FSB)

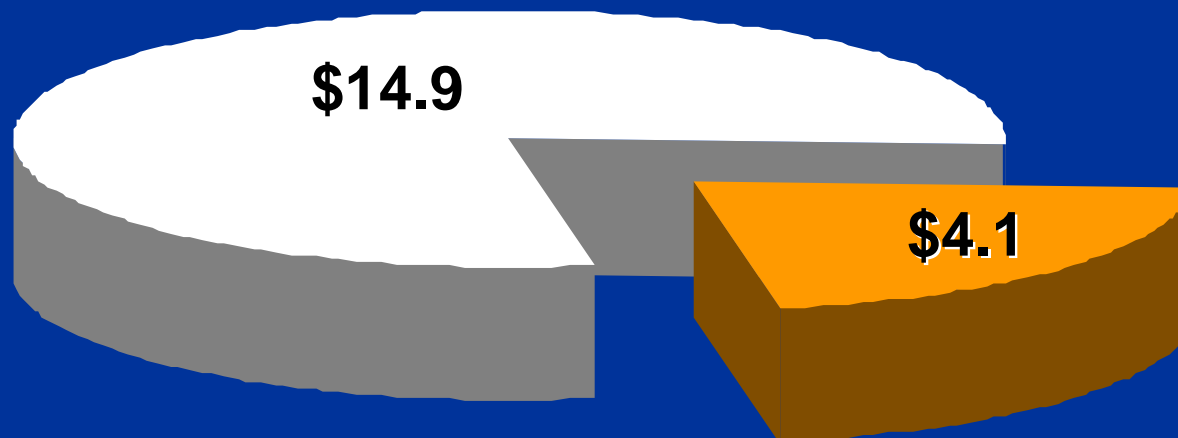
(2) In millions

(3) Based on after-tax adjusted operating income of the FSB

(4) Based on annualized after-tax adjusted operating income

Total attributed equity of \$19.0 billion ⁽¹⁾

Operating Businesses



Corporate & Other

(1) As of September 30, 2004 for the FSB; excludes unrealized gains and losses on investments.

Attributed equity of operating businesses

INTERNATIONAL INSURANCE

- Life Planner model
- Gibraltar Life

RETIREMENT & SAVINGS

- Retirement
- Individual Annuities

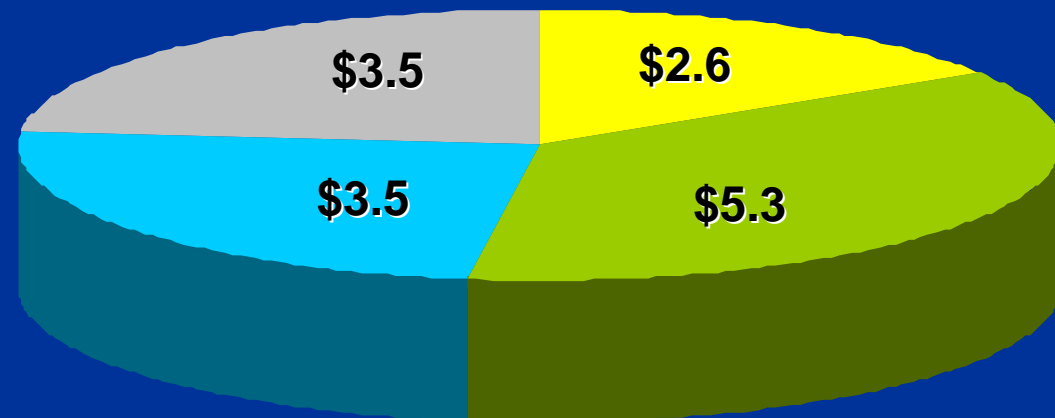
DOMESTIC INSURANCE

- Individual Life
- Group Insurance

INVESTMENT BUSINESSES

- Financial Advisory
- Asset Management
- International Investments

Attributed equity \$14.9 billion ⁽¹⁾



(1) As of September 30, 2004 for the FSB operating businesses; excludes unrealized gains and losses on investments.

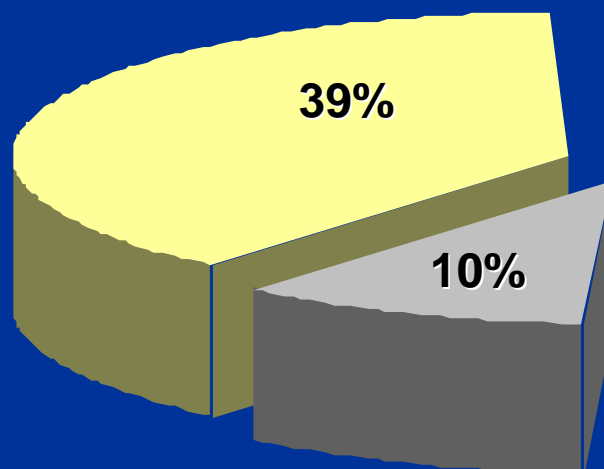
Complementary and diversified businesses

Adjusted operating income ⁽¹⁾

\$1,815 million

INTERNATIONAL INSURANCE

- Life Planner model
- Gibraltar Life

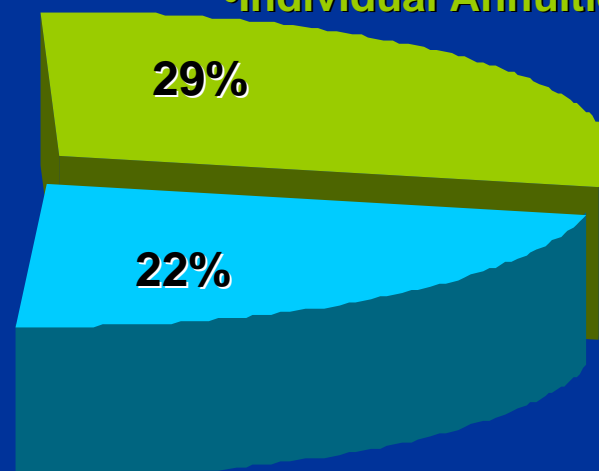


INVESTMENT BUSINESSES & CORPORATE

- Financial Advisory
- Asset Management
- International Investments
- Corporate & Other

RETIREMENT & SAVINGS

- Retirement
- Individual Annuities



DOMESTIC INSURANCE

- Individual Life
- Group Insurance

(1) Before-tax; for the FSB; nine months ended September 30, 2004

International Insurance ⁽¹⁾

5,234 Life Planners

4,759 Gibraltar Life Advisors

6.3 million policies in force

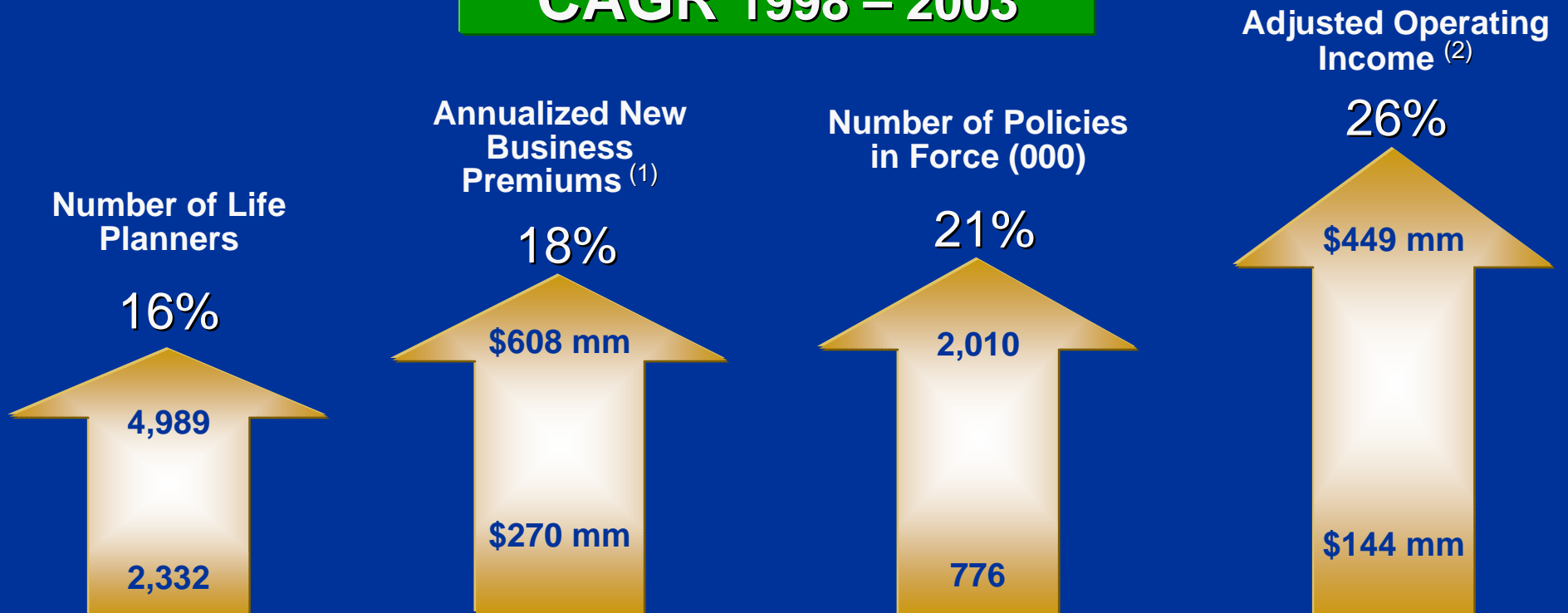
Annualized new business premiums: \$904 million⁽²⁾

(1) As of September 30, 2004

(2) For the year ended December 31, 2003; GAAP Exchange rate basis – translated based on applicable average exchange rates for period

Life Planner model business driver growth

CAGR 1998 – 2003



(1) GAAP Exchange rate basis – translated based on applicable average exchange rates for period

(2) Before-tax

Gibraltar Life progress report

ROE consistently above 20% ⁽¹⁾

Persistency better than expected

Agent compensation transitioned to variable

Agent productivity up; exceeds norm in Japan

Increased recurring premium sales

(1) Based on after-tax adjusted operating income

Annuities

American Skandia acquisition created top ten variable annuity business

- **Compelling economics: over 16% ROE ⁽¹⁾**
- **Leading distributor of variable annuities through independent financial planners**

Combined annuity account values now \$48 billion ⁽²⁾

Combined gross annuity sales, \$5.0 billion ⁽³⁾

(1) Based on annualized after-tax adjusted operating income of American Skandia business for the nine months ended September 30, 2004

(2) As of September 30, 2004

(3) For the nine months ended September 30, 2004

Strategic benefits of CIGNA acquisition

Doubles our defined contribution record keeping business

Adds established benefit consultant channel

Adds strong 401(k) and Taft-Hartley presence to our strengths in 403(b) and 457 market segments

Adds total retirement outsourcing capabilities

Strong fit with our existing skill sets

- **Stable value and guaranteed product manufacturing**
- **Strength in private placement and other fixed income investment categories**
- **Actuarial risk management capabilities**

Individual Life ROE ⁽¹⁾

(\$, millions)

Pre-tax adjusted operating income (AOI) ⁽²⁾	\$ 381
After-tax AOI ⁽³⁾	267
Direct equity adjustment (DEA) ⁽²⁾	85
After-tax AOI, including DEA	\$ 352
Attributed equity	\$ 2,600
Return on equity	14%

