

# Prudential Financial

## Prudential Financial, Inc. (PRU)

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### Quarterly Financial Supplement

FINANCIAL SERVICES BUSINESSES  
SECOND QUARTER 2004

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.

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Effective with reporting of results for the second quarter of 2004, fixed maturity and equity security investments for which fair value changes result in changes in experience-rated contractholder liabilities are classified as "Trading account assets supporting insurance liabilities." Adjusted operating income excludes net realized and unrealized investment gains and losses on these assets, as well as changes in experience-rated contractholder liabilities due to asset value changes.

Revenues and expenses for the first quarter of 2004, and balance sheet presentations for all historic periods presented, have been reclassified to conform to the current reporting practice. This reclassification had no impact on adjusted operating income of the Financial Services Businesses for previously reported periods, and had no significant impact on revenues and expenses for periods prior to the first quarter of 2004.

Managed account and wrap-fee assets for which Prudential provides recordkeeping and performance measurement services but does not have responsibility for asset management or selection of asset managers are classified as "Assets under administration" commencing as of June 30, 2004. Amounts reported for earlier periods have been reclassified to conform to the current reporting practice. As a result, approximately \$20 billion of such assets which were formerly classified as Assets under Management as of March 31, 2004 were reclassified to "Assets under administration".

FINANCIAL HIGHLIGHTS  
(in millions, except per share data)

Year-to-date		% Change	2003			2004	
2004	2003		2Q	3Q	4Q	1Q	2Q
<b>Financial Services Businesses:</b>							
Pre-tax adjusted operating income by division:							
449	399	13%	236	183	206	211	238
168	150	12%	77	83	56	96	72
481	395	22%	217	223	184	219	262
89	17	424%	(1)	32	44	23	66
1,187	961	24%	529	521	490	549	638
313	312	-	172	170	159	170	143
874	649	35%	357	351	331	379	495
<b>Financial Services Businesses after-tax adjusted operating income</b>							
Items excluded from adjusted operating income:							
144	(124)	216%	(11)	(46)	(29)	1	143
(272)	-	-	-	-	-	50	(322)
133	-	-	-	-	-	(50)	183
(30)	(414)	93%	(410)	(36)	265	(21)	(9)
(25)	(538)	95%	(421)	(82)	236	(20)	(5)
(24)	(211)	89%	(173)	24	65	(13)	(11)
(1)	(327)	100%	(248)	(106)	171	(7)	6
<b>Income from continuing operations (after-tax) of Financial Services Businesses</b>							
873	322	171%	109	245	502	372	501
(5)	2	-350%	18	(25)	(21)	(3)	(2)
20	-	-	-	-	-	-	20
(79)	-	-	-	-	-	(79)	-
809	324	150%	127	220	481	290	519
<b>Net income of Financial Services Businesses</b>							
<b>Earnings per share of Common Stock (diluted):</b>							
1.71	1.22		0.66	0.68	0.64	0.74	0.97
Financial Services Businesses after-tax adjusted operating income							
Items excluded from adjusted operating income:							
0.27	(0.22)		(0.02)	(0.08)	(0.06)	-	0.27
(0.51)	-		-	-	-	0.09	(0.60)
0.25	-		-	-	-	(0.09)	0.34
(0.06)	(0.75)		(0.74)	(0.07)	0.49	(0.04)	(0.02)
(0.05)	(0.97)		(0.76)	(0.15)	0.43	(0.04)	(0.01)
(0.05)	(0.38)		(0.31)	0.05	0.12	(0.02)	(0.02)
-	(0.59)		(0.45)	(0.20)	0.31	(0.02)	0.01
<b>Income from continuing operations (after-tax) of Financial Services Businesses</b>							
1.71	0.63		0.21	0.48	0.95	0.72	0.98
(0.01)	-		0.04	(0.04)	(0.03)	-	-
0.04	-		-	-	-	-	0.04
(0.15)	-		-	-	-	(0.15)	-
1.59	0.63		0.25	0.44	0.92	0.57	1.02
<b>Net income of Financial Services Businesses</b>							
536.0	552.9		549.4	545.9	541.9	539.9	532.2
9.88%	7.35%		7.96%	8.06%	7.51%	8.61%	11.14%
<b>Reconciliation to Consolidated Net Income of Prudential Financial, Inc.:</b>							
809	324		127	220	481	290	519
141	68		69	77	94	111	30
950	392		196	297	575	401	549
42	26		8	19	15	19	23

FINANCIAL HIGHLIGHTS  
(in millions, except per share data)

Year-to-date						
2004	2003	2003			2004	
		2Q	3Q	4Q	1Q	2Q
<b>Financial Services Businesses Capitalization Data (1):</b>						
		5,416	5,117	4,739	4,603	4,432
		2,663	4,330	3,860	3,820	4,437
		690	-	-	-	-
Attributed Equity:						
		21,768	20,541	20,340	20,837	19,619
		18,318	18,396	18,440	18,520	18,695
		18,523	18,564	18,563	18,554	18,755
Total Capitalization:						
		25,121	24,871	24,200	24,657	24,056
		21,671	22,726	22,300	22,340	23,132
		21,876	22,894	22,423	22,374	23,192
Book value per share of Common Stock:						
		39.83	37.81	37.61	38.90	37.11
		33.52	33.86	34.10	34.58	35.36
		33.89	34.17	34.33	34.64	35.47
		546.5	543.3	540.8	535.6	528.7
<b>Common Stock Price Range (based on closing price):</b>						
48.11	34.50	34.50	38.06	42.19	48.11	46.47
41.05	27.56	29.84	34.00	36.60	41.62	41.05
46.47	33.65	33.65	37.36	41.77	44.78	46.47
		18,405	20,202	22,341	23,679	24,568
<b>Common Stock market capitalization (1)</b>						

(1) As of end of period.

(2) For periods ended on or before June 30, 2003, Equity Security Units represent Guaranteed beneficial interest in Trust holding solely debentures of Parent, as reported in combined balance sheet. Effective for the third quarter of 2003, debt related to the Company's Equity Security Units is included in Long-term debt.

OPERATIONS HIGHLIGHTS

Year-to-date		2003			2004	
2004	2003	2Q	3Q	4Q	1Q	2Q
<b>Assets Under Management and Administration (\$ billions) (1) (2):</b>						
Assets Under Management :						
Managed by Investment Division:						
Asset Management Segment - Investment Management & Advisory Services						
		82.5	82.1	81.2	78.4	74.4
		89.2	89.7	94.8	99.9	106.3
		127.1	130.3	127.8	131.2	147.6
		<u>298.8</u>	<u>302.1</u>	<u>303.8</u>	<u>309.5</u>	<u>328.3</u>
		40.7	22.1	22.7	22.3	43.6
		<u>339.5</u>	<u>324.2</u>	<u>326.5</u>	<u>331.8</u>	<u>371.9</u>
		50.0	50.7	53.9	67.6	67.0
		<u>32.9</u>	<u>31.4</u>	<u>33.9</u>	<u>35.3</u>	<u>35.3</u>
		422.4	406.3	414.3	434.7	474.2
		<u>186.5</u>	<u>45.2</u>	<u>50.4</u>	<u>52.2</u>	<u>64.6</u>
		<u><u>608.9</u></u>	<u><u>451.5</u></u>	<u><u>464.7</u></u>	<u><u>486.9</u></u>	<u><u>538.8</u></u>
		89.6	81.0	84.9	100.8	97.3
<b>Distribution Representatives (1):</b>						
		4,290	4,281	4,320	4,147	4,001
		4,689	4,875	4,989	5,008	5,123
		4,877	4,848	4,826	4,815	4,888
38	36	39	38	44	36	40
<b>Third Party Distribution - Retail Products (\$ millions) (4):</b>						
62	45	22	17	49	28	34
7	17	13	3	-	6	1
2,742	757	699	1,125	1,166	1,410	1,332
5,128	1,399	783	2,517	2,144	2,742	2,386

(1) As of end of period.

(2) At fair market value.

(3) Assets under administration and Assets managed or administered for customers outside of the United States at the end of the period at June 30, 2003 include approximately \$155 billion and \$8 billion respectively, associated with businesses that were combined into Wachovia Securities Financial Holdings, LLC on July 1, 2003. As a result, Prudential Financial, Inc. no longer reports these assets as a component of its assets under management and administration.

(4) Represents scheduled premiums from new sales on an annualized basis and first year excess premiums and deposits on a cash-received basis for Individual Life Insurance, including corporate-owned life insurance, and gross sales for Individual Annuities, Mutual Funds and Wrap-fee products.

(5) Excludes corporate-owned life insurance sales.

(6) Includes, effective July 1, 2003, production through Financial Advisors formerly associated with Prudential Securities, who became associated with Wachovia Securities Financial Holdings, LLC as a result of the combination of Prudential's retail securities brokerage operation with Wachovia Securities Financial Holdings, LLC as of that date.

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

Year-to-date		% Change		2003			2004	
2004	2003			2Q	3Q	4Q	1Q	2Q
Revenues (1):								
4,401	3,926	12%	Premiums	1,953	1,950	2,042	2,191	2,210
1,139	939	21%	Policy charges and fee income	481	509	553	559	580
2,579	2,502	3%	Net investment income	1,250	1,215	1,226	1,246	1,333
1,642	1,953	-16%	Commissions, investment management fees, and other income	1,059	695	714	709	933
<u>9,761</u>	<u>9,320</u>	5%	Total revenues	<u>4,743</u>	<u>4,369</u>	<u>4,535</u>	<u>4,705</u>	<u>5,056</u>
Benefits and Expenses (1):								
4,479	4,090	10%	Insurance and annuity benefits	1,983	2,023	2,171	2,262	2,217
986	839	18%	Interest credited to policyholders' account balances	421	424	428	427	559
110	84	31%	Interest expense	42	59	57	53	57
(718)	(605)	-19%	Deferral of acquisition costs	(320)	(312)	(353)	(364)	(354)
376	302	25%	Amortization of acquisition costs	142	150	81	187	189
3,341	3,649	-8%	General and administrative expenses	1,946	1,504	1,661	1,591	1,750
<u>8,574</u>	<u>8,359</u>	3%	Total benefits and expenses	<u>4,214</u>	<u>3,848</u>	<u>4,045</u>	<u>4,156</u>	<u>4,418</u>
<u>1,187</u>	<u>961</u>	24%	Adjusted operating income before income taxes	<u>529</u>	<u>521</u>	<u>490</u>	<u>549</u>	<u>638</u>
Items excluded from adjusted operating income before income taxes:								
164	(105)	256%	Realized investment gains (losses), net, and related adjustments	9	(40)	(11)	9	155
(20)	(19)	-5%	Related charges	(20)	(6)	(18)	(8)	(12)
144	(124)	216%	Total realized investment gains (losses), net, and related charges and adjustments	(11)	(46)	(29)	1	143
(272)	-	-	Investment gains (losses) on trading account assets supporting insurance liabilities, net	-	-	-	50	(322)
133	-	-	Change in experience-rated contractholder liabilities due to asset value changes	-	-	-	(50)	183
(30)	(414)	93%	Divested businesses	(410)	(36)	265	(21)	(9)
<u>(25)</u>	<u>(538)</u>	95%	Total items excluded from adjusted operating income before income taxes	<u>(421)</u>	<u>(82)</u>	<u>236</u>	<u>(20)</u>	<u>(5)</u>
1,162	423	175%	Income from continuing operations before income taxes, extraordinary gain on acquisition and cumulative effect of accounting change	108	439	726	529	633
289	101	186%	Income tax expense (benefit)	(1)	194	224	157	132
<u>873</u>	<u>322</u>	171%	Income from continuing operations before extraordinary gain on acquisition and cumulative effect of accounting change	<u>109</u>	<u>245</u>	<u>502</u>	<u>372</u>	<u>501</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. Benefits and expenses exclude charges related to realized investment gains, net of losses; changes in experience-rated contractholder liabilities due to asset value changes, and benefits and expenses of divested businesses.

