

Prudential Financial

Prudential Financial, Inc. (PRU)

Quarterly Financial Supplement

FINANCIAL SERVICES BUSINESSES
FIRST QUARTER 2007

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.

CONTENTS

| | <u>Page</u> |
|--|-------------|
| HIGHLIGHTS | |
| Financial Highlights | 1-2 |
| Operations Highlights | 3 |
| FINANCIAL SERVICES BUSINESSES | |
| Combined Statements of Operations | 4 |
| Combined Balance Sheets | 5 |
| Combining Statements of Operations by Division | 6 |
| Combining Balance Sheets by Division | 7 |
| Short-Term and Long-Term Debt | 8 |
| INSURANCE DIVISION | |
| Combined Statements of Operations | 9 |
| Combining Statements of Operations | 10 |
| Individual Life Sales, Account Value Activity, and Face Amount in Force | 11 |
| Supplementary Information for Individual Life Insurance | 12 |
| Individual Annuities Sales Results, Account Values and Minimum Guarantees | 13 |
| Individual Annuities Account Value Activity | 14 |
| Supplementary Information for Group Insurance | 15 |
| Deferred Policy Acquisition Costs | 16 |
| INVESTMENT DIVISION | |
| Combined Statements of Operations | 17 |
| Combining Statements of Operations | 18 |
| Supplementary Revenue And Assets Under Management Information for Asset Management Segment | 19 |
| Supplementary Assets Under Management and Assets Under Administration Information for Asset Management Segment | 20 |
| Supplementary Information for Financial Advisory Segment | 21 |
| Retirement Sales Results and Account Values | 22 |
| INTERNATIONAL INSURANCE AND INVESTMENTS DIVISION | |
| Combined Statements of Operations | 23 |
| Combining Statements of Operations | 24 |
| International Insurance Segment - Supplementary Income Statement Information | 25 |
| Sales Results and Supplementary Information | 26-27 |
| INVESTMENT PORTFOLIO | |
| Investment Portfolio Composition | 28 |
| Financial Services Businesses Investment Portfolio Composition - Japanese Insurance Operations and Excluding Japanese Insurance Operations | 29 |
| Financial Services Businesses Investment Results | 30 |
| Financial Services Businesses Investment Results - Japanese Insurance Operations | 31 |
| Financial Services Businesses Investment Results - Excluding Japanese Insurance Operations | 32 |
| KEY DEFINITIONS AND FORMULAS | 33-35 |
| RATINGS AND INVESTOR INFORMATION | 36 |

FINANCIAL HIGHLIGHTS
(in millions, except per share data)

| Year-to-date | | % | Change | 2006 | | | | 2007 |
|---|--------|-------|--------|--------|--------|--------|--------|------|
| 2007 | 2006 | | | 1Q | 2Q | 3Q | 4Q | 1Q |
| Financial Services Businesses: | | | | | | | | |
| Pre-tax adjusted operating income (loss) by division: | | | | | | | | |
| 318 | 298 | 7% | 298 | 247 | 465 | 349 | 318 | |
| 428 | 240 | 78% | 240 | 316 | 252 | 355 | 428 | |
| 475 | 382 | 24% | 382 | 358 | 428 | 398 | 475 | |
| 12 | 26 | -54% | 26 | 37 | 15 | 8 | 12 | |
| 1,233 | 946 | 30% | 946 | 958 | 1,160 | 1,110 | 1,233 | |
| 365 | 277 | 32% | 277 | 276 | 330 | 319 | 365 | |
| 868 | 669 | 30% | 669 | 682 | 830 | 791 | 868 | |
| Financial Services Businesses after-tax adjusted operating income | | | | | | | | |
| Realized investment gains (losses), net, and related charges and adjustments | | | | | | | | |
| 140 | 50 | 180% | 50 | (311) | 221 | 130 | 140 | |
| 82 | (114) | 172% | (114) | (151) | 257 | 43 | 82 | |
| (62) | 66 | -194% | 66 | 130 | (168) | (17) | (62) | |
| 19 | 13 | 46% | 13 | (4) | 4 | (1) | 19 | |
| (120) | (78) | -54% | (78) | (67) | (78) | (99) | (120) | |
| 59 | (63) | 194% | (63) | (403) | 236 | 56 | 59 | |
| 15 | (24) | 163% | (24) | (116) | 32 | 35 | 15 | |
| 44 | (39) | 213% | (39) | (287) | 204 | 21 | 44 | |
| Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures | | | | | | | | |
| 912 | 630 | 45% | 630 | 395 | 1,034 | 812 | 912 | |
| 77 | 51 | 51% | 51 | 45 | 50 | 62 | 77 | |
| 989 | 681 | 45% | 681 | 440 | 1,084 | 874 | 989 | |
| 36 | (6) | 700% | (6) | (16) | 68 | 19 | 36 | |
| 1,025 | 675 | 52% | 675 | 424 | 1,152 | 893 | 1,025 | |
| Net income of Financial Services Businesses | | | | | | | | |
| Earnings per share of Common Stock (diluted): | | | | | | | | |
| Financial Services Businesses after-tax adjusted operating income | | | | | | | | |
| 1.85 | 1.36 | | 1.36 | 1.40 | 1.72 | 1.67 | 1.85 | |
| Realized investment gains (losses), net, and related charges and adjustments | | | | | | | | |
| 0.29 | 0.10 | | 0.10 | (0.63) | 0.45 | 0.27 | 0.29 | |
| 0.17 | (0.23) | | (0.23) | (0.30) | 0.52 | 0.09 | 0.17 | |
| (0.13) | 0.13 | | 0.13 | 0.26 | (0.34) | (0.04) | (0.13) | |
| 0.04 | 0.03 | | 0.03 | (0.01) | 0.01 | - | 0.04 | |
| (0.25) | (0.15) | | (0.15) | (0.13) | (0.16) | (0.20) | (0.25) | |
| 0.12 | (0.12) | | (0.12) | (0.81) | 0.48 | 0.12 | 0.12 | |
| 0.03 | (0.05) | | (0.05) | (0.24) | 0.06 | 0.07 | 0.03 | |
| 0.09 | (0.07) | | (0.07) | (0.57) | 0.42 | 0.05 | 0.09 | |
| Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures | | | | | | | | |
| 1.94 | 1.29 | | 1.29 | 0.83 | 2.14 | 1.72 | 1.94 | |
| 0.16 | 0.10 | | 0.10 | 0.09 | 0.10 | 0.13 | 0.16 | |
| 2.10 | 1.39 | | 1.39 | 0.92 | 2.24 | 1.85 | 2.10 | |
| 0.08 | (0.01) | | (0.01) | (0.03) | 0.14 | 0.03 | 0.08 | |
| 2.18 | 1.38 | | 1.38 | 0.89 | 2.38 | 1.88 | 2.18 | |
| Net income of Financial Services Businesses | | | | | | | | |
| Weighted average number of outstanding Common shares (diluted basis) | | | | | | | | |
| 477.2 | 504.1 | | 504.1 | 497.1 | 490.5 | 482.8 | 477.2 | |
| 16.44% | 13.37% | | 13.37% | 13.48% | 16.11% | 15.18% | 16.44% | |
| Reconciliation to Consolidated Net Income of Prudential Financial, Inc.: | | | | | | | | |
| 1,025 | 675 | | 675 | 424 | 1,152 | 893 | 1,025 | |
| 95 | 58 | | 58 | 29 | 53 | 144 | 95 | |
| 1,120 | 733 | | 733 | 453 | 1,205 | 1,037 | 1,120 | |
| 15 | 19 | | 19 | 16 | 16 | 17 | 15 | |

FINANCIAL HIGHLIGHTS
 (in millions, except per share data)

| Year-to-date | | 2006 | | | | 2007 |
|--|-------|--------|--------|--------|--------|--------|
| 2007 | 2006 | 1Q | 2Q | 3Q | 4Q | 1Q |
| Financial Services Businesses Capitalization Data (1): | | | | | | |
| Short-term debt | | 9,685 | 9,723 | 9,418 | 10,798 | 12,812 |
| Long-term debt | | 7,284 | 7,520 | 7,464 | 9,673 | 10,080 |
| Attributed Equity: | | | | | | |
| Including accumulated other comprehensive income | | 21,229 | 20,424 | 22,053 | 21,690 | 22,265 |
| Excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension / postretirement benefits | | 20,695 | 20,716 | 21,290 | 21,306 | 21,657 |
| Excluding total accumulated other comprehensive income | | 20,717 | 20,604 | 21,232 | 21,194 | 21,585 |
| Total Capitalization: | | | | | | |
| Including accumulated other comprehensive income | | 28,513 | 27,944 | 29,517 | 31,363 | 32,345 |
| Excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension / postretirement benefits | | 27,979 | 28,236 | 28,754 | 30,979 | 31,737 |
| Excluding total accumulated other comprehensive income | | 28,001 | 28,124 | 28,696 | 30,867 | 31,665 |
| Book value per share of Common Stock: | | | | | | |
| Including accumulated other comprehensive income | | 42.43 | 41.41 | 45.31 | 45.18 | 47.05 |
| Excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension / postretirement benefits | | 41.37 | 42.00 | 43.74 | 44.38 | 45.77 |
| Excluding total accumulated other comprehensive income | | 41.41 | 41.78 | 43.62 | 44.15 | 45.61 |
| Number of diluted shares at end of period | | 500.3 | 493.2 | 486.7 | 480.1 | 473.2 |
| Common Stock Price Range (based on closing price): | | | | | | |
| 93.10 | 77.48 | High | 77.48 | 78.89 | 79.06 | 86.84 |
| 85.69 | 73.19 | Low | 73.19 | 74.43 | 71.47 | 76.03 |
| 90.26 | 75.81 | Close | 75.81 | 77.70 | 76.25 | 85.86 |
| Common Stock market capitalization (1) | | 37,288 | 37,651 | 36,394 | 40,449 | 42,025 |

(1) As of end of period.

OPERATIONS HIGHLIGHTS

| Year-to-date | | 2006 | | | | 2007 |
|--|------|-------|-------|-------|-------|-------|
| 2007 | 2006 | 1Q | 2Q | 3Q | 4Q | 1Q |
| Assets Under Management and Administration (\$ billions) (1) (2): | | | | | | |
| Assets Under Management : | | | | | | |
| Managed by Investment Division: | | | | | | |
| Asset Management Segment - Investment Management & Advisory Services | | | | | | |
| | | 138.7 | 138.5 | 147.9 | 156.8 | 161.0 |
| | | 75.6 | 75.1 | 75.9 | 79.0 | 84.2 |
| | | 157.8 | 159.7 | 163.8 | 167.6 | 168.9 |
| | | 372.1 | 373.3 | 387.6 | 403.4 | 414.1 |
| | | 51.3 | 49.6 | 51.0 | 54.2 | 53.4 |
| | | 423.4 | 422.9 | 438.6 | 457.6 | 467.5 |
| | | 74.5 | 82.6 | 82.2 | 86.2 | 88.8 |
| | | 49.5 | 62.9 | 65.4 | 72.2 | 73.5 |
| | | 547.4 | 568.4 | 586.2 | 616.0 | 629.8 |
| | | 100.0 | 101.6 | 105.8 | 112.9 | 117.2 |
| | | 647.4 | 670.0 | 692.0 | 728.9 | 747.0 |
| | | 105.3 | 114.0 | 115.5 | 123.8 | 128.8 |
| Distribution Representatives (1): | | | | | | |
| | | 2,850 | 2,844 | 2,814 | 2,562 | 2,505 |
| | | 5,712 | 5,726 | 5,802 | 5,828 | 5,893 |
| | | 5,716 | 5,684 | 6,036 | 5,944 | 5,952 |
| 49 | 45 | 45 | 52 | 46 | 74 | 49 |
| Prudential Agent productivity (\$ thousands) | | | | | | |

(1) As of end of period.

(2) At fair market value.