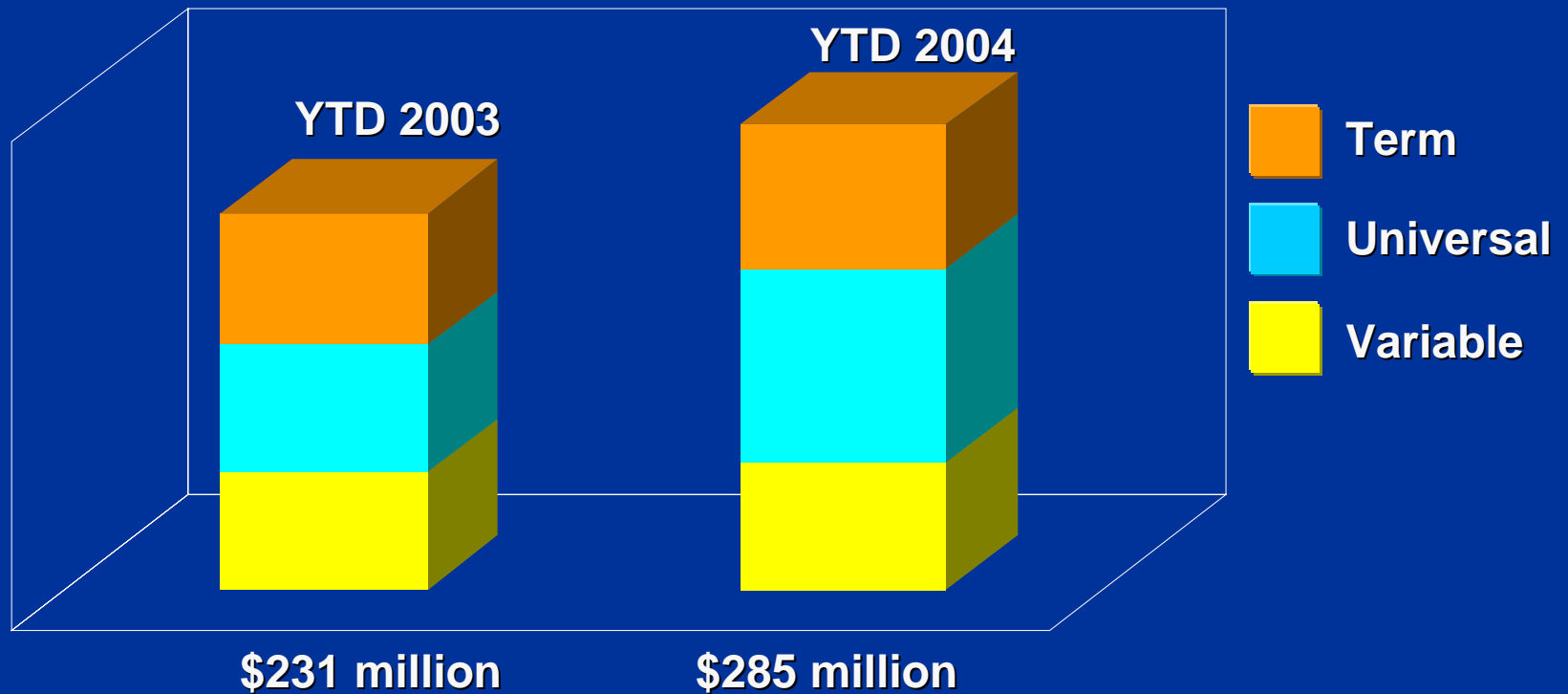
(1) Based on annualized after-tax adjusted operating income for the nine months ended September 30, 2004

(2) Nine months ended September 30, 2004, annualized

(3) 30% tax rate

Individual Life sales

Sales⁽¹⁾



(1) Scheduled premiums from new sales on an annualized basis and first year excess premiums and deposits on a cash-received basis, excluding COLI; for the nine months ended September 30

Group Insurance

- Controlled growth – emphasis on margins
- Selective repricing to retain profitable business
- High persistency of quality business
- Improving disability claims resolution capability
- Return on equity of 12% in 2003 ⁽¹⁾

(1) Based on after-tax adjusted operating income for the year ended December 31, 2003

Financial Advisory

Combination of Private Client Group with Wachovia closed July 1, 2003

62% Wachovia, 38% Prudential

Combined business created 3rd largest brokerage firm in the U.S. ⁽¹⁾

Integration on track; expect significant expense saves

JV operating results in line with expectations

Segment results absorb transition and retained costs

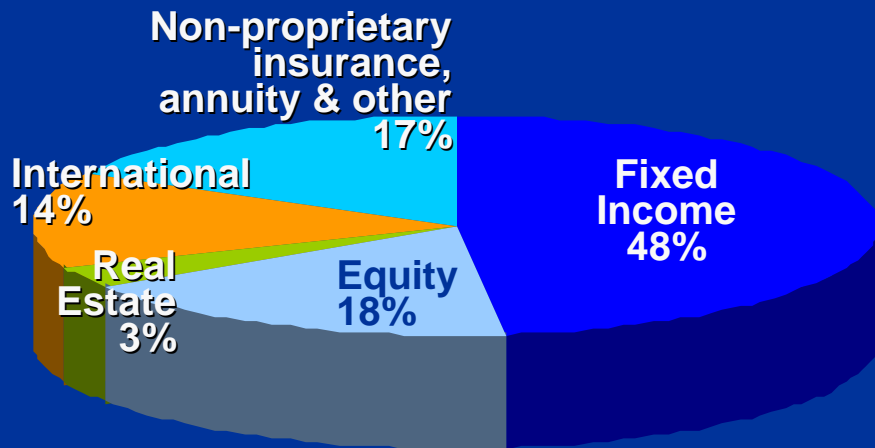
Prudential put options

(1) Based on client assets of \$532.1 billion as of March 31, 2003

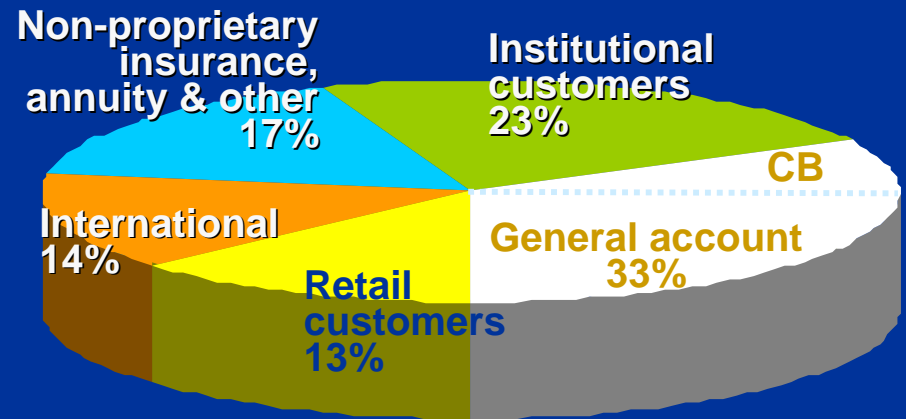
Asset Management: significant scale and breadth

Total AUM \$470 billion ⁽¹⁾

AUM by asset type



AUM by client type



(1) As of September 30, 2004

Financial strength ⁽¹⁾

Attributed equity (excl FAS 115, in millions)	\$ 18,987
Corporate Debt/Capital ⁽²⁾	14.1 %

<u>Fixed Maturities</u>	<u>(in millions)</u>
Gross unrealized gains	\$ 4,705
Gross unrealized losses	\$ 429
Net unrealized gains	\$ 4,276

(1) Financial Services Businesses; as of September 30, 2004

(2) Based on definition in the Quarterly Financial Supplement

Update on 12% ROE goal

- 2005 timeframe
- Grow high performing businesses
- Integration of CIGNA Retirement business
- Achieve expected expense saves from Wachovia JV
- Manage margins and returns
- Continue share repurchases

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Retirement and Annuities: Key Businesses in a Growing Market

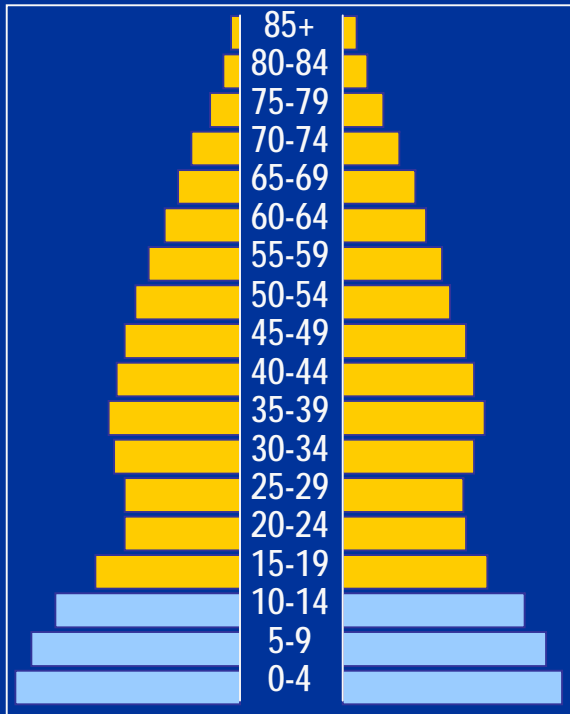
John Strangfeld
Vice Chairman, Investment Division

