

Prudential  Financial

Merrill Lynch
Insurance Investors Conference

New York, February 14, 2007

Art Ryan, Chairman and CEO



Forward-Looking Statements

Certain of the statements included in this presentation constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. It is possible that actual results may differ materially from any expectations or predictions expressed in this presentation. 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 stock, real estate, and other financial markets; (2) interest rate fluctuations; (3) reestimates of our reserves for future policy benefits and claims; (4) differences between actual experience regarding mortality, morbidity, persistency, surrender experience, interest rates or market returns and the assumptions we use in pricing our products, establishing liabilities and reserves or for other purposes; (5) changes in our assumptions related to deferred policy acquisition costs, valuation of business acquired or goodwill; (6) changes in our claims-paying or credit ratings; (7) investment losses and defaults; (8) competition in our product lines and for personnel; (9) changes in tax law; (10) economic, political, currency and other risks relating to our international operations; (11) fluctuations in foreign currency exchange rates and foreign securities markets; (12) regulatory or legislative changes; (13) adverse determinations in litigation or regulatory matters and our exposure to contingent liabilities, including in connection with our divestiture or winding down of businesses; (14) domestic or international military actions, natural or man-made disasters including terrorist activities or pandemic disease, or other events resulting in catastrophic loss of life; (15) ineffectiveness of risk management policies and procedures in identifying, monitoring and managing risks; (16) effects of acquisitions, divestitures and restructurings, including possible difficulties in integrating and realizing the projected results of acquisitions; (17) changes in statutory or U.S. GAAP accounting principles, practices or policies; (18) changes in assumptions for retirement expense; (19) Prudential Financial, Inc.’s primary reliance, as a holding company, on dividends or distributions from its subsidiaries to meet debt payment obligations and continue share repurchases, and the applicable regulatory restrictions on the ability of the subsidiaries to pay such dividends or distributions; and (20) risks due to the lack of legal separation between our Financial Services Businesses and our Closed Block Business.

Prudential Financial, Inc. does not intend, and is under no obligation, to update any particular forward-looking statement included in this presentation.

Prudential Financial, Inc. of the United States is not affiliated with Prudential PLC which is headquartered in the United Kingdom.



Non-GAAP Measure

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 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. Realized investment gains (losses) representing profit or loss of certain of our businesses which primarily originate investments for sale or syndication to unrelated investors, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments are included in adjusted operating income. Realized investment gains and losses from products that are free standing derivatives or contain embedded derivatives, and from associated derivative portfolios that are part of an economic hedging program related to the risk of those products, are included in adjusted operating income. Adjusted operating income also excludes investment gains and losses on trading account assets supporting insurance liabilities and changes in experience-rated contractholder liabilities due to asset value changes, because these recorded changes in asset and liability values will ultimately accrue to contractholders. Trends in the underlying profitability of our businesses can be more clearly identified without the fluctuating effects of these transactions. In addition, adjusted operating income excludes the results of divested businesses, which are not relevant to our ongoing operations. Discontinued operations, which is presented as a separate component of net income under GAAP, is also excluded from adjusted operating income.

We believe that the presentation of adjusted operating income as we measure it for management purposes enhances understanding of the results of operations of the Financial Services Businesses by highlighting the results from ongoing operations and the underlying profitability of our businesses. However, adjusted operating income is not a substitute for income determined in accordance with GAAP, and the excluded items are important to an understanding of our overall results of operations. The schedules on the following two pages provide a reconciliation of adjusted operating income for the Financial Services Businesses to income from continuing operations in accordance with GAAP.

ROE based on adjusted operating income is determined by dividing adjusted operating income after-tax (giving effect to the direct equity adjustment for earnings per share calculation), by average attributed equity for the Financial Services Businesses excluding accumulated other comprehensive income related to unrealized gains and losses on investments for all periods and accumulated other comprehensive income related to pension and postretirement benefits for 2006, 2005 and 2004. An alternative measure to ROE based on adjusted operating income is return on average equity based on income from continuing operations. Return on average equity based on income from continuing operations represents income from continuing operations after-tax as determined in accordance with GAAP (giving effect to the direct equity adjustment for earnings per share calculation), annualized for interim periods, divided by average total attributed equity for the Financial Services Businesses. Return on average equity based on income from continuing operations is 14.7%, 15.5%, 9.3%, 5.4% and 4.0% for the years ended December 31, 2006, 2005, 2004, 2003 and 2002, respectively.

Our expectations of Common Stock earnings per share and return on equity are based on after-tax adjusted operating income. Because we do not predict future realized investment gains / losses or recorded changes in asset and liability values that will ultimately accrue to contractholders, we cannot provide a measure of our Common Stock earnings per share or return on equity expectations based on income from continuing operations of the Financial Services Businesses, which is the GAAP measure most comparable to adjusted operating income.

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, 2005 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, on the Investor Relations Web site at www.investor.prudential.com. Additional historical information relating to the Company’s financial performance, including its fourth quarter 2006 Quarterly Financial Supplement, is also located on the Investor Relations website.

The information referred to above and on the prior page, as well as the risks of our businesses described in our Annual Report on Form 10-K for the year ended December 31, 2005, should be considered by readers when reviewing forward-looking statements contained in this presentation.



Reconciliation between adjusted operating income and the comparable GAAP measure

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

Financial Services Businesses:

Pre-tax adjusted operating income by division:

Insurance Division
Investment Division
International Insurance and Investments Division
Corporate and other operations

Total pre-tax adjusted operating income

Income taxes, applicable to adjusted operating income

Financial Services Businesses after-tax adjusted operating income

Realized investment gains (losses), net, and related charges and adjustments
Investment gains (losses) on trading account assets supporting insurance liabilities, net
Change in experience-rated contractholder liabilities due to asset value changes

Sales practices remedies and costs

Divested businesses

Equity in earnings of operating joint ventures

Total pre-tax adjustments

Income taxes, not applicable to adjusted operating income

Total adjustments, after income taxes

Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures, extraordinary gain on acquisition and cumulative effect of accounting change

Equity in earnings of operating joint ventures, net of taxes

Income from continuing operations (after-tax) of Financial Services Businesses before extraordinary gain on acquisition and cumulative effect of accounting change