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

| Year-to-date | | % Change | | 2006 | | | | 2007 |
|----------------------------|--------------|-------------|--|--------------|--------------|--------------|--------------|--------------|
| 2007 | 2006 | | | 1Q | 2Q | 3Q | 4Q | 1Q |
| Revenues (1): | | | | | | | | |
| 2,720 | 2,604 | 4% | Premiums | 2,604 | 2,542 | 2,548 | 2,593 | 2,720 |
| 784 | 662 | 18% | Policy charges and fee income | 662 | 667 | 583 | 737 | 784 |
| 2,054 | 1,812 | 13% | Net investment income | 1,812 | 1,875 | 1,962 | 2,011 | 2,054 |
| 1,149 | 1,054 | 9% | Asset management fees, commissions and other income | 1,054 | 966 | 1,024 | 1,206 | 1,149 |
| <u>6,707</u> | <u>6,132</u> | 9% | Total revenues | <u>6,132</u> | <u>6,050</u> | <u>6,117</u> | <u>6,547</u> | <u>6,707</u> |
| Benefits and Expenses (1): | | | | | | | | |
| 2,763 | 2,577 | 7% | Insurance and annuity benefits | 2,577 | 2,591 | 2,650 | 2,605 | 2,763 |
| 745 | 652 | 14% | Interest credited to policyholders' account balances | 652 | 677 | 716 | 745 | 745 |
| 274 | 212 | 29% | Interest expense | 212 | 233 | 249 | 255 | 274 |
| (539) | (501) | -8% | Deferral of acquisition costs | (501) | (495) | (496) | (545) | (539) |
| 272 | 240 | 13% | Amortization of acquisition costs | 240 | 264 | (73) | 239 | 272 |
| 1,959 | 2,006 | -2% | General and administrative expenses | 2,006 | 1,822 | 1,911 | 2,138 | 1,959 |
| <u>5,474</u> | <u>5,186</u> | 6% | Total benefits and expenses | <u>5,186</u> | <u>5,092</u> | <u>4,957</u> | <u>5,437</u> | <u>5,474</u> |
| <u>1,233</u> | <u>946</u> | 30% | Adjusted operating income before income taxes | <u>946</u> | <u>958</u> | <u>1,160</u> | <u>1,110</u> | <u>1,233</u> |
| 146 | 50 | 192% | Realized investment gains (losses), net, and related adjustments | 50 | (334) | 214 | 143 | 146 |
| (6) | - | - | Related charges | - | 23 | 7 | (13) | (6) |
| <u>140</u> | <u>50</u> | 180% | Total realized investment gains (losses), net, and related charges and adjustments | <u>50</u> | <u>(311)</u> | <u>221</u> | <u>130</u> | <u>140</u> |
| 82 | (114) | 172% | Investment gains (losses) on trading account assets supporting insurance liabilities, net | (114) | (151) | 257 | 43 | 82 |
| (62) | 66 | -194% | Change in experience-rated contractholder liabilities due to asset value changes | 66 | 130 | (168) | (17) | (62) |
| 19 | 13 | 46% | Divested businesses | 13 | (4) | 4 | (1) | 19 |
| (120) | (78) | -54% | Equity in earnings of operating joint ventures | (78) | (67) | (78) | (99) | (120) |
| <u>59</u> | <u>(63)</u> | 194% | Total pre-tax adjustments | <u>(63)</u> | <u>(403)</u> | <u>236</u> | <u>56</u> | <u>59</u> |
| 1,292 | 883 | 46% | Income from continuing operations before income taxes and equity in earnings of operating joint ventures | 883 | 555 | 1,396 | 1,166 | 1,292 |
| 380 | 253 | 50% | Income tax expense | 253 | 160 | 362 | 354 | 380 |
| <u>912</u> | <u>630</u> | 45% | Income from continuing operations before equity in earnings of operating joint ventures | <u>630</u> | <u>395</u> | <u>1,034</u> | <u>812</u> | <u>912</u> |

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments; investment gains, net of losses, on trading account assets supporting insurance liabilities, and 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.

COMBINED BALANCE SHEETS - FINANCIAL SERVICES BUSINESSES
 (in millions)

| | <u>3/31/2006</u> | <u>6/30/2006</u> | <u>9/30/2006</u> | <u>12/31/2006</u> | <u>3/31/2007</u> |
|---|------------------|------------------|------------------|-------------------|------------------|
| Assets: | | | | | |
| Investments: | | | | | |
| Fixed maturities, available for sale, at fair value (amortized cost \$102,220; \$107,756; \$105,750; \$109,362; \$110,980) | 104,276 | 108,150 | 108,346 | 112,043 | 113,833 |
| Fixed maturities, held to maturity, at amortized cost (fair value \$3,397; \$3,416; \$3,400; \$3,441; \$3,407) | 3,430 | 3,555 | 3,473 | 3,469 | 3,440 |
| Trading account assets supporting insurance liabilities, at fair value | 13,877 | 14,239 | 14,453 | 14,262 | 14,223 |
| Other trading account assets, at fair value | 2,358 | 4,561 | 1,933 | 2,209 | 2,119 |
| Equity securities, available for sale, at fair value (cost \$3,489; \$3,672; \$3,761; \$3,825; \$3,942) | 3,975 | 4,050 | 4,182 | 4,331 | 4,592 |
| Commercial loans | 17,721 | 18,018 | 18,139 | 18,421 | 18,947 |
| Policy loans | 3,094 | 3,253 | 3,350 | 3,472 | 3,575 |
| Securities purchased under agreements to resell | 103 | 2,242 | 187 | 153 | 113 |
| Other long-term investments | 3,669 | 3,800 | 3,538 | 3,780 | 4,339 |
| Short-term investments | 2,404 | 2,768 | 2,705 | 3,183 | 3,291 |
| Total investments | <u>154,907</u> | <u>164,636</u> | <u>160,306</u> | <u>165,323</u> | <u>168,472</u> |
| Cash and cash equivalents | 5,915 | 6,521 | 7,361 | 7,243 | 5,950 |
| Accrued investment income | 1,400 | 1,433 | 1,466 | 1,429 | 1,468 |
| Reinsurance recoverables | 3,480 | 1,869 | 1,908 | 1,958 | 2,021 |
| Deferred policy acquisition costs | 8,776 | 9,239 | 9,540 | 9,854 | 10,067 |
| Other assets | 16,279 | 19,188 | 17,442 | 16,997 | 16,773 |
| Separate account assets | 160,506 | 160,070 | 166,757 | 177,463 | 181,618 |
| Total assets | <u>351,263</u> | <u>362,956</u> | <u>364,780</u> | <u>380,267</u> | <u>386,369</u> |
| Liabilities: | | | | | |
| Future policy benefits | 52,661 | 55,333 | 55,238 | 56,245 | 56,490 |
| Policyholders' account balances | 70,659 | 74,309 | 75,614 | 75,090 | 75,132 |
| Reinsurance payables | 2,994 | 1,351 | 1,405 | 1,458 | 1,472 |
| Securities sold under agreements to repurchase | 7,141 | 9,564 | 6,256 | 5,747 | 4,794 |
| Cash collateral for loaned securities | 3,139 | 3,834 | 3,797 | 4,082 | 3,697 |
| Income taxes | 2,500 | 1,969 | 2,827 | 2,920 | 3,199 |
| Securities sold but not yet purchased | 132 | 2,152 | 313 | 277 | 307 |
| Short-term debt | 9,685 | 9,723 | 9,418 | 10,798 | 12,812 |
| Long-term debt | 7,284 | 7,520 | 7,464 | 9,673 | 10,080 |
| Other liabilities | 13,333 | 16,707 | 13,638 | 14,824 | 14,503 |
| Separate account liabilities | 160,506 | 160,070 | 166,757 | 177,463 | 181,618 |
| Total liabilities | <u>330,034</u> | <u>342,532</u> | <u>342,727</u> | <u>358,577</u> | <u>364,104</u> |
| Attributed Equity: | | | | | |
| Accumulated other comprehensive income (loss) | 512 | (180) | 821 | 496 | 680 |
| Other attributed equity | 20,717 | 20,604 | 21,232 | 21,194 | 21,585 |
| Total attributed equity | <u>21,229</u> | <u>20,424</u> | <u>22,053</u> | <u>21,690</u> | <u>22,265</u> |
| Total liabilities and attributed equity | <u>351,263</u> | <u>362,956</u> | <u>364,780</u> | <u>380,267</u> | <u>386,369</u> |

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

| | Three Months Ended March 31, 2007 | | | | |
|--|-----------------------------------|--------------------|---------------------|----------------------------------|--------------------------------|
| | Total | | | International | |
| | Financial Services Businesses | Insurance Division | Investment Division | Insurance & Investments Division | Corporate and Other Operations |
| Revenues (1) : | | | | | |
| Premiums | 2,720 | 1,073 | 96 | 1,553 | (2) |
| Policy charges and fee income | 784 | 667 | 44 | 72 | 1 |
| Net investment income | 2,054 | 470 | 993 | 386 | 205 |
| Asset management fees, commissions and other income | 1,149 | 230 | 744 | 220 | (45) |
| Total revenues | 6,707 | 2,440 | 1,877 | 2,231 | 159 |
| Benefits and Expenses (1): | | | | | |
| Insurance and annuity benefits | 2,763 | 1,230 | 302 | 1,219 | 12 |
| Interest credited to policyholders' account balances | 745 | 202 | 492 | 77 | (26) |
| Interest expense | 274 | 53 | 59 | 2 | 160 |
| Deferral of acquisition costs | (539) | (270) | (19) | (261) | 11 |
| Amortization of acquisition costs | 272 | 153 | 9 | 128 | (18) |
| General and administrative expenses | 1,959 | 754 | 606 | 591 | 8 |
| Total benefits and expenses | 5,474 | 2,122 | 1,449 | 1,756 | 147 |
| Adjusted operating income before income taxes | 1,233 | 318 | 428 | 475 | 12 |
| | | | | | |
| | Three Months Ended March 31, 2006 | | | | |
| | Total | | | International | |
| | Financial Services Businesses | Insurance Division | Investment Division | Insurance & Investments Division | Corporate and Other Operations |
| Revenues (1): | | | | | |
| Premiums | 2,604 | 982 | 92 | 1,533 | (3) |
| Policy charges and fee income | 662 | 543 | 48 | 76 | (5) |
| Net investment income | 1,812 | 418 | 849 | 330 | 215 |
| Asset management fees, commissions and other income | 1,054 | 178 | 745 | 160 | (29) |
| Total revenues | 6,132 | 2,121 | 1,734 | 2,099 | 178 |
| Benefits and Expenses (1): | | | | | |
| Insurance and annuity benefits | 2,577 | 1,070 | 269 | 1,224 | 14 |
| Interest credited to policyholders' account balances | 652 | 180 | 429 | 57 | (14) |
| Interest expense | 212 | 30 | 46 | 3 | 133 |
| Deferral of acquisition costs | (501) | (256) | (22) | (256) | 33 |
| Amortization of acquisition costs | 240 | 131 | 13 | 116 | (20) |
| General and administrative expenses | 2,006 | 668 | 759 | 573 | 6 |
| Total benefits and expenses | 5,186 | 1,823 | 1,494 | 1,717 | 152 |
| Adjusted operating income before income taxes | 946 | 298 | 240 | 382 | 26 |

(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.

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

| | As of March 31, 2007 | | | | |
|--|----------------------|----------------|----------------|---------------|---------------|
| | Total | | | International | |
| | Financial | Insurance | Investment | Insurance & | Corporate |
| | Services | Division | Division | Investments | and Other |
| | Businesses | | | Division | Operations |
| Assets: | | | | | |
| Total investments | 168,472 | 33,237 | 68,050 | 53,537 | 13,648 |
| Deferred policy acquisition costs | 10,067 | 5,537 | 183 | 4,509 | (162) |
| Other assets | 26,212 | 5,017 | 7,992 | 8,116 | 5,087 |
| Separate account assets | 181,618 | 89,449 | 93,344 | 175 | (1,350) |
| Total assets | 386,369 | 133,240 | 169,569 | 66,337 | 17,223 |
| Liabilities: | | | | | |
| Future policy benefits | 56,490 | 8,016 | 14,477 | 33,509 | 488 |
| Policyholders' account balances | 75,132 | 20,288 | 41,059 | 15,904 | (2,119) |
| Debt | 22,892 | 3,447 | 3,507 | 1,363 | 14,575 |
| Other liabilities | 27,972 | 5,436 | 10,894 | 8,653 | 2,989 |
| Separate account liabilities | 181,618 | 89,449 | 93,344 | 175 | (1,350) |
| Total liabilities | 364,104 | 126,636 | 163,281 | 59,604 | 14,583 |
| Attributed Equity: | | | | | |
| Accumulated other comprehensive income (loss) | 680 | 244 | 160 | 816 | (540) |
| Other attributed equity | 21,585 | 6,360 | 6,128 | 5,917 | 3,180 |
| Total attributed equity | 22,265 | 6,604 | 6,288 | 6,733 | 2,640 |
| Total liabilities and attributed equity | 386,369 | 133,240 | 169,569 | 66,337 | 17,223 |

| | As of December 31, 2006 | | | | |
|--|-------------------------|----------------|----------------|---------------|---------------|
| | Total | | | International | |
| | Financial | Insurance | Investment | Insurance & | Corporate |
| | Services | Division | Division | Investments | and Other |
| | Businesses | | | Division | Operations |
| Assets: | | | | | |
| Total investments | 165,323 | 33,154 | 65,862 | 52,884 | 13,423 |
| Deferred policy acquisition costs | 9,854 | 5,447 | 176 | 4,397 | (166) |
| Other assets | 27,627 | 5,555 | 8,353 | 7,968 | 5,751 |
| Separate account assets | 177,463 | 87,380 | 91,257 | 153 | (1,327) |
| Total assets | 380,267 | 131,536 | 165,648 | 65,402 | 17,681 |
| Liabilities: | | | | | |
| Future policy benefits | 56,245 | 7,905 | 14,517 | 33,333 | 490 |
| Policyholders' account balances | 75,090 | 20,511 | 40,616 | 15,842 | (1,879) |
| Debt | 20,471 | 3,491 | 2,164 | 1,346 | 13,470 |
| Other liabilities | 29,308 | 5,968 | 10,846 | 8,154 | 4,340 |
| Separate account liabilities | 177,463 | 87,380 | 91,257 | 153 | (1,327) |
| Total liabilities | 358,577 | 125,255 | 159,400 | 58,828 | 15,094 |
| Attributed Equity: | | | | | |
| Accumulated other comprehensive income (loss) | 496 | 235 | 118 | 694 | (551) |
| Other attributed equity | 21,194 | 6,046 | 6,130 | 5,880 | 3,138 |
| Total attributed equity | 21,690 | 6,281 | 6,248 | 6,574 | 2,587 |
| Total liabilities and attributed equity | 380,267 | 131,536 | 165,648 | 65,402 | 17,681 |