Prudential  **Financial**

The U.S. Customer base is aging

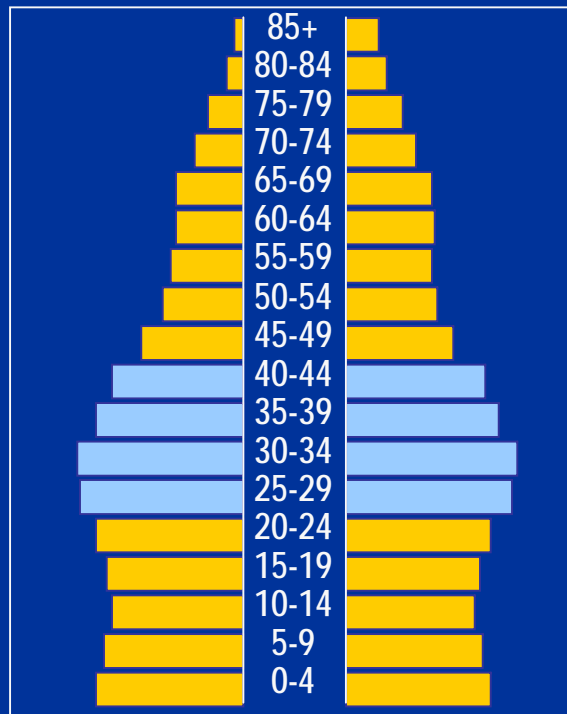
1960

Male Age Female



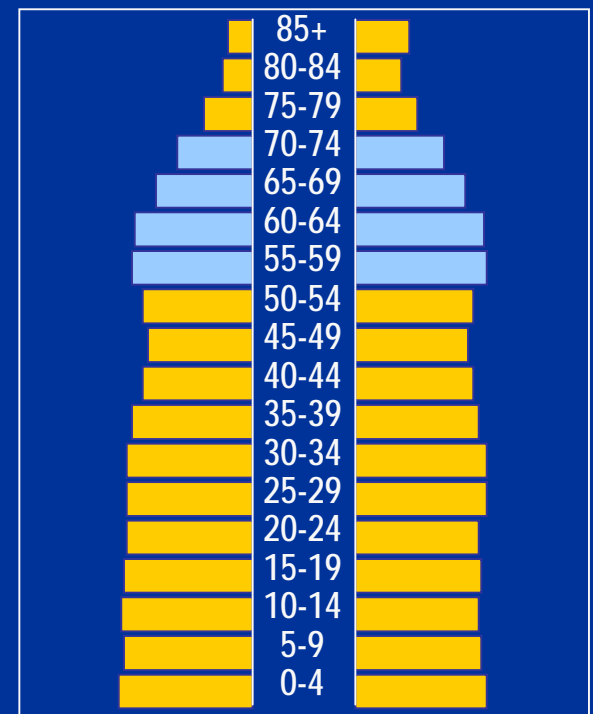
1990

Male Age Female



2020

Male Age Female



 **Baby Boomers**

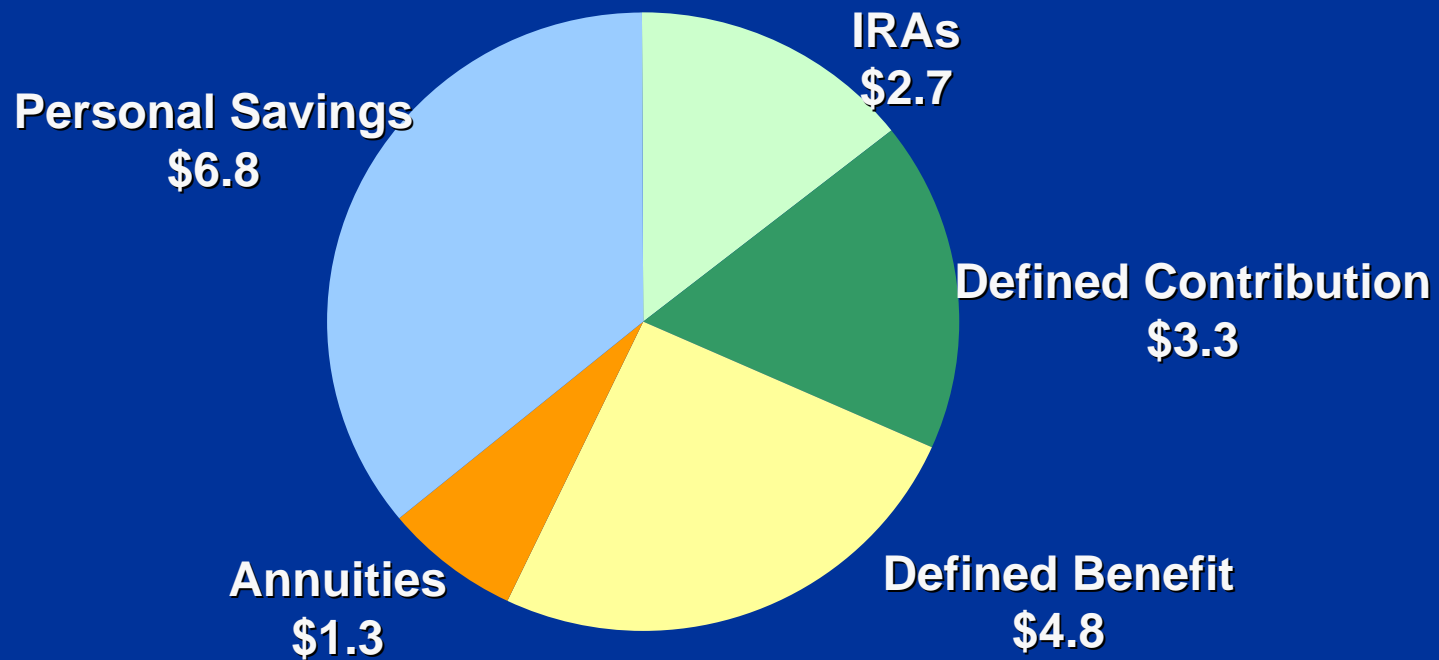
Source: U.S. Bureau of the Census, National Projections Program, Population Division, 2002

Individuals assume more responsibility for their own retirement security

	<u>20 Years Ago</u>	<u>Today</u>
Retirement income from Social Security	65%	35-50%
Households covered by DB plan	50%	35%
Households covered by DC plan	11%	49%

Rapidly growing retirement / savings market

\$19 trillion market in 2003



\$19 Trillion
2003

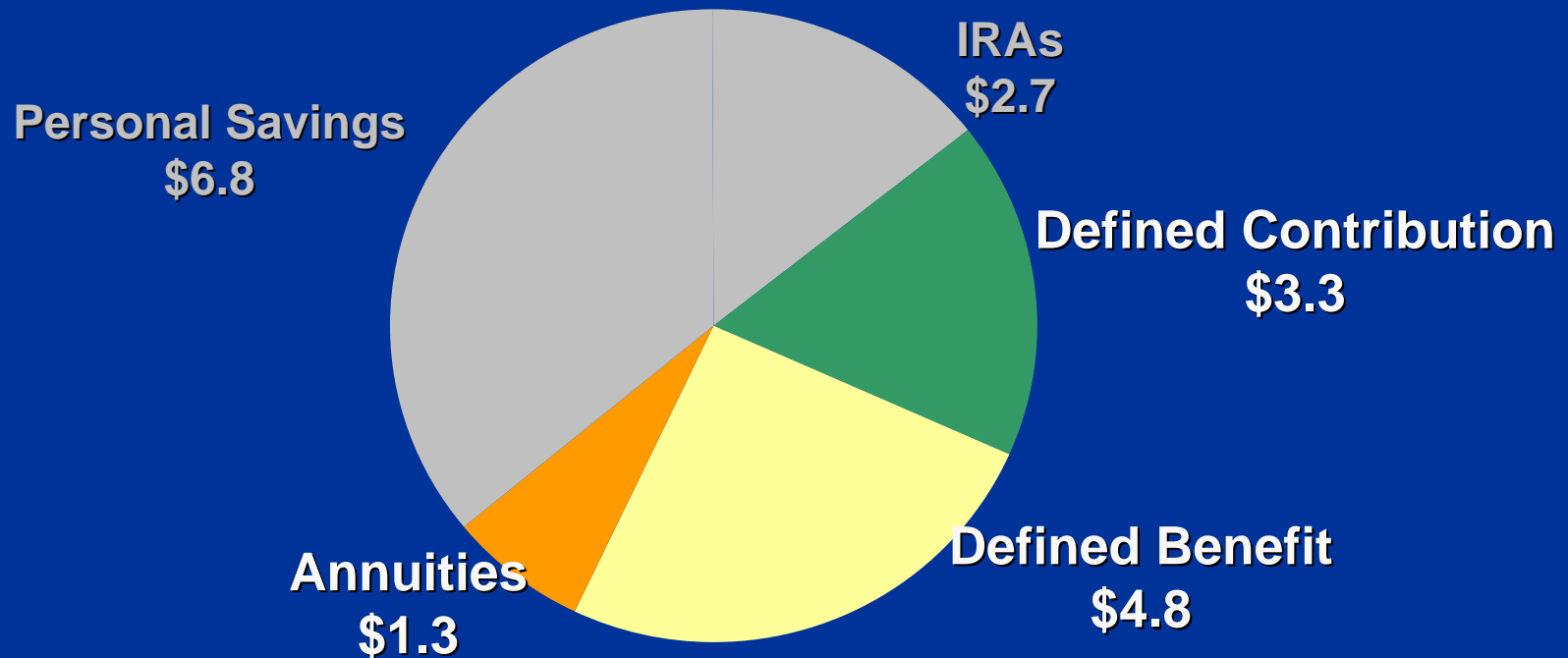


9% CAGR

\$39 Trillion
2012

Prudential's retirement and annuities businesses: focused on key aspects of retirement / savings

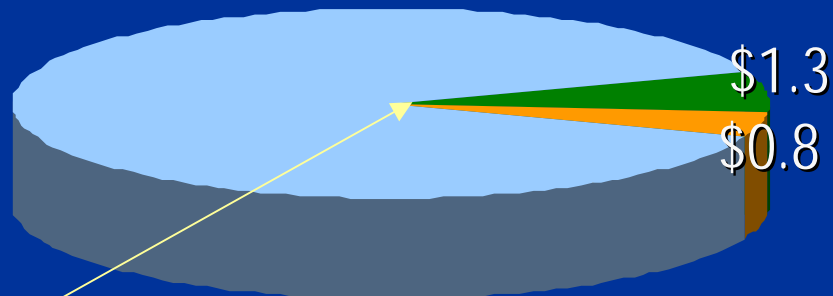
\$19 trillion market in 2003



Retirement and annuities – a growing part of the Financial Services Businesses

Attributed equity of the FSB⁽¹⁾

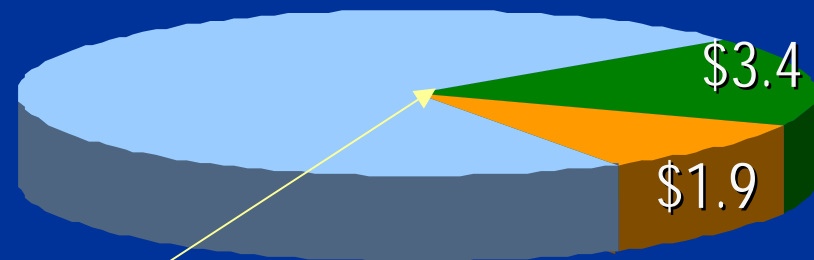
December 31, 2002
\$18.4 billion



11% Retirement & Annuities

Retirement

September 30, 2004
\$19.0 billion



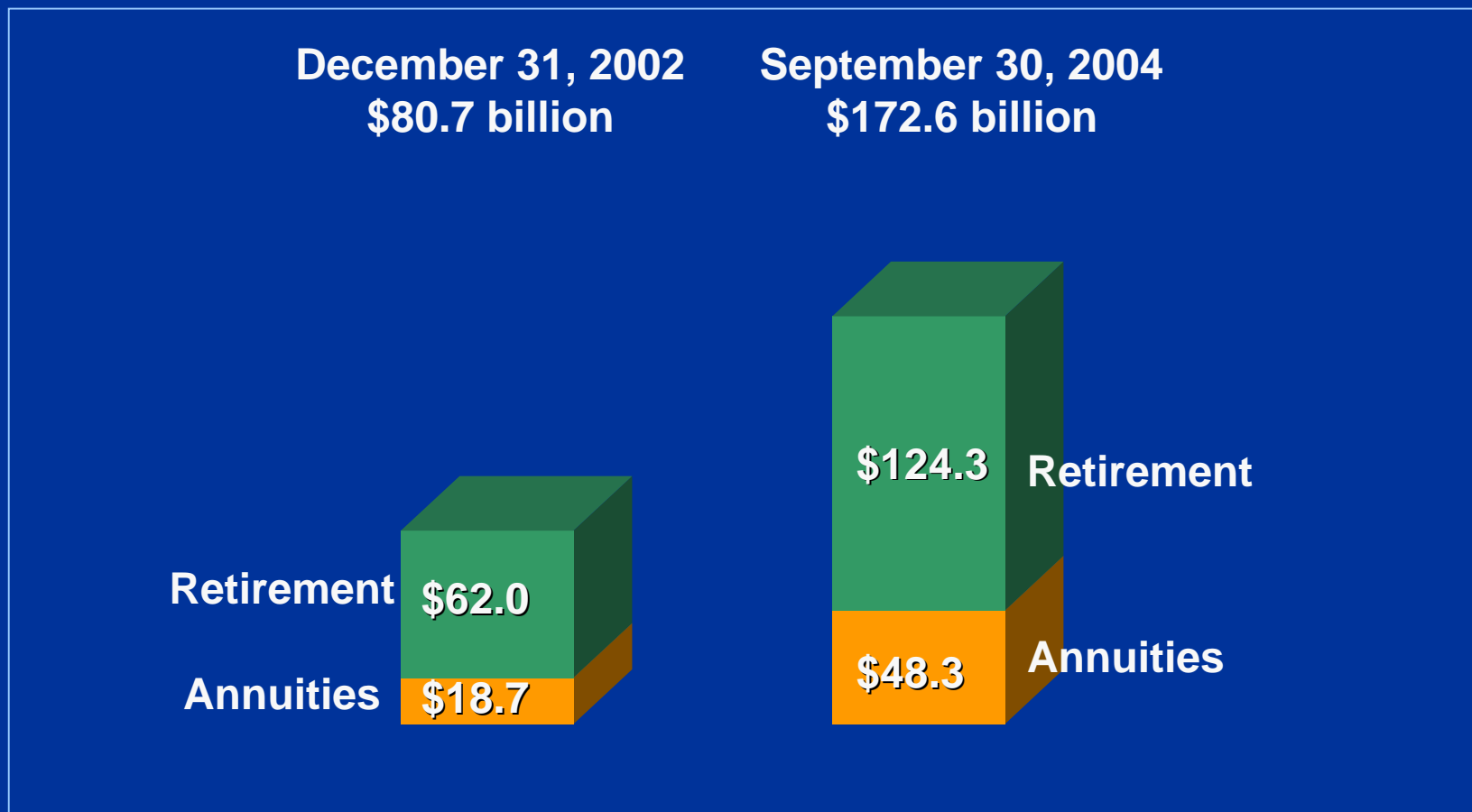
28% Retirement & Annuities

Annuities

(1) Excludes unrealized gains and losses on investments.