Income (loss) from discontinued operations, net of taxes

Extraordinary gain on acquisition, net of taxes

Cumulative effect of accounting change, net of taxes

Net income of Financial Services Businesses

Earnings per share of Common Stock (diluted):

Financial Services Businesses after-tax adjusted operating income

Realized investment gains (losses), net, and related charges and adjustments
Investment gains (losses) on trading account assets supporting insurance liabilities, net
Change in experience-rated contractholder liabilities due to asset value changes

Sales practices remedies and costs

Divested businesses

Equity in earnings of operating joint ventures

Total pre-tax adjustments

Income taxes, not applicable to adjusted operating income

Total adjustments, after income taxes

Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures, extraordinary gain on acquisition and cumulative effect of accounting change

Equity in earnings of operating joint ventures, net of taxes

Income from continuing operations (after-tax) of Financial Services Businesses before extraordinary gain on acquisition and cumulative effect of accounting change

Income (loss) from discontinued operations, net of taxes

Extraordinary gain on acquisition, net of taxes

Cumulative effect of accounting change, net of taxes

Net income of Financial Services Businesses

Weighted average number of outstanding Common shares (diluted basis)

Reconciliation to Consolidated Net Income of Prudential Financial, Inc.:

Net income of Financial Services Businesses (above)

Net income (loss) of Closed Block Business

Consolidated net income

Direct equity adjustments for earnings per share calculations

	Year ended December 31,				
	2002	2003	2004	2005	2006
	\$	\$	\$	\$	\$
Pre-tax adjusted operating income by division:					
Insurance Division	545	788	991	1,227	1,359
Investment Division	282	289	355	707	1,163
International Insurance and Investments Division	757	803	994	1,416	1,566
Corporate and other operations	148	90	176	202	86
Total pre-tax adjusted operating income	1,732	1,970	2,516	3,552	4,174
Income taxes, applicable to adjusted operating income	582	644	680	1,120	1,202
Financial Services Businesses after-tax adjusted operating income	1,150	1,326	1,836	2,432	2,972
Realized investment gains (losses), net, and related charges and adjustments	(856)	(204)	4	561	90
Investment gains (losses) on trading account assets supporting insurance liabilities, net	-	-	(55)	(33)	35
Change in experience-rated contractholder liabilities due to asset value changes	-	-	1	(44)	11
Sales practices remedies and costs	(20)	-	-	-	-
Divested businesses	(10)	(171)	(24)	(16)	12
Equity in earnings of operating joint ventures	(7)	(71)	(72)	(214)	(322)
Total pre-tax adjustments	(893)	(446)	(146)	254	(174)
Income taxes, not applicable to adjusted operating income	(496)	(148)	(75)	(473)	(73)
Total adjustments, after income taxes	(397)	(298)	(71)	727	(101)
Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures, extraordinary gain on acquisition and cumulative effect of accounting change	753	1,028	1,765	3,159	2,871
Equity in earnings of operating joint ventures, net of taxes	5	45	55	142	208
Income from continuing operations (after-tax) of Financial Services Businesses before extraordinary gain on acquisition and cumulative effect of accounting change	758	1,073	1,820	3,301	3,079
Income (loss) from discontinued operations, net of taxes	(79)	(48)	(88)	(82)	65
Extraordinary gain on acquisition, net of taxes	-	-	21	-	-
Cumulative effect of accounting change, net of taxes	-	-	(79)	-	-
Net income of Financial Services Businesses	679	1,025	1,674	3,219	3,144
Earnings per share of Common Stock (diluted):	\$	\$	\$	\$	\$
Financial Services Businesses after-tax adjusted operating income	2.06	2.53	3.61	4.83	6.15
Realized investment gains (losses), net, and related charges and adjustments	(1.48)	(0.37)	0.01	1.08	0.18
Investment gains (losses) on trading account assets supporting insurance liabilities, net	-	-	(0.10)	(0.06)	0.07
Change in experience-rated contractholder liabilities due to asset value changes	-	-	-	(0.08)	0.02
Sales practices remedies and costs	(0.03)	-	-	-	-
Divested businesses	(0.02)	(0.31)	(0.05)	(0.03)	0.02
Equity in earnings of operating joint ventures	(0.01)	(0.13)	(0.13)	(0.42)	(0.64)
Total pre-tax adjustments	(1.54)	(0.81)	(0.27)	0.49	(0.35)
Income taxes, not applicable to adjusted operating income	(0.86)	(0.26)	(0.14)	(0.90)	(0.15)
Total adjustments, after income taxes	(0.68)	(0.55)	(0.13)	1.39	(0.20)
Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures, extraordinary gain on acquisition and cumulative effect of accounting change	1.38	1.98	3.48	6.22	5.95
Equity in earnings of operating joint ventures, net of taxes	0.01	0.09	0.10	0.27	0.42
Income from continuing operations (after-tax) of Financial Services Businesses before extraordinary gain on acquisition and cumulative effect of accounting change	1.39	2.07	3.58	6.49	6.37
Income (loss) from discontinued operations, net of taxes	(0.14)	(0.09)	(0.16)	(0.15)	0.13
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	1.25	1.98	3.31	6.34	6.50
Weighted average number of outstanding Common shares (diluted basis)	578.0	548.4	531.2	520.9	494.0
Reconciliation to Consolidated Net Income of Prudential Financial, Inc.:	\$	\$	\$	\$	\$
Net income of Financial Services Businesses (above)	679	1,025	1,674	3,219	3,144
Net income (loss) of Closed Block Business	(485)	239	582	321	284
Consolidated net income	194	1,264	2,256	3,540	3,428
Direct equity adjustments for earnings per share calculations	\$ 43	\$ 60	\$ 84	\$ 82	\$ 68



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

Prudential Financial, Inc.