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

| | As of March 31, 2007 | | | As of December 31, 2006 | | |
|--|----------------------|----------------|---------------|-------------------------|----------------|---------------|
| | Short-term Debt | Long-term Debt | Total Debt | Short-term Debt | Long-term Debt | Total Debt |
| Financial Services Businesses | | | | | | |
| <i>Borrowings by use of proceeds:</i> | | | | | | |
| Capital Debt | 255 | 4,125 | 4,380 | 255 | 4,122 | 4,377 |
| Investment related | 8,459 | 5,279 | 13,738 | 7,053 | 5,116 | 12,169 |
| Securities business related | 2,951 | 182 | 3,133 | 2,334 | - | 2,334 |
| Specified other businesses | 904 | 368 | 1,272 | 1,072 | 350 | 1,422 |
| Limited recourse and non-recourse borrowing | 243 | 126 | 369 | 84 | 85 | 169 |
| Total debt - Financial Services Businesses | <u>12,812</u> | <u>10,080</u> | <u>22,892</u> | <u>10,798</u> | <u>9,673</u> | <u>20,471</u> |
| Ratio of long-term and short-term capital debt to capitalization | | | <u>16.8%</u> | | | <u>17.0%</u> |
| Closed Block Business | | | | | | |
| Investment related | 1,122 | - | 1,122 | 1,738 | - | 1,738 |
| Limited recourse and non-recourse borrowing | - | 1,750 | 1,750 | - | 1,750 | 1,750 |
| Total debt | <u>1,122</u> | <u>1,750</u> | <u>2,872</u> | <u>1,738</u> | <u>1,750</u> | <u>3,488</u> |

| | As of March 31, 2007 | | | | As of December 31, 2006 | | | |
|---|-------------------------------|--|---------------------|---------------|-------------------------------|--|---------------------|---------------|
| | 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 | | | | | | | | |
| <i>Borrowings by sources:</i> | | | | | | | | |
| Capital Debt | 3,081 | 1,299 | - | 4,380 | 3,079 | 1,298 | - | 4,377 |
| Investment related | 7,846 | 4,857 | 1,035 | 13,738 | 7,372 | 3,763 | 1,034 | 12,169 |
| Securities business related | 1,436 | 1,578 | 119 | 3,133 | 712 | 1,191 | 431 | 2,334 |
| Specified other businesses | 411 | 861 | - | 1,272 | 424 | 998 | - | 1,422 |
| Limited recourse and non-recourse borrowing | - | - | 369 | 369 | - | - | 169 | 169 |
| Total debt - Financial Services Businesses | <u>12,774</u> | <u>8,595</u> | <u>1,523</u> | <u>22,892</u> | <u>11,587</u> | <u>7,250</u> | <u>1,634</u> | <u>20,471</u> |

(1) Includes Prudential Funding, LLC.

(2) Capital debt at Prudential Insurance Co. of America includes \$693 million of Surplus Notes for March 31, 2007 and December 31, 2006.

COMBINED STATEMENTS OF OPERATIONS - INSURANCE DIVISION
 (in millions)

| Year-to-date | | % Change | | 2006 | | | | 2007 |
|-----------------------------------|--------------|-------------|--|--------------|--------------|--------------|--------------|--------------|
| 2007 | 2006 | | | 1Q | 2Q | 3Q | 4Q | 1Q |
| Revenues (1): | | | | | | | | |
| 1,073 | 982 | 9% | Premiums | 982 | 1,005 | 1,027 | 1,052 | 1,073 |
| 667 | 543 | 23% | Policy charges and fee income | 543 | 559 | 474 | 637 | 667 |
| 470 | 418 | 12% | Net investment income | 418 | 438 | 463 | 468 | 470 |
| 230 | 178 | 29% | Asset management fees, commissions and other income | 178 | 169 | 241 | 218 | 230 |
| <u>2,440</u> | <u>2,121</u> | 15% | Total revenues | <u>2,121</u> | <u>2,171</u> | <u>2,205</u> | <u>2,375</u> | <u>2,440</u> |
| Benefits and Expenses (1): | | | | | | | | |
| 1,230 | 1,070 | 15% | Insurance and annuity benefits | 1,070 | 1,144 | 1,225 | 1,154 | 1,230 |
| 202 | 180 | 12% | Interest credited to policyholders' account balances | 180 | 181 | 196 | 206 | 202 |
| 53 | 30 | 77% | Interest expense | 30 | 28 | 37 | 44 | 53 |
| (270) | (256) | -5% | Deferral of acquisition costs | (256) | (228) | (235) | (282) | (270) |
| 153 | 131 | 17% | Amortization of acquisition costs | 131 | 142 | (191) | 125 | 153 |
| 754 | 668 | 13% | General and administrative expenses | 668 | 657 | 708 | 779 | 754 |
| <u>2,122</u> | <u>1,823</u> | 16% | Total benefits and expenses | <u>1,823</u> | <u>1,924</u> | <u>1,740</u> | <u>2,026</u> | <u>2,122</u> |
| <u>318</u> | <u>298</u> | 7% | Adjusted operating income before income taxes | <u>298</u> | <u>247</u> | <u>465</u> | <u>349</u> | <u>318</u> |

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

COMBINING STATEMENTS OF OPERATIONS - INSURANCE DIVISION
 (in millions)

| | Three Months Ended March 31, 2007 | | | |
|--|-----------------------------------|--------------------|-------------------------|--------------------|
| | Total Insurance Division | Individual Life | Individual Annuities | Group Insurance |
| Revenues (1): | | | | |
| Premiums | 1,073 | 126 | 21 | 926 |
| Policy charges and fee income | 667 | 272 | 299 | 96 |
| Net investment income | 470 | 155 | 151 | 164 |
| Asset management fees, commissions and other income | 230 | 78 | 133 | 19 |
| Total revenues | <u>2,440</u> | <u>631</u> | <u>604</u> | <u>1,205</u> |
| Benefits and Expenses (1): | | | | |
| Insurance and annuity benefits | 1,230 | 236 | 59 | 935 |
| Interest credited to policyholders' account balances | 202 | 54 | 89 | 59 |
| Interest expense | 53 | 38 | 13 | 2 |
| Deferral of acquisition costs | (270) | (103) | (154) | (13) |
| Amortization of acquisition costs | 153 | 78 | 74 | 1 |
| General and administrative expenses (2) | 754 | 227 | 357 | 170 |
| Total benefits and expenses | <u>2,122</u> | <u>530</u> | <u>438</u> | <u>1,154</u> |
| Adjusted operating income before income taxes | <u>318</u> | <u>101</u> | <u>166</u> | <u>51</u> |
| | | | | |
| | Three Months Ended March 31, 2006 | | | |
| | Total Insurance Division | Individual Life | Individual Annuities | Group Insurance |
| Revenues (1): | | | | |
| Premiums | 982 | 100 | 15 | 867 |
| Policy charges and fee income | 543 | 266 | 200 | 77 |
| Net investment income | 418 | 126 | 144 | 148 |
| Asset management fees, commissions and other income | 178 | 67 | 94 | 17 |
| Total revenues | <u>2,121</u> | <u>559</u> | <u>453</u> | <u>1,109</u> |
| Benefits and Expenses (1): | | | | |
| Insurance and annuity benefits | 1,070 | 161 | 49 | 860 |
| Interest credited to policyholders' account balances | 180 | 48 | 83 | 49 |
| Interest expense | 30 | 17 | 10 | 3 |
| Deferral of acquisition costs | (256) | (80) | (119) | (57) |
| Amortization of acquisition costs | 131 | 74 | 57 | - |
| General and administrative expenses (2) | 668 | 206 | 255 | 207 |
| Total benefits and expenses | <u>1,823</u> | <u>426</u> | <u>335</u> | <u>1,062</u> |
| Adjusted operating income before income taxes | <u>298</u> | <u>133</u> | <u>118</u> | <u>47</u> |

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

(2) General and administrative expenses for Individual Annuities include \$32 million for the three months ended March 31, 2007 and \$11 million for the three months ended March 31, 2006, for the amortization, net of interest, of value of business acquired (VOBA) associated with the American Skandia and Allstate acquisitions.

INSURANCE DIVISION - INDIVIDUAL LIFE SALES, ACCOUNT VALUE ACTIVITY, AND FACE AMOUNT IN FORCE
(in millions)

| Year-to-date | | 2006 | | | | 2007 |
|---|--------|---------|---------|---------|---------|---------|
| 2007 | 2006 | 1Q | 2Q | 3Q | 4Q | 1Q |
| SALES: | | | | | | |
| Excluding corporate-owned life insurance: | | | | | | |
| 48 | 21 | 21 | 24 | 25 | 20 | 48 |
| 44 | 40 | 40 | 43 | 34 | 75 | 44 |
| 49 | 31 | 31 | 34 | 35 | 48 | 49 |
| 141 | 92 | 92 | 101 | 94 | 143 | 141 |
| 5 | 1 | 1 | 4 | 5 | 2 | 5 |
| 146 | 93 | 93 | 105 | 99 | 145 | 146 |
| SALES BY DISTRIBUTION CHANNEL: | | | | | | |
| Excluding corporate-owned life insurance: | | | | | | |
| 42 | 45 | 45 | 45 | 37 | 54 | 42 |
| 99 | 47 | 47 | 56 | 57 | 89 | 99 |
| 5 | 1 | 1 | 4 | 5 | 2 | 5 |
| 146 | 93 | 93 | 105 | 99 | 145 | 146 |
| ACCOUNT VALUE ACTIVITY: | | | | | | |
| Policyholders' Account Balances (1): | | | | | | |
| 6,165 | 5,694 | 5,694 | 5,802 | 5,891 | 6,018 | 6,165 |
| 325 | 307 | 307 | 332 | 299 | 340 | 325 |
| (236) | (242) | (242) | (278) | (284) | (214) | (236) |
| 89 | 65 | 65 | 54 | 15 | 126 | 89 |
| (46) | (37) | (37) | (32) | (36) | (33) | (46) |
| 43 | 28 | 28 | 22 | (21) | 93 | 43 |
| 46 | 83 | 83 | 60 | 149 | 60 | 46 |
| 65 | 55 | 55 | 66 | 59 | 62 | 65 |
| (66) | (58) | (58) | (59) | (60) | (68) | (66) |
| 6,253 | 5,802 | 5,802 | 5,891 | 6,018 | 6,165 | 6,253 |
| Separate Account Liabilities: | | | | | | |
| 17,586 | 16,170 | 16,170 | 16,682 | 16,313 | 16,747 | 17,586 |
| 316 | 301 | 301 | 332 | 298 | 290 | 316 |
| (166) | (177) | (177) | (198) | (173) | (145) | (166) |
| 150 | 124 | 124 | 134 | 125 | 145 | 150 |
| (28) | (9) | (9) | (9) | (7) | (9) | (28) |
| 122 | 115 | 115 | 125 | 118 | 136 | 122 |
| 303 | 653 | 653 | (228) | 574 | 963 | 303 |
| (65) | (55) | (55) | (66) | (59) | (62) | (65) |
| (198) | (201) | (201) | (200) | (199) | (198) | (198) |
| 17,748 | 16,682 | 16,682 | 16,313 | 16,747 | 17,586 | 17,748 |
| FACE AMOUNT IN FORCE (2): | | | | | | |
| | | 141,962 | 140,629 | 140,139 | 139,847 | 139,418 |
| | | 19,639 | 20,318 | 21,017 | 21,971 | 22,910 |
| | | 210,589 | 221,072 | 231,971 | 247,933 | 264,840 |
| | | 372,190 | 382,019 | 393,127 | 409,751 | 427,168 |