American Skandia and CIGNA acquisitions create scale

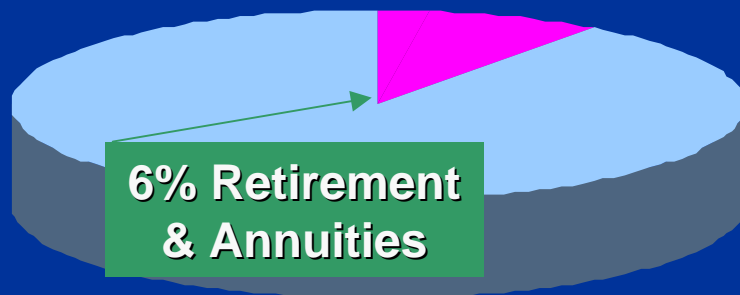
Account values



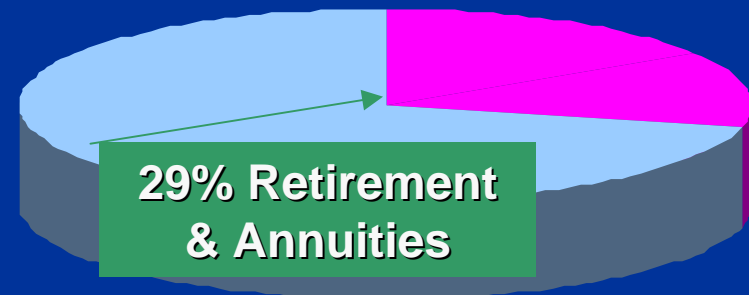
Retirement and annuities – a growing contribution to earnings results

Adjusted operating income of the FSB ⁽¹⁾

Year ended December 31, 2002
\$1.7 billion



Nine months ended September 30, 2004 ⁽²⁾
\$1.8 billion



(1) Pre-tax

(2) Includes results of retirement business acquired from CIGNA commencing on acquisition date April 1, 2004

Drivers of growth

- Full product suites in retirement and annuities
- Attractive stable value retirement products
- Complementary distribution channels
- Ratings upgrades enhance attractiveness
- Strengthening a major brand in retirement / savings

Summary

- **Retirement / Savings is a key domestic growth market**
- **Prudential has added scale and breadth to its expertise in the Retirement and Annuities businesses**
- **Product / Distribution / Service strengths support growth potential... ratings upgrades a plus**
- **A strong brand in a growing market**

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Prudential Retirement

John Kim
President, Prudential Retirement

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Prudential Retirement financial performance

	Year Ended December 31		Nine Months Ended September 30
	2002	2003	2004 ⁽¹⁾
Total account values ^{(2) (3)}	\$61,972	\$70,613	\$124,325
Gross sales ⁽²⁾	5,325	8,435	10,035
Pre-tax adjusted operating income ⁽²⁾	141	192	238
Attributed equity ⁽³⁾⁽⁴⁾	1.3	1.6	3.4

(1) Reflects results of business acquired from CIGNA, from April 1, 2004 acquisition date

(2) In millions

(3) At end of period

(4) In billions

A Growing Part of “Grow and Protect”

- Retirement market increasingly important in asset gathering
- CIGNA acquisition creates a leading retirement market provider
- Total retirement services capability provides market advantage
- Stable value products offer attractive returns with limited risk
- Complementary distribution channels address selected markets
- Ratings upgrades enhancing market position
- Opportunities for increased asset gathering

CIGNA acquisition creates a leading retirement provider

	Prudential Retirement	CIGNA Retirement	Combined Business
Account Values ⁽¹⁾⁽²⁾			
Defined Contribution	\$29	\$34	\$63
Defined Benefit/ Guaranteed Products	\$42	\$19	\$61
Total	\$71	\$53	\$124
Participants ⁽¹⁾			
Defined Contribution	990,000	994,000	1,984,000
Defined Benefit ⁽³⁾	566,000	409,000	975,000

(1) As of September 30, 2004; Defined Contribution includes \$2 billion of retail assets and 30,000 retail participants

(2) In billions

(3) Includes active participants and annuitants; CIGNA participants as of June 30, 2004

CIGNA acquisition creates a leading retirement provider

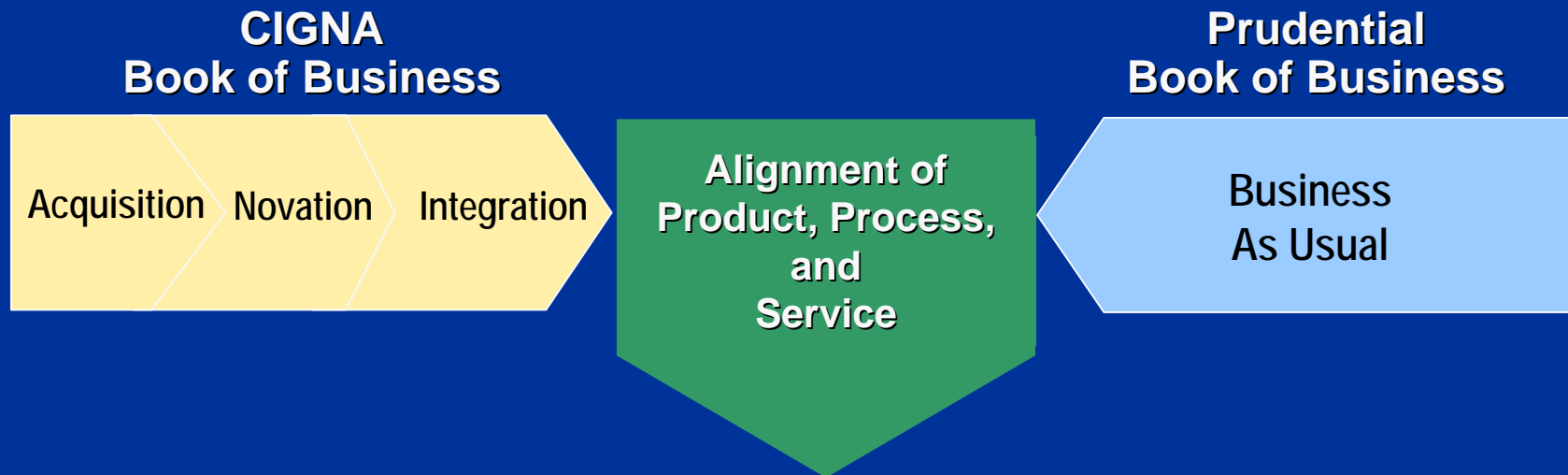
	Prudential Retirement	CIGNA Retirement	Combined Business
Distribution	Commissioned advisors	Direct/Consultant	Commissioned advisors Direct/Consultant
Market Strengths	403(b) 457/Governmental	Mid/Large market 401(k) Multi-employer	403(b) 457/Governmental Mid/Large market 401(k) Multi-employer
Breadth of Services	Full service DC Guaranteed products DB investment management	Total Retirement Services Actuarial and advisory services	Full service DC Guaranteed products DB investment mgt. Total Retirement Services Actuarial and advisory services

CIGNA Retirement integration on track

- **Created project management office; successfully completed one-third of all key milestones since the close**
- **Legal and regulatory approvals progressing well**
 - **Company name change - 46 state approvals ⁽¹⁾**
 - **Contract transfer process (e.g. novation) – 43 state approvals ⁽¹⁾**
 - **Bank / Broker-Dealer acquisitions - All required Office of Thrift Supervision and NASD approvals**
- **Business retention: consistent with expectations**
- **Novations on schedule: over 40% contract acceptances in first 3 months**
- **Developed a robust plan for the future**
 - **Completed strategies for business lines**
 - **Detailed implementation plans, including the alignment of 600 procedures**
- **Expected Completion – on schedule**

(1) As of November 15, 2004

Integration: Alignment of product, process, service



Prudential Retirement ⁽¹⁾

Defined Contribution	CIGNA	% of Combined Book
Number of Clients Converting	1,754	36%
Assets ⁽²⁾	\$32 billion	51%
Participants ⁽³⁾	964,000	49%

(1) As of September 30, 2004

(2) Excludes \$2 billion of retail assets

(3) Excludes 30,000 retail participants

Full suite of retirement products and services⁽¹⁾

Defined Contribution

\$63B Account values
4,900 Clients
31% Stable Value ⁽²⁾

- **Scale provides competitive advantage**
- **Expanded distribution capability**
- **Major platform for stable value products**

Guaranteed Products

Active Defined Benefit:
\$12B Account values
1,100 Clients
29% Stable value

- **Attractive margins**
- **Strong persistency**
- **Emerging bundled market**
- **Leverages Prudential's insurance brand and heritage**

Other Products:
\$49B Account values

- **Investment products**
- **Group annuities**
- **Structured settlements**

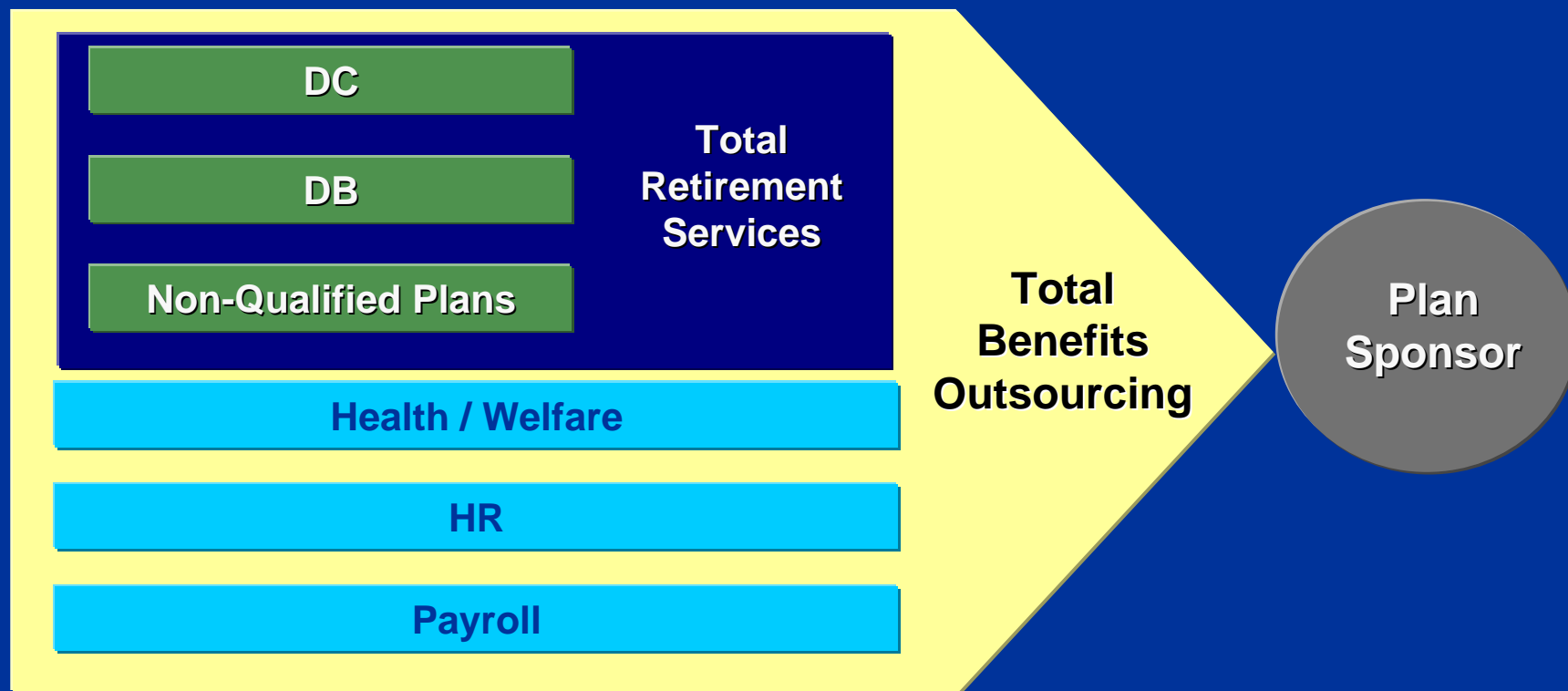
Related services

Non-qualified plan administration Actuarial consulting Investment advisory services Plan compensation and fiduciary support Personalized participant education Integrated on-line experience Award-winning participant statements

(1) Data as of September 30, 2004

(2) Percentage excludes \$2 billion of retail assets

A leader in total retirement services



- We have distinguished ourselves as one of the few Total Retirement Services players with integrated DB, DC, and Non-qualified plan capabilities.
- As the market expands toward Total Benefits Outsourcing we expect to maintain our select position via creative alliances.