COMBINED STATEMENTS OF OPERATIONS - FINANCIAL SERVICES BUSINESSES

(in millions)

	Year ended December 31,				
	2002	2003	2004	2005	2006
Revenues (1):					
Premiums	\$ 7,195	\$ 7,848	\$ 8,736	\$ 10,128	\$ 10,287
Policy charges and fee income	1,815	1,978	2,385	2,529	2,649
Net investment income	5,020	4,913	5,772	6,863	7,660
Asset management fees, commissions and other income	3,979	3,258	3,065	3,608	4,250
Total revenues	18,009	17,997	19,958	23,128	24,846
Benefits and Expenses (1):					
Insurance and annuity benefits	7,662	8,158	8,897	9,990	10,423
Interest credited to policyholders' account balances	1,730	1,718	2,220	2,516	2,790
Interest expense	195	200	334	615	949
Deferral of acquisition costs	(1,064)	(1,270)	(1,528)	(1,801)	(2,037)
Amortization of acquisition costs	739	533	766	910	670
General and administrative expenses	7,015	6,688	6,753	7,346	7,877
Total benefits and expenses	16,277	16,027	17,442	19,576	20,672
Adjusted operating income before income taxes	1,732	1,970	2,516	3,552	4,174
Realized investment gains (losses), net, and related adjustments	(862)	(161)	62	669	73
Related charges	6	(43)	(58)	(108)	17
Total realized investment gains (losses), net, and related charges and adjustments	(856)	(204)	4	561	90
Investment gains (losses) on trading account assets supporting insurance liabilities, net	-	-	(55)	(33)	35
Change in experience-rated contractholder liabilities due to asset value changes	-	-	1	(44)	11
Sales practices remedies and costs	(20)	-	-	-	-
Divested businesses	(10)	(171)	(24)	(16)	12
Equity in earnings of operating joint ventures	(7)	(71)	(72)	(214)	(322)
Total pre-tax adjustments	(893)	(446)	(146)	254	(174)
Income from continuing operations before income taxes, equity in earnings of operating joint ventures, extraordinary gain on acquisition and cumulative effect of accounting change	839	1,524	2,370	3,806	4,000
Income tax expense	86	496	605	647	1,129
Income from continuing operations before equity in earnings of operating joint ventures, extraordinary gain on acquisition and cumulative effect of accounting change	753	1,028	1,765	3,159	2,871
Equity in earnings of operating joint ventures, net of taxes	5	45	55	142	208
Income from continuing operations before extraordinary gain on acquisition and cumulative effect of accounting change	758	1,073	1,820	3,301	3,079

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



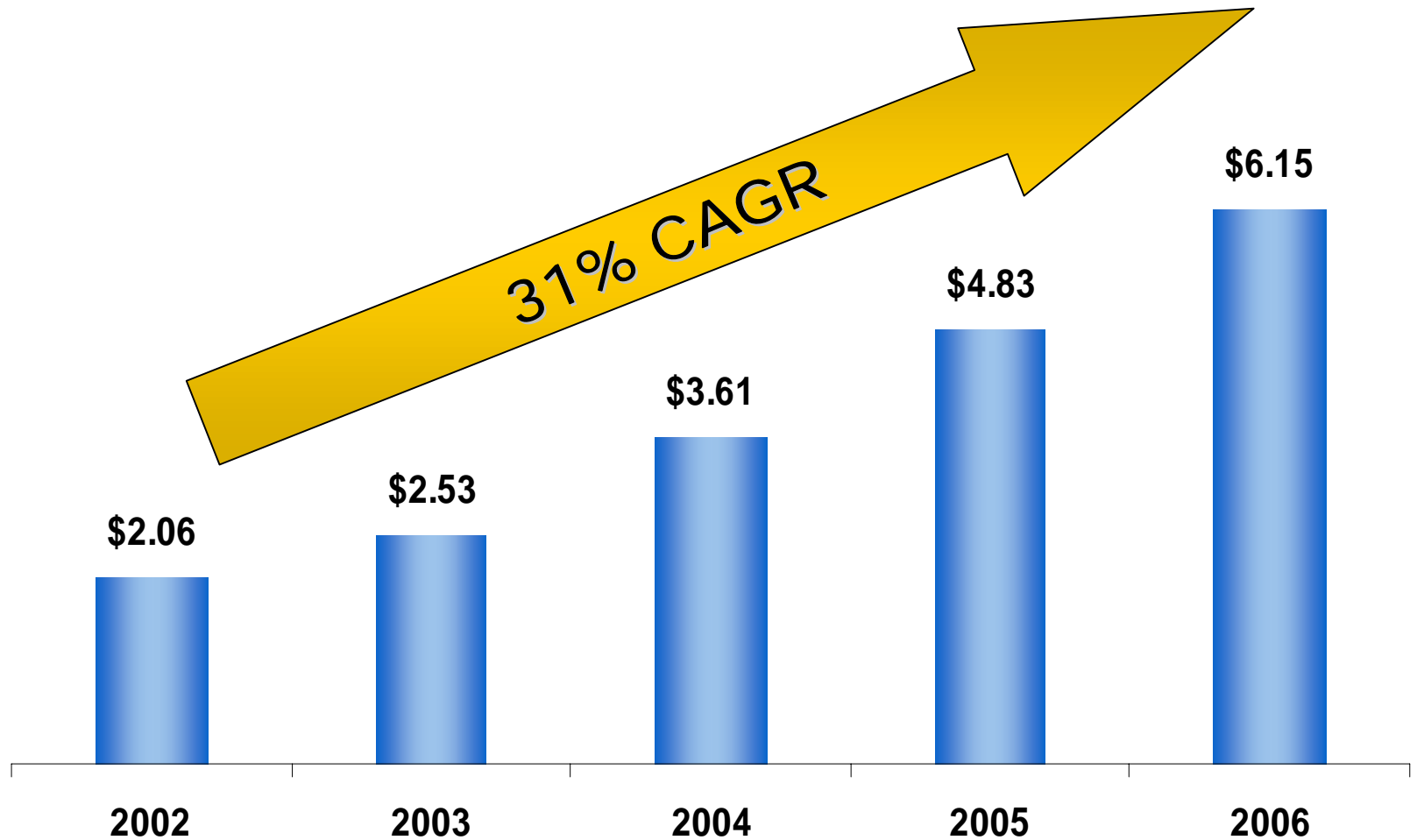
Prudential Financial's First Five Years

- Achieved significant expense reductions
- Divested P&C business
- Acquired: American Skandia, CIGNA Retirement and Allstate Variable Annuity Business
- Combined retail brokerage into Wachovia
- Repurchased \$7.9 billion of Common Stock ⁽¹⁾
- Achieved “AA” financial strength ratings from four agencies