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

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

INSURANCE DIVISION - SUPPLEMENTARY INFORMATION FOR INDIVIDUAL LIFE INSURANCE
 (dollar amounts in millions)

| Year-to-date | | | 2006 | | | | 2007 |
|---|------|---|------|------|------|------|------|
| 2007 | 2006 | | 1Q | 2Q | 3Q | 4Q | 1Q |
| Individual Life Insurance: | | | | | | | |
| Policy Surrender Experience: | | | | | | | |
| 167 | 191 | Cash value of surrenders | 191 | 212 | 181 | 160 | 167 |
| 3.0% | 3.7% | Cash value of surrenders as a percentage of mean future policy benefits, policyholders' account balances, and separate account balances | 3.7% | 4.1% | 3.4% | 2.9% | 3.0% |
| Death benefits per \$1,000 of in force (1): | | | | | | | |
| 3.66 | 2.87 | Variable and universal life | 2.87 | 3.59 | 3.22 | 3.51 | 3.66 |
| 3.18 | 1.09 | Term life | 1.09 | 1.64 | 1.92 | 1.17 | 3.18 |
| 3.64 | 2.50 | Total, Individual Life Insurance | 2.50 | 3.20 | 2.93 | 2.84 | 3.64 |

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

INSURANCE DIVISION - INDIVIDUAL ANNUITIES SALES RESULTS, ACCOUNT VALUES AND MINIMUM GUARANTEES
(in millions)

| Year-to-date | | 2006 | | | | 2007 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| 2007 | 2006 | 1Q | 2Q | 3Q | 4Q | 1Q |
| SALES AND ACCOUNT VALUES: | | | | | | |
| Variable Annuities: | | | | | | |
| 74,555 | 50,778 | 50,778 | 53,181 | 68,807 | 70,555 | 74,555 |
| 2,779 | 2,129 | 2,129 | 2,500 | 2,323 | 2,641 | 2,779 |
| (2,310) | (1,585) | (1,585) | (1,757) | (2,084) | (2,296) | (2,310) |
| 469 | 544 | 544 | 743 | 239 | 345 | 469 |
| (306) | (185) | (185) | (225) | (244) | (264) | (306) |
| 163 | 359 | 359 | 518 | (5) | 81 | 163 |
| 1,168 | 2,228 | 2,228 | (1,000) | 2,012 | 4,208 | 1,168 |
| (295) | (184) | (184) | (204) | (259) | (289) | (295) |
| - | - | - | 16,312 | - | - | - |
| <u>75,591</u> | <u>53,181</u> | <u>53,181</u> | <u>68,807</u> | <u>70,555</u> | <u>74,555</u> | <u>75,591</u> |
| Fixed Annuities: | | | | | | |
| 3,748 | 3,991 | 3,991 | 3,941 | 3,871 | 3,814 | 3,748 |
| 21 | 28 | 28 | 32 | 33 | 26 | 21 |
| (81) | (69) | (69) | (92) | (75) | (77) | (81) |
| (60) | (41) | (41) | (60) | (42) | (51) | (60) |
| (43) | (43) | (43) | (42) | (41) | (50) | (43) |
| (103) | (84) | (84) | (102) | (83) | (101) | (103) |
| 35 | 35 | 35 | 33 | 27 | 36 | 35 |
| (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| <u>3,679</u> | <u>3,941</u> | <u>3,941</u> | <u>3,871</u> | <u>3,814</u> | <u>3,748</u> | <u>3,679</u> |
| SALES BY DISTRIBUTION CHANNEL: | | | | | | |
| <u>Variable and Fixed Annuities (1):</u> | | | | | | |
| 589 | 405 | 405 | 481 | 466 | 638 | 589 |
| 318 | 194 | 194 | 266 | 257 | 352 | 318 |
| 1,893 | 1,558 | 1,558 | 1,785 | 1,633 | 1,677 | 1,893 |
| <u>2,800</u> | <u>2,157</u> | <u>2,157</u> | <u>2,532</u> | <u>2,356</u> | <u>2,667</u> | <u>2,800</u> |
| VARIABLE ANNUITY MINIMUM DEATH BENEFIT GUARANTEES (3): | | | | | | |
| <i>Return of net deposits:</i> | | | | | | |
| | | 29,988 | 32,897 | 34,288 | 37,071 | 38,287 |
| | | 1,751 | 1,870 | 1,724 | 1,491 | 1,433 |
| <i>Minimum return, anniversary contract value, or maximum contract value:</i> | | | | | | |
| | | 17,755 | 30,594 | 30,942 | 32,118 | 32,059 |
| | | 1,600 | 3,378 | 3,009 | 2,528 | 2,439 |
| <u>Variable Annuity Account Values with Living Benefit Features (3):</u> | | | | | | |
| | | 7,738 | 9,231 | 9,667 | 10,452 | 10,731 |
| | | 885 | 1,678 | 1,853 | 2,028 | 2,105 |
| | | 3,203 | 7,047 | 7,113 | 7,329 | 7,269 |
| | | 4,155 | 5,304 | 6,678 | 8,570 | 10,205 |
| | | <u>15,981</u> | <u>23,260</u> | <u>25,311</u> | <u>28,379</u> | <u>30,310</u> |

(1) Amounts represent gross sales.
(2) Including bank distribution.
(3) At end of period.

INSURANCE DIVISION - INDIVIDUAL ANNUITIES ACCOUNT VALUE ACTIVITY
(in millions)

| Year-to-date | | | 2006 | | | | 2007 |
|---|---------------|---|---------------|---------------|---------------|---------------|---------------|
| 2007 | 2006 | | 1Q | 2Q | 3Q | 4Q | 1Q |
| INDIVIDUAL ANNUITIES: | | | | | | | |
| <i>Account Values in General Account (1):</i> | | | | | | | |
| 9,527 | 9,231 | Beginning balance | 9,231 | 8,850 | 10,722 | 10,222 | 9,527 |
| 83 | 74 | Premiums and deposits | 74 | 96 | 182 | 110 | 83 |
| (333) | (273) | Surrenders and withdrawals | (273) | (313) | (350) | (332) | (333) |
| (250) | (199) | Net redemptions | (199) | (217) | (168) | (222) | (250) |
| (102) | (94) | Benefit payments | (94) | (92) | (101) | (114) | (102) |
| (352) | (293) | Net flows | (293) | (309) | (269) | (336) | (352) |
| 85 | 86 | Interest credited and other | 86 | 89 | 98 | 95 | 85 |
| (13) | (173) | Net transfers (to) from separate account | (173) | 539 | (329) | (453) | (13) |
| (1) | (1) | Policy charges | (1) | (1) | - | (1) | (1) |
| - | - | Acquisition | - | 1,554 | - | - | - |
| <u>9,246</u> | <u>8,850</u> | Ending balance | <u>8,850</u> | <u>10,722</u> | <u>10,222</u> | <u>9,527</u> | <u>9,246</u> |
| <i>Account Values in Separate Account:</i> | | | | | | | |
| 68,776 | 45,538 | Beginning balance | 45,538 | 48,272 | 61,956 | 64,147 | 68,776 |
| 2,717 | 2,083 | Premiums and deposits | 2,083 | 2,436 | 2,173 | 2,558 | 2,717 |
| (2,058) | (1,380) | Surrenders and withdrawals | (1,380) | (1,537) | (1,809) | (2,041) | (2,058) |
| 659 | 703 | Net sales | 703 | 899 | 364 | 517 | 659 |
| (247) | (134) | Benefit payments | (134) | (175) | (184) | (199) | (247) |
| 412 | 569 | Net flows | 569 | 724 | 180 | 318 | 412 |
| 1,118 | 2,177 | Change in market value, interest credited and other | 2,177 | (1,056) | 1,942 | 4,147 | 1,118 |
| 13 | 173 | Net transfers (to) from general account | 173 | (539) | 329 | 453 | 13 |
| (295) | (185) | Policy charges | (185) | (203) | (260) | (289) | (295) |
| - | - | Acquisition | - | 14,758 | - | - | - |
| <u>70,024</u> | <u>48,272</u> | Ending balance | <u>48,272</u> | <u>61,956</u> | <u>64,147</u> | <u>68,776</u> | <u>70,024</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.

INSURANCE DIVISION - SUPPLEMENTARY INFORMATION FOR GROUP INSURANCE
(dollar amounts in millions)

| Year-to-date | | 2006 | | | | 2007 |
|---|------------|---------------|---------------|---------------|---------------|---------------|
| 2007 | 2006 | 1Q | 2Q | 3Q | 4Q | 1Q |
| GROUP INSURANCE NEW ANNUALIZED PREMIUMS: | | | | | | |
| 103 | 206 | 206 | 25 | 98 | 37 | 103 |
| 92 | 74 | 74 | 18 | 29 | 17 | 92 |
| <u>195</u> | <u>280</u> | <u>280</u> | <u>43</u> | <u>127</u> | <u>54</u> | <u>195</u> |
| Future Policy Benefits (2): | | | | | | |
| | | 1,967 | 1,980 | 1,953 | 2,181 | 2,103 |
| | | 474 | 496 | 498 | 519 | 589 |
| | | <u>2,441</u> | <u>2,476</u> | <u>2,451</u> | <u>2,700</u> | <u>2,692</u> |
| Policyholders' Account Balances (2): | | | | | | |
| | | 4,935 | 5,178 | 5,325 | 5,466 | 5,439 |
| | | 95 | 101 | 108 | 112 | 109 |
| | | <u>5,030</u> | <u>5,279</u> | <u>5,433</u> | <u>5,578</u> | <u>5,548</u> |
| Separate Account Liabilities (2): | | | | | | |
| | | 12,588 | 14,334 | 15,023 | 16,412 | 16,898 |
| | | - | - | - | - | - |
| | | <u>12,588</u> | <u>14,334</u> | <u>15,023</u> | <u>16,412</u> | <u>16,898</u> |
| Group Life Insurance: | | | | | | |
| 832 | 791 | 791 | 954 | 763 | 788 | 832 |
| 811 | 755 | 755 | 752 | 784 | 794 | 811 |
| 91.5% | 92.1% | 92.1% | 95.4% | 89.8% | 90.1% | 91.5% |
| 9.6% | 9.4% | 9.4% | 7.9% | 10.0% | 11.4% | 9.6% |
| | | 96.5% | 95.9% | 95.1% | 94.8% | 95.6% |
| Group Disability Insurance (1): | | | | | | |
| 217 | 199 | 199 | 203 | 210 | 211 | 217 |
| 211 | 189 | 189 | 198 | 195 | 196 | 211 |
| 91.0% | 87.3% | 87.3% | 89.4% | 79.5% | 85.7% | 91.0% |
| 22.1% | 21.6% | 21.6% | 21.7% | 20.5% | 22.3% | 22.1% |
| | | 94.2% | 92.2% | 90.8% | 89.9% | 92.1% |

(1) Group disability amounts include long-term care products.

(2) As of end of period.

(3) Before returns of premiums to participating policyholders for favorable claims experience.

INSURANCE DIVISION - DEFERRED POLICY ACQUISITION COSTS
(in millions)

| Year-to-date | | 2006 | | | | 2007 |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 2007 | 2006 | 1Q | 2Q | 3Q | 4Q | 1Q |
| INDIVIDUAL LIFE INSURANCE: | | | | | | |
| 3,550 | 3,187 | 3,187 | 3,253 | 3,277 | 3,508 | 3,550 |
| 103 | 80 | 80 | 83 | 91 | 97 | 103 |
| (78) | (74) | (74) | (91) | 220 | (57) | (78) |
| - | - | - | - | - | - | - |
| (5) | 60 | 60 | 32 | (80) | 2 | (5) |
| <u>3,570</u> | <u>3,253</u> | <u>3,253</u> | <u>3,277</u> | <u>3,508</u> | <u>3,550</u> | <u>3,570</u> |
| INDIVIDUAL ANNUITIES: | | | | | | |
| 1,613 | 1,256 | 1,256 | 1,337 | 1,470 | 1,532 | 1,613 |
| 154 | 119 | 119 | 133 | 131 | 151 | 154 |
| (74) | (57) | (57) | (51) | (28) | (67) | (74) |
| 1 | - | - | 8 | 12 | - | 1 |
| (10) | 19 | 19 | 43 | (53) | (3) | (10) |
| (13) | - | - | - | - | - | (13) |
| <u>1,671</u> | <u>1,337</u> | <u>1,337</u> | <u>1,470</u> | <u>1,532</u> | <u>1,613</u> | <u>1,671</u> |
| GROUP INSURANCE: | | | | | | |
| 284 | 170 | 170 | 227 | 239 | 251 | 284 |
| 13 | 57 | 57 | 12 | 13 | 34 | 13 |
| (1) | - | - | - | (1) | (1) | (1) |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>296</u> | <u>227</u> | <u>227</u> | <u>239</u> | <u>251</u> | <u>284</u> | <u>296</u> |
| TOTAL INSURANCE DIVISION: | | | | | | |
| 5,447 | 4,613 | 4,613 | 4,817 | 4,986 | 5,291 | 5,447 |
| 270 | 256 | 256 | 228 | 235 | 282 | 270 |
| (153) | (131) | (131) | (142) | 191 | (125) | (153) |
| 1 | - | - | 8 | 12 | - | 1 |
| (15) | 79 | 79 | 75 | (133) | (1) | (15) |
| (13) | - | - | - | - | - | (13) |
| <u>5,537</u> | <u>4,817</u> | <u>4,817</u> | <u>4,986</u> | <u>5,291</u> | <u>5,447</u> | <u>5,537</u> |

(1) Reflects the impact of adoption of SOP 05-1 on January 1, 2007.