COMBINED BALANCE SHEETS - FINANCIAL SERVICES BUSINESSES  
(in millions)

	6/30/2003	9/30/2003	12/31/2003	3/31/2004	6/30/2004
<b>Assets:</b>					
<b>Investments:</b>					
Fixed maturities, available for sale, at fair value (amortized cost \$77,995; \$79,964; \$79,900; \$84,853; \$87,800)	85,283	84,725	84,353	90,479	90,596
Fixed maturities, held to maturity, at amortized cost (fair value \$2,867; \$2,954; \$3,084; \$2,999; \$2,704)	2,793	2,954	3,068	2,949	2,724
Trading account assets supporting insurance liabilities, at fair value (1)	77	83	88	807	11,920
Other trading account assets, at fair value (1)	3,754	3,769	3,214	5,245	3,098
Equity securities, available for sale, at fair value (cost \$991; \$950; \$1,045; \$1,027; \$1,271)	1,044	1,106	1,119	1,164	1,422
Commercial loans	12,210	12,261	12,463	11,508	16,412
Policy loans	2,992	2,732	2,609	2,671	2,608
Securities purchased under agreements to resell	5,424	1,276	1,464	2,086	147
Cash collateral for borrowed securities	5,089	-	-	-	-
Other long-term investments	4,546	4,796	4,568	4,143	4,553
Short-term investments	2,311	3,758	4,052	2,913	3,818
<b>Total investments</b>	<b>125,523</b>	<b>117,460</b>	<b>116,998</b>	<b>123,965</b>	<b>137,298</b>
Cash and cash equivalents	6,743	6,252	5,791	5,893	4,053
Accrued investment income	1,095	1,139	1,046	1,137	1,238
Broker-dealer related receivables	6,425	908	1,098	1,072	1,146
Deferred policy acquisition costs	5,997	6,348	6,605	6,665	7,005
Other assets	16,735	14,558	14,320	17,652	49,607
Separate account assets	99,116	101,841	106,680	106,833	103,961
<b>Total assets</b>	<b>261,634</b>	<b>248,506</b>	<b>252,538</b>	<b>263,217</b>	<b>304,308</b>
<b>Liabilities:</b>					
Future policy benefits	43,792	44,608	46,003	47,648	46,736
Policyholders' account balances	42,345	42,766	44,168	47,012	63,236
Unpaid claims and claim adjustment expenses	3,494	3,201	1,687	1,717	1,740
Securities sold under agreements to repurchase	9,835	5,454	5,196	5,536	5,685
Cash collateral for loaned securities	7,289	3,563	3,571	3,361	3,661
Income taxes payable	2,352	2,019	2,234	2,686	2,015
Broker-dealer related payables	6,099	1,951	2,364	2,555	2,230
Securities sold but not yet purchased	2,220	1,620	1,598	2,386	345
Short-term debt	5,416	5,117	4,739	4,603	4,432
Long-term debt (2)	2,663	4,330	3,860	3,820	4,437
Other liabilities	14,555	11,495	10,098	14,223	46,211
Separate account liabilities	99,116	101,841	106,680	106,833	103,961
<b>Total liabilities</b>	<b>239,176</b>	<b>227,965</b>	<b>232,198</b>	<b>242,380</b>	<b>284,689</b>
Guaranteed beneficial interest in Trust holding solely debentures of Parent (2)	690	-	-	-	-
<b>Attributed Equity:</b>					
Accumulated other comprehensive income	3,245	1,977	1,777	2,283	864
Other attributed equity	18,523	18,564	18,563	18,554	18,755
<b>Total attributed equity</b>	<b>21,768</b>	<b>20,541</b>	<b>20,340</b>	<b>20,837</b>	<b>19,619</b>
<b>Total liabilities and attributed equity</b>	<b>261,634</b>	<b>248,506</b>	<b>252,538</b>	<b>263,217</b>	<b>304,308</b>

(1) Commencing June 30, 2004, fixed maturity and equity security investments for which fair value changes result in changes in experience-rated contractholder liabilities are classified as "Trading account assets supporting insurance liabilities." Classification for earlier periods presented has been conformed to the current presentation.  
(2) Effective September 30, 2003, Long-term debt includes the debt related to the Company's Equity Security Units which was previously included in Guaranteed beneficial interest in Trust holding solely debentures of Parent.

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

	Quarter Ended June 30, 2004				
	Total	International			Corporate and Other Operations
	Financial Services Businesses	Insurance Division	Investment Division	Insurance & Investments Division	
Revenues (1) :					
Premiums	2,210	826	27	1,354	3
Policy charges and fee income	580	488	35	61	(4)
Net investment income	1,333	378	584	236	135
Commissions, investment management fees, and other income	933	156	622	131	24
<b>Total revenues</b>	<b>5,056</b>	<b>1,848</b>	<b>1,268</b>	<b>1,782</b>	<b>158</b>
Benefits and Expenses (1):					
Insurance and annuity benefits	2,217	921	208	1,072	16
Interest credited to policyholders' account balances	559	178	353	29	(1)
Interest expense	57	2	1	2	52
Deferral of acquisition costs	(354)	(180)	(14)	(175)	15
Amortization of acquisition costs	189	109	14	79	(13)
General and administrative expenses	1,750	580	634	513	23
<b>Total benefits and expenses</b>	<b>4,418</b>	<b>1,610</b>	<b>1,196</b>	<b>1,520</b>	<b>92</b>
<b>Adjusted operating income before income taxes</b>	<b>638</b>	<b>238</b>	<b>72</b>	<b>262</b>	<b>66</b>
	Quarter Ended June 30, 2003				
Total	International			Corporate and Other Operations	
Financial Services Businesses	Insurance Division	Investment Division	Insurance & Investments Division		
Revenues (1):					
Premiums	1,953	822	8	1,129	(6)
Policy charges and fee income	481	408	19	58	(4)
Net investment income	1,250	366	553	205	126
Commissions, investment management fees, and other income	1,059	81	906	87	(15)
<b>Total revenues</b>	<b>4,743</b>	<b>1,677</b>	<b>1,486</b>	<b>1,479</b>	<b>101</b>
Benefits and Expenses (1):					
Insurance and annuity benefits	1,983	891	204	865	23
Interest credited to policyholders' account balances	421	161	233	27	-
Interest expense	42	-	8	1	33
Deferral of acquisition costs	(320)	(149)	(8)	(175)	12
Amortization of acquisition costs	142	69	17	71	(15)
General and administrative expenses	1,946	469	955	473	49
<b>Total benefits and expenses</b>	<b>4,214</b>	<b>1,441</b>	<b>1,409</b>	<b>1,262</b>	<b>102</b>
<b>Adjusted operating income before income taxes</b>	<b>529</b>	<b>236</b>	<b>77</b>	<b>217</b>	<b>(1)</b>

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

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

	Six Months Ended June 30, 2004				
	Total			International	
	Financial Services Businesses	Insurance Division	Investment Division	Insurance & Investments Division	Corporate and Other Operations
Revenues (1) :					
Premiums	4,401	1,676	39	2,684	2
Policy charges and fee income	1,139	970	53	124	(8)
Net investment income	2,579	747	1,107	467	258
Commissions, investment management fees, and other income	1,642	306	1,099	225	12
<b>Total revenues</b>	<b>9,761</b>	<b>3,699</b>	<b>2,298</b>	<b>3,500</b>	<b>264</b>
Benefits and Expenses (1):					
Insurance and annuity benefits	4,479	1,891	416	2,136	36
Interest credited to policyholders' account balances	986	353	579	55	(1)
Interest expense	110	3	10	3	94
Deferral of acquisition costs	(718)	(362)	(22)	(365)	31
Amortization of acquisition costs	376	217	29	158	(28)
General and administrative expenses	3,341	1,148	1,118	1,032	43
<b>Total benefits and expenses</b>	<b>8,574</b>	<b>3,250</b>	<b>2,130</b>	<b>3,019</b>	<b>175</b>
<b>Adjusted operating income before income taxes</b>	<b>1,187</b>	<b>449</b>	<b>168</b>	<b>481</b>	<b>89</b>
	Six Months Ended June 30, 2003				
	Total			International	
	Financial Services Businesses	Insurance Division	Investment Division	Insurance & Investments Division	Corporate and Other Operations
Revenues (1):					
Premiums	3,926	1,646	22	2,270	(12)
Policy charges and fee income	939	797	37	112	(7)
Net investment income	2,502	726	1,109	398	269
Commissions, investment management fees, and other income	1,953	134	1,720	161	(62)
<b>Total revenues</b>	<b>9,320</b>	<b>3,303</b>	<b>2,888</b>	<b>2,941</b>	<b>188</b>
Benefits and Expenses (1):					
Insurance and annuity benefits	4,090	1,847	414	1,771	58
Interest credited to policyholders' account balances	839	318	469	52	-
Interest expense	84	-	16	1	67
Deferral of acquisition costs	(605)	(261)	(15)	(352)	23
Amortization of acquisition costs	302	154	36	145	(33)
General and administrative expenses	3,649	846	1,818	929	56
<b>Total benefits and expenses</b>	<b>8,359</b>	<b>2,904</b>	<b>2,738</b>	<b>2,546</b>	<b>171</b>
<b>Adjusted operating income before income taxes</b>	<b>961</b>	<b>399</b>	<b>150</b>	<b>395</b>	<b>17</b>

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

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

	As of June 30, 2004				
	Total			International	
	Financial	Insurance	Investment	Insurance &	Corporate
	Services	Division	Division	Investments	and Other
	Businesses	Division	Division	Division	Operations
<b>Assets:</b>					
Total investments	137,298	30,886	52,396	43,175	10,841
Deferred policy acquisition costs	7,005	4,093	54	2,982	(124)
Other assets	56,044	3,237	42,000	5,569	5,238
Separate account assets	103,961	63,661	41,310	16	(1,026)
<b>Total assets</b>	<b>304,308</b>	<b>101,877</b>	<b>135,760</b>	<b>51,742</b>	<b>14,929</b>
<b>Liabilities:</b>					
Future policy benefits	46,736	4,912	13,150	28,055	619
Policyholders' account balances	63,236	18,596	33,915	10,871	(146)
Debt	8,869	372	1,048	541	6,908
Other liabilities	61,887	8,268	40,321	8,552	4,746
Separate account liabilities	103,961	63,661	41,310	16	(1,026)
<b>Total liabilities</b>	<b>284,689</b>	<b>95,809</b>	<b>129,744</b>	<b>48,035</b>	<b>11,101</b>
<b>Attributed Equity:</b>					
Accumulated other comprehensive income (loss)	864	445	229	193	(3)
Other attributed equity	18,755	5,623	5,787	3,514	3,831
<b>Total attributed equity</b>	<b>19,619</b>	<b>6,068</b>	<b>6,016</b>	<b>3,707</b>	<b>3,828</b>
<b>Total liabilities and attributed equity</b>	<b>304,308</b>	<b>101,877</b>	<b>135,760</b>	<b>51,742</b>	<b>14,929</b>