1) Through December 31, 2006



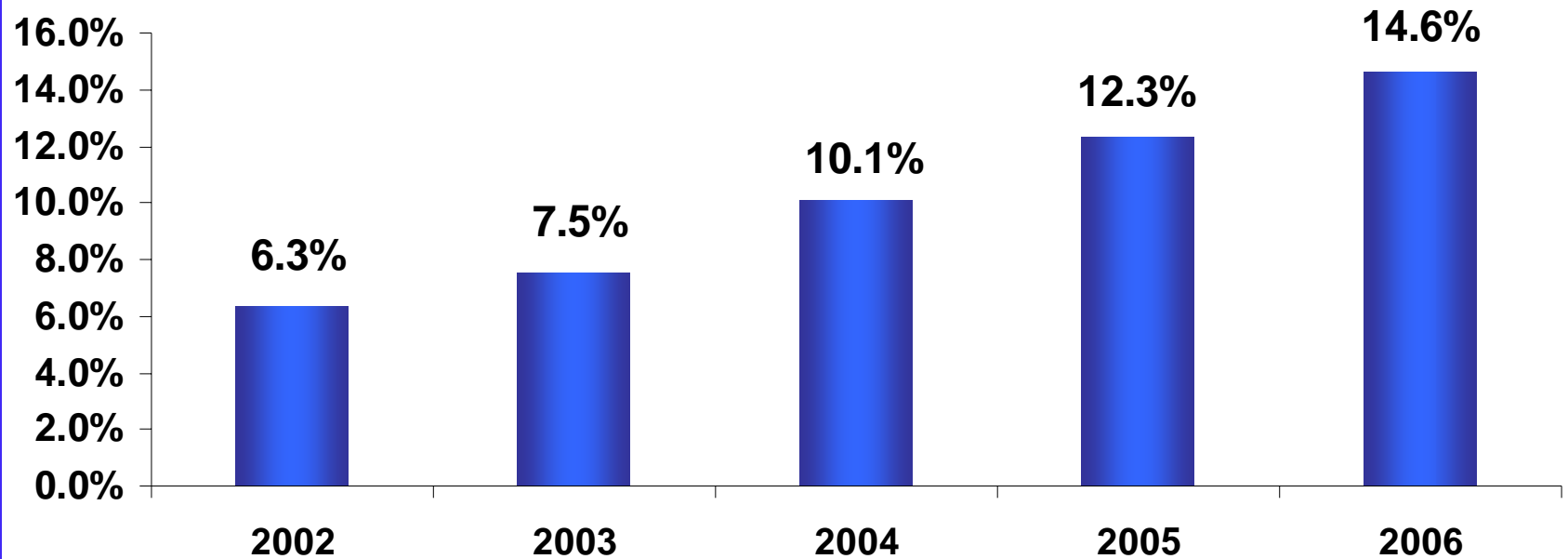
Earnings Per Share Growth ⁽¹⁾



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



ROE Progress ⁽¹⁾



1) For the FSB; based on after-tax adjusted operating income and on attributed equity excluding accumulated other comprehensive income related to unrealized gains and losses on investments for all years and accumulated other comprehensive income related to pension and postretirement benefits for 2006, 2005 and 2004



Where We Are Today

- Balanced mix of businesses and risks
- Strong capital position and cash flow generation
- Sustained high returns and growth of international insurance business
- Leading position in domestic retirement and savings market
- Asset management skills complement product manufacturing
- Complementary distribution channels
- Acquisition and integration track record



Complementary and Diversified Businesses

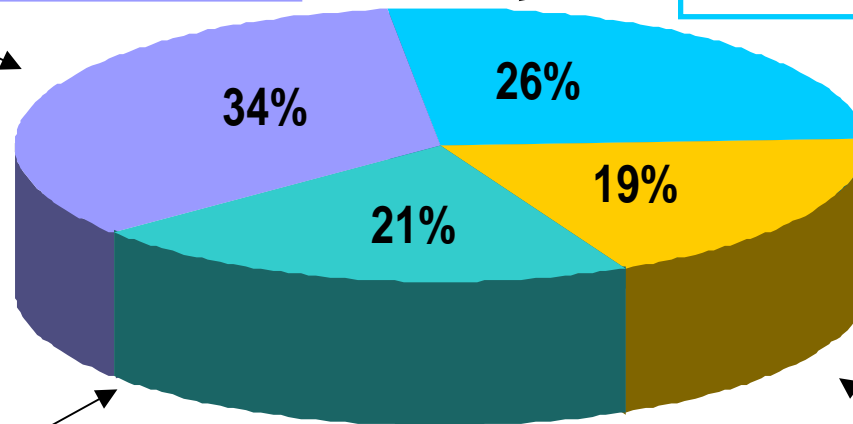
Adjusted operating income ⁽¹⁾ \$4.174 billion

INTERNATIONAL INSURANCE

- Life Planner model
- Gibraltar Life

RETIREMENT & SAVINGS

- Retirement
- Individual Annuities



INVESTMENT BUSINESSES & CORPORATE

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

DOMESTIC INSURANCE

- Individual Life
- Group Insurance

1) Before-tax; for the FSB; year ended December 31, 2006



International Insurance

- **5,828 Life Planners** ⁽¹⁾
- **5,944 Gibraltar Life Advisors** ⁽¹⁾
- **7.1 million policies in force** ⁽¹⁾
- **Annualized new business premiums: \$1.1 billion** ⁽²⁾

1) As of December 31, 2006

2) For the year ended December 31, 2006; GAAP exchange rate basis – translated based on applicable average exchange rates for period



International Division Financial Performance

(\$ millions)	Year ended December 31,				
	2002	2003	2004	2005	2006
Adjusted operating income before tax:					
Life Planner businesses	\$ 379	\$ 449	\$ 515	\$ 808	\$ 930
Gibraltar Life	378	370	402	502	493
International Insurance					1,423
				24.2% ROE ⁽¹⁾ →	
International Investments	0	(16)	77	106	143
International Division	\$ 757	\$ 803	\$ 994	\$ 1,416	\$ 1,566