COMBINED STATEMENTS OF OPERATIONS - INVESTMENT DIVISION
(in millions)

| Year-to-date | | % Change | | 2006 | | | | 2007 |
|--------------|--------------|-------------|--|--------------|--------------|--------------|--------------|--------------|
| 2007 | 2006 | | | 1Q | 2Q | 3Q | 4Q | 1Q |
| | | | Revenues (1): | | | | | |
| 96 | 92 | 4% | Premiums | 92 | 30 | 84 | 88 | 96 |
| 44 | 48 | -8% | Policy charges and fee income | 48 | 43 | 45 | 43 | 44 |
| 993 | 849 | 17% | Net investment income | 849 | 917 | 927 | 970 | 993 |
| 744 | 745 | 0% | Asset management fees, commissions and other income | 744 | 656 | 625 | 840 | 744 |
| <u>1,877</u> | <u>1,734</u> | 8% | Total revenues | <u>1,734</u> | <u>1,646</u> | <u>1,681</u> | <u>1,941</u> | <u>1,877</u> |
| | | | Benefits and Expenses (1): | | | | | |
| 302 | 269 | 12% | Insurance and annuity benefits | 269 | 235 | 297 | 303 | 302 |
| 492 | 429 | 15% | Interest credited to policyholders' account balances | 429 | 452 | 475 | 497 | 492 |
| 59 | 46 | 28% | Interest expense | 46 | 62 | 63 | 67 | 59 |
| (19) | (22) | 14% | Deferral of acquisition costs | (22) | (22) | (25) | (24) | (19) |
| 9 | 13 | -31% | Amortization of acquisition costs | 13 | 17 | 12 | 10 | 9 |
| 606 | 759 | -20% | General and administrative expenses | 759 | 586 | 607 | 733 | 606 |
| <u>1,449</u> | <u>1,494</u> | -3% | Total benefits and expenses | <u>1,494</u> | <u>1,330</u> | <u>1,429</u> | <u>1,586</u> | <u>1,449</u> |
| <u>428</u> | <u>240</u> | 78% | Adjusted operating income before income taxes | <u>240</u> | <u>316</u> | <u>252</u> | <u>355</u> | <u>428</u> |

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

COMBINING STATEMENTS OF OPERATIONS - INVESTMENT DIVISION
 (in millions)

| | Three Months Ended March 31, 2007 | | | |
|--|-----------------------------------|------------|------------|--------------|
| | Total | Asset | Financial | |
| | Investment | Management | Advisory | Retirement |
| | Division | | | |
| Revenues (1): | | | | |
| Premiums | 96 | - | - | 96 |
| Policy charges and fee income | 44 | - | - | 44 |
| Net investment income | 993 | 98 | 1 | 894 |
| Asset management fees, commissions and other income | 744 | 459 | 156 | 129 |
| Total revenues | <u>1,877</u> | <u>557</u> | <u>157</u> | <u>1,163</u> |
| Benefits and Expenses (1): | | | | |
| Insurance and annuity benefits | 302 | - | - | 302 |
| Interest credited to policyholders' account balances | 492 | - | - | 492 |
| Interest expense | 59 | 10 | - | 49 |
| Deferral of acquisition costs | (19) | (4) | - | (15) |
| Amortization of acquisition costs | 9 | 6 | - | 3 |
| General and administrative expenses | 606 | 361 | 61 | 184 |
| Total benefits and expenses | <u>1,449</u> | <u>373</u> | <u>61</u> | <u>1,015</u> |
| Adjusted operating income before income taxes | <u>428</u> | <u>184</u> | <u>96</u> | <u>148</u> |

| | Three Months Ended March 31, 2006 | | | |
|--|-----------------------------------|------------|-------------|--------------|
| | Total | Asset | Financial | |
| | Investment | Management | Advisory | Retirement |
| | Division | | | |
| Revenues (1): | | | | |
| Premiums | 92 | - | - | 92 |
| Policy charges and fee income | 48 | - | - | 48 |
| Net investment income | 849 | 42 | 9 | 798 |
| Asset management fees, commissions and other income | 745 | 460 | 169 | 116 |
| Total revenues | <u>1,734</u> | <u>502</u> | <u>178</u> | <u>1,054</u> |
| Benefits and Expenses (1): | | | | |
| Insurance and annuity benefits | 269 | - | - | 269 |
| Interest credited to policyholders' account balances | 429 | - | - | 429 |
| Interest expense | 46 | 6 | - | 40 |
| Deferral of acquisition costs | (22) | (5) | - | (17) |
| Amortization of acquisition costs | 13 | 7 | - | 6 |
| General and administrative expenses | 759 | 325 | 244 | 190 |
| Total benefits and expenses | <u>1,494</u> | <u>333</u> | <u>244</u> | <u>917</u> |
| Adjusted operating income (loss) before income taxes | <u>240</u> | <u>169</u> | <u>(66)</u> | <u>137</u> |

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

INVESTMENT DIVISION - SUPPLEMENTARY REVENUE AND ASSETS UNDER MANAGEMENT INFORMATION FOR ASSET MANAGEMENT SEGMENT

Supplementary Revenue Information (in millions):

| Year-to-date | | % Change |
|--------------|------------|-------------|
| 2007 | 2006 | |
| 262 | 234 | 12% |
| 143 | 144 | -1% |
| 152 | 124 | 23% |
| <u>557</u> | <u>502</u> | 11% |
| 117 | 98 | 19% |
| 84 | 76 | 11% |
| 61 | 60 | 2% |
| <u>262</u> | <u>234</u> | 12% |

Analysis of revenues by type:

| |
|--|
| Asset management fees |
| Incentive, transaction, principal investing and capital markets revenues |
| Service, distribution and other revenues |
| Total Asset Management segment revenues |

Analysis of asset management fees by source:

| |
|-----------------------------|
| Institutional customers |
| Retail customers |
| General account |
| Total asset management fees |

| | 2006 | | | | 2007 |
|--|------------|------------|------------|------------|------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q |
| Asset management fees | 234 | 237 | 244 | 259 | 262 |
| Incentive, transaction, principal investing and capital markets revenues | 144 | 111 | 79 | 247 | 143 |
| Service, distribution and other revenues | 124 | 121 | 120 | 130 | 152 |
| Total Asset Management segment revenues | 502 | 469 | 443 | 636 | 557 |
| Institutional customers | 98 | 102 | 111 | 115 | 117 |
| Retail customers | 76 | 76 | 75 | 83 | 84 |
| General account | 60 | 59 | 58 | 61 | 61 |
| Total asset management fees | 234 | 237 | 244 | 259 | 262 |

Supplementary Assets Under Management Information (in billions):

| | March 31, 2007 | | | |
|-------------------------|----------------|-----------------|----------------|--------------|
| | Equity | Fixed Income | Real Estate | Total |
| Institutional customers | 55.2 | 81.8 | 24.0 | 161.0 |
| Retail customers | 61.8 | 20.5 | 1.9 | 84.2 |
| General account | 4.1 | 163.9 | 0.9 | 168.9 |
| Total | 121.1 | 266.2 | 26.8 | 414.1 |

| | March 31, 2006 | | | |
|-------------------------|----------------|-----------------|----------------|--------------|
| | Equity | Fixed Income | Real Estate | Total |
| Institutional customers | 51.2 | 68.6 | 18.9 | 138.7 |
| Retail customers | 55.4 | 19.1 | 1.1 | 75.6 |
| General account | 3.8 | 152.9 | 1.1 | 157.8 |
| Total | 110.4 | 240.6 | 21.1 | 372.1 |

INVESTMENT DIVISION - SUPPLEMENTARY ASSETS UNDER MANAGEMENT AND ADMINISTRATION INFORMATION FOR ASSET MANAGEMENT SEGMENT
(in billions)

| Year-to-date | | 2006 | | | | 2007 |
|---|-------|-------|-------|-------|-------|-------|
| 2007 | 2006 | 1Q | 2Q | 3Q | 4Q | 1Q |
| Institutional Assets Under Management: | | | | | | |
| Assets gathered by Investment Management & Advisory Services sales force: | | | | | | |
| 122.9 | 101.3 | 101.3 | 106.7 | 107.1 | 115.0 | 122.9 |
| 5.9 | 7.3 | 7.3 | 5.3 | 6.8 | 8.3 | 5.9 |
| (4.7) | (4.0) | (4.0) | (4.4) | (3.6) | (4.9) | (4.7) |
| 2.5 | 1.9 | 1.9 | (0.4) | 4.3 | 4.5 | 2.5 |
| 0.4 | 0.2 | 0.2 | (0.1) | 0.4 | - | 0.4 |
| 127.0 | 106.7 | 106.7 | 107.1 | 115.0 | 122.9 | 127.0 |
| 34.0 | 32.0 | 32.0 | 31.4 | 32.9 | 33.9 | 34.0 |
| 161.0 | 138.7 | 138.7 | 138.5 | 147.9 | 156.8 | 161.0 |
| 1.2 | 3.3 | 3.3 | 0.9 | 3.2 | 3.4 | 1.2 |
| Retail Assets Under Management: | | | | | | |
| Assets gathered by Investment Management & Advisory Services sales force: | | | | | | |
| 43.4 | 38.7 | 38.7 | 40.5 | 40.7 | 41.3 | 43.4 |
| 3.0 | 2.7 | 2.7 | 3.3 | 1.9 | 2.1 | 3.0 |
| (2.7) | (2.3) | (2.3) | (3.0) | (2.6) | (1.9) | (2.7) |
| 1.1 | 1.3 | 1.3 | (1.0) | 1.3 | 2.0 | 1.1 |
| 0.1 | 0.1 | 0.1 | 0.9 | - | (0.1) | 0.1 |
| 2.8 | - | - | - | - | - | 2.8 |
| 47.7 | 40.5 | 40.5 | 40.7 | 41.3 | 43.4 | 47.7 |
| 36.5 | 35.1 | 35.1 | 34.4 | 34.6 | 35.6 | 36.5 |
| 84.2 | 75.6 | 75.6 | 75.1 | 75.9 | 79.0 | 84.2 |
| 0.3 | 0.4 | 0.4 | 0.3 | (0.7) | 0.2 | 0.3 |
| Wrap-fee Product Assets Under Administration: | | | | | | |
| 69.1 | 53.6 | 53.6 | 59.1 | 60.5 | 63.9 | 69.1 |
| 5.8 | 6.9 | 6.9 | 6.1 | 4.7 | 4.6 | 5.8 |
| (3.8) | (4.1) | (4.1) | (3.6) | (3.2) | (3.7) | (3.8) |
| 1.2 | 2.7 | 2.7 | (1.1) | 1.9 | 4.3 | 1.2 |
| 72.3 | 59.1 | 59.1 | 60.5 | 63.9 | 69.1 | 72.3 |
| 2.0 | 2.8 | 2.8 | 2.5 | 1.5 | 0.9 | 2.0 |

(1) Additions include \$1.8 billion for the year ended December 31, 2006, \$0.4 billion for the quarter ended June 30, 2006 and \$1.4 billion for the quarter ended March 31, 2006, for assets transferred from the Retirement segment.

(2) Represents transfer of retail assets from an externally managed fund family to the Jennison Dryden Fund Family (internally managed) in the quarter ended March 31, 2007.

(3) Substantially all relates to a contractual arrangement with Wachovia which provides for an essentially fixed annual fee and is scheduled to expire July 1, 2008.