	As of December 31, 2003				
	Total			International	
	Financial	Insurance	Investment	Insurance &	Corporate
	Services	Division	Division	Investments	and Other
	Businesses	Division	Division	Division	Operations
<b>Assets:</b>					
Total investments	116,998	27,048	38,002	41,015	10,933
Deferred policy acquisition costs	6,605	3,918	23	2,769	(105)
Other assets	22,255	3,211	8,153	6,047	4,844
Separate account assets	106,680	64,034	43,019	649	(1,022)
<b>Total assets</b>	<b>252,538</b>	<b>98,211</b>	<b>89,197</b>	<b>50,480</b>	<b>14,650</b>
<b>Liabilities:</b>					
Future policy benefits	46,003	5,008	12,937	27,613	445
Policyholders' account balances	44,168	15,863	17,632	10,673	-
Debt	8,599	437	2,645	528	4,989
Other liabilities	26,748	6,539	8,599	7,409	4,201
Separate account liabilities	106,680	64,034	43,019	649	(1,022)
<b>Total liabilities</b>	<b>232,198</b>	<b>91,881</b>	<b>84,832</b>	<b>46,872</b>	<b>8,613</b>
<b>Attributed Equity:</b>					
Accumulated other comprehensive income	1,777	632	587	415	143
Other attributed equity	18,563	5,698	3,778	3,193	5,894
<b>Total attributed equity</b>	<b>20,340</b>	<b>6,330</b>	<b>4,365</b>	<b>3,608</b>	<b>6,037</b>
<b>Total liabilities and attributed equity</b>	<b>252,538</b>	<b>98,211</b>	<b>89,197</b>	<b>50,480</b>	<b>14,650</b>

SHORT TERM DEBT  
(in millions)

	As of June 30, 2004				As of December 31, 2003			
	Prudential Financial, Inc.	The Prudential Insurance Co. of America (1)	Other Affiliates	Total	Prudential Financial, Inc.	The Prudential Insurance Co. of America (1)	Other Affiliates	Total
<b>Financial Services Businesses:</b>								
<i><b>Borrowings by use of proceeds:</b></i>								
General corporate purposes	-	5	-	5	-	5	-	5
Investment related	49	1,239	-	1,288	167	386	-	553
Securities business related	319	1,305	883	2,507	155	1,872	882	2,909
Specified other businesses	-	495	136	631	90	1,052	129	1,271
Limited recourse and non-recourse borrowing	-	-	1	1	-	-	1	1
Total short-term debt - Financial Services Businesses	<u>368</u>	<u>3,044</u>	<u>1,020</u>	<u>4,432</u>	<u>412</u>	<u>3,315</u>	<u>1,012</u>	<u>4,739</u>
<i><b>Borrowings by type:</b></i>								
Long-term debt due within one year	-	55	-	55	-	453	-	453
Commercial paper	368	2,973	-	3,341	412	2,846	-	3,258
Bank borrowings	-	-	543	543	-	-	535	535
Other short-term debt	-	16	476	492	-	16	476	492
Total general obligations	<u>368</u>	<u>3,044</u>	<u>1,019</u>	<u>4,431</u>	<u>412</u>	<u>3,315</u>	<u>1,011</u>	<u>4,738</u>
Limited recourse and non-recourse borrowing	-	-	1	1	-	-	1	1
Total short-term debt - Financial Services Businesses	<u>368</u>	<u>3,044</u>	<u>1,020</u>	<u>4,432</u>	<u>412</u>	<u>3,315</u>	<u>1,012</u>	<u>4,739</u>
<b>Closed Block Business:</b>								
Investment related commercial paper borrowings	-	591	-	591	-	-	-	-

(1) Includes Prudential Funding, LLC.

LONG TERM DEBT  
(in millions)

As of June 30, 2004

	General Corporate Purposes	Investment Related	Securities Business Related	Specified Other Businesses	Total General Obligations	Limited Recourse and non-Recourse	Total Borrowing
<b>Financial Services Businesses:</b>							
Prudential Financial, Inc. (1):							
Long-term fixed and floating rate notes	1,312	680	-	132	2,124	-	2,124
Hybrid notes	-	-	-	-	-	-	-
Total	<u>1,312</u>	<u>680</u>	<u>-</u>	<u>132</u>	<u>2,124</u>	<u>-</u>	<u>2,124</u>
The Prudential Insurance Company of America (2):							
Surplus notes	691	-	-	-	691	-	691
Long-term fixed and floating rate notes	600	263	-	-	863	-	863
Commercial paper backed by long-term credit agreements	-	-	-	-	-	-	-
Total	<u>1,291</u>	<u>263</u>	<u>-</u>	<u>-</u>	<u>1,554</u>	<u>-</u>	<u>1,554</u>
Long-term debt of other affiliated companies	-	-	-	-	-	57	57
Total long-term debt of Financial Services Businesses, excluding debt related to Equity Security Units	2,603	943	-	132	3,678	57	3,735
Debt related to Equity Security Units (3)	702	-	-	-	702	-	702
Total long-term debt of Financial Services Businesses	<u>3,305</u>	<u>943</u>	<u>-</u>	<u>132</u>	<u>4,380</u>	<u>57</u>	<u>4,437</u>
Ratio of long-term and short-term corporate debt to capitalization	<u>12.5%</u>						
<b>Closed Block Business:</b>							
Limited recourse notes of Prudential Holdings, LLC	-	-	-	-	-	1,750	1,750

As of December 31, 2003

	General Corporate Purposes	Investment Related	Securities Business Related	Specified Other Businesses	Total General Obligations	Limited Recourse and non-Recourse	Total Borrowing
<b>Financial Services Businesses:</b>							
Prudential Financial, Inc.:							
Long-term fixed and floating rate notes	670	681	-	141	1,492	-	1,492
Hybrid notes	-	-	-	-	-	-	-
Total	<u>670</u>	<u>681</u>	<u>-</u>	<u>141</u>	<u>1,492</u>	<u>-</u>	<u>1,492</u>
The Prudential Insurance Company of America (2):							
Surplus notes	691	-	-	-	691	-	691
Long-term fixed and floating rate notes	600	291	-	-	891	-	891
Commercial paper backed by long-term credit agreements	-	-	-	-	-	-	-
Total	<u>1,291</u>	<u>291</u>	<u>-</u>	<u>-</u>	<u>1,582</u>	<u>-</u>	<u>1,582</u>
Long-term debt of other affiliated companies	-	17	-	-	17	58	75
Total long-term debt of Financial Services Businesses, excluding debt related to Equity Security Units	1,961	989	-	141	3,091	58	3,149
Debt related to Equity Security Units (3)	711	-	-	-	711	-	711
Total long-term debt of Financial Services Businesses	<u>2,672</u>	<u>989</u>	<u>-</u>	<u>141</u>	<u>3,802</u>	<u>58</u>	<u>3,860</u>
Ratio of long-term and short-term corporate debt to capitalization	<u>10.0%</u>						
<b>Closed Block Business:</b>							
Limited recourse notes of Prudential Holdings, LLC	-	-	-	-	-	1,750	1,750

(1) Excluding obligations related to Equity Security Units.

(2) Includes Prudential Funding, LLC.

(3) Includes \$690 million corresponding to contractual obligation of holders of Equity Security Units for purchase of Prudential Financial, Inc. Common Stock in November 2004.

COMBINED STATEMENTS OF OPERATIONS - INSURANCE DIVISION  
(in millions)

Year-to-date		% Change		2003			2004	
2004	2003			2Q	3Q	4Q	1Q	2Q
1,676	1,646	2%	<b>Revenues (1):</b>					
970	797	22%	Premiums					
747	726	3%	Policy charges and fee income					
306	134	128%	Net investment income					
3,699	3,303	12%	Commissions, investment management fees, and other income					
			Total revenues					
			<b>Benefits and Expenses (1):</b>					
1,891	1,847	2%	Insurance and annuity benefits					
353	318	11%	Interest credited to policyholders' account balances					
3	-	-	Interest expense					
(362)	(261)	-39%	Deferral of acquisition costs					
217	154	41%	Amortization of acquisition costs					
1,148	846	36%	General and administrative expenses					
3,250	2,904	12%	Total benefits and expenses					
449	399	13%	Adjusted operating income before income taxes					

(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)

	Quarter Ended June 30, 2004				
	Total	Individual	Group	Individual Life and Annuities	
	Insurance	Life and		Individual	Individual
	Division	Annuities	Insurance	Life	Annuities
<b>Revenues (1):</b>					
Premiums	826	103	723	86	17
Policy charges and fee income	488	412	76	256	156
Net investment income	378	240	138	97	143
Commissions, investment management fees, and other income	156	147	9	76	71
<b>Total revenues</b>	<b>1,848</b>	<b>902</b>	<b>946</b>	<b>515</b>	<b>387</b>
<b>Benefits and Expenses (1):</b>					
Insurance and annuity benefits	921	205	716	155	50
Interest credited to policyholders' account balances	178	131	47	41	90
Interest expense	2	1	1	-	1
Deferral of acquisition costs	(180)	(172)	(8)	(75)	(97)
Amortization of acquisition costs	109	108	1	68	40
General and administrative expenses (2)	580	437	143	228	209
<b>Total benefits and expenses</b>	<b>1,610</b>	<b>710</b>	<b>900</b>	<b>417</b>	<b>293</b>
<b>Adjusted operating income before income taxes</b>	<b>238</b>	<b>192</b>	<b>46</b>	<b>98</b>	<b>94</b>

	Quarter Ended June 30, 2003				
	Total	Individual	Group	Individual Life and Annuities	
	Insurance	Life and		Individual	Individual
	Division	Annuities	Insurance	Life	Annuities
<b>Revenues (1):</b>					
Premiums	822	111	711	96	15
Policy charges and fee income	408	366	42	258	108
Net investment income	366	216	150	101	115
Commissions, investment management fees, and other income	81	74	7	28	46
<b>Total revenues</b>	<b>1,677</b>	<b>767</b>	<b>910</b>	<b>483</b>	<b>284</b>
<b>Benefits and Expenses (1):</b>					
Insurance and annuity benefits	891	219	672	178	41
Interest credited to policyholders' account balances	161	104	57	38	66
Interest expense	-	-	-	(1)	1
Deferral of acquisition costs	(149)	(139)	(10)	(74)	(65)
Amortization of acquisition costs	69	69	-	49	20
General and administrative expenses (2)	469	336	133	180	156
<b>Total benefits and expenses</b>	<b>1,441</b>	<b>589</b>	<b>852</b>	<b>370</b>	<b>219</b>
<b>Adjusted operating income before income taxes</b>	<b>236</b>	<b>178</b>	<b>58</b>	<b>113</b>	<b>65</b>

(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 \$8 million for the quarter ended June 30, 2004 and \$11 million for the quarter ended June 30, 2003 for the amortization, net of interest, of value of business acquired (VOBA) associated with the May 1, 2003 acquisition of American Skandia.