Market leading capabilities across product offerings

- “Total Retirement Services”**
- Full suite of stable value products**
- Offer access to both separate account and mutual fund platforms**
- Award winning participant communications capabilities and highest independent ratings**
- Extensive fiduciary support capabilities and ancillary services**
- Scale of combined operations produces ability to offer competitive pricing**

\$23 billion stable value balances ⁽¹⁾ are major source of earnings

Stable value characteristics

- Low risk profile: about 90% of balances experience-rated with client sharing investment risk
- Rate resets semi-annually on most products
- Future crediting rates typically reflect prior experience
- Low interest-rate floors

(1) As of September 30, 2004

Complementary distribution channels address Defined Contribution market

	Emerging (Small) Corporate	Middle/Large	Tax-Exempt
Market Profile ⁽¹⁾:			
AUM ⁽²⁾	\$11 billion	\$29 billion	\$21 billion
Clients	2,900	500	1,500
Participants ⁽³⁾	400,000	906,000	648,000
Distribution Channels	<ul style="list-style-type: none"> • Commission-based advisors 	<ul style="list-style-type: none"> • Fee-based consultants • Advisors • Direct 	<ul style="list-style-type: none"> • Specialized consultants
Trends and Buying Behavior	<ul style="list-style-type: none"> • Heavily oriented to advisor servicing and distribution • Fastest growing DC market segment 	<ul style="list-style-type: none"> • Highly concentrated competitor group • Trend towards bundling 	<ul style="list-style-type: none"> • Heavily relationship driven • High utilization of stable value products

(1) As of September 30, 2004

(2) Excludes \$2 billion of retail assets

(3) Excludes 30,000 retail participants

Ratings upgrades enhancing market position

A. M. Best Moody's Standard & Poor's

Insurance Claims Paying Ratings ⁽¹⁾:

Prudential Insurance

A+

Aa3

AA-

Prudential Retirement Insurance
and Annuity Company

A+

NR⁽²⁾

AA-

Upgraded
February
2004

Upgraded
October
2004

Upgraded
November
2004

(1) As of December 1, 2004

(2) Not Rated

Opportunities for increased asset gathering

- **Rollover Assets**
- **Income Protection Products**
- **Health Savings Accounts**

Summary

- **Retirement market increasingly important in asset gathering**
- **CIGNA acquisition creates a leading retirement market provider; integration on track**
- **Total retirement services capability provides market advantage**
- **Stable value products offer attractive returns with limited risk**
- **Complementary distribution channels address selected markets**
- **Ratings upgrades enhancing market position**
- **Opportunities for increased asset gathering**

Investor Day

December 2, 2004

Prudential  Financial

Individual Annuities

David Odenath
President, Prudential Annuities

Prudential  **Financial**

Individual annuities financial performance

	Year Ended December 31		Nine Months Ended September 30
	2002	2003 ⁽¹⁾	2004
Account values ⁽²⁾ :			
Variable annuities	\$15,338	\$43,949	\$44,474
Fixed annuities	3,396	3,514	3,860
Total account values	18,734	47,463	48,334
Gross sales ⁽³⁾	2,000	4,665	4,981
Pre-tax adjusted operating income ⁽³⁾	(42)	262	288
Return on equity ⁽⁴⁾			14%

(1) Reflects American Skandia results from May 1, 2003 acquisition date

(2) In millions; at end of period

(3) In millions

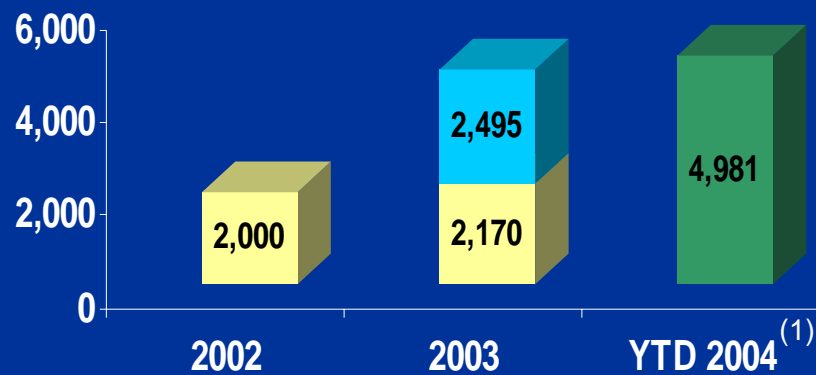
(4) Based on annualized after-tax adjusted operating income

Successful acquisition builds a market leader

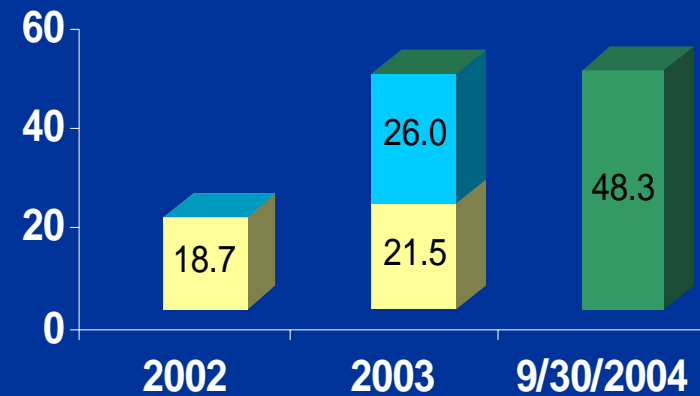
- Business strengthened by American Skandia acquisition; integration successfully completed
- Variable annuity emphasis complemented by fixed annuities
- Net sales positive and growing
- Complementary distribution channels; a leader with independent financial planners
- Attractive full product suite
- Balanced, manageable product risks

Acquisition strengthens annuity business

Gross Sales (\$, millions)



Account Values (\$, billions)⁽²⁾



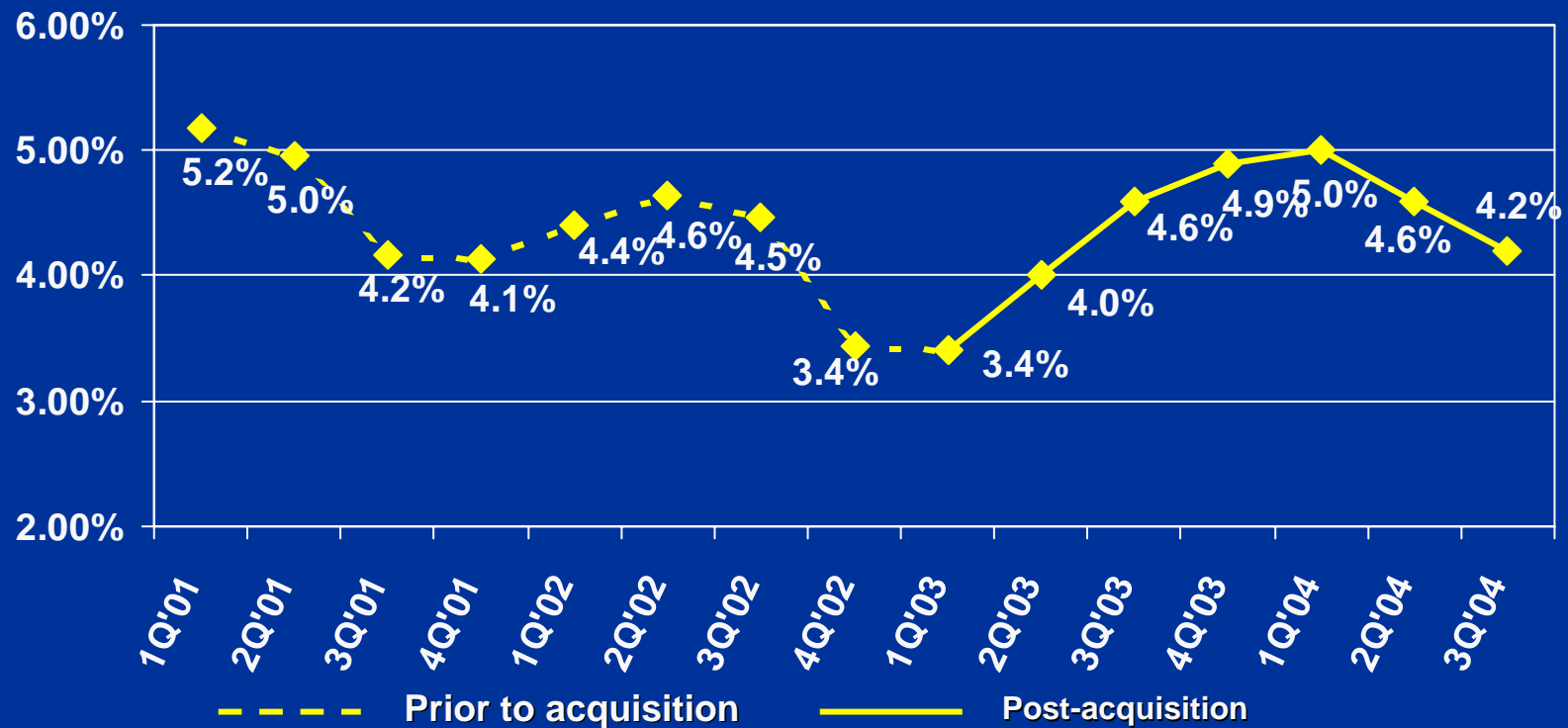
Prudential
 American Skandia
 Combined

(1) Nine months ended September 30, 2004

(2) At end of period

Market share has climbed as a result of the acquisition

Prudential variable annuity market share (1) (2)



(1) According to VARDS (reflects total variable annuity industry)

(2) Prudential and American Skandia combined for all periods

Emphasis on variable annuities

More than 90% of gross product sales and account values come from variable annuity products

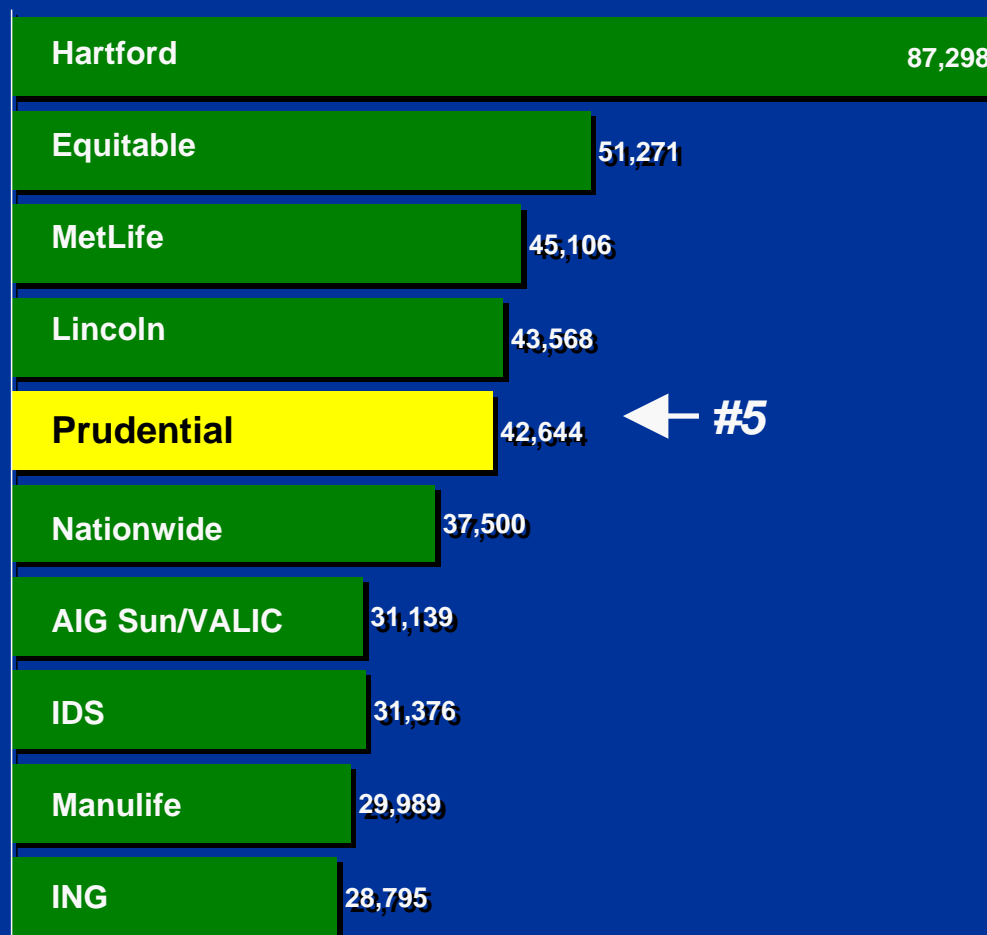
Nine months ended September 30, 2004

(\$, millions)	Variable	Fixed
Gross Sales	\$ 4,518	\$ 463
Net Sales	637	317
Account values ⁽¹⁾	44,474	3,860