INVESTMENT DIVISION - SUPPLEMENTARY INFORMATION FOR FINANCIAL ADVISORY SEGMENT
(dollar amounts in millions unless otherwise noted)

| Year-to-date | | 2006 | | | | 2007 |
|--|-------|-------|-------|-------|-------|-------|
| 2007 | 2006 | 1Q | 2Q | 3Q | 4Q | 1Q |
| Information pertaining to Wachovia Securities Financial Holdings, LLC: | | | | | | |
| Revenues: | | | | | | |
| 79 | 72 | 72 | 76 | 78 | 82 | 79 |
| 529 | 483 | 483 | 451 | 422 | 490 | 529 |
| 588 | 503 | 503 | 534 | 534 | 555 | 588 |
| 75 | 53 | 53 | 33 | 53 | 67 | 75 |
| 1,271 | 1,111 | 1,111 | 1,094 | 1,087 | 1,194 | 1,271 |
| Expenses: | | | | | | |
| 978 | 933 | 933 | 926 | 894 | 947 | 978 |
| - | - | - | - | - | - | - |
| 978 | 933 | 933 | 926 | 894 | 947 | 978 |
| 293 | 178 | 178 | 168 | 193 | 247 | 293 |
| 111 | 68 | 68 | 63 | 74 | 94 | 111 |
| - | 1 | 1 | (3) | (1) | (2) | - |
| 111 | 69 | 69 | 60 | 73 | 92 | 111 |
| Recurring revenue as a percentage of total non-interest revenue (1) | | | | | | |
| | | 48.4% | 49.0% | 49.1% | 49.4% | 49.5% |
| Total client assets (\$ in billions) (2) (3) | | | | | | |
| | | 688.7 | 704.3 | 729.9 | 754.8 | 768.0 |
| Distribution representatives (2): | | | | | | |
| | | 7,926 | 7,973 | 7,972 | 7,993 | 8,073 |
| | | 2,454 | 2,541 | 2,477 | 2,497 | 2,521 |
| Customer debit balances (\$ in billions) (2) | | | | | | |
| | | 5.4 | 5.1 | 4.9 | 4.8 | 4.5 |
| Prudential Financial, Inc. income (loss) from investment in Wachovia Securities Financial Holdings, LLC, including 38% interest in results, costs incurred at Prudential level, and purchase accounting adjustments | | | | | | |
| 97 | (107) | (107) | 30 | 51 | 53 | 97 |

(1) Calculated on a YTD annualized basis.

(2) As of end of period.

(3) Beginning in 2Q06, certain mutual fund assets were added to the overall client asset total. Prior periods have not been restated.

INVESTMENT DIVISION - RETIREMENT SALES RESULTS AND ACCOUNT VALUES
 (in millions)

| Year-to-date | | 2006 | | | | 2007 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| 2007 | 2006 | 1Q | 2Q | 3Q | 4Q | 1Q |
| RETIREMENT SALES AND ACCOUNT VALUES | | | | | | |
| Full Service: | | | | | | |
| 97,430 | 88,385 | 88,385 | 91,854 | 91,537 | 93,364 | 97,430 |
| 4,003 | 5,381 | 5,381 | 4,138 | 2,914 | 3,723 | 4,003 |
| (3,433) | (5,471) | (5,471) | (3,412) | (3,272) | (3,834) | (3,433) |
| 1,558 | 3,559 | 3,559 | (1,043) | 2,185 | 4,177 | 1,558 |
| <u>99,558</u> | <u>91,854</u> | <u>91,854</u> | <u>91,537</u> | <u>93,364</u> | <u>97,430</u> | <u>99,558</u> |
| <u>570</u> | <u>(90)</u> | <u>(90)</u> | <u>726</u> | <u>(358)</u> | <u>(111)</u> | <u>570</u> |
| | | 30,696 | 30,784 | 30,971 | 30,796 | 30,758 |
| Institutional Investment Products: | | | | | | |
| 50,269 | 48,080 | 48,080 | 47,215 | 46,913 | 49,468 | 50,269 |
| 1,533 | 1,536 | 1,536 | 1,088 | 2,004 | 1,365 | 1,533 |
| (1,743) | (2,452) | (2,452) | (1,429) | (711) | (1,764) | (1,743) |
| 607 | 182 | 182 | 423 | 995 | 647 | 607 |
| (5) | (131) | (131) | (384) | 267 | 553 | (5) |
| <u>50,661</u> | <u>47,215</u> | <u>47,215</u> | <u>46,913</u> | <u>49,468</u> | <u>50,269</u> | <u>50,661</u> |
| <u>(210)</u> | <u>(916)</u> | <u>(916)</u> | <u>(341)</u> | <u>1,293</u> | <u>(399)</u> | <u>(210)</u> |

(1) Withdrawals and benefits include \$1.8 billion for the year ended December 31, 2006, \$0.4 billion for the quarter ended June 30, 2006 and \$1.4 billion for the quarter ended March 31, 2006, for assets transferred to the Asset Management segment.

(2) Primarily represents changes in asset balances for externally managed accounts.

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

| Year-to-date | | % Change | | 2006 | | | | 2007 |
|--------------|-------|-------------|--|-------|-------|-------|-------|-------|
| 2007 | 2006 | | | 1Q | 2Q | 3Q | 4Q | 1Q |
| 1,553 | 1,533 | 1% | Revenues (1): | | | | | |
| 72 | 76 | -5% | Premiums | 1,533 | 1,517 | 1,438 | 1,458 | 1,553 |
| 386 | 330 | 17% | Policy charges and fee income | 76 | 70 | 70 | 70 | 72 |
| 220 | 160 | 38% | Net investment income | 330 | 343 | 376 | 376 | 386 |
| 2,231 | 2,099 | 6% | Asset management fees, commissions and other income | 160 | 150 | 172 | 181 | 220 |
| | | | Total revenues | 2,099 | 2,080 | 2,056 | 2,085 | 2,231 |
| | | | Benefits and Expenses (1): | | | | | |
| 1,219 | 1,224 | 0% | Insurance and annuity benefits | 1,224 | 1,203 | 1,112 | 1,143 | 1,219 |
| 77 | 57 | 35% | Interest credited to policyholders' account balances | 57 | 61 | 66 | 67 | 77 |
| 2 | 3 | -33% | Interest expense | 3 | 4 | 3 | - | 2 |
| (261) | (256) | -2% | Deferral of acquisition costs | (256) | (257) | (242) | (252) | (261) |
| 128 | 116 | 10% | Amortization of acquisition costs | 116 | 115 | 111 | 112 | 128 |
| 591 | 573 | 3% | General and administrative expenses | 573 | 596 | 578 | 617 | 591 |
| 1,756 | 1,717 | 2% | Total benefits and expenses | 1,717 | 1,722 | 1,628 | 1,687 | 1,756 |
| 475 | 382 | 24% | Adjusted operating income before income taxes | 382 | 358 | 428 | 398 | 475 |

(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.

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

| | Three Months Ended March 31, 2007 | | | |
|--|-----------------------------------|---------------------------|----------------------------|---------------|
| | Total | International | International | International |
| | International | Insurance | Insurance - | International |
| | Insurance & Investments Division | - Life Planner Operations | Insurance - Gibraltar Life | Investments |
| Revenues (1): | | | | |
| Premiums | 1,553 | 1,086 | 467 | - |
| Policy charges and fee income | 72 | 56 | 16 | - |
| Net investment income | 386 | 187 | 191 | 8 |
| Asset management fees, commissions and other income | 220 | 31 | 20 | 169 |
| Total revenues | 2,231 | 1,360 | 694 | 177 |
| Benefits and Expenses (1): | | | | |
| Insurance and annuity benefits | 1,219 | 848 | 371 | - |
| Interest credited to policyholders' account balances | 77 | 34 | 43 | - |
| Interest expense | 2 | 3 | (2) | 1 |
| Deferral of acquisition costs | (261) | (196) | (65) | - |
| Amortization of acquisition costs | 128 | 97 | 31 | - |
| General and administrative expenses | 591 | 304 | 173 | 114 |
| Total benefits and expenses | 1,756 | 1,090 | 551 | 115 |
| Adjusted operating income before income taxes | 475 | 270 | 143 | 62 |

| | Three Months Ended March 31, 2006 | | | |
|--|-----------------------------------|---------------------------|----------------------------|---------------|
| | Total | International | International | International |
| | International | Insurance | Insurance - | International |
| | Insurance & Investments Division | - Life Planner Operations | Insurance - Gibraltar Life | Investments |
| Revenues (1): | | | | |
| Premiums | 1,533 | 989 | 544 | - |
| Policy charges and fee income | 76 | 58 | 18 | - |
| Net investment income | 330 | 156 | 167 | 7 |
| Asset management fees, commissions and other income | 160 | 14 | 3 | 143 |
| Total revenues | 2,099 | 1,217 | 732 | 150 |
| Benefits and Expenses (1): | | | | |
| Insurance and annuity benefits | 1,224 | 769 | 455 | - |
| Interest credited to policyholders' account balances | 57 | 27 | 30 | - |
| Interest expense | 3 | 3 | - | - |
| Deferral of acquisition costs | (256) | (191) | (65) | - |
| Amortization of acquisition costs | 116 | 91 | 25 | - |
| General and administrative expenses | 573 | 290 | 177 | 106 |
| Total benefits and expenses | 1,717 | 989 | 622 | 106 |
| Adjusted operating income before income taxes | 382 | 228 | 110 | 44 |

(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.

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

| Year-to-date | | 2006 | | | | 2007 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 2007 | 2006 | 1Q | 2Q | 3Q | 4Q | 1Q |
| Japanese Yen Basis Results: | | | | | | |
| Revenues (1): | | | | | | |
| ¥ 110,222 | ¥ 98,534 | ¥ 98,534 | ¥ 92,370 | ¥ 95,125 | ¥ 95,896 | ¥ 110,222 |
| 80,554 | 84,650 | 84,650 | 84,387 | 80,804 | 77,139 | 80,554 |
| <u>190,776</u> | <u>183,184</u> | <u>183,184</u> | <u>176,757</u> | <u>175,929</u> | <u>173,035</u> | <u>190,776</u> |
| Benefits and Expenses (1): | | | | | | |
| 86,553 | 77,842 | 77,842 | 74,339 | 72,202 | 74,907 | 86,553 |
| 65,133 | 72,640 | 72,640 | 73,067 | 65,292 | 62,677 | 65,133 |
| <u>151,686</u> | <u>150,482</u> | <u>150,482</u> | <u>147,406</u> | <u>137,494</u> | <u>137,584</u> | <u>151,686</u> |
| Adjusted operating income (2): | | | | | | |
| 23,669 | 20,692 | 20,692 | 18,031 | 22,923 | 20,989 | 23,669 |
| 15,421 | 12,010 | 12,010 | 11,320 | 15,513 | 14,462 | 15,421 |
| <u>¥ 39,090</u> | <u>¥ 32,702</u> | <u>¥ 32,702</u> | <u>¥ 29,351</u> | <u>¥ 38,436</u> | <u>¥ 35,451</u> | <u>¥ 39,090</u> |
| U.S. Dollar adjusted operating income (3): | | | | | | |
| \$ 219 | \$ 196 | \$ 196 | \$ 172 | \$ 213 | \$ 194 | \$ 219 |
| 143 | 110 | 110 | 102 | 149 | 132 | 143 |
| <u>362</u> | <u>306</u> | <u>306</u> | <u>274</u> | <u>362</u> | <u>326</u> | <u>362</u> |
| 51 | 32 | 32 | 50 | 35 | 38 | 51 |
| <u>\$ 413</u> | <u>\$ 338</u> | <u>\$ 338</u> | <u>\$ 324</u> | <u>\$ 397</u> | <u>\$ 364</u> | <u>\$ 413</u> |

- (1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities and include revenues representing equity in earnings of operating joint ventures. Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes.
- (2) Adjusted operating income on yen basis excludes impact of currency hedging.
- (3) U.S. dollar adjusted operating income includes impact of currency hedging.