1) Based on after-tax adjusted operating income and average attributed equity for the period

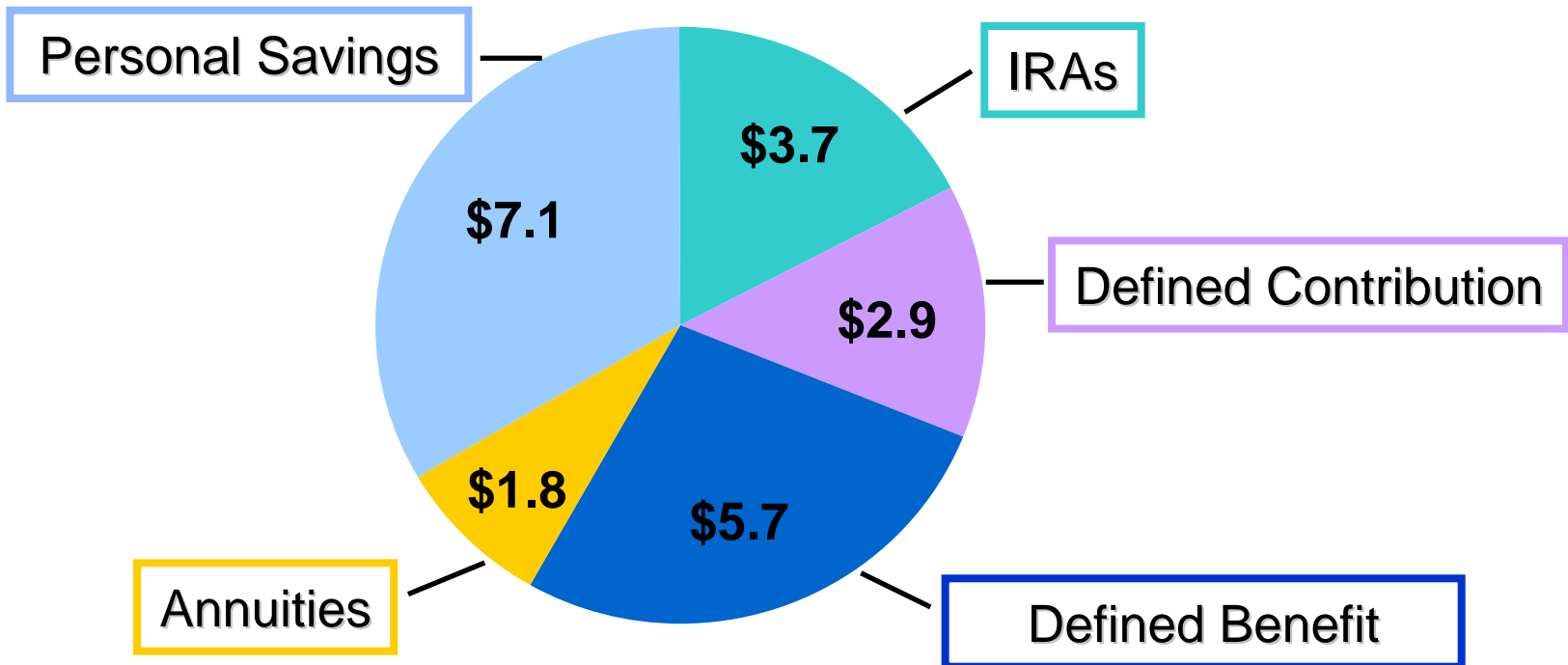


Our International Division Goals

- Sustainable low to mid-teen AOI growth
- Sustainable 20% ROE's
- Strong free cash flow
- Complementary group of International businesses with short-term and long-term growth potential