(1) At end of period

Top 10 VA Company AUM: 3Q'04

Prudential Annuities is ranked #5 in advisor-sold VA Assets Under Management ⁽¹⁾
(\$, millions)



(1) Advisor-sold market (excludes Group/retirement plan contracts); Source: VARDS

Top 10 variable annuity sales companies

And Prudential is ranked #8 in advisor-sold VA new sales ⁽¹⁾

3Q'04 Rank	Company	3Q'04 Sales (\$B)	3Q'04 Share %
1.	Hartford	\$3.4	13.7%
2.	Equitable	\$2.2	9.0%
3.	MetLife	\$2.0	7.9%
4.	Lincoln	\$1.7	6.9%
5.	ING Group	\$1.6	6.3%
6.	Pacific Life	\$1.4	5.7%
7.	Manulife	\$1.4	5.6%
8.	Prudential	\$1.3	5.0%
9.	IDS	\$1.0	4.2%
10.	Allianz	\$1.0	4.1%
	INDUSTRY	\$24.8	

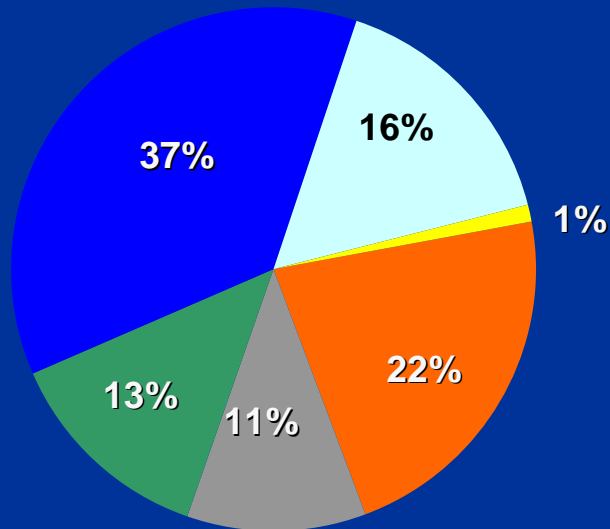
(1) Advisor-sold market (excludes Group/retirement plan contracts); Source: VARDS

Variable annuity channel sales

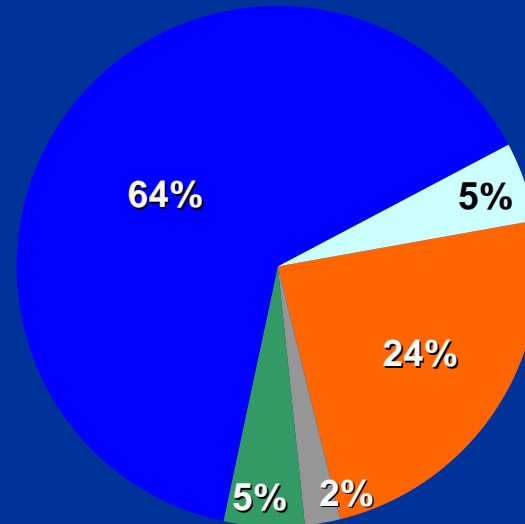
The majority of the annuities business is driven by third party channels, particularly the independent broker dealer channel

VA Channel Sales Share: 3Q '04 (1)

Annuity Industry



Prudential Annuities



Independent Banks Direct Agency Regional Wirehouse

(1) Source: VARDS

Net sales in positive territory and growing

Annuity net sales (\$, millions)



Guaranteed Living and Death Benefits

Prudential Annuities offers a full suite of living and death benefit riders

- **Guaranteed Minimum Death Benefit (GMDB)**
 - Guarantees return of premium
 - Step-up/roll-up options

- **Guaranteed Minimum Accumulation Benefit (GRO)**
 - Guarantees principal preservation after 7 year waiting period
 - Supported by automatic allocations to fixed bucket (i.e., self-hedging)

- **Guaranteed Minimum Income Benefit (GMIB)**
 - Guarantees minimum account value for annuitization

- **Guaranteed Minimum Withdrawal Benefit (GMWB)**
 - Guarantees minimum periodic withdrawals
 - Protected value based on greater of premiums or account value

Variable annuity guarantees

(\$, billions)	12/31/02	12/31/03	9/30/04
Total variable annuity account values	\$ 15.3	\$ 43.9	\$ 44.5
GMDB amount at risk	3.4	5.6	5.6
Account values with living benefit features:			
Accumulation (“GRO”)	--	3.7	5.0
Income (GMIB)	0.2	1.1	2.0
Withdrawal (GMWB)	--	0.03	0.4

Balanced, manageable product risks

- Predominant living benefit – “GRO” : Guarantee supported by company allocation of customer funds
- Limited exposure to guaranteed minimum income benefits (GMIB) and guaranteed minimum withdrawal benefits (GMWB)
- GMDB “at risk” is \$5.6 billion, on \$45 billion of variable annuity account values ⁽¹⁾
- GMDB limited to contract value after 10 years on 28% of annuities business ^{(1) (2)}
- Fixed annuities: Reduced contract minimum crediting rates; selective product offerings

(1) As of September 30, 2004

(2) Based on variable annuity account values

Summary

- Business strengthened by American Skandia acquisition; integration successfully completed
- Variable annuity emphasis complemented by fixed annuities
- Net sales positive and growing
- Complementary distribution channels; a leader with independent financial planners
- Attractive full product suite
- Balanced, manageable product risks

Investor Day

December 2, 2004

Prudential  Financial

International Division

Rodger Lawson
Vice Chairman, International Insurance and
Investments Division

Prudential  **Financial**

International Division financial performance

(\$, millions)	Year Ended December 31		Nine Months Ended September 30
	2002	2003	2004
Pre-tax adjusted operating income:			
International Insurance excluding Gibraltar Life	\$ 379	\$ 449	\$ 389
Gibraltar Life	378	370	309
			27% ROE ⁽¹⁾ → 698
International Investments	(6)	(17)	35
	\$ 751	\$ 802	\$ 733

(1) Based on annualized after-tax adjusted operating income

Key elements of our international strategy

- **Focus on limited number of attractive countries**
- **Prioritize the affluent and mass affluent individual markets**
- **Develop business platforms based on Life Insurance or Investment Management or both**
- **Pursue opportunistic acquisitions**
- **Maintain very strict financial discipline**

Life Planning insurance

Value Proposition – Life Planners

- A highly trained, professional field force focused on providing life insurance plans tailored to the specific needs of each individual client