INTERNATIONAL INSURANCE AND INVESTMENTS DIVISION - SALES RESULTS AND SUPPLEMENTARY INFORMATION
 (in millions)

| Year-to-date | | 2006 | | | | 2007 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| 2007 | 2006 | 1Q | 2Q | 3Q | 4Q | 1Q |
| INTERNATIONAL INSURANCE OPERATING DATA: | | | | | | |
| Actual exchange rate basis (1): | | | | | | |
| Net premiums, policy charges and fee income: | | | | | | |
| 787 | 731 | 731 | 693 | 685 | 680 | 787 |
| 483 | 562 | 562 | 559 | 490 | 483 | 483 |
| 355 | 316 | 316 | 335 | 333 | 365 | 355 |
| <u>1,625</u> | <u>1,609</u> | <u>1,609</u> | <u>1,587</u> | <u>1,508</u> | <u>1,528</u> | <u>1,625</u> |
| Annualized new business premiums: | | | | | | |
| 153 | 138 | 138 | 113 | 114 | 115 | 153 |
| 76 | 73 | 73 | 115 | 91 | 78 | 76 |
| 70 | 78 | 78 | 72 | 60 | 77 | 70 |
| <u>299</u> | <u>289</u> | <u>289</u> | <u>300</u> | <u>265</u> | <u>270</u> | <u>299</u> |
| Annualized new business premiums by distribution channel: | | | | | | |
| 223 | 216 | 216 | 185 | 174 | 192 | 223 |
| 69 | 73 | 73 | 96 | 71 | 68 | 69 |
| 7 | - | - | 19 | 20 | 10 | 7 |
| <u>299</u> | <u>289</u> | <u>289</u> | <u>300</u> | <u>265</u> | <u>270</u> | <u>299</u> |
| Constant exchange rate basis (3): | | | | | | |
| Net premiums, policy charges and fee income: | | | | | | |
| 920 | 839 | 839 | 777 | 779 | 785 | 920 |
| 564 | 649 | 649 | 626 | 554 | 557 | 564 |
| 331 | 304 | 304 | 317 | 316 | 341 | 331 |
| <u>1,815</u> | <u>1,792</u> | <u>1,792</u> | <u>1,720</u> | <u>1,649</u> | <u>1,683</u> | <u>1,815</u> |
| Annualized new business premiums: | | | | | | |
| 169 | 153 | 153 | 123 | 125 | 128 | 169 |
| 84 | 80 | 80 | 121 | 98 | 86 | 84 |
| 66 | 75 | 75 | 69 | 57 | 72 | 66 |
| <u>319</u> | <u>308</u> | <u>308</u> | <u>313</u> | <u>280</u> | <u>286</u> | <u>319</u> |
| Annualized new business premiums by distribution channel: | | | | | | |
| 235 | 228 | 228 | 192 | 182 | 200 | 235 |
| 77 | 80 | 80 | 102 | 78 | 76 | 77 |
| 7 | - | - | 19 | 20 | 10 | 7 |
| <u>319</u> | <u>308</u> | <u>308</u> | <u>313</u> | <u>280</u> | <u>286</u> | <u>319</u> |

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

(2) Substantially all bank channel distribution represents U.S. dollar denominated Gibraltar Life fixed annuities.

(3) Foreign currencies translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen, 102 per U.S. dollar; Korean won 1030 per U.S. dollar.

INTERNATIONAL INSURANCE AND INVESTMENTS DIVISION - SALES RESULTS AND SUPPLEMENTARY INFORMATION

| | 2006 | | | | 2007 |
|--|--------------|--------------|--------------|--------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q |
| Face amount of individual policies in force at end of period (in billions) (1)(2): (Constant exchange rate basis) | | | | | |
| Japan, excluding Gibraltar Life | 226 | 229 | 232 | 236 | 239 |
| Gibraltar Life | 198 | 197 | 197 | 196 | 195 |
| All other countries | 90 | 91 | 92 | 93 | 96 |
| Total | <u>514</u> | <u>517</u> | <u>521</u> | <u>525</u> | <u>530</u> |
| Number of individual policies in force at end of period (in thousands) (2): | | | | | |
| Japan, excluding Gibraltar Life | 1,996 | 2,023 | 2,049 | 2,074 | 2,118 |
| Gibraltar Life | 3,890 | 3,871 | 3,872 | 3,871 | 3,846 |
| All other countries | 1,127 | 1,150 | 1,169 | 1,201 | 1,225 |
| Total | <u>7,013</u> | <u>7,044</u> | <u>7,090</u> | <u>7,146</u> | <u>7,189</u> |
| International life insurance policy persistency: | | | | | |
| <u>Excluding Gibraltar Life:</u> | | | | | |
| 13 months | 92.8% | 93.0% | 92.9% | 93.0% | 92.8% |
| 25 months | 87.1% | 87.4% | 87.0% | 87.1% | 86.9% |
| <u>Gibraltar Life:</u> | | | | | |
| 13 months | 94.3% | 94.2% | 94.4% | 94.4% | 93.9% |
| 25 months | 87.7% | 88.0% | 87.9% | 87.8% | 88.0% |
| Number of Life Planners at end of period: | | | | | |
| Japan | 2,855 | 2,847 | 2,941 | 2,956 | 3,001 |
| All other countries | 2,857 | 2,879 | 2,861 | 2,872 | 2,892 |
| Total life planners | <u>5,712</u> | <u>5,726</u> | <u>5,802</u> | <u>5,828</u> | <u>5,893</u> |
| Gibraltar Life Advisors | 5,716 | 5,684 | 6,036 | 5,944 | 5,952 |

(1) Foreign currencies translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen, 102 per U.S. dollar; Korean won 1030 per U.S. dollar.

(2) Direct business only; policy count includes annuities.

INVESTMENT PORTFOLIO COMPOSITION
(in millions)

| | March 31, 2007 | | | | December 31, 2006 | | | |
|--|----------------|--------------|-------------------------------|------------|-------------------|--------------|-------------------------------|------------|
| | Consolidated | Closed Block | Financial Services Businesses | | Consolidated | Closed Block | Financial Services Businesses | |
| | Portfolio | Business | Amount | % of Total | Portfolio | Business | Amount | % of Total |
| Fixed maturities: | | | | | | | | |
| Public, available for sale, at fair value | 131,495 | 37,640 | 93,855 | 58.3% | 131,554 | 38,752 | 92,802 | 58.2% |
| Public, held to maturity, at amortized cost | 2,960 | - | 2,960 | 1.8% | 3,025 | - | 3,025 | 1.9% |
| Private, available for sale, at fair value | 30,700 | 12,132 | 18,568 | 11.5% | 30,357 | 12,021 | 18,336 | 11.5% |
| Private, held to maturity, at amortized cost | 480 | - | 480 | 0.3% | 443 | - | 443 | 0.3% |
| Trading account assets supporting insurance liabilities, at fair value | 14,223 | - | 14,223 | 8.8% | 14,262 | - | 14,262 | 8.9% |
| Other trading account assets, at fair value | 109 | - | 109 | 0.1% | 109 | - | 109 | 0.1% |
| Equity securities, available for sale, at fair value | 8,448 | 3,862 | 4,586 | 2.9% | 8,086 | 3,772 | 4,314 | 2.7% |
| Commercial loans | 24,428 | 7,190 | 17,238 | 10.7% | 24,593 | 7,318 | 17,275 | 10.8% |
| Policy loans | 8,972 | 5,396 | 3,576 | 2.2% | 8,887 | 5,415 | 3,472 | 2.2% |
| Other long-term investments (1) | 3,554 | 895 | 2,659 | 1.7% | 3,756 | 965 | 2,791 | 1.7% |
| Short-term investments | 4,351 | 1,673 | 2,678 | 1.7% | 4,603 | 1,851 | 2,752 | 1.7% |
| Subtotal (2) | 229,720 | 68,788 | 160,932 | 100.0% | 229,675 | 70,094 | 159,581 | 100.0% |
| Invested assets of other entities and operations (3) | 7,540 | - | 7,540 | | 5,742 | - | 5,742 | |
| Total investments | 237,260 | 68,788 | 168,472 | | 235,417 | 70,094 | 165,323 | |

Fixed Maturities by Credit Quality (2):

| | NAIC Rating (4) | Rating Agency Equivalent | March 31, 2007 | | | | | December 31, 2006 | | | | |
|---------------------------------|--------------------|--------------------------|------------------|-------------------|------------------|-------------------|------------|-------------------|-------|------------|--------|------------|
| | | | Amortized Cost | | Fair Value | | % of Total | Amortized Cost | | Fair Value | | % of Total |
| | | | Unrealized Gains | Unrealized Losses | Unrealized Gains | Unrealized Losses | | | | | | |
| Public Fixed Maturities: | | | | | | | | | | | | |
| 1 | Aaa, Aa, A | | 76,422 | 1,806 | 278 | 77,950 | 80.5% | 75,796 | 1,787 | 322 | 77,261 | 80.6% |
| 2 | Baa | | 13,540 | 610 | 110 | 14,040 | 14.5% | 13,328 | 580 | 137 | 13,771 | 14.4% |
| Subtotal Investment Grade | | | 89,962 | 2,416 | 388 | 91,990 | 95.0% | 89,124 | 2,367 | 459 | 91,032 | 95.0% |
| 3 | Ba | | 2,676 | 110 | 24 | 2,762 | 2.9% | 2,692 | 109 | 22 | 2,779 | 2.9% |
| 4 | B | | 1,762 | 100 | 15 | 1,847 | 1.9% | 1,746 | 93 | 23 | 1,816 | 1.9% |
| 5 | C and lower | | 124 | 9 | 2 | 131 | 0.1% | 115 | 8 | 2 | 121 | 0.1% |
| 6 | In or near default | | 45 | 10 | 1 | 54 | 0.1% | 48 | 7 | 1 | 54 | 0.1% |
| Subtotal Below Investment Grade | | | 4,607 | 229 | 42 | 4,794 | 5.0% | 4,601 | 217 | 48 | 4,770 | 5.0% |
| Total | | | 94,569 | 2,645 | 430 | 96,784 | 100.0% | 93,725 | 2,584 | 507 | 95,802 | 100.0% |
| Private Fixed Maturities: | | | | | | | | | | | | |
| 1 | Aaa, Aa, A | | 5,988 | 235 | 41 | 6,182 | 32.5% | 6,214 | 248 | 49 | 6,413 | 34.2% |
| 2 | Baa | | 9,617 | 379 | 63 | 9,933 | 52.1% | 9,463 | 377 | 73 | 9,767 | 52.0% |
| Subtotal Investment Grade | | | 15,605 | 614 | 104 | 16,115 | 84.6% | 15,677 | 625 | 122 | 16,180 | 86.2% |
| 3 | Ba | | 1,459 | 53 | 8 | 1,504 | 7.9% | 1,422 | 50 | 11 | 1,461 | 7.7% |
| 4 | B | | 703 | 13 | 6 | 710 | 3.7% | 645 | 12 | 7 | 650 | 3.5% |
| 5 | C and lower | | 549 | 23 | 3 | 569 | 3.0% | 321 | 18 | 4 | 335 | 1.8% |
| 6 | In or near default | | 132 | 16 | - | 148 | 0.8% | 139 | 11 | 1 | 149 | 0.8% |
| Subtotal Below Investment Grade | | | 2,843 | 105 | 17 | 2,931 | 15.4% | 2,527 | 91 | 23 | 2,595 | 13.8% |
| Total | | | 18,448 | 719 | 121 | 19,046 | 100.0% | 18,204 | 716 | 145 | 18,775 | 100.0% |

- (1) Other long-term investments consist of real estate and non-real estate related investments in joint ventures (other than our investments in operating joint ventures, including our equity investment in Wachovia Securities Financial Holdings, LLC) and partnerships, investment real estate held through direct ownership, our interest in separate account investments and other miscellaneous investments.
- (2) Excludes (i) assets of our securities brokerage, securities trading, banking operations and real estate and relocation services, (ii) assets of our asset management operations, including assets managed for third parties, and (iii) those assets classified as "separate account assets" on our balance sheet.
- (3) Includes assets of our securities brokerage, securities trading, banking and asset management operations and real estate and relocation services. Excludes assets of our asset management operations managed for third parties and those assets classified as "separate account assets" on our balance sheet. Our investment in operating joint ventures, including our investment in Wachovia Securities Financial Holdings, LLC is included in "Other assets".
- (4) Reflects equivalent ratings for investments of international insurance operations that are not rated by United States insurance regulatory authorities. Includes, as of March 31, 2007 and December 31, 2006, respectively, 256 securities with amortized cost of \$4,400 million (fair value \$4,430 million) and 231 securities with amortized cost of \$3,515 million (fair value \$3,527 million) that have been categorized based on expected NAIC designations pending receipt of SVO ratings.