COMBINING STATEMENTS OF OPERATIONS - INSURANCE DIVISION  
(in millions)

	Six Months Ended June 30, 2004				
	Total	Individual	Group	Individual Life and Annuities	
	Insurance	Life and		Individual	Individual
	Division	Annuities	Insurance	Life	Annuities
Revenues (1):					
Premiums	1,676	204	1,472	173	31
Policy charges and fee income	970	823	147	512	311
Net investment income	747	474	273	194	280
Commissions, investment management fees, and other income	306	286	20	143	143
Total revenues	<u>3,699</u>	<u>1,787</u>	<u>1,912</u>	<u>1,022</u>	<u>765</u>
Benefits and Expenses (1):					
Insurance and annuity benefits	1,891	414	1,477	321	93
Interest credited to policyholders' account balances	353	259	94	80	179
Interest expense	3	2	1	-	2
Deferral of acquisition costs	(362)	(347)	(15)	(152)	(195)
Amortization of acquisition costs	217	215	2	138	77
General and administrative expenses (2)	1,148	867	281	450	417
Total benefits and expenses	<u>3,250</u>	<u>1,410</u>	<u>1,840</u>	<u>837</u>	<u>573</u>
Adjusted operating income before income taxes	<u>449</u>	<u>377</u>	<u>72</u>	<u>185</u>	<u>192</u>

	Six Months Ended June 30, 2003				
	Total	Individual	Group	Individual Life and Annuities	
	Insurance	Life and		Individual	Individual
	Division	Annuities	Insurance	Life	Annuities
Revenues (1):					
Premiums	1,646	224	1,422	190	34
Policy charges and fee income	797	664	133	512	152
Net investment income	726	424	302	202	222
Commissions, investment management fees, and other income	134	119	15	60	59
Total revenues	<u>3,303</u>	<u>1,431</u>	<u>1,872</u>	<u>964</u>	<u>467</u>
Benefits and Expenses (1):					
Insurance and annuity benefits	1,847	435	1,412	351	84
Interest credited to policyholders' account balances	318	201	117	74	127
Interest expense	-	(1)	1	(2)	1
Deferral of acquisition costs	(261)	(243)	(18)	(151)	(92)
Amortization of acquisition costs	154	153	1	116	37
General and administrative expenses (2)	846	579	267	357	222
Total benefits and expenses	<u>2,904</u>	<u>1,124</u>	<u>1,780</u>	<u>745</u>	<u>379</u>
Adjusted operating income before income taxes	<u>399</u>	<u>307</u>	<u>92</u>	<u>219</u>	<u>88</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 \$16 million for the six months ended June 30, 2004 and \$11 million for the six months ended June 30, 2003 for the amortization, net of interest, of value of business acquired (VOBA) associated with the May 1, 2003 acquisition of American Skandia.

INSURANCE DIVISION - INDIVIDUAL LIFE AND ANNUITIES SALES RESULTS AND ACCOUNT VALUES  
 (in millions)

Year-to-date		2003			2004	
2004	2003	2Q	3Q	4Q	1Q	2Q
<b>INDIVIDUAL LIFE INSURANCE SALES:</b>						
Excluding corporate-owned life insurance:						
53	52	26	20	27	26	27
71	54	25	24	54	32	39
60	55	29	26	29	32	28
184	161	80	70	110	90	94
7	17	13	3	1	6	1
191	178	93	73	111	96	95
<b>ANNUITY SALES AND ACCOUNT VALUES</b>						
Variable Annuities:						
43,949	15,338	14,965	39,780	40,815	43,949	44,858
3,259	1,401	1,070	1,469	1,548	1,723	1,536
(2,615)	(1,342)	(924)	(1,159)	(1,215)	(1,352)	(1,263)
644	59	146	310	333	371	273
(304)	(180)	(114)	(136)	(133)	(161)	(143)
340	(121)	32	174	200	210	130
927	2,267	2,447	990	3,072	843	84
(289)	(135)	(95)	(129)	(138)	(144)	(145)
-	22,431	22,431	-	-	-	-
44,927	39,780	39,780	40,815	43,949	44,858	44,927
Fixed Annuities:						
3,514	3,396	3,473	3,498	3,523	3,514	3,574
288	167	57	47	33	92	196
(102)	(66)	(32)	(33)	(42)	(51)	(51)
186	101	25	14	(9)	41	145
(83)	(87)	(46)	(39)	(36)	(45)	(38)
103	14	(21)	(25)	(45)	(4)	107
107	90	47	51	37	65	42
(2)	(2)	(1)	(1)	(1)	(1)	(1)
3,722	3,498	3,498	3,523	3,514	3,574	3,722
<b>SALES BY DISTRIBUTION CHANNEL</b>						
<u>Life Insurance:</u>						
Excluding corporate-owned life insurance:						
122	116	58	53	61	62	60
62	45	22	17	49	28	34
7	17	13	3	1	6	1
191	178	93	73	111	96	95
<u>Variable and Fixed Annuities (1):</u>						
805	706	380	391	415	405	400
204	188	109	115	89	108	96
2,538	674	638	1,010	1,077	1,302	1,236
3,547	1,568	1,127	1,516	1,581	1,815	1,732

(1) Amounts represent gross sales.

(2) Including bank distribution.

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

Year-to-date			2003			2004	
2004	2003		2Q	3Q	4Q	1Q	2Q
<b>INDIVIDUAL LIFE INSURANCE:</b>							
<i>Policyholders' Account Balances (1):</i>							
4,520	4,112	Beginning balance	4,205	4,275	4,373	4,520	4,567
588	486	Premiums and deposits	237	248	281	293	295
(319)	(265)	Surrenders and withdrawals	(143)	(137)	(147)	(158)	(161)
269	221	Net sales	94	111	134	135	134
(47)	(42)	Benefit payments	(20)	(25)	(20)	(25)	(22)
222	179	Net flows	74	86	114	110	112
33	47	Interest credited and other	27	39	55	(49)	82
33	(9)	Net transfers (to) from separate account	(2)	(1)	10	18	15
(66)	(54)	Policy charges	(29)	(26)	(32)	(32)	(34)
<u>4,742</u>	<u>4,275</u>	Ending balance	<u>4,275</u>	<u>4,373</u>	<u>4,520</u>	<u>4,567</u>	<u>4,742</u>
<i>Separate Account Liabilities:</i>							
13,981	11,412	Beginning balance	11,235	12,511	12,843	13,981	14,246
686	752	Premiums and deposits	379	354	328	331	355
(285)	(334)	Surrenders and withdrawals	(177)	(132)	(134)	(145)	(140)
401	418	Net sales	202	222	194	186	215
(14)	(13)	Benefit payments	(8)	(5)	(4)	(8)	(6)
387	405	Net flows	194	217	190	178	209
415	1,157	Change in market value, interest credited and other	1,311	340	1,181	328	87
(76)	(52)	Net transfers to general account	(23)	(21)	(29)	(39)	(37)
(404)	(411)	Policy charges	(206)	(204)	(204)	(202)	(202)
<u>14,303</u>	<u>12,511</u>	Ending balance	<u>12,511</u>	<u>12,843</u>	<u>13,981</u>	<u>14,246</u>	<u>14,303</u>

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

INSURANCE DIVISION - ANNUITIES ACCOUNT VALUE ACTIVITY  
(in millions)

Year-to-date						
2004	2003	2003			2004	
		2Q	3Q	4Q	1Q	2Q
<b>INDIVIDUAL ANNUITIES:</b>						
<i>Account Values in General Account (1):</i>						
7,660	6,795	7,073	7,457	7,614	7,660	9,675
587	597	327	263	209	249	338
(460)	(207)	(100)	(102)	(120)	(251)	(209)
127	390	227	161	89	(2)	129
(163)	(151)	(78)	(71)	(69)	(82)	(81)
(36)	239	149	90	20	(84)	48
140	147	71	105	62	22	118
2,340	122	8	(36)	(34)	2,079	261
(3)	(4)	(2)	(2)	(2)	(2)	(1)
-	158	158	-	-	-	-
10,101	7,457	7,457	7,614	7,660	9,675	10,101
<i>Account Values in Separate Account:</i>						
39,803	11,939	11,365	35,821	36,724	39,803	38,757
2,960	971	800	1,253	1,372	1,566	1,394
(2,257)	(1,201)	(856)	(1,090)	(1,137)	(1,152)	(1,105)
703	(230)	(56)	163	235	414	289
(224)	(116)	(82)	(104)	(100)	(124)	(100)
479	(346)	(138)	59	135	290	189
894	2,210	2,423	936	3,047	886	8
(2,340)	(122)	(8)	36	34	(2,079)	(261)
(288)	(133)	(94)	(128)	(137)	(143)	(145)
-	22,273	22,273	-	-	-	-
38,548	35,821	35,821	36,724	39,803	38,757	38,548

(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.

(2) Includes the transfer in classification, as of January 1, 2004, of \$2,168 million of assets from separate account to general account, reflecting the adoption of Statement of Position 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Non-Traditional Long-Duration Contracts and for Separate Accounts" (SOP 03-1).

INSURANCE DIVISION - DEFERRED POLICY ACQUISITION COSTS  
(in millions)

Year-to-date		2003			2004	
2004	2003	2Q	3Q	4Q	1Q	2Q
<b>INDIVIDUAL LIFE INSURANCE:</b>						
3,194	3,110	3,104	3,102	3,131	3,194	3,032
152	151	74	68	75	77	75
(138)	(116)	(49)	(56)	(23)	(70)	(68)
-	-	-	-	-	-	-
(66)	(43)	(27)	17	11	(169)	103
<u>3,141</u>	<u>3,102</u>	<u>3,102</u>	<u>3,131</u>	<u>3,194</u>	<u>3,032</u>	<u>3,141</u>
<b>INDIVIDUAL ANNUITIES:</b>						
636	473	471	471	522	636	697
195	92	65	85	90	98	97
(77)	(37)	(20)	(23)	13	(37)	(40)
(2)	(3)	(1)	(3)	(5)	1	(3)
95	(54)	(44)	(8)	16	(5)	100
4	-	-	-	-	4	-
<u>851</u>	<u>471</u>	<u>471</u>	<u>522</u>	<u>636</u>	<u>697</u>	<u>851</u>
<b>GROUP INSURANCE (2):</b>						
88	57	64	74	81	88	94
15	18	10	8	8	7	8
(2)	(1)	-	(1)	(1)	(1)	(1)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>101</u>	<u>74</u>	<u>74</u>	<u>81</u>	<u>88</u>	<u>94</u>	<u>101</u>
<b>TOTAL INSURANCE DIVISION:</b>						
3,918	3,640	3,639	3,647	3,734	3,918	3,823
362	261	149	161	173	182	180
(217)	(154)	(69)	(80)	(11)	(108)	(109)
(2)	(3)	(1)	(3)	(5)	1	(3)
29	(97)	(71)	9	27	(174)	203
4	-	-	-	-	4	-
<u>4,093</u>	<u>3,647</u>	<u>3,647</u>	<u>3,734</u>	<u>3,918</u>	<u>3,823</u>	<u>4,093</u>

(1) Reflects the impact of adoption of SOP 03-1 on January 1, 2004.

(2) Represents long-term care products.