Large Retirement / Savings Market

\$21 trillion market in 2005

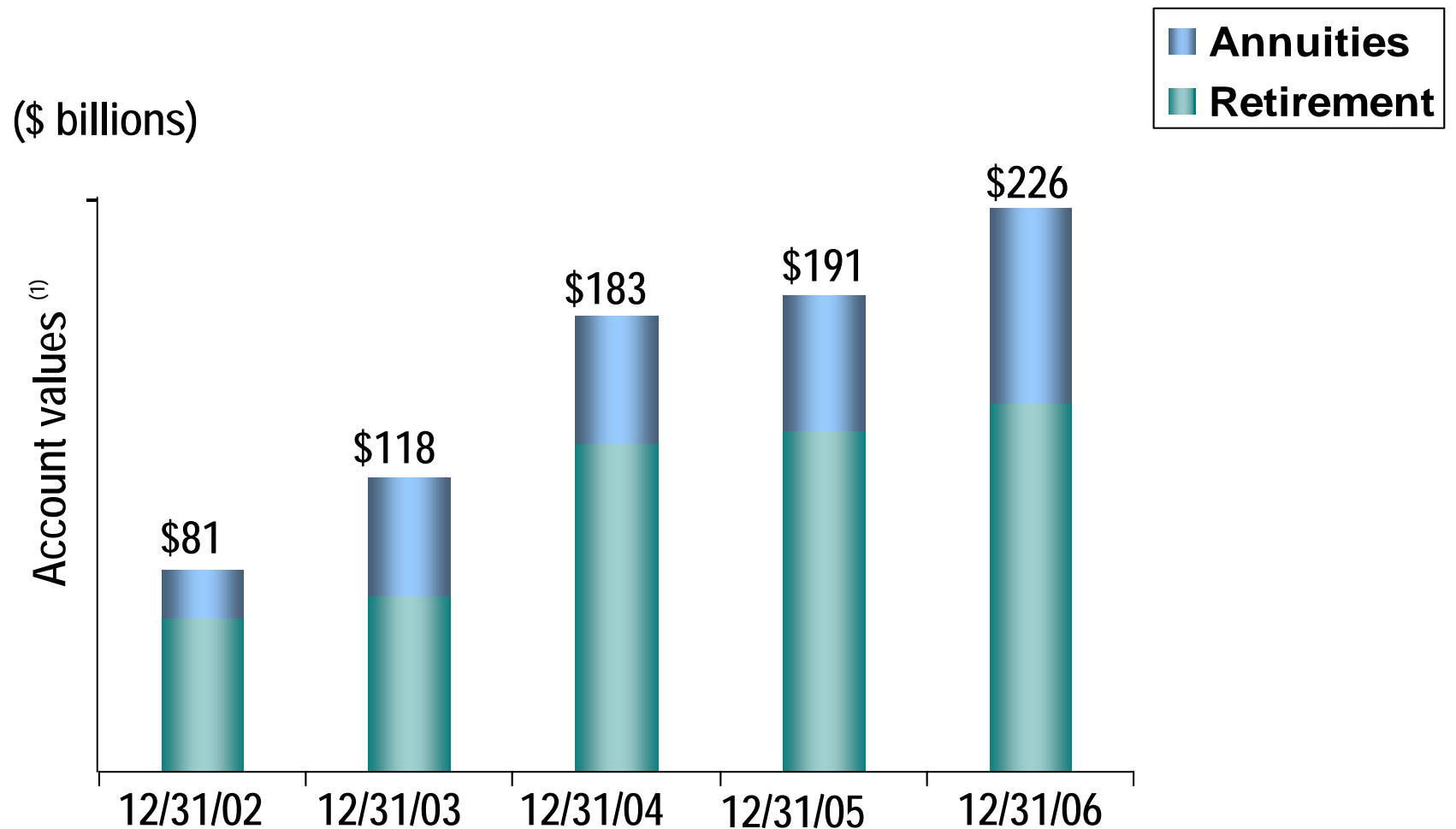


Sources: Federal Reserve Flow of Funds; LIMRA; company estimates



Retirement and Annuities

A Leading Provider in a Growing Market



1) Includes acquired businesses from dates of acquisitions



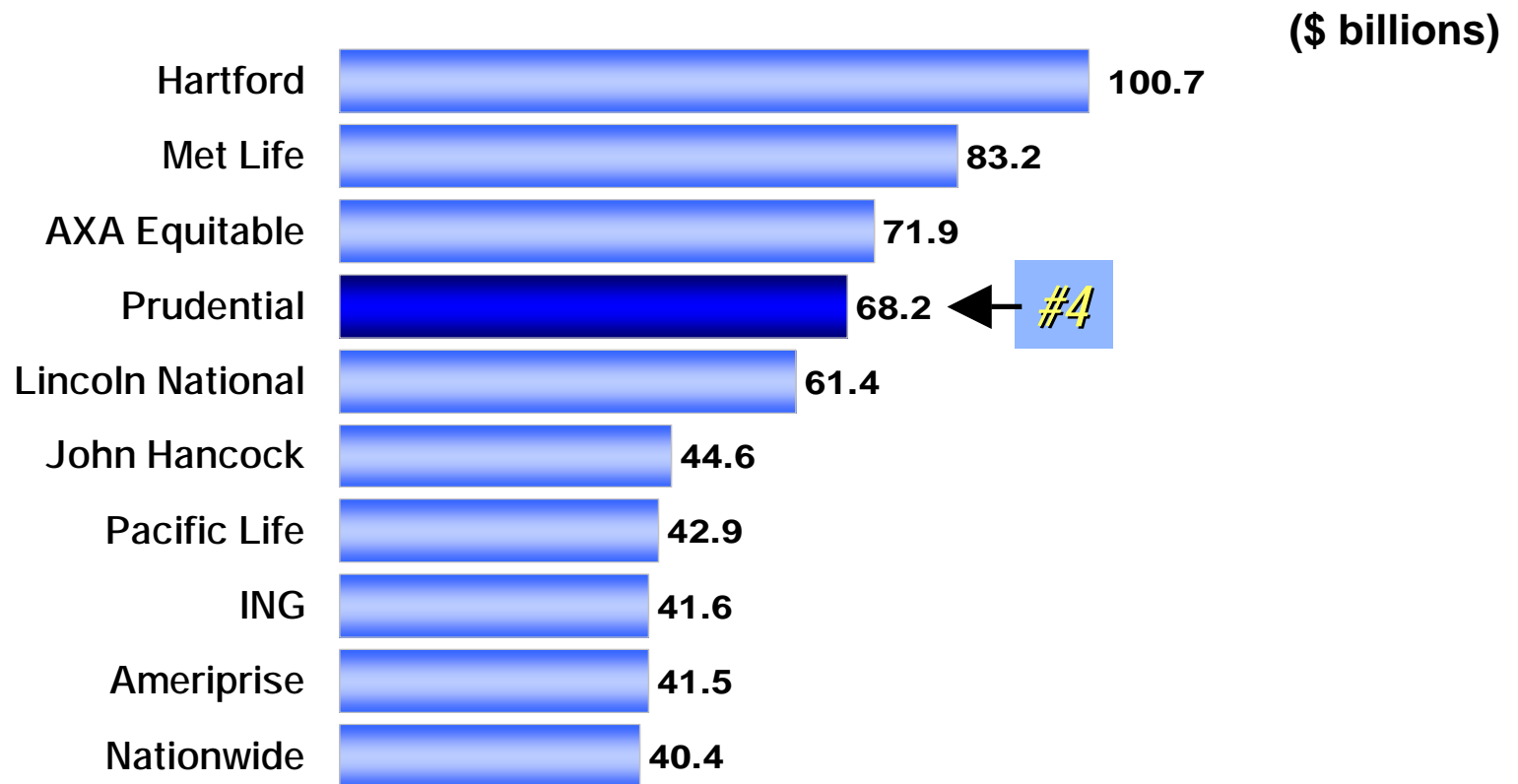
Retirement and Annuities – Competitive Advantages

- Unique positioning: market leading annuity and full service retirement provider
- Access to Prudential's risk management, asset management, and product design capabilities
- Distribution breadth, supported by strong branding
- Scale allows competitive pricing and market-leading service capabilities



