



Prudential Financial, Inc. Investor Day

December 4, 2007





**Prudential
Financial**

Investor Day
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Investor Relations



Forward-Looking Statements

Certain of the statements included in this presentation constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. It is possible that actual results may differ materially from any expectations or predictions expressed in this presentation. Words such as “expects,” “believes,” “anticipates,” “includes,” “plans,” “assumes,” “estimates,” “projects,” “intends,” “should,” “will,” “shall,” or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management’s current expectations and beliefs concerning future developments and their potential effects upon Prudential Financial, Inc. and its subsidiaries. There can be no assurance that future developments affecting Prudential Financial, Inc. and its subsidiaries will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including, among others: (1) general economic, market and political conditions, including the performance and fluctuations of stock, real estate, and other financial markets; (2) interest rate fluctuations; (3) reestimates of our reserves for future policy benefits and claims; (4) differences between actual experience regarding mortality, morbidity, persistency, surrender experience, interest rates or market returns and the assumptions we use in pricing our products, establishing liabilities and reserves or for other purposes; (5) changes in our assumptions related to deferred policy acquisition costs, valuation of business acquired or goodwill; (6) changes in our claims-paying or credit ratings; (7) investment losses and defaults; (8) competition in our product lines and for personnel; (9) changes in tax law; (10) economic, political, currency and other risks relating to our international operations; (11) fluctuations in foreign currency exchange rates and foreign securities markets; (12) regulatory or legislative changes; (13) adverse determinations in litigation or regulatory matters and our exposure to contingent liabilities, including in connection with our divestiture or winding down of businesses; (14) domestic or international military actions, natural or man-made disasters including terrorist activities or pandemic disease, or other events resulting in catastrophic loss of life; (15) ineffectiveness of risk management policies and procedures in identifying, monitoring and managing risks; (16) effects of acquisitions, divestitures and restructurings, including possible difficulties in integrating and realizing the projected results of acquisitions; (17) changes in statutory or U.S. GAAP accounting principles, practices or policies; (18) changes in assumptions for retirement expense; (19) Prudential Financial, Inc.’s primary reliance, as a holding company, on dividends or distributions from its subsidiaries to meet debt payment obligations and continue share repurchases, and the applicable regulatory restrictions on the ability of the subsidiaries to pay such dividends or distributions; and (20) risks due to the lack of legal separation between our Financial Services Businesses and our Closed Block Business.

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

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



Non-GAAP Measure

Adjusted operating income is a non-GAAP measure of performance of our Financial Services Businesses. Adjusted operating income excludes "Realized investment gains (losses), net," as adjusted, and related charges and adjustments. A significant element of realized investment gains and losses are impairments and credit-related and interest rate-related gains and losses. Impairments and losses from sales of credit-impaired securities, the timing of which depends largely on market credit cycles, can vary considerably across periods. The timing of other sales that would result in gains or losses, such as interest rate-related gains or losses, is largely subject to our discretion and influenced by market opportunities as well as our tax profile. Realized investment gains (losses) representing profit or loss of certain of our businesses which primarily originate investments for sale or syndication to unrelated investors, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments are included in adjusted operating income. Realized investment gains and losses from products that are free standing derivatives or contain embedded derivatives, and from associated derivative portfolios that are part of an economic hedging program related to the risk of those products, are included in adjusted operating income. Adjusted operating income also excludes investment gains and losses on trading account assets supporting insurance liabilities and changes in experience-rated contractholder liabilities due to asset value changes, because these recorded changes in asset and liability values will ultimately accrue to contractholders. Trends in the underlying profitability of our businesses can be more clearly identified without the fluctuating effects of these transactions. In addition, adjusted operating income excludes the results of divested businesses, which are not relevant to our ongoing operations. Discontinued operations, which is presented as a separate component of net income under GAAP, is also excluded from adjusted operating income.