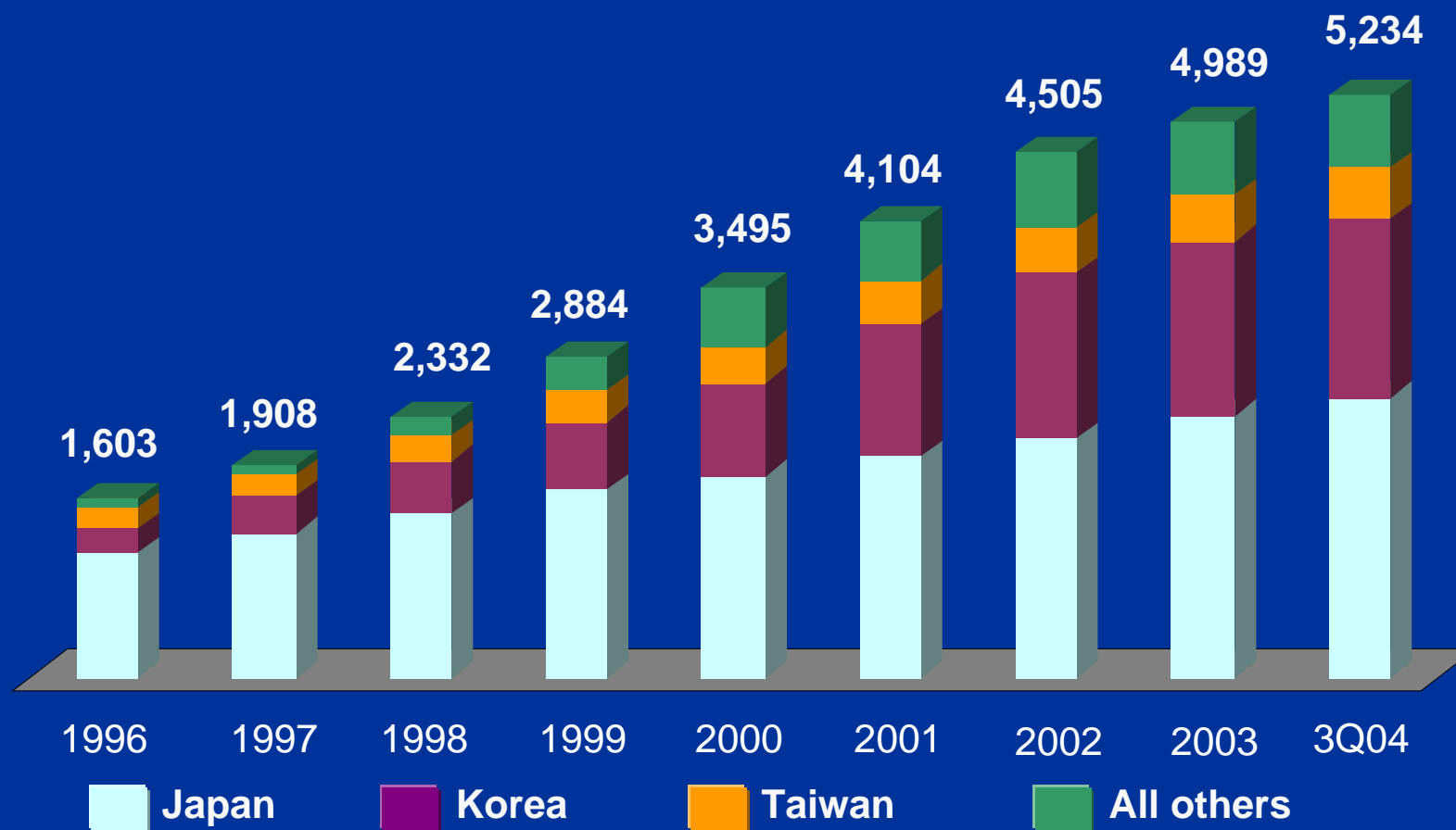
Competitive Advantage

- Client focus
- Needs based selling
- Industry leadership service capability

Product Strategy

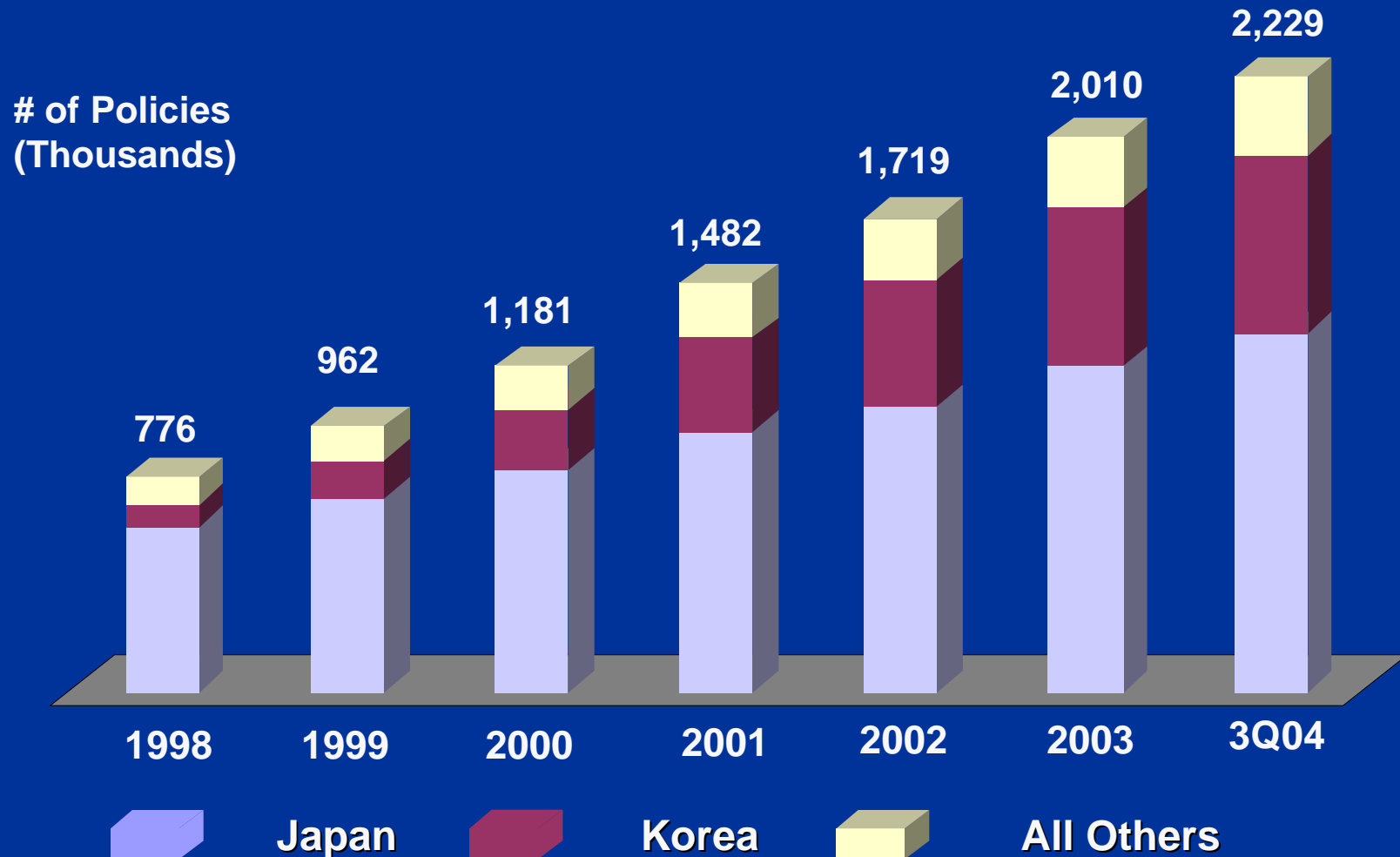
- Focuses on protection life insurance in a predominantly standardized product environment

Life Planners ⁽¹⁾



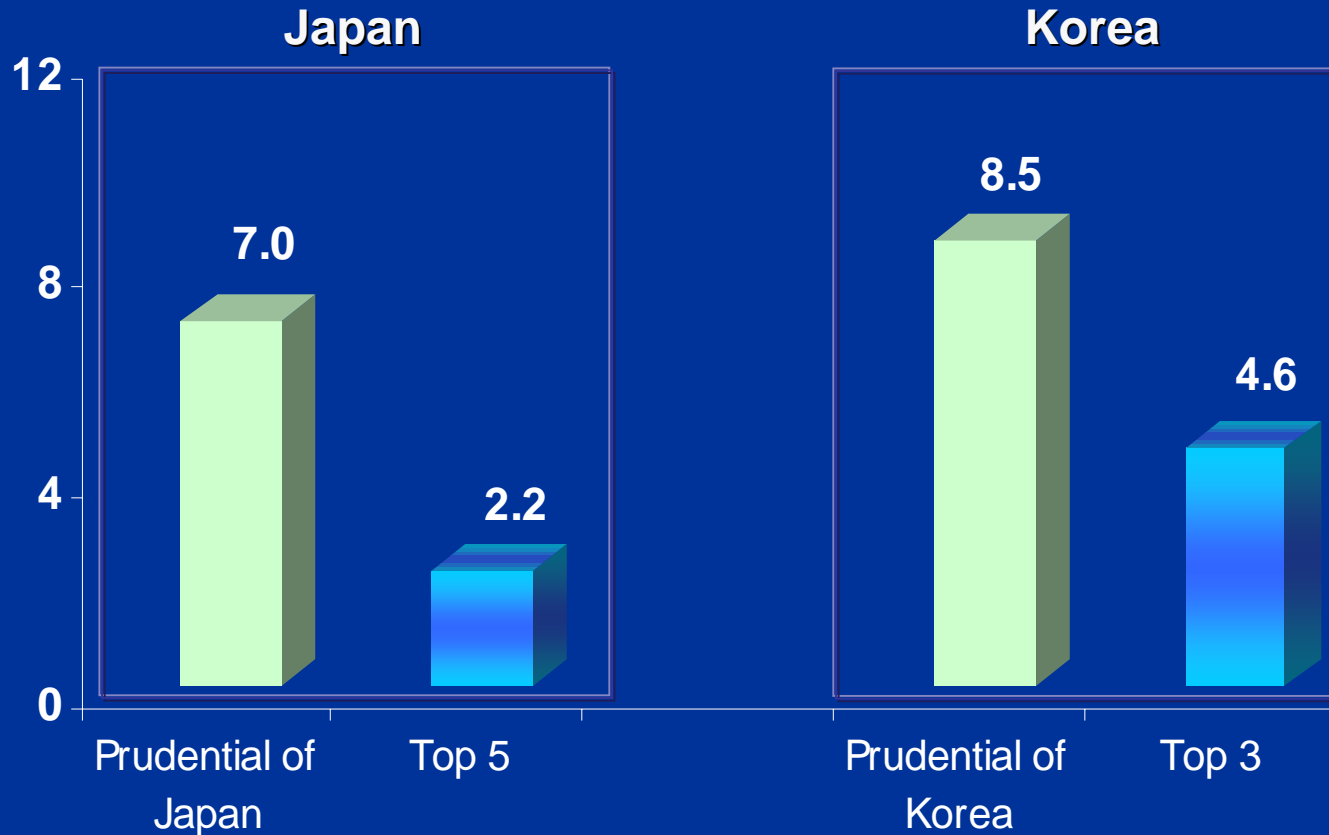
(1) At end of period

Life Planner model number of individual policies in-force ⁽¹⁾



(1) At end of period

Life Planner productivity ⁽¹⁾



(1) Policies per Life Planner per month, based on new business, for the twelve months ended March 31, 2004. Industry data include medical riders; Prudential data do not. Industry data based on company information and Prudential calculations.

Life Planner retention and policy persistency

Life Planner model	2000	2001	2002	2003	3Q04
12-month Retention	75%	66%	72%	75%	74%
24-month Retention	65%	61%	55%	57%	58%
13-month policy persistency⁽¹⁾	94%	93%	93%	93%	93%
25-month policy persistency⁽¹⁾	88%	88%	86%	87%	86%
Renewal policy persistency⁽¹⁾	95%	94%	95%	94%	94%

(1) Persistency is reported on a face amount basis

Life Planner model strategy and plans

Disciplined implementation

Organic expansion in existing markets

Continued growth in Life Planners

Maintenance of Life Planner productivity

Maintenance of client policy persistency levels

Very selective entry into new markets

Gibraltar Life - summary

Stable earnings and distribution system

High return on equity

Strong free cash flow

	Year Ended December 31		Nine Months Ended September 30
	2002	2003	2004
Adjusted operating income ⁽¹⁾	\$378	\$370	\$309
Equity ⁽²⁾	1.1	1.1	0.8
ROE ⁽³⁾	22%	23%	34%

(1) Before-tax; in millions

(2) Average attributed equity for period; in billions

(3) Based on after-tax adjusted operating income; annualized for the nine-month period

Gibraltar key drivers ⁽¹⁾

Key drivers	Gibraltar	Top 5 ⁽²⁾
Productivity ⁽³⁾	3.8	2.2
Policy Persistency ⁽⁴⁾		
13 - month	93.3%	83.4%
25 - month	81.7%	72.7%
Life Advisor Retention		
12 - month	56.3%	38.6%
24 - month	29.1%	17.0%

(1) For the twelve months ended March 31, 2004

(2) Industry data based on company information and Prudential calculations; policy persistency calculations reflect conversions (not applicable to Gibraltar)

(3) Policies per Life Advisor per month, based on new business; Industry data include medical riders; Gibraltar data do not.

(4) Persistency is reported on a face amount basis

Where we are today - summary

- Leadership positions in life planning
- Gibraltar generates high ROEs and cash flows
- Developing asset management platforms
- Profitability dominated by Japan and Korea
- Management depth; country expertise
- Acquisitions potentially additive

Investor Day

December 2, 2004

Prudential  Financial

International Insurance Finance

John Hanrahan
Chief Financial Officer, International Insurance

Prudential  **Financial**

Sources of financial performance

- **Sales**

- **Persistency**

- **Growth in business in-force**

- **Emphasis on protection products**

- **Improving investment spreads**

- **Strengthening Yen**

Long term sales growth tracks LP growth

Reasons for higher sales in 2001:

- Gibraltar LA sold POJ products during restructuring period
- Temporary surge in sales before premium rate increases