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

Year-to-date			2003			2004	
2004	2003		2Q	3Q	4Q	1Q	2Q
<b>Individual Life Insurance:</b>							
Policy Surrender Experience:							
316	352	Cash value of surrenders	182	154	147	164	152
3.4%	4.2%	Cash value of surrenders as a percentage of mean future policy benefits, policyholders' account balances, and separate account balances	4.4%	3.5%	3.2%	3.5%	3.2%
Death benefits per \$1,000 of in force (1):							
2.91	2.59	Variable and universal life	2.74	2.40	4.57	2.90	2.86
1.22	1.50	Term life	0.90	4.16	1.65	1.75	0.76
2.67	2.46	Total, Individual Life Insurance	2.53	3.10	3.94	2.75	2.58

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

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

Year-to-date		2003			2004	
2004	2003	2Q	3Q	4Q	1Q	2Q
<b>GROUP INSURANCE NEW ANNUALIZED PREMIUMS:</b>						
161	123	35	30	72	127	34
105	96	29	24	24	90	15
<u>266</u>	<u>219</u>	<u>64</u>	<u>54</u>	<u>96</u>	<u>217</u>	<u>49</u>
Future Policy Benefits (2):						
		1,730	1,656	1,832	1,780	1,760
		201	217	224	277	279
		<u>1,931</u>	<u>1,873</u>	<u>2,056</u>	<u>2,057</u>	<u>2,039</u>
Policyholders' Account Balances (2):						
		4,729	4,499	4,341	4,353	4,420
		60	61	66	59	61
		<u>4,789</u>	<u>4,560</u>	<u>4,407</u>	<u>4,412</u>	<u>4,481</u>
Separate Account Liabilities (2):						
		9,994	9,970	10,253	10,476	10,810
		-	-	-	-	-
		<u>9,994</u>	<u>9,970</u>	<u>10,253</u>	<u>10,476</u>	<u>10,810</u>
Group Life Insurance:						
1,287	1,327	636	603	612	674	613
1,281	1,229	591	577	620	647	634
90.2%	90.9%	89.9%	91.2%	90.5%	92.1%	88.2%
10.3%	9.1%	9.1%	10.0%	10.6%	9.5%	11.1%
		95.6%	93.7%	92.8%	95.7%	94.7%
Group Disability Insurance (1):						
350	332	161	165	165	176	174
338	326	162	159	157	173	165
95.3%	90.5%	87.0%	93.1%	95.5%	95.4%	95.2%
21.4%	21.7%	23.0%	22.4%	24.2%	21.0%	21.8%
		89.2%	87.5%	85.0%	90.8%	89.3%

(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.

COMBINED STATEMENTS OF OPERATIONS - INVESTMENT DIVISION  
(in millions)

Year-to-date		% Change	2003			2004	
2004	2003		2Q	3Q	4Q	1Q	2Q
<b>Revenues (1):</b>							
39	22	77%	8	1	6	12	27
53	37	43%	19	17	18	18	35
1,107	1,109	-	553	516	526	523	584
1,099	1,720	-36%	906	481	494	477	622
2,298	2,888	-20%	1,486	1,015	1,044	1,030	1,268
<b>Benefits and Expenses (1):</b>							
416	414	-	204	187	190	208	208
579	469	23%	233	239	238	226	353
10	16	-38%	8	9	8	9	1
(22)	(15)	-47%	(8)	(6)	(8)	(8)	(14)
29	36	-19%	17	15	15	15	14
1,118	1,818	-39%	955	488	545	484	634
2,130	2,738	-22%	1,409	932	988	934	1,196
168	150	12%	77	83	56	96	72

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

COMBINING STATEMENTS OF OPERATIONS - INVESTMENT DIVISION  
(in millions)

	Six Months Ended June 30, 2004				Quarter Ended June 30, 2004			
	Total	Asset	Financial	Retirement	Total	Asset	Financial	Retirement
	Investment	Management	Advisory		Investment	Management	Advisory	
Division	Management	Advisory	Retirement	Division	Management	Advisory	Retirement	
<b>Revenues (1):</b>								
Premiums	39	-	-	39	27	-	-	27
Policy charges and fee income	53	-	-	53	35	-	-	35
Net investment income	1,107	35	1	1,071	584	19	-	565
Commissions, investment management fees, and other income	1,099	678	177	244	622	347	72	203
<b>Total revenues</b>	<b>2,298</b>	<b>713</b>	<b>178</b>	<b>1,407</b>	<b>1,268</b>	<b>366</b>	<b>72</b>	<b>830</b>
<b>Benefits and Expenses (1):</b>								
Insurance and annuity benefits	416	-	-	416	208	-	-	208
Interest credited to policyholders' account balances	579	-	-	579	353	-	-	353
Interest expense	10	5	-	5	1	2	(4)	3
Deferral of acquisition costs	(22)	(11)	-	(11)	(14)	(5)	-	(9)
Amortization of acquisition costs	29	23	-	6	14	11	-	3
General and administrative expenses	1,118	578	272	268	634	298	156	180
<b>Total benefits and expenses</b>	<b>2,130</b>	<b>595</b>	<b>272</b>	<b>1,263</b>	<b>1,196</b>	<b>306</b>	<b>152</b>	<b>738</b>
<b>Adjusted operating income before income taxes</b>	<b>168</b>	<b>118</b>	<b>(94)</b>	<b>144</b>	<b>72</b>	<b>60</b>	<b>(80)</b>	<b>92</b>
<b>Six Months Ended June 30, 2003</b>								
<b>Quarter Ended June 30, 2003</b>								
<b>Revenues (1):</b>								
Premiums	22	-	-	22	8	-	-	8
Policy charges and fee income	37	-	-	37	19	-	-	19
Net investment income	1,109	24	53	1,032	553	12	26	515
Commissions, investment management fees, and other income	1,720	615	1,042	63	906	322	553	31
<b>Total revenues</b>	<b>2,888</b>	<b>639</b>	<b>1,095</b>	<b>1,154</b>	<b>1,486</b>	<b>334</b>	<b>579</b>	<b>573</b>
<b>Benefits and Expenses (1):</b>								
Insurance and annuity benefits	414	-	-	414	204	-	-	204
Interest credited to policyholders' account balances	469	-	-	469	233	-	-	233
Interest expense	16	7	-	9	8	4	-	4
Deferral of acquisition costs	(15)	(10)	-	(5)	(8)	(5)	-	(3)
Amortization of acquisition costs	36	30	-	6	17	14	-	3
General and administrative expenses	1,818	514	1,141	163	955	268	600	87
<b>Total benefits and expenses</b>	<b>2,738</b>	<b>541</b>	<b>1,141</b>	<b>1,056</b>	<b>1,409</b>	<b>281</b>	<b>600</b>	<b>528</b>
<b>Adjusted operating income before income taxes</b>	<b>150</b>	<b>98</b>	<b>(46)</b>	<b>98</b>	<b>77</b>	<b>53</b>	<b>(21)</b>	<b>45</b>

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

INVESTMENT DIVISION - SUPPLEMENTARY REVENUE INFORMATION FOR ASSET MANAGEMENT SEGMENT  
(dollar amounts in millions unless otherwise noted)

Year-to-date		% Change		2003			2004	
2004	2003			2Q	3Q	4Q	1Q	2Q
<b>Asset Management Segment:</b>								
Analysis of revenues by source:								
Investment Management and Advisory Services:								
108	88	23%	Retail customers	45	50	49	54	54
212	166	28%	Institutional customers	87	92	114	95	117
112	105	7%	General account	50	56	58	53	59
432	359	20%	Subtotal	182	198	221	202	230
281	280	-	Mutual Fund and other segment revenues (1)	152	144	158	145	136
713	639	12%	Total Asset Management segment revenues	334	342	379	347	366
Analysis of commissions, investment management fees and other revenues by type:								
Investment Management and Advisory Services:								
395	327	21%	Asset-based fees	162	173	182	186	209
21	19	11%	Transaction-based and other revenues	14	16	33	9	12
416	346	20%	Subtotal	176	189	215	195	221
262	269	-3%	Mutual Fund and other segment revenues (1)	146	135	151	136	126
678	615	10%	Total	322	324	366	331	347

(1) Represents mutual fund and other segment revenues other than asset management fees paid to affiliates, which are included in appropriate categories above.

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

Year-to-date	2003	2003	2004	2004
2004	3Q	4Q	1Q	2Q
<b>Information pertaining to Wachovia Securities Financial Holdings, LLC:</b>				
	Revenues:			
111	53	55	56	55
1,216	620	626	665	551
795	351	364	393	402
55	51	36	36	19
<u>2,177</u>	<u>1,075</u>	<u>1,081</u>	<u>1,150</u>	<u>1,027</u>
	Expenses:			
1,930	939	948	1,001	929
123	41	43	57	66
<u>2,053</u>	<u>980</u>	<u>991</u>	<u>1,058</u>	<u>995</u>
<u>124</u>	<u>95</u>	<u>90</u>	<u>92</u>	<u>32</u>
	Income before income taxes			
47	36	34	35	12
<u>(4)</u>	<u>(5)</u>	<u>(9)</u>	<u>(3)</u>	<u>(1)</u>
<u>43</u>	<u>31</u>	<u>25</u>	<u>32</u>	<u>11</u>
	Prudential Financial, Inc., 38% share of Wachovia Securities Financial Holdings, LLC			
	Purchase accounting and related adjustments			
	Prudential Financial, Inc., equity income from Wachovia Securities Financial Holdings, LLC			
41.3%	38.2%	38.0%	39.1%	41.3%
	Recurring revenue as a percentage of total non-interest revenue (1)			
	Total client assets (\$ in billions) (2)			
	568.5	603.1	614.9	618.9
	Distribution representatives (2):			
	Series 7 Financial Advisors			
	8,309	8,192	8,133	8,009
	Series 6 Financial Representatives			
	3,316	3,270	3,081	2,871
	Customer debit balances (\$ in billions) (2)			
	5.6	6.1	6.1	6.3
<hr style="border-top: 1px dashed black;"/>				
<u>(96)</u>	<u>4</u>	<u>(64)</u>	<u>(17)</u>	<u>(79)</u>
	<b>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</b>			

(1) Calculated on a YTD annualized basis. 2003 amounts are calculated from July 1, 2003.

(2) As of end of period.