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

Return on equity ("ROE") based on adjusted operating income is determined by dividing adjusted operating income after-tax (giving effect to the direct equity adjustment for earnings per share calculation), annualized for interim periods, by average attributed equity for the Financial Services Businesses excluding accumulated other comprehensive income related to unrealized gains and losses on investments for all periods and accumulated other comprehensive income related to pension and postretirement benefits for periods including and after 2004. An alternative measure to ROE based on adjusted operating income is return on average equity based on income from continuing operations. Return on average equity based on income from continuing operations represents income from continuing operations after-tax as determined in accordance with GAAP (giving effect to the direct equity adjustment for earnings per share calculation), annualized for interim periods, divided by average total attributed equity for the Financial Services Businesses. Return on average equity based on income from continuing operations is 16.82% and 14.04% for the nine months ended September 30, 2007 and 2006, respectively, and 14.67%, 15.48%, 9.23%, 5.38% and 3.79% for the years ended December 31, 2006, 2005, 2004, 2003 and 2002, respectively.

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

For additional information about adjusted operating income and the comparable GAAP measure please refer to our Annual Report on Form 10-K for the year ended December 31, 2006, our Quarterly Report on Form 10-Q for the quarter ended September 30, 2007 and our Current Report on Form 8-K dated October 4, 2007 on the Investor Relations Web site at www.investor.prudential.com. Additional historical information relating to the Company's financial performance, including its third quarter 2007 Quarterly Financial Supplement, is also located on the Investor Relations website.

The information referred to above and on the prior page, as well as the risks of our businesses described in our Annual Report on Form 10-K for the year ended December 31, 2006, and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, should be considered by readers when reviewing forward-looking statements contained in this presentation.



Reconciliation between adjusted operating income and the comparable GAAP measure

Prudential Financial, Inc.

(in millions, except per share data)

Financial Services Businesses:

Pre-tax adjusted operating income by division:

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

Total pre-tax adjusted operating income
Income taxes, applicable to adjusted operating income

Financial Services Businesses after-tax adjusted operating income

Reconciling items:

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

Sales practices remedies and costs

Divested businesses

Equity in earnings of operating joint ventures

Total reconciling items, before income taxes

Income taxes, not applicable to adjusted operating income

Total reconciling items, after income taxes

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

Equity in earnings of operating joint ventures, net of taxes

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

Income (loss) from discontinued operations, net of taxes

Extraordinary gain on acquisition, net of taxes

Cumulative effect of accounting change, net of taxes

Net income of Financial Services Businesses

Earnings per share of Common Stock (diluted):

Financial Services Businesses after-tax adjusted operating income

Reconciling items:

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

Sales practices remedies and costs

Divested businesses

Equity in earnings of operating joint ventures

Total reconciling items, before income taxes

Income taxes, not applicable to adjusted operating income

Total reconciling items, after income taxes

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

Equity in earnings of operating joint ventures, net of taxes

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

Income (loss) from discontinued operations, net of taxes

Extraordinary gain on acquisition, net of taxes

Cumulative effect of accounting change, net of taxes

Net income of Financial Services Businesses

Weighted average number of outstanding Common shares (diluted basis)

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

Net income of Financial Services Businesses (above)