FINANCIAL SERVICES BUSINESSES INVESTMENT PORTFOLIO COMPOSITION
(in millions)

| | March 31, 2007 | | December 31, 2006 | |
|--|----------------|---------------|-------------------|---------------|
| | Amount | % of Total | Amount | % of Total |
| Japanese Insurance Operations: | | | | |
| Fixed maturities: | | | | |
| Public, available for sale, at fair value | 32,247 | 68.1% | 32,242 | 67.9% |
| Public, held to maturity, at amortized cost | 2,960 | 6.2% | 3,025 | 6.4% |
| Private, available for sale, at fair value | 3,126 | 6.6% | 3,139 | 6.6% |
| Private, held to maturity, at amortized cost | 480 | 1.0% | 443 | 0.9% |
| Trading account assets supporting insurance liabilities, at fair value | 1,144 | 2.4% | 1,106 | 2.3% |
| Other trading account assets, at fair value | 29 | 0.1% | 28 | 0.1% |
| Equity securities, available for sale, at fair value | 2,587 | 5.5% | 2,372 | 5.0% |
| Commercial loans | 2,752 | 5.8% | 2,782 | 5.9% |
| Policy loans | 1,039 | 2.2% | 1,016 | 2.1% |
| Other long-term investments (1) | 903 | 1.9% | 970 | 2.0% |
| Short-term investments | 102 | 0.2% | 374 | 0.8% |
| Total | 47,369 | 100.0% | 47,497 | 100.0% |

| | March 31, 2007 | | December 31, 2006 | |
|--|----------------|---------------|-------------------|---------------|
| | Amount | % of Total | Amount | % of Total |
| Financial Services Businesses excluding Japanese Insurance Operations (2): | | | | |
| Fixed maturities: | | | | |
| Public, available for sale, at fair value | 61,608 | 54.2% | 60,560 | 54.0% |
| Public, held to maturity, at amortized cost | - | 0.0% | - | 0.0% |
| Private, available for sale, at fair value | 15,442 | 13.6% | 15,197 | 13.6% |
| Private, held to maturity, at amortized cost | - | 0.0% | - | 0.0% |
| Trading account assets supporting insurance liabilities, at fair value | 13,079 | 11.5% | 13,156 | 11.7% |
| Other trading account assets, at fair value | 80 | 0.1% | 81 | 0.1% |
| Equity securities, available for sale, at fair value | 1,999 | 1.8% | 1,942 | 1.7% |
| Commercial loans | 14,486 | 12.8% | 14,493 | 12.9% |
| Policy loans | 2,537 | 2.2% | 2,456 | 2.2% |
| Other long-term investments (1) | 1,756 | 1.5% | 1,821 | 1.7% |
| Short-term investments | 2,576 | 2.3% | 2,378 | 2.1% |
| Total | 113,563 | 100.0% | 112,084 | 100.0% |

(1) Other long-term investments consist of real estate and non-real estate related investments in joint ventures (other than our investments in operating joint ventures, including our equity investment in Wachovia Securities Financial Holdings, LLC) and partnerships, investment real estate held through direct ownership, our interest in separate account investments and other miscellaneous investments. Our investment in operating joint ventures, including our investment in Wachovia Securities Financial Holdings, LLC is included in "Other assets".

(2) Excludes (i) assets of our securities brokerage, securities trading, banking operations and real estate and relocation services, (ii) assets of our asset management operations, including assets managed for third parties, and (iii) those assets classified as "separate account assets" on our balance sheet.

FINANCIAL SERVICES BUSINESSES INVESTMENT RESULTS
(in millions)

| | Three Months Ended March 31 | | | | | |
|---|-----------------------------|--------------|---------------------|-------------------|--------------|---------------------|
| | 2007 | | | 2006 (4) | | |
| | Investment Income | | Realized | Investment Income | | Realized |
| | Yield (3) | Amount | Gains / (Losses) | Yield (3) | Amount | Gains / (Losses) |
| Financial Services Businesses (1): | | | | | | |
| Fixed maturities | 4.95% | 1,414 | 27 | 4.77% | 1,249 | (60) |
| Equity securities | 4.61% | 44 | 131 | 5.55% | 48 | 60 |
| Commercial loans | 6.17% | 204 | (4) | 6.12% | 179 | (4) |
| Policy loans | 4.98% | 44 | - | 4.87% | 37 | - |
| Short-term investments and cash equivalents | 5.44% | 96 | (7) | 4.13% | 71 | 1 |
| Other investments | 6.63% | 47 | 35 | 9.48% | 64 | 82 |
| Gross investment income before investment expenses | 5.11% | 1,849 | 182 | 5.00% | 1,648 | 79 |
| Investment expenses | -0.15% | (139) | - | -0.17% | (113) | - |
| Subtotal | <u>4.96%</u> | <u>1,710</u> | <u>182</u> | <u>4.83%</u> | <u>1,535</u> | <u>79</u> |
| Investment results of other entities and operations (2) | | 348 | 31 | | 280 | 36 |
| Less, investment income relating to divested businesses | | (4) | | | (3) | |
| Total | | <u>2,054</u> | <u>213</u> | | <u>1,812</u> | <u>115</u> |

- (1) Excludes assets of our securities brokerage, securities trading, and banking operations, real estate and relocation services, commercial loans and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders, assets of our asset management operations, including assets managed for third parties, and those assets classified as "separate account assets" on our balance sheet.
- (2) Investment income of securities brokerage, securities trading, banking operations, real estate and relocation services, commercial loans, discontinued real estate operations, and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders.
- (3) Yields are annualized, for interim periods, and 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 securities lending activity are calculated net of corresponding liabilities and rebate expenses. 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 of the Financial Services Businesses.
- (4) Classification for the earlier period presented has been conformed to the current presentation.

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

| | Three Months Ended March 31 | | | | | |
|--|-----------------------------|--------|---------------------|-------------------|--------|---------------------|
| | 2007 | | | 2006 (2) | | |
| | Investment Income | | Realized | Investment Income | | Realized |
| | Yield (1) | Amount | Gains / (Losses) | Yield (1) | Amount | Gains / (Losses) |
| Japanese Insurance Operations: | | | | | | |
| Fixed maturities | 2.61% | 252 | 25 | 2.45% | 224 | 6 |
| Equity securities | 2.64% | 13 | 120 | 2.43% | 10 | 52 |
| Commercial loans | 4.32% | 30 | 2 | 3.27% | 19 | 5 |
| Policy loans | 3.71% | 9 | - | 3.61% | 9 | - |
| Short-term investments and cash equivalents | 2.66% | 5 | (1) | 3.05% | 3 | - |
| Other investments | 10.40% | 25 | (11) | 13.18% | 30 | (29) |
| Gross investment income before investment expenses | 2.90% | 334 | 135 | 2.75% | 295 | 34 |
| Investment expenses | -0.17% | (23) | - | -0.18% | (22) | - |
| Total | 2.73% | 311 | 135 | 2.57% | 273 | 34 |

(1) Yields are annualized, for interim periods, and 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 securities lending activity are calculated net of corresponding liabilities and rebate expenses. Yields exclude investment income and assets related to 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 of the Financial Services Businesses.

(2) Classification for the earlier period presented has been conformed to the current presentation.

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

| | Three Months Ended March 31 | | | | | |
|--|-----------------------------|--------|---------------------|-------------------|--------|---------------------|
| | 2007 | | | 2006 (3) | | |
| | Investment Income | | Realized | Investment Income | | Realized |
| | Yield (2) | Amount | Gains / (Losses) | Yield (2) | Amount | Gains / (Losses) |
| Financial Services Businesses excluding Japanese Insurance Operations (1): | | | | | | |
| Fixed maturities | 6.24% | 1,162 | 2 | 6.08% | 1,025 | (66) |
| Equity securities | 6.80% | 31 | 11 | 8.70% | 38 | 8 |
| Commercial loans | 6.66% | 174 | (6) | 6.81% | 160 | (9) |
| Policy loans | 5.51% | 35 | - | 5.45% | 28 | - |
| Short-term investments and cash equivalents | 5.88% | 91 | (6) | 4.23% | 68 | 1 |
| Other investments | 6.63% | 22 | 46 | 7.46% | 34 | 111 |
| Gross investment income before investment expenses | 6.27% | 1,515 | 47 | 6.15% | 1,353 | 45 |
| Investment expenses | -0.15% | (116) | - | -0.17% | (91) | - |
| Total | 6.12% | 1,399 | 47 | 5.98% | 1,262 | 45 |

- (1) Excludes assets of our securities brokerage, securities trading, and banking operations, real estate and relocation services, commercial loans and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders, assets of our asset management operations, including assets managed for third parties, and those assets classified as "separate account assets" on our balance sheet.
- (2) Yields are annualized, for interim periods, and 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 securities lending activity are calculated net of corresponding liabilities and rebate expenses. 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 of the Financial Services Businesses.
- (3) Classification for the earlier period presented has been conformed to the current presentation.

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; and the related tax effects thereof. Adjusted operating income includes equity in earnings of operating joint ventures and the related tax effects thereof. 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. 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. 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. 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).

4. 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.

5. 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.

6. 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.

7. Borrowings - Investment Related:

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

8. Borrowings - Securities Business Related:

Debt issued to finance primarily the liquidity of our broker-dealers, and our capital markets and other securities business related operations.

9. Borrowings - Specified Other Businesses:

Borrowings associated with consumer banking activities, the individual annuity business, real estate franchises, and relocation services. Classification for the earlier period presented has been conformed to the current presentation.

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.

KEY DEFINITIONS AND FORMULAS

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 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 of the Financial Services Businesses reflects these adjustments as well.

13. Full Service:

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

14. Full Service Stable Value:

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

15. General Account:

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

16. Gibraltar Life Advisors:

Insurance representatives for Gibraltar Life.

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 Life Insurance Sales:

Scheduled premiums from new sales on an annualized basis and first year excess premiums and deposits on a cash-received basis.

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.

KEY DEFINITIONS AND FORMULAS

22. International Life Planners:

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

23. New annualized premiums:

Premiums from new sales that are expected to be collected over a one year period. Group insurance new annualized 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 new annualized premiums include premiums from the takeover of claim liabilities. Group disability amounts include long-term care products. Single premium business for the Company's international insurance operations is included in annualized new business premiums based on 10% credit.

24. Non-recourse and Limited-recourse Debt:

Limited and non-recourse borrowing is where the holder is entitled to collect only against the assets pledged to the debt as collateral or has only very limited rights to collect against other assets. Classification for the earlier period presented has been conformed to the current presentation.

25. Operating return on average equity (based on adjusted operating income):

Adjusted operating income after-tax (giving effect to the direct equity adjustment for earnings per share calculation), annualized for interim periods, divided by average attributed equity for the Financial Services Businesses excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension/postretirement benefits.

An alternative measure to operating return on average equity (based on adjusted operating income) is return on average equity (based on income from continuing operations). Return on average equity (based on income from continuing operations) represents income from continuing operations after-tax 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 18.27% for the three months ended March 31, 2007, 13.06% for the three months ended March 31, 2006, 16.29% for the three months ended December 31, 2006, 20.72% for the three months ended September 30, 2006 and 8.76% for the three months ended June 30, 2006.

26. Policy Persistency - Group Insurance:

Percentage of the premiums in force at the end of the prior year that are still in force at the end of the period (excluding Servicemembers' Group Life Insurance and Prudential Employee Benefit Plan).

27. Policy Persistency - International Insurance:

13 month persistency represents the percentage of policies issued that are still in force at the beginning of their second policy year. 25 month persistency represents the percentage of policies issued that are still in force at the beginning of their third policy year.

28. Prudential Agents:

Insurance agents in our insurance operations in the United States.

29. Prudential Agent productivity:

Commissions on new sales of all products by Prudential Agents under contract for the entire period, divided by the number of those Prudential Agents. Excludes commissions on new sales by Prudential Agents hired or departed during the period. For interim reporting periods, the productivity measures are annualized.

30. Ratio of capital debt to total capitalization:

For purposes of this ratio, we measure "debt" as borrowings for capital debt, and we measure "total capitalization" as the sum of equity, excluding accumulated other comprehensive income related to unrealized gains and losses on investments, pension and postretirement benefits and capital debt.

31. Separate Accounts:

Assets of our insurance companies allocated under certain policies and contracts that are segregated from the general account and other separate accounts. The policyholder or contractholder predominantly bears the risk of investments held in a separate account.

32. Wrap-Fee Products:

Investment products generating asset-based fees in which the funds of the customer are generally invested in other investment products such as mutual funds.

RATINGS AND INVESTOR INFORMATION

INSURANCE CLAIMS PAYING RATINGS
as of May 2, 2007

| | A.M. Best | Standard & Poor's | Moody's | Fitch Ratings |
|---|-----------|-------------------|---------|---------------|
| The Prudential Insurance Company of America | A+ | AA- | Aa3 | AA |
| PRUCO Life Insurance Company | A+ | AA- | Aa3 | AA |
| PRUCO Life Insurance Company of New Jersey | A+ | AA- | NR * | AA |
| American Skandia Life Assurance Corporation | A+ | AA- | NR | AA |
| Prudential Retirement Insurance and Annuity Company | A+ | AA- | Aa3 | AA |
| The Prudential Life Insurance Co., Ltd. (Prudential of Japan) | NR | AA- | NR | NR |
| Gibraltar Life Insurance Company, Ltd. | NR | AA- | Aa3 | NR |

CREDIT RATINGS:
as of May 2, 2007

| | | | | |
|---|-------|------|-----|-----|
| Prudential Financial, Inc.: | | | | |
| Short-Term Borrowings | AMB-1 | A-1 | P-2 | F1 |
| Long-Term Senior Debt (1) | a- | A | A3 | A |
| The Prudential Insurance Company of America : | | | | |
| Capital and surplus notes | a | A | A2 | A+ |
| Prudential Funding, LLC: | | | | |
| Short-Term Debt | AMB-1 | A-1+ | P-1 | F1+ |
| Long-Term Senior Debt | a+ | AA- | A1 | AA- |
| PRICOA Global Funding I | | | | |
| Long-Term Senior Debt | aa- | AA- | Aa3 | AA |

* NR indicates not rated.

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

INVESTOR INFORMATION:

Corporate Offices:

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

Investor Information Hotline:

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

Web Site:

www.prudential.com

Common Stock:

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