INVESTMENT DIVISION - ASSETS UNDER MANAGEMENT FOR INVESTMENT MANAGEMENT AND ADVISORY SERVICES OPERATIONS  
 (in billions)

	June 30, 2004			Total
	Equity	Fixed Income	Real Estate	
Retail customers	43.5	29.9	1.0	74.4
Institutional customers	38.3	55.1	12.9	106.3
General account	3.0	143.2	1.4	147.6
<b>Total</b>	<b>84.8</b>	<b>228.2</b>	<b>15.3</b>	<b>328.3</b>

	June 30, 2003			Total
	Equity	Fixed Income	Real Estate	
Retail customers	36.7	44.4	1.4	82.5
Institutional customers	26.7	49.7	12.8	89.2
General account	2.9	123.0	1.2	127.1
<b>Total</b>	<b>66.3</b>	<b>217.1</b>	<b>15.4</b>	<b>298.8</b>

Year-to-date	
2004	2003
69.3	62.0
10.1	4.7
(7.4)	(5.7)
1.6	4.2
0.4	(0.8)
<u>74.0</u>	<u>64.4</u>
<u>32.3</u>	<u>24.8</u>
<u>106.3</u>	<u>89.2</u>

**Institutional Assets Under Management:**

Assets gathered by Investment Management & Advisory Services sales force:

	2003			2004	
	2Q	3Q	4Q	1Q	2Q
Beginning assets under management	60.8	64.4	65.6	69.3	74.2
Additions to managed portfolio	2.1	3.1	5.4	5.6	4.5
Withdrawals	(2.6)	(3.1)	(3.9)	(2.8)	(4.6)
Change in market value	4.2	1.3	2.6	1.6	-
Net money market flows	(0.1)	(0.1)	(0.4)	0.5	(0.1)
Ending assets under management	64.4	65.6	69.3	74.2	74.0
Other institutional assets under management	24.8	24.1	25.5	25.7	32.3
<b>Total assets managed for institutional customers at end of period</b>	<b>89.2</b>	<b>89.7</b>	<b>94.8</b>	<b>99.9</b>	<b>106.3</b>

INVESTMENT DIVISION - MUTUAL FUNDS AND WRAP-FEE PRODUCTS  
(in millions)

Year-to-date		2003			2004	
2004	2003	2Q	3Q	4Q	1Q	2Q
<b>Mutual Funds Assets Under Management:</b>						
46,784	49,756	48,170	51,835	51,016	46,784	44,027
1,545	2,186	1,100	963	758	873	672
(2,853)	(2,320)	(1,358)	(1,749)	(1,385)	(1,296)	(1,557)
885	2,686	2,583	757	2,447	566	319
(6,587)	(4,605)	(2,792)	(790)	(6,052)	(2,900)	(3,687)
-	4,132	4,132	-	-	-	-
<u>39,774</u>	<u>51,835</u>	<u>51,835</u>	<u>51,016</u>	<u>46,784</u>	<u>44,027</u>	<u>39,774</u>
<u>(1,308)</u>	<u>(134)</u>	<u>(258)</u>	<u>(786)</u>	<u>(627)</u>	<u>(423)</u>	<u>(885)</u>
<b>Wrap-fee Products Assets Under Administration (1):</b>						
19,833	15,153	14,860	16,702	17,960	19,833	21,084
4,176	2,749	1,462	1,754	1,612	2,154	2,022
(3,001)	(2,523)	(1,345)	(1,370)	(1,361)	(1,423)	(1,578)
706	1,323	1,725	874	1,622	520	186
6,014	-	-	-	-	-	6,014
<u>27,728</u>	<u>16,702</u>	<u>16,702</u>	<u>17,960</u>	<u>19,833</u>	<u>21,084</u>	<u>27,728</u>
-	18,089	18,089	804	807	-	-
<u>27,728</u>	<u>34,791</u>	<u>34,791</u>	<u>18,764</u>	<u>20,640</u>	<u>21,084</u>	<u>27,728</u>
<u>1,175</u>	<u>226</u>	<u>117</u>	<u>384</u>	<u>251</u>	<u>731</u>	<u>444</u>
<b>MUTUAL FUNDS AND WRAP-FEE PRODUCTS GROSS SALES BY DISTRIBUTION CHANNEL</b>						
<u>Mutual funds, excluding wrap-fee products (5):</u>						
228	218	119	93	105	121	107
-	826	357	-	-	-	-
1,265	1,117	616	865	649	727	538
52	25	8	5	4	25	27
<u>1,545</u>	<u>2,186</u>	<u>1,100</u>	<u>963</u>	<u>758</u>	<u>873</u>	<u>672</u>
<u>Wrap-fee products (1):</u>						
313	198	80	102	117	139	174
-	2,269	1,215	-	-	-	-
3,863	282	167	1,652	1,495	2,015	1,848
<u>4,176</u>	<u>2,749</u>	<u>1,462</u>	<u>1,754</u>	<u>1,612</u>	<u>2,154</u>	<u>2,022</u>

- (1) Excludes other managed accounts.
- (2) As a result of the combination of the company's retail securities brokerage business with Wachovia Securities Financial Holdings, LLC, the Asset Management segment assumed responsibility for management of Latin American wrap-fee assets amounting to \$383 million as of July 1, 2003 which were formerly managed within the International Investments segment. This balance is included in "Reinvestment of distributions and change in market value". New sales related to this business are included in the Asset Management segment's wrap-fee sales data commencing with the third quarter of 2003.
- (3) As a result of agreements in connection with the formation of the retail securities brokerage joint venture with Wachovia, the Asset Management segment assumed administrative responsibilities for Wachovia Securities customer assets under wrap-fee and managed account programs.
- (4) Other managed accounts which were associated with businesses that were combined into Wachovia Securities Financial Holdings, LLC on July 1, 2003 are no longer reported by Prudential Financial, Inc. as a component of its wrap-fee products and other managed accounts, commencing as of that date. These managed accounts amounted to \$17.3 billion as of June 30, 2003.
- (5) Other than money market.
- (6) Includes, effective July 1, 2003, production through Financial Advisors formerly associated with Prudential Securities, who became associated with Wachovia Securities Financial Holdings, LLC as a result of the combination of Prudential's retail securities brokerage operation with Wachovia Securities Financial Holdings, LLC as of that date.

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

Year-to-date			2003			2004	
2004	2003		2Q	3Q	4Q	1Q	2Q
<b>RETIREMENT SALES AND ACCOUNT VALUES</b>							
<b>Defined Contribution:</b>							
28,658	22,914	Beginning total account value	22,757	24,315	26,766	28,658	28,844
3,363	1,904	Sales	876	2,484	791	1,124	2,239
(4,055)	(1,908)	Withdrawals	(1,270)	(613)	(860)	(1,535)	(2,520)
1,218	1,405	Change in market value and interest credited	1,952	580	1,961	597	621
35,920	-	Acquisition	-	-	-	-	35,920
<u>65,104</u>	<u>24,315</u>	Ending total account value	<u>24,315</u>	<u>26,766</u>	<u>28,658</u>	<u>28,844</u>	<u>65,104</u>
<u>(692)</u>	<u>(4)</u>	Net sales (withdrawals)	<u>(394)</u>	<u>1,871</u>	<u>(69)</u>	<u>(411)</u>	<u>(281)</u>
Asset management of ending total account value:							
		Proprietary	17,023	17,331	18,085	17,797	43,166
		Non-proprietary	7,292	9,435	10,573	11,047	21,938
		Total	<u>24,315</u>	<u>26,766</u>	<u>28,658</u>	<u>28,844</u>	<u>65,104</u>
<b>Guaranteed Products:</b>							
41,955	39,058	Beginning total account value	38,925	40,372	40,727	41,955	42,260
2,205	1,202	Sales	648	966	1,088	501	1,704
(3,163)	(2,065)	Withdrawals and benefits	(1,020)	(1,045)	(903)	(842)	(2,321)
900	2,001	Change in market value and interest income	1,520	381	899	1,033	(133)
(675)	176	Other (1)	299	53	144	(387)	(288)
19,143	-	Acquisition	-	-	-	-	19,143
<u>60,365</u>	<u>40,372</u>	Ending total account value	<u>40,372</u>	<u>40,727</u>	<u>41,955</u>	<u>42,260</u>	<u>60,365</u>
<u>(958)</u>	<u>(863)</u>	Net sales (withdrawals)	<u>(372)</u>	<u>(79)</u>	<u>185</u>	<u>(341)</u>	<u>(617)</u>
Product composition of ending total account value (2):							
		Spread-based products	18,994	18,853	19,606	20,256	23,407
		Fee-based products	21,378	21,874	22,349	22,004	36,958
		Total	<u>40,372</u>	<u>40,727</u>	<u>41,955</u>	<u>42,260</u>	<u>60,365</u>

(1) Represents changes in asset balances for externally managed accounts. Includes a \$152 million reduction in account value as of January 1, 2004 reflecting the adoption of SOP 03-1.

(2) Fee and spread based product account values reflect the reclassification of \$471 million of account values from fee based to spread based as of January 1, 2004, upon the adoption of SOP 03-1.

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

Year-to-date		% Change		2003			2004	
2004	2003			2Q	3Q	4Q	1Q	2Q
<b>Revenues (1):</b>								
2,684	2,270	18%	1,129	1,170	1,236	1,330	1,354	
124	112	11%	58	54	60	63	61	
467	398	17%	205	212	189	231	236	
225	161	40%	87	85	64	94	131	
<u>3,500</u>	<u>2,941</u>	19%	<u>1,479</u>	<u>1,521</u>	<u>1,549</u>	<u>1,718</u>	<u>1,782</u>	
<b>Benefits and Expenses (1):</b>								
2,136	1,771	21%	865	894	949	1,064	1,072	
55	52	6%	27	27	30	26	29	
3	1	200%	1	1	1	1	2	
(365)	(352)	-4%	(175)	(157)	(186)	(190)	(175)	
158	145	9%	71	69	70	79	79	
1,032	929	11%	473	464	501	519	513	
<u>3,019</u>	<u>2,546</u>	19%	<u>1,262</u>	<u>1,298</u>	<u>1,365</u>	<u>1,499</u>	<u>1,520</u>	
<u>481</u>	<u>395</u>	22%	<u>217</u>	<u>223</u>	<u>184</u>	<u>219</u>	<u>262</u>	

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



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

Year-to-date		2003			2004	
2004	2003	2Q	3Q	4Q	1Q	2Q
<b>Japanese Yen Basis Results:</b>						
Revenues (1):						
¥ 134,675	¥ 122,255	¥ 59,351	¥ 64,695	¥ 62,352	¥ 69,312	¥ 65,363
172,451	163,895	83,420	80,309	78,638	80,506	91,945
307,126	286,150	142,771	145,004	140,990	149,818	157,308
Total revenues, Japan, yen basis						
Benefits and Expenses (1):						
111,036	101,540	48,803	53,806	50,148	57,341	53,695
147,951	142,627	71,206	67,489	67,094	69,495	78,456
258,987	244,167	120,009	121,295	117,242	126,836	132,151
Total benefits and expenses, Japan, yen basis						
Adjusted operating income (2):						
23,639	20,715	10,548	10,889	12,204	11,971	11,668
24,500	21,268	12,214	12,820	11,544	11,011	13,489
¥ 48,139	¥ 41,983	¥ 22,762	¥ 23,709	¥ 23,748	¥ 22,982	¥ 25,157
Total adjusted operating income, Japan, yen basis						
<b>U.S. Dollar adjusted operating income (3):</b>						
\$ 202	\$ 169	\$ 84	\$ 88	\$ 100	\$ 103	\$ 99
209	173	98	104	93	94	115
411	342	182	192	193	197	214
48	40	25	23	29	18	30
Total adjusted operating income, International Insurance segment, U.S. dollar basis						
\$ 459	\$ 382	\$ 207	\$ 215	\$ 222	\$ 215	\$ 244

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

(dollar amounts in millions unless otherwise noted)

Year-to-date			2003			2004	
2004	2003		2Q	3Q	4Q	1Q	2Q
INTERNATIONAL INSURANCE OPERATING DATA:							
<b>Actual exchange rate basis (1):</b>							
Net premiums, policy charges and fee income:							
1,086	935	Japan, excluding Gibraltar Life	451	499	509	580	506
1,277	1,088	Gibraltar Life	552	527	566	597	680
445	359	All other countries	184	198	221	216	229
<u>2,808</u>	<u>2,382</u>	Total	<u>1,187</u>	<u>1,224</u>	<u>1,296</u>	<u>1,393</u>	<u>1,415</u>
Annualized new business premiums:							
221	191	Japan, excluding Gibraltar Life	85	95	112	128	93
143	153	Gibraltar Life	89	75	68	62	81
100	96	All other countries	46	53	61	50	50
<u>464</u>	<u>440</u>	Total	<u>220</u>	<u>223</u>	<u>241</u>	<u>240</u>	<u>224</u>
<b>Constant exchange rate basis (2):</b>							
Net premiums, policy charges and fee income:							
1,019	960	Japan, excluding Gibraltar Life	463	505	479	537	482
1,193	1,122	Gibraltar Life	567	540	543	551	642
435	362	All other countries	184	191	219	212	223
<u>2,647</u>	<u>2,444</u>	Total	<u>1,214</u>	<u>1,236</u>	<u>1,241</u>	<u>1,300</u>	<u>1,347</u>
Annualized new business premiums:							
207	196	Japan, excluding Gibraltar Life	87	97	105	119	88
134	158	Gibraltar Life	91	77	64	58	76
97	99	All other countries	48	51	61	49	48
<u>438</u>	<u>453</u>	Total	<u>226</u>	<u>225</u>	<u>230</u>	<u>226</u>	<u>212</u>

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

(2) Translated based on average exchange rates for the year ended December 31, 2003.