Net income (loss) of Closed Block Business

Consolidated net income

Direct equity adjustments for earnings per share calculations

	Year ended December 31,				
	2002	2003	2004	2005	2006
Financial Services Businesses:					
Pre-tax adjusted operating income by division:					
Insurance Division	\$ 545	\$ 788	\$ 991	\$ 1,227	\$ 1,359
Investment Division	238	287	351	707	1,129
International Insurance and Investments Division	757	803	994	1,416	1,566
Corporate and other operations	133	75	161	188	47
Total pre-tax adjusted operating income	1,673	1,953	2,497	3,538	4,101
Income taxes, applicable to adjusted operating income	559	638	673	1,115	1,174
Financial Services Businesses after-tax adjusted operating income	1,114	1,315	1,824	2,423	2,927
Reconciling items:					
Realized investment gains (losses), net, and related charges and adjustments	(856)	(204)	4	561	90
Investment gains (losses) on trading account assets supporting insurance liabilities, net	-	-	(55)	(33)	35
Change in experience-rated contractholder liabilities due to asset value changes	-	-	1	(44)	11
Sales practices remedies and costs	(20)	-	-	-	-
Divested businesses	(10)	(171)	(24)	(16)	76
Equity in earnings of operating joint ventures	(7)	(71)	(72)	(214)	(322)
Total reconciling items, before income taxes	(893)	(446)	(146)	254	(110)
Income taxes, not applicable to adjusted operating income	(497)	(148)	(75)	(473)	(48)
Total reconciling items, after income taxes	(396)	(298)	(71)	727	(62)
Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures, extraordinary gain on acquisition and cumulative effect of accounting change	718	1,017	1,753	3,150	2,865
Equity in earnings of operating joint ventures, net of taxes	5	45	55	142	208
Income from continuing operations (after-tax) of Financial Services Businesses before extraordinary gain on acquisition and cumulative effect of accounting change	723	1,062	1,808	3,292	3,073
Income (loss) from discontinued operations, net of taxes	(44)	(37)	(76)	(73)	71
Extraordinary gain on acquisition, net of taxes	-	-	21	-	-
Cumulative effect of accounting change, net of taxes	-	-	(79)	-	-
Net income of Financial Services Businesses	\$ 679	\$ 1,025	\$ 1,674	\$ 3,219	\$ 3,144
Earnings per share of Common Stock (diluted):					
Financial Services Businesses after-tax adjusted operating income	\$ 2.00	\$ 2.51	\$ 3.59	\$ 4.81	\$ 6.06
Reconciling items:					
Realized investment gains (losses), net, and related charges and adjustments	(1.48)	(0.37)	0.01	1.08	0.18
Investment gains (losses) on trading account assets supporting insurance liabilities, net	-	-	(0.10)	(0.06)	0.07
Change in experience-rated contractholder liabilities due to asset value changes	-	-	-	(0.08)	0.02
Sales practices remedies and costs	(0.03)	-	-	-	-
Divested businesses	(0.02)	(0.31)	(0.05)	(0.03)	0.15
Equity in earnings of operating joint ventures	(0.01)	(0.13)	(0.13)	(0.42)	(0.64)
Total reconciling items, before income taxes	(1.54)	(0.81)	(0.27)	0.49	(0.22)
Income taxes, not applicable to adjusted operating income	(0.86)	(0.26)	(0.14)	(0.91)	(0.10)
Total reconciling items, after income taxes	(0.68)	(0.55)	(0.13)	1.40	(0.12)
Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures, extraordinary gain on acquisition and cumulative effect of accounting change	1.32	1.96	3.46	6.21	5.94
Equity in earnings of operating joint ventures, net of taxes	0.01	0.09	0.10	0.27	0.42
Income from continuing operations (after-tax) of Financial Services Businesses before extraordinary gain on acquisition and cumulative effect of accounting change	1.33	2.05	3.56	6.48	6.36
Income (loss) from discontinued operations, net of taxes	(0.08)	(0.07)	(0.14)	(0.14)	0.14
Extraordinary gain on acquisition, net of taxes	-	-	0.04	-	-
Cumulative effect of accounting change, net of taxes	-	-	(0.15)	-	-
Net income of Financial Services Businesses	\$ 1.25	\$ 1.98	\$ 3.31	\$ 6.34	\$ 6.50
Weighted average number of outstanding Common shares (diluted basis)	578.0	548.4	531.2	520.9	494.0
Reconciliation to Consolidated Net Income of Prudential Financial, Inc.:					
Net income of Financial Services Businesses (above)	\$ 679	\$ 1,025	\$ 1,674	\$ 3,219	\$ 3,144
Net income (loss) of Closed Block Business	(485)	239	582	321	284
Consolidated net income	\$ 194	\$ 1,264	\$ 2,256	\$ 3,540	\$ 3,428
Direct equity adjustments for earnings per share calculations	\$ 43	\$ 60	\$ 84	\$ 82	\$ 68