Prudential Annuities: Top 10 Variable Annuity Company

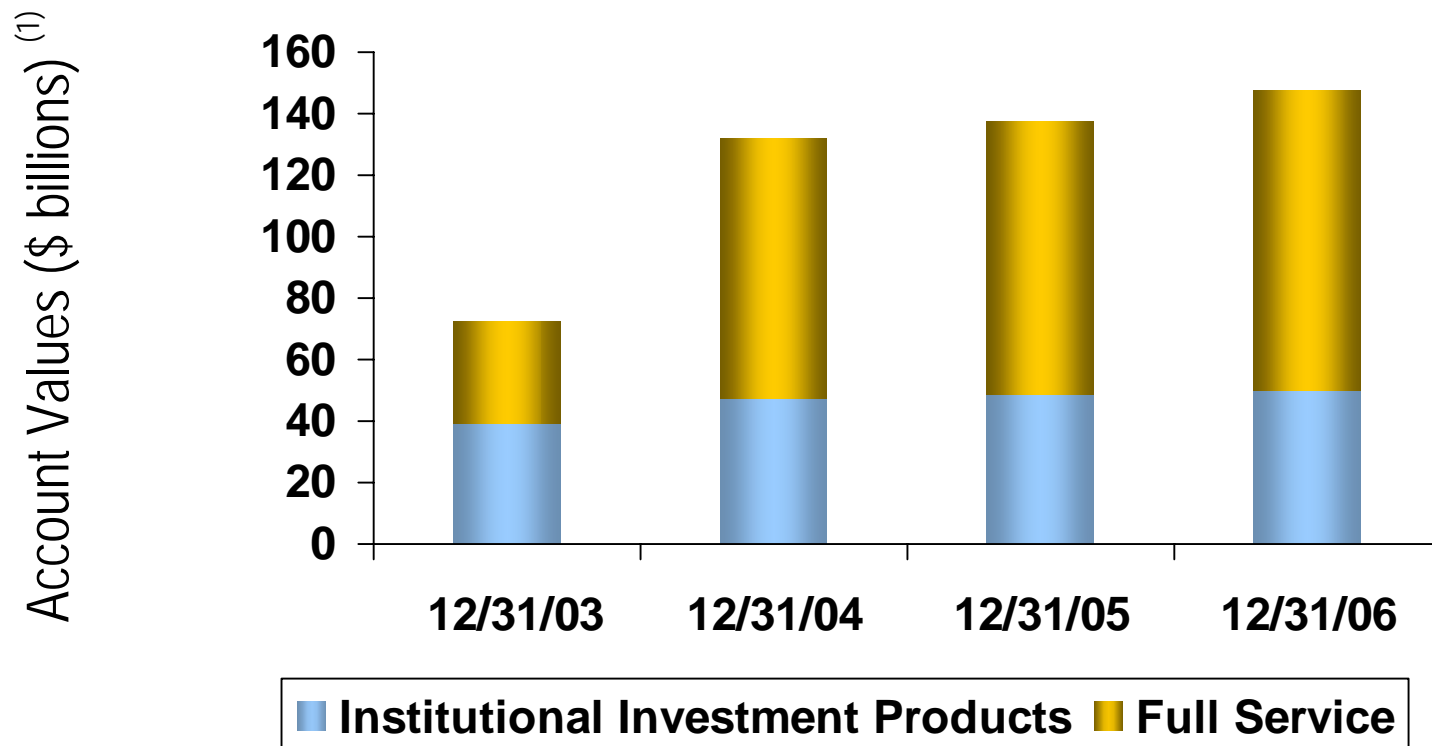
Prudential Annuities is ranked #4 in advisor-sold VA account values⁽¹⁾



1) Source: VARDS 3Q06 and Company data; Advisor-sold market excludes group/retirement plan contracts



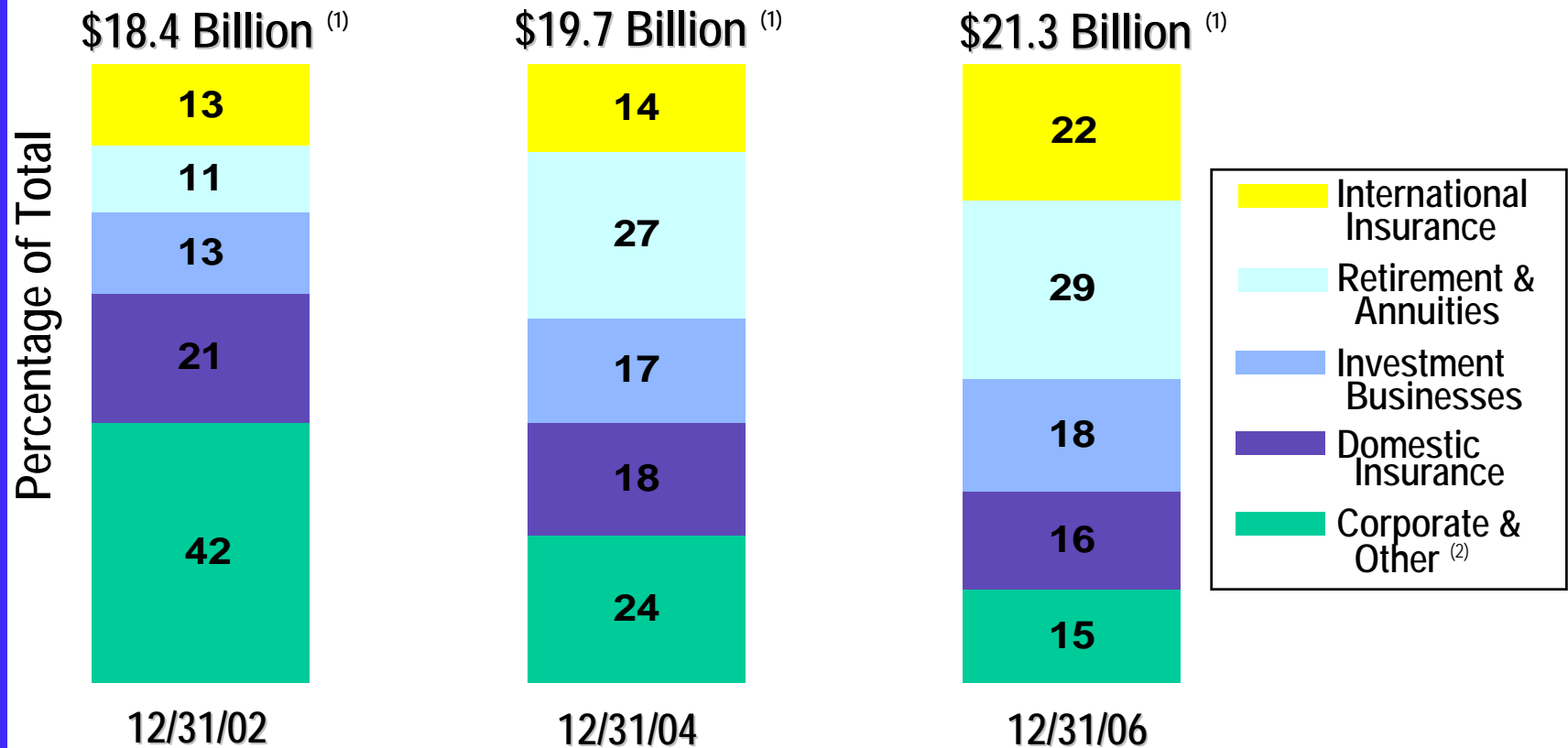
Prudential Retirement: Emphasis on Full Service Retirement