INTERNATIONAL INSURANCE AND INVESTMENTS DIVISION - SALES RESULTS AND SUPPLEMENTARY INFORMATION

	2003			2004	
	2Q	3Q	4Q	1Q	2Q
Face amount of individual policies in force at end of period (in billions) (1): (Constant exchange rate basis)					
Japan, excluding Gibraltar Life	163	167	171	176	179
Gibraltar Life	226	222	218	215	210
All other countries	56	58	61	63	66
Total	<u>445</u>	<u>447</u>	<u>450</u>	<u>454</u>	<u>455</u>
Number of individual policies in force at end of period (in thousands):					
Japan, excluding Gibraltar Life	1,099	1,137	1,180	1,231	1,266
Gibraltar Life	4,380	4,334	4,288	4,226	4,149
All other countries	745	786	830	863	894
Total	<u>6,224</u>	<u>6,257</u>	<u>6,298</u>	<u>6,320</u>	<u>6,309</u>
International insurance policy persistency (2):					
13 months	93.1%	92.9%	92.8%	92.7%	92.6%
25 months	87.1%	87.1%	87.0%	86.7%	86.7%
Number of Life Planners at end of period (3):					
Japan	2,175	2,293	2,347	2,422	2,447
All other countries	2,514	2,582	2,642	2,586	2,676
Total	<u>4,689</u>	<u>4,875</u>	<u>4,989</u>	<u>5,008</u>	<u>5,123</u>

(1) Translated based on exchange rates as of December 31, 2003.

(2) Excluding Gibraltar Life.

(3) Excluding Gibraltar Life Advisors.

INVESTMENT PORTFOLIO COMPOSITION  
(in millions)

	June 30, 2004				December 31, 2003			
	Consolidated Portfolio	Closed Block Business	Financial Services Businesses		Consolidated Portfolio	Closed Block Business	Financial Services Businesses	
			Amount	% of Total			Amount	% of Total
Fixed maturities:								
Public, available for sale, at fair value	106,468	32,984	73,484	55.2%	95,968	29,538	66,430	59.9%
Public, held to maturity, at amortized cost	2,673	-	2,673	2.0%	3,010	-	3,010	2.7%
Private, available for sale, at fair value	31,453	14,531	16,922	12.7%	32,973	15,052	17,921	16.2%
Private, held to maturity, at amortized cost	51	-	51	0.0%	58	-	58	0.1%
Trading account assets supporting insurance liabilities, at fair value (1)	11,920	-	11,920	8.9%	88	-	88	0.0%
Other trading account assets, at fair value (1)	174	-	174	0.1%	138	-	138	0.2%
Equity securities, available for sale, at fair value	3,793	2,390	1,403	1.1%	3,383	2,282	1,101	1.0%
Commercial loans	23,529	7,117	16,412	12.3%	18,780	7,006	11,774	10.6%
Policy loans	8,075	5,467	2,608	2.0%	8,152	5,543	2,609	2.4%
Other long-term investments (2)	4,721	1,064	3,657	2.8%	4,743	1,041	3,702	3.3%
Short-term investments	6,076	2,258	3,818	2.9%	7,633	3,581	4,052	3.6%
Subtotal (3)	198,933	65,811	133,122	100.0%	174,926	64,043	110,883	100.0%
Invested assets of other entities and operations (4)	4,176	-	4,176		6,115	-	6,115	
Total investments	203,109	65,811	137,298		181,041	64,043	116,998	

Fixed Maturities by Credit Quality (3):

	June 30, 2004					December 31, 2003				
	Financial Services Businesses					Financial Services Businesses				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	% of Total	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	% of Total
Public Fixed Maturities:										
NAIC Rating (5)    Rating Agency Equivalent										
1            Aaa, Aa, A	55,454	1,588	535	56,507	74.2%	50,133	2,247	210	52,170	75.1%
2            Baa	16,315	678	160	16,833	22.1%	13,767	900	91	14,576	21.0%
Subtotal Investment Grade	71,769	2,266	695	73,340	96.3%	63,900	3,147	301	66,746	96.1%
3            Ba	1,782	117	19	1,880	2.5%	1,580	167	11	1,736	2.5%
4            B	732	61	9	784	1.0%	757	89	3	843	1.2%
5            C and lower	79	17	1	95	0.1%	67	30	2	95	0.1%
6            In or near default	33	5	-	38	0.1%	34	3	1	36	0.1%
Subtotal Below Investment Grade	2,626	200	29	2,797	3.7%	2,438	289	17	2,710	3.9%
Total	74,395	2,466	724	76,137	100.0%	66,338	3,436	318	69,456	100.0%
Private Fixed Maturities:										
NAIC Rating (5)    Rating Agency Equivalent										
1            Aaa, Aa, A	4,506	289	26	4,769	28.1%	4,647	400	7	5,040	28.0%
2            Baa	8,712	617	32	9,297	54.8%	8,749	749	13	9,485	52.6%
Subtotal Investment Grade	13,218	906	58	14,066	82.9%	13,396	1,149	20	14,525	80.6%
3            Ba	1,755	112	8	1,859	10.9%	2,004	146	13	2,137	12.1%
4            B	468	29	7	490	2.9%	508	38	3	543	3.0%
5            C and lower	369	63	5	427	2.5%	552	62	12	602	3.3%
6            In or near default	127	5	1	131	0.8%	168	7	3	172	1.0%
Subtotal Below Investment Grade	2,719	209	21	2,907	17.1%	3,232	253	31	3,454	19.4%
Total	15,937	1,115	79	16,973	100.0%	16,628	1,402	51	17,979	100.0%

- (1) Commencing June 30, 2004, fixed maturity and equity security investments for which fair value changes result in changes in experience-rated contractholder liabilities are classified as "Trading account assets supporting insurance liabilities." Classification for earlier periods presented has been conformed to the current presentation. Trading account assets supporting insurance liabilities as of June 30, 2004, reflect the reclassification of \$627 million of assets from separate account assets on January 1, 2004, upon adoption of SOP 03-1.
- (2) Other long-term investments consist of real estate and non-real estate related investments in joint ventures (other than 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.
- (3) Excludes investments of securities brokerage operations, securities trading operations, banking operations, assets related to special purpose entities consolidated in accordance with FIN 46, assets of our asset management operations managed for third parties, and separate account assets for which the customer assumes risks of ownership.
- (4) Includes invested assets of securities brokerage operations, securities trading operations, banking operations and assets related to special purpose entities consolidated in accordance with FIN 46. Excludes assets of our asset management operations managed for third parties and separate account assets for which the customer assumes risks of ownership. Our investment in Wachovia Securities Financial Holdings, LLC is included in "Other assets".
- (5) Reflects equivalent ratings for investments of international insurance operations that are not rated by United States insurance regulatory authorities. Includes, as of June 30, 2004 and December 31, 2003, respectively, 123 securities with amortized cost of \$1,864 million (fair value \$1,875 million) and 223 securities with amortized cost of \$2,952 million (fair value, \$3,027 million) that have been categorized based on expected NAIC designations pending receipt of SVO ratings.

FINANCIAL SERVICES BUSINESSES INVESTMENT PORTFOLIO COMPOSITION  
 (in millions)

	June 30, 2004		December 31, 2003	
	Amount	% of Total	Amount	% of Total
Japanese Insurance Operations:				
Fixed maturities:				
Public, available for sale, at fair value	28,138	72.5%	28,488	74.3%
Public, held to maturity, at amortized cost	2,673	6.9%	3,010	7.8%
Private, available for sale, at fair value	600	1.6%	280	0.7%
Private, held to maturity, at amortized cost	51	0.1%	58	0.2%
Trading account assets supporting insurance liabilities, at fair value (1) (2)	785	2.0%	88	0.2%
Other trading account assets, at fair value (1)	27	0.1%	-	0.0%
Equity securities, available for sale, at fair value	1,219	3.1%	934	2.4%
Commercial loans	2,810	7.2%	2,922	7.6%
Policy loans	817	2.1%	862	2.3%
Other long-term investments (3)	1,056	2.7%	1,291	3.4%
Short-term investments	661	1.7%	440	1.1%
<b>Total</b>	<b>38,837</b>	<b>100.0%</b>	<b>38,373</b>	<b>100.0%</b>

	June 30, 2004		December 31, 2003	
	Amount	% of Total	Amount	% of Total
Financial Services Businesses excluding Japanese Insurance Operations (4):				
Fixed maturities:				
Public, available for sale, at fair value	45,346	48.1%	37,942	52.4%
Public, held to maturity, at amortized cost	-	0.0%	-	0.0%
Private, available for sale, at fair value	16,322	17.3%	17,641	24.3%
Private, held to maturity, at amortized cost	-	0.0%	-	0.0%
Trading account assets supporting insurance liabilities, at fair value (1)	11,135	11.8%	-	0.0%
Other trading account assets, at fair value (1)	147	0.2%	138	0.2%
Equity securities, available for sale, at fair value	184	0.2%	167	0.2%
Commercial loans	13,602	14.4%	8,852	12.2%
Policy loans	1,791	1.9%	1,747	2.4%
Other long-term investments (3)	2,601	2.8%	2,411	3.3%
Short-term investments	3,157	3.3%	3,612	5.0%
<b>Total</b>	<b>94,285</b>	<b>100.0%</b>	<b>72,510</b>	<b>100.0%</b>

(1) Commencing June 30, 2004, fixed maturity and equity security investments for which fair value changes result in changes in experience-rated contractholder liabilities are classified as "Trading account assets supporting insurance liabilities." Classification for earlier periods presented has been conformed to the current presentation.

(2) Trading account assets supporting insurance liabilities as of June 30, 2004, reflect the reclassification of \$627 million of assets from separate account assets on January 1, 2004, upon adoption of SOP 03-1.

(3) Other long-term investments consist of real estate and non-real estate related investments in joint ventures (other than 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 Wachovia Securities Financial Holdings, LLC is included in "Other assets".

(4) Excludes investments of securities brokerage operations, securities trading operations, banking operations, assets related to special purpose entities consolidated in accordance with FIN 46, assets of our asset management operations managed for third parties, and separate account assets for which the customer assumes risks of ownership.