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

	Nine months ended	
	Sept 30, 2006	Sept 30, 2007
Prudential Financial, Inc. (in millions, except per share data)		
Financial Services Businesses:		
Pre-tax adjusted operating income by division:		
Insurance Division	\$ 1,010	\$ 1,255
Investment Division	768	1,086
International Insurance and Investments Division	1,168	1,410
Corporate and other operations	60	(4)
Total pre-tax adjusted operating income	3,006	3,747
Income taxes, applicable to adjusted operating income	861	1,104
Financial Services Businesses after-tax adjusted operating income	2,145	2,643
Reconciling items:		
Realized investment gains (losses), net, and related charges and adjustments	(40)	63
Investment gains (losses) on trading account assets supporting insurance liabilities, net	(8)	10
Change in experience-rated contractholder liabilities due to asset value changes	28	4
Sales practices remedies and costs	-	-
Divested businesses	58	29
Equity in earnings of operating joint ventures	(223)	(323)
Total reconciling items, before income taxes	(185)	(217)
Income taxes, not applicable to adjusted operating income	(91)	(90)
Total reconciling items, after income taxes	(94)	(127)
Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures, extraordinary gain on acquisition and cumulative effect of accounting change	2,051	2,516
Equity in earnings of operating joint ventures, net of taxes	146	200
Income from continuing operations (after-tax) of Financial Services Businesses before extraordinary gain on acquisition and cumulative effect of accounting change	2,197	2,716
Income (loss) from discontinued operations, net of taxes	54	4
Extraordinary gain on acquisition, net of taxes	-	-
Cumulative effect of accounting change, net of taxes	-	-
Net income of Financial Services Businesses	\$ 2,251	\$ 2,720
Earnings per share of Common Stock (diluted):		
Financial Services Businesses after-tax adjusted operating income	\$ 4.41	\$ 5.69
Reconciling items:		
Realized investment gains (losses), net, and related charges and adjustments	(0.08)	0.13
Investment gains (losses) on trading account assets supporting insurance liabilities, net	(0.02)	0.02
Change in experience-rated contractholder liabilities due to asset value changes	0.06	0.01
Sales practices remedies and costs	-	-
Divested businesses	0.12	0.06
Equity in earnings of operating joint ventures	(0.45)	(0.68)
Total reconciling items, before income taxes	(0.37)	(0.46)
Income taxes, not applicable to adjusted operating income	(0.18)	(0.19)
Total reconciling items, after income taxes	(0.19)	(0.27)
Income from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures, extraordinary gain on acquisition and cumulative effect of accounting change	4.22	5.42
Equity in earnings of operating joint ventures, net of taxes	0.29	0.43
Income from continuing operations (after-tax) of Financial Services Businesses before extraordinary gain on acquisition and cumulative effect of accounting change	4.51	5.85
Income (loss) from discontinued operations, net of taxes	0.11	0.01
Extraordinary gain on acquisition, net of taxes	-	-
Cumulative effect of accounting change, net of taxes	-	-
Net income of Financial Services Businesses	\$ 4.62	\$ 5.86
Weighted average number of outstanding Common shares (diluted basis)	497.8	471.6
Reconciliation to Consolidated Net Income of Prudential Financial, Inc.:		
Net income of Financial Services Businesses (above)	\$ 2,251	\$ 2,720
Net income (loss) of Closed Block Business	140	113
Consolidated net income	\$ 2,391	\$ 2,833
Direct equity adjustments for earnings per share calculations	\$ 51	\$ 42



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

Prudential Financial, Inc.

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

	Year ended December 31,					Nine months ended	
	2002	2003	2004	2005	2006	Sept 30, 2006	Sept 30, 2007
Revenues (1):							
Premiums	\$ 7,195	\$ 7,848	\$ 8,736	\$ 10,128	\$ 10,287	\$ 7,694	\$ 8,077
Policy charges and fee income	1,815	1,978	2,385	2,529	2,649	1,912	2,294
Net investment income	5,017	4,913	5,771	6,861	7,657	5,647	6,240
Asset management fees, commissions and other income	3,618	2,971	2,783	3,358	3,969	2,831	3,406
Total revenues	17,645	17,710	19,675	22,876	24,562	18,084	20,017
Benefits and Expenses (1):							
Insurance and annuity benefits	7,662	8,158	8,897	9,990	10,423	7,818	8,104
Interest credited to policyholders' account balances	1,730	1,718	2,220	2,516	2,790	2,045	2,286
Interest expense	195	200	334	615	949	694	831
Deferral of acquisition costs	(1,064)	(1,270)	(1,528)	(1,801)	(2,037)	(1,492)	(1,649)
Amortization of acquisition costs	739	533	766	910	670	431	643
General and administrative expenses	6,710	6,418	6,489	7,108	7,666	5,582	6,055
Total benefits and expenses	15,972	15,757	17,178	19,338	20,461	15,078	16,270
Adjusted operating income before income taxes	1,673	1,953	2,497	3,538	4,101	3,006	3,747
Reconciling items:							
Realized investment gains (losses), net, and related adjustments	(862)	(161)	62	669	73	(70)	80
Related charges	6	(43)	(58)	(108)	17	30	(17)
Total realized investment gains (losses), net, and related charges and adjustments	(856)	(204)	4	561	90	(40)	63
Investment gains (losses) on trading account assets supporting insurance liabilities, net	-	-	(55)	(33)	35	(8)	10
Change in experience-rated contractholder liabilities due to asset value changes	-	-	1	(44)	11	28	4
Sales practices remedies and costs	(20)	-	-	-	-	-	-
Divested businesses	(10)	(171)	(24)	(16)	76	58	29
Equity in earnings of operating joint ventures	(7)	(71)	(72)	(214)	(322)	(223)	(323)
Total reconciling items, before income taxes	(893)	(446)	(146)	254	(110)	(185)	(217)
Income from continuing operations before income taxes, equity in earnings of operating joint ventures, extraordinary gain on acquisition and cumulative effect of accounting change	780	1,507	2,351	3,792	3,991	2,821	3,530
Income tax expense	62	490	598	642	1,126	770	1,014
Income from continuing operations before equity in earnings of operating joint ventures, extraordinary gain on acquisition and cumulative effect of accounting change	\$ 718	\$ 1,017	\$ 1,753	\$ 3,150	\$ 2,865	\$ 2,051	\$ 2,516