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



Equity Capital Migration → Businesses with Favorable Growth and Return Prospects

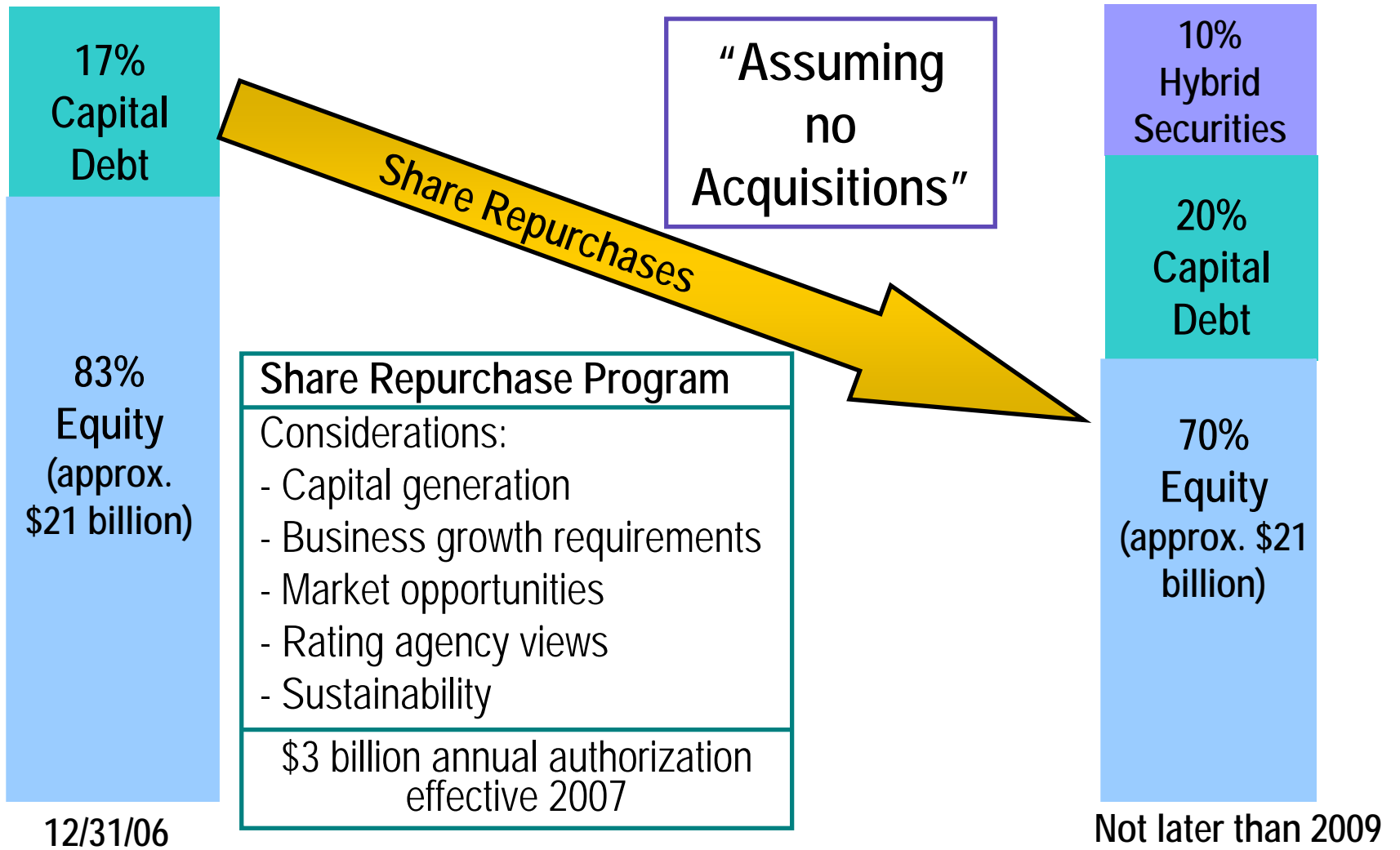


1) Attributed equity of FSB; excluding accumulated other comprehensive income related to unrealized gains and losses on investments for all years and accumulated other comprehensive income related to pension and postretirement benefits for 2006 and 2004

2) Includes divested businesses



Migrating to Optimal Capital Structure



Where We're Headed

- Two substantial growth opportunities:
 - International businesses
 - Domestic retirement and savings businesses
- Evolving multi-channel distribution strategy
- Manage margins and returns
- Substantial operating cash flows enable share repurchases, growing cash dividends
- Opportunistic acquisitions



2007 – 2009 Financial Objectives

- ROE expansion to 15% – 17% range⁽¹⁾
- Solid double digit average annual growth in EPS⁽¹⁾
- Reasonably consistent operating results
- Stock buybacks of \$3 billion a year through 2009 under base case
- “AA” capital management

1) Based on after-tax adjusted operating income of the FSB. ROE targets based on attributed equity excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension and postretirement benefits.



Prudential  Financial