FINANCIAL SERVICES BUSINESSES INVESTMENT RESULTS  
(in millions)

	Quarter Ended June 30					
	2004			2003		
	Investment Income		Realized	Investment Income		Realized
	Yield (3)	Amount	Gains / (Losses)	Yield (3)	Amount	Gains / (Losses)
Financial Services Businesses (1) (4):						
Fixed maturities	4.54%	980	8	4.85%	941	17
Equity securities	1.85%	6	54	1.63%	4	(52)
Commercial loans	6.59%	189	(2)	6.95%	199	12
Policy loans	4.52%	30	-	5.40%	40	-
Short-term investments and cash equivalents	1.57%	24	-	1.70%	25	-
Other investments	12.58%	102	70	8.11%	92	31
Gross investment income before investment expenses	4.92%	1,331	130	5.10%	1,301	8
Investment expenses	-0.16%	(51)	-	-0.21%	(63)	-
Subtotal	<u>4.76%</u>	<u>1,280</u>	<u>130</u>	<u>4.89%</u>	<u>1,238</u>	<u>8</u>
Investment results of other entities and operations (2)		55	-		48	-
Less, investment income relating to divested businesses		(2)			(36)	
Total		<u>1,333</u>	<u>130</u>		<u>1,250</u>	<u>8</u>

	Six Months Ended June 30					
	2004			2003		
	Investment Income		Realized	Investment Income		Realized
	Yield (3)	Amount	Gains / (Losses)	Yield (3)	Amount	Gains / (Losses)
Financial Services Businesses (1) (4):						
Fixed maturities	4.61%	1,934	39	4.90%	1,867	(63)
Equity securities	1.93%	11	79	1.33%	7	(96)
Commercial loans	6.71%	383	14	7.01%	400	18
Policy loans	4.61%	60	-	5.63%	84	-
Short-term investments and cash equivalents	1.51%	47	-	1.79%	53	-
Other investments	9.03%	175	47	8.22%	185	41
Gross investment income before investment expenses	4.85%	2,610	179	5.14%	2,596	(100)
Investment expenses	-0.18%	(115)	-	-0.19%	(120)	-
Subtotal	<u>4.67%</u>	<u>2,495</u>	<u>179</u>	<u>4.95%</u>	<u>2,476</u>	<u>(100)</u>
Investment results of other entities and operations (2)		85	(57)		92	-
Less, investment income relating to divested businesses		(1)			(66)	
Total		<u>2,579</u>	<u>122</u>		<u>2,502</u>	<u>(100)</u>

(1) Excludes investments of securities brokerage operations, securities trading operations, banking operations, commercial loans and trading account assets supporting insurance liabilities where the investment results generally inure to contractholders, assets of our asset management operations managed for third parties, and separate account assets for which the customer assumes risks of ownership.

(2) Investment income of securities brokerage, securities trading, banking operations, and commercial loans supporting insurance liabilities where the investment results generally inure 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 inure to contractholders.

(4) Prior period amounts are presented on a basis consistent with current reporting practices.

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

	Quarter Ended June 30					
	2004			2003		
	Investment Income		Realized	Investment Income		Realized
	Yield (1)	Amount	Gains / (Losses)	Yield (1)	Amount	Gains / (Losses)
Japanese Insurance Operations (2):						
Fixed maturities	1.93%	154	(18)	1.83%	127	1
Equity securities	1.76%	4	8	1.07%	2	(54)
Commercial loans	4.18%	29	12	4.70%	36	12
Policy loans	2.69%	6	-	2.81%	5	-
Short-term investments and cash equivalents	8.26%	1	-	3.54%	1	-
Other investments	7.87%	22	10	6.76%	23	(6)
Gross investment income before investment expenses	2.30%	216	12	2.30%	194	(47)
Investment expenses	-0.20%	(20)	-	-0.25%	(21)	-
Total	2.10%	196	12	2.05%	173	(47)

	Six Months Ended June 30					
	2004			2003		
	Investment Income		Realized	Investment Income		Realized
	Yield (1)	Amount	Gains / (Losses)	Yield (1)	Amount	Gains / (Losses)
Japanese Insurance Operations (2):						
Fixed maturities	1.92%	304	(8)	1.76%	243	9
Equity securities	1.49%	7	31	0.94%	4	(96)
Commercial loans	4.24%	60	15	4.78%	73	20
Policy loans	3.00%	13	-	2.87%	10	-
Short-term investments and cash equivalents	8.22%	1	-	1.13%	1	-
Other investments	7.79%	47	10	6.49%	46	(8)
Gross investment income before investment expenses	2.31%	432	48	2.24%	377	(75)
Investment expenses	-0.21%	(40)	-	-0.26%	(44)	-
Total	2.10%	392	48	1.98%	333	(75)

(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 inure to contractholders.

(2) Prior period amounts are presented on a basis consistent with current reporting practices.

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

	Quarter Ended June 30					
	2004			2003		
	Investment Income		Realized	Investment Income		Realized
	Yield (2)	Amount	Gains / (Losses)	Yield (2)	Amount	Gains / (Losses)
Financial Services Businesses excluding Japanese Insurance Operations (1) (3):						
Fixed maturities	6.08%	826	26	6.55%	814	16
Equity securities	1.66%	2	46	4.80%	2	2
Commercial loans	7.40%	160	(14)	7.77%	163	-
Policy loans	5.47%	24	-	6.25%	35	-
Short-term investments and cash equivalents	1.53%	23	-	1.66%	24	-
Other investments	14.65%	80	60	8.74%	69	37
Gross investment income before investment expenses	6.30%	1,115	118	6.53%	1,107	55
Investment expenses	-0.13%	(31)	-	-0.18%	(42)	-
Total	6.17%	1,084	118	6.35%	1,065	55

	Six Months Ended June 30					
	2004			2003		
	Investment Income		Realized	Investment Income		Realized
	Yield (2)	Amount	Gains / (Losses)	Yield (2)	Amount	Gains / (Losses)
Financial Services Businesses excluding Japanese Insurance Operations (1) (3):						
Fixed maturities	6.24%	1,630	47	6.68%	1,624	(72)
Equity securities	3.68%	4	48	2.82%	3	-
Commercial loans	7.54%	323	(1)	7.84%	327	(2)
Policy loans	5.44%	47	-	6.47%	74	-
Short-term investments and cash equivalents	1.47%	46	-	1.81%	52	-
Other investments	9.59%	128	37	9.06%	139	49
Gross investment income before investment expenses	6.21%	2,178	131	6.64%	2,219	(25)
Investment expenses	-0.16%	(75)	-	-0.16%	(76)	-
Total	6.05%	2,103	131	6.48%	2,143	(25)

- (1) Excludes investments of securities brokerage operations, securities trading operations, banking operations, commercial loans and trading account assets supporting insurance liabilities where the investment results generally inure to contractholders, assets of our asset management operations managed for third parties, and separate account assets for which the customer assumes risks of ownership.
- (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 inure to contractholders.
- (3) Prior period amounts are presented on a basis consistent with current reporting practices.

## KEY DEFINITIONS AND FORMULAS

### **1. Adjusted operating income before income taxes:**

Adjusted operating income is a non-GAAP measure that excludes realized investment gains, net of losses, and related charges and adjustments; 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; cumulative effect of accounting change; extraordinary gain on acquisition; and the related tax effects thereof. Revenues and benefits and expenses shown as components of adjusted operating income, are presented on the same basis as pre-tax adjusted operating income and exclude these items as well. Adjusted operating income should not be viewed as a substitute for net income determined in accordance with GAAP, and our definition of adjusted operating income may differ from that used by other companies. The excluded items 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 - General Corporate Purposes:**

Amounts used for general corporate purposes include those used for cash flow timing mismatches at Prudential Financial, Prudential Financial's investments in equity and debt securities of subsidiaries, and amounts utilized for regulatory capital purposes.

### **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.

### **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. For periods prior to July 1, 2003, also includes fair market value of assets in client accounts of Prudential Securities businesses combined into Wachovia Securities Financial Holdings, LLC.

## 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. 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.

### **14. Gibraltar Life Advisors:**

Insurance representatives for Gibraltar Life.

### **15. 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.

### **16. Group Life Insurance and Group Disability Insurance Benefits Ratios:**

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

### **17. 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.

### **18. 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.

### **19. International Life Planners:**

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

### **20. 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.

### **21. 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.

## KEY DEFINITIONS AND FORMULAS

### **22. 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 unrealized gains and losses on investments.

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 9.03% for the six months ended June 30, 2004, 3.29% for the six months ended June 30, 2003, 10.36% for the three months ended June 30, 2004, 2.19% for the three months ended June 30, 2003, 4.99% for the three months ended September 30, 2003, 10.12% for the three months ended December 31, 2003, and 7.60% for the three months ended March 31, 2004.

### **23. 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).

### **24. 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.

### **25. Prudential Agents:**

Insurance agents in our insurance operations in the United States.

### **26. 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.

### **27. Ratio of corporate debt to total capitalization:**

For purposes of this ratio, we measure "debt" as the sum of borrowings for general corporate purposes, excluding debt related to Equity Security Units, and 20% of the amount corresponding to contractual obligation of holders of Equity Security Units for purchase of Prudential Financial, Inc. Common Stock, and we measure "total capitalization" as the sum of equity excluding unrealized gains and losses on investments, corporate debt excluding Equity Security Units and the amount corresponding to contractual obligation of holders of Equity Security Units for purchase of Prudential Financial, Inc. Common Stock.

### **28. Redeemable Capital Securities:**

Capital Trust Certificates of Prudential Financial Capital Trust I (element of Equity Security Units).

### **29. Separate Accounts:**

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

### **30. Wrap-Fee Products:**

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

**RATINGS AND INVESTOR INFORMATION**

**INSURANCE CLAIMS PAYING RATINGS**

as of August 3, 2004

	A.M. Best	Standard & Poor's	Moody's	Fitch Ratings
The Prudential Insurance Company of America	A+	A+	A1	AA-
PRICOA Global Funding I	NR *	A+	A1	NR
PRUCO Life Insurance Company	A+	A+	A1	AA-
PRUCO Life Insurance Company of New Jersey	A+	A+	NR	NR
American Skandia Life Assurance Corporation	A+	A+	NR	AA-
Prudential Retirement Insurance and Annuity Company (PRIAC) **	A+	A+	NR	NR
The Prudential Life Insurance Co., Ltd. (Prudential of Japan)	A+	AA-	NR	NR
Gibraltar Life Insurance Company, Ltd.	NR	A	A2	NR

**CREDIT RATINGS:**

as of August 3, 2004

Prudential Financial, Inc.:				
Short-Term Borrowings	AMB-1	A-2	P-2	F1
Long-Term Senior Debt	a-	A-	A3	A
Retail Notes	NR	A-	A3	NR
Redeemable Capital Securities	a-	A-	A3	A
The Prudential Insurance Company of America :				
Capital and surplus notes	a	A-	A3	A
Prudential Funding, LLC:				
Short-Term Debt	AMB-1	A-1	P-1	F1
Long-Term Senior Debt	a+	A+	A2	A+

\* NR indicates not rated.

\*\* Formerly known as CIGNA Life Insurance Company.

**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](http://www.prudential.com)

*Publicly Traded Securities:*

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

Equity Security Units of Prudential Financial, Inc. are traded on the New York Stock Exchange under the symbol PFA.