(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, benefits and expenses of divested businesses, and sales practices remedies and costs.



**Prudential
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Prudential Financial, Inc.

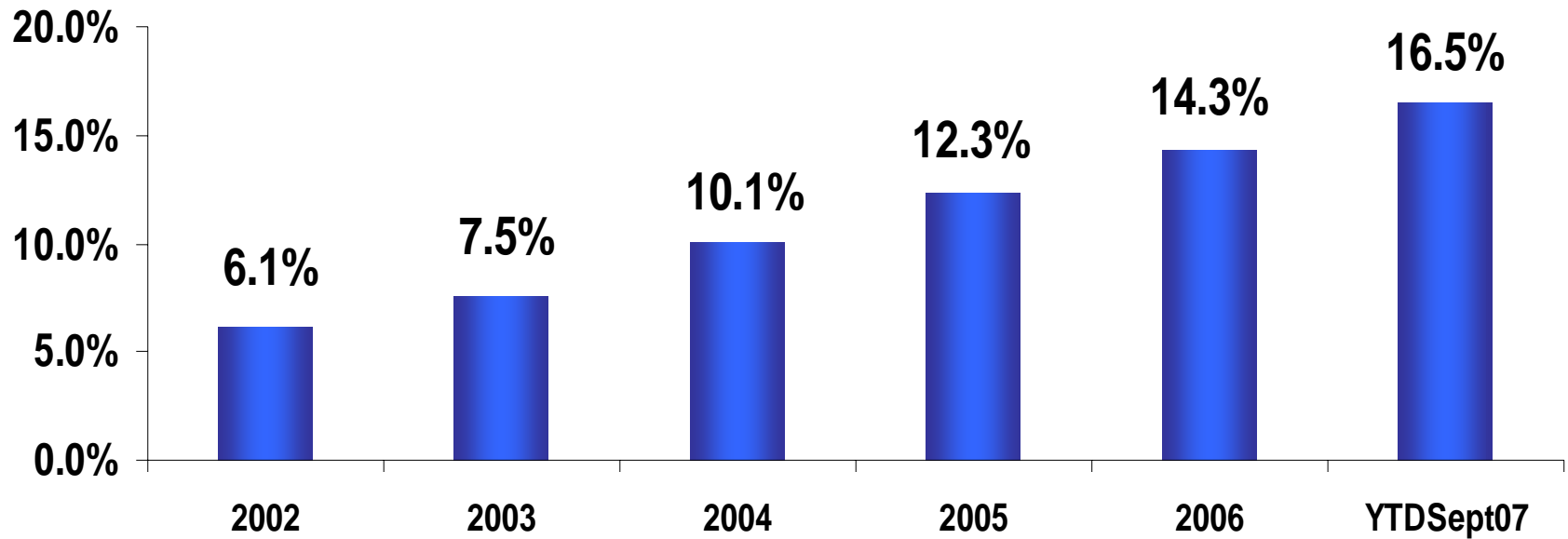
Art Ryan
CEO and Chairman



Where We Are Today