New Business Annualized
Premiums (\$, millions) ⁽¹⁾

700

600

500

400

300

200

100

0

1998

1999

2000

2001

2002

2003

of LPs

6,000

5,000

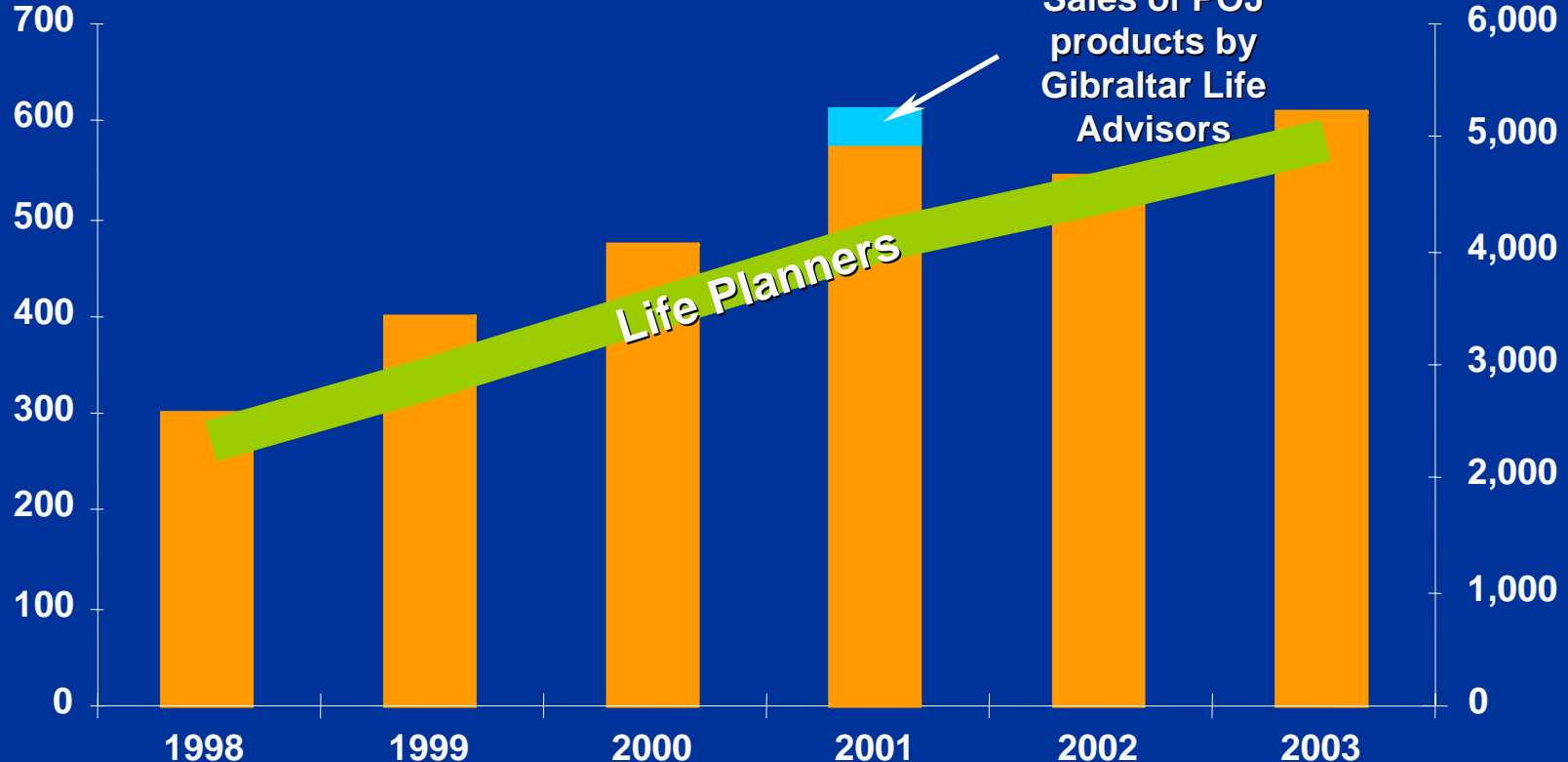
4,000

3,000

2,000

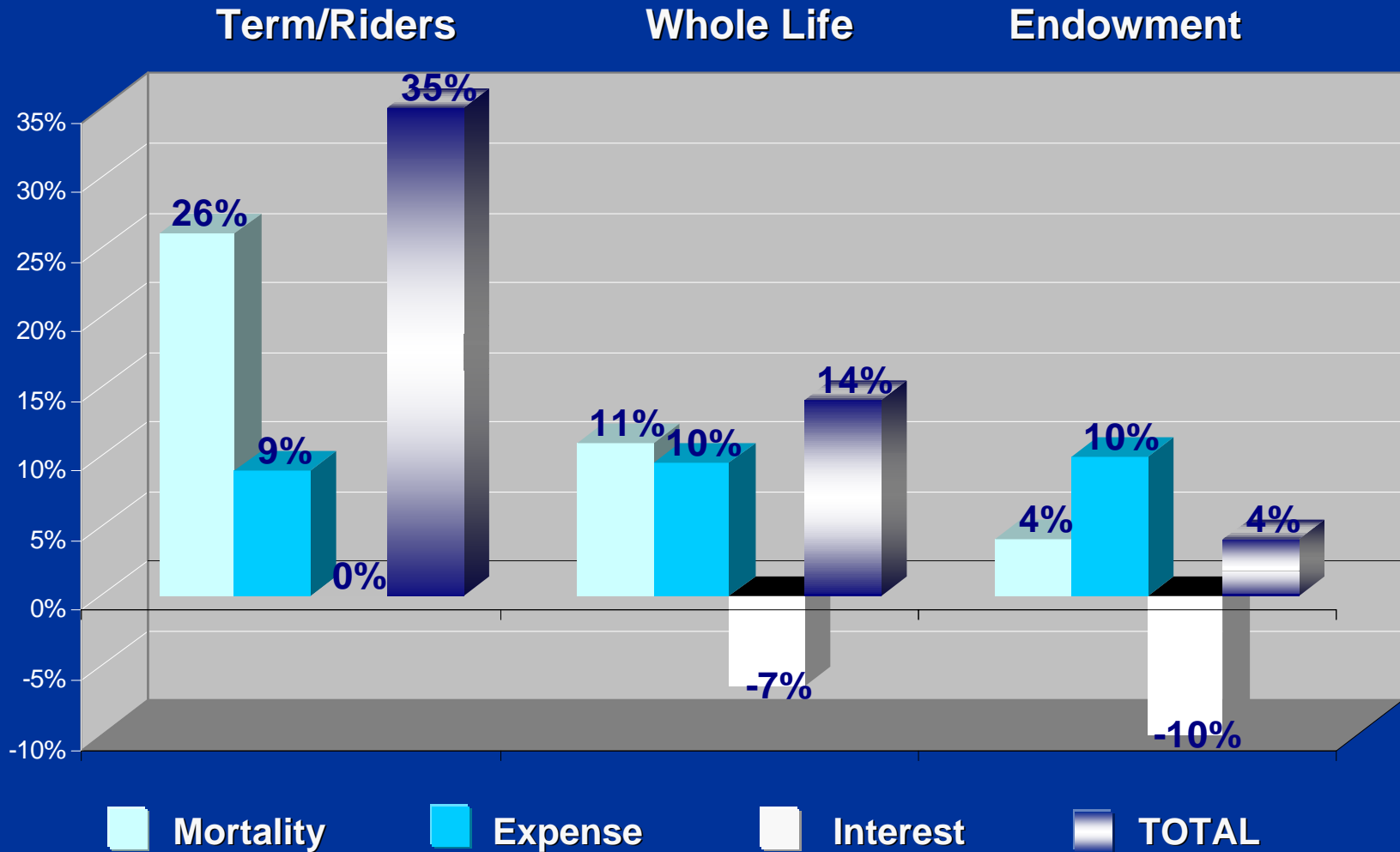
1,000

0



(1) Translated based on average exchange rate for the year ended December 31, 2003

POJ sources of product profitability ⁽¹⁾



(1) Estimated percentage based on before-tax income (on an adjusted operating income basis) to premiums

Sources of total profitability 2003

Profitability ⁽¹⁾ (\$, millions)

	POJ	POK	Gibraltar
Mortality	\$242	\$72	\$290
Interest	(106)	(4)	100
Expenses	220	69	4
Surrenders	--	--	(24)
TOTAL	\$356	\$137	\$370

(1) Estimated breakdown of before-tax adjusted operating income

Improving interest rate environment in Japan

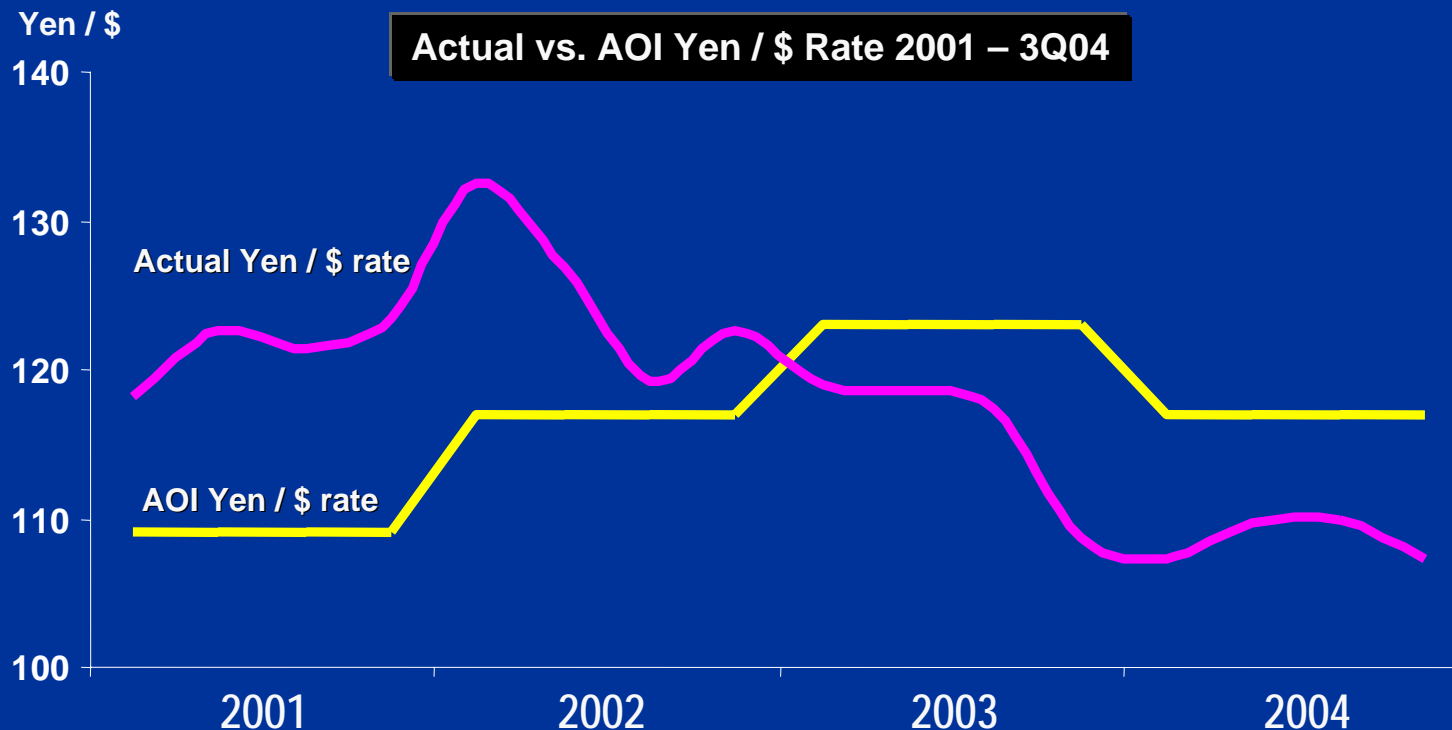
- **Required interest rates coming down**
- **\$1.8 billion of POJ and Gibraltar asset portfolio will mature in the next 12 months. Average yield of these maturing assets is 2.3%. Average new money investment yield under current environment is 2.5%**
- **Conservative portfolio leaves room to pursue higher yield investments**

Interest rate impact on profitability - POJ

	2003	Nine months ended 9/30/04
Average Required Interest	4.00%	3.89%
Average Yield	2.37%	2.59%
Negative Spread	(1.63%)	(1.30%)
Negative Spread (millions)	(\$106)	(\$77)

Foreign exchange hedge impact

- Yen income hedging plan on 12 quarter rolling basis
- Yen forward rates exceed spot rates against the dollar
- A strengthening Yen helps earnings
- Hedging delays impact on earnings, but does not eliminate it



Strong capital position

- **Solvency Margins**

	9/30/04 Solvency Margin
Prudential of Japan	1,045%
Gibraltar	1,117%
Typical Rating Agency Targets	AA – 700%, A – 500%

- **Significantly higher capital than needed to operate businesses**
- **International Insurance has successfully redeployed nearly \$1 billion of excess capital since 2002**

Summary

- **Strong sales and superior persistency provide growth of business in-force**
- **Life Planner system sales track LP growth over long term**
- **Emphasis on protection products leads to superior margins**
- **Improving Japanese investment spreads and strengthening Yen contribute to results**
- **Strong capital position**
- **High ROE results in continued generation of excess capital**
- **Active capital management**

Investor Day

December 2, 2004

Prudential  Financial

Financial Outlook

Richard J. Carbone
Chief Financial Officer

Prudential  **Financial**

Considerations for 2005

- **Business growth**
- **Improved results from Wachovia JV**
 - **Transitioning complete**
 - **Expense synergies realized**
- **Impact of recent acquisitions**
 - **Full year of earnings for CIGNA retirement**
 - **Full year of earnings for Hyundai, Aoba**
- **US Dollar = ¥110**
- **Lower pension credit**
- **8% market appreciation**
- **30% effective tax rate for adjusted operating income**
- **Continued share repurchases**

FSB full year 2005 earnings guidance ⁽¹⁾

Capital management

Strengthening yen

Recent acquisitions

- CIGNA
- Hyundai, Aoba

Wachovia JV

Business growth

- international
- domestic

2004 guidance ⁽¹⁾

\$3.30 - \$3.40

(1) Based on after-tax adjusted operating income for the Financial Services Businesses

Investor Day

December 2, 2004

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Closing Comments

Art Ryan
Chairman and CEO

Prudential  **Financial**

Investor Day

December 2, 2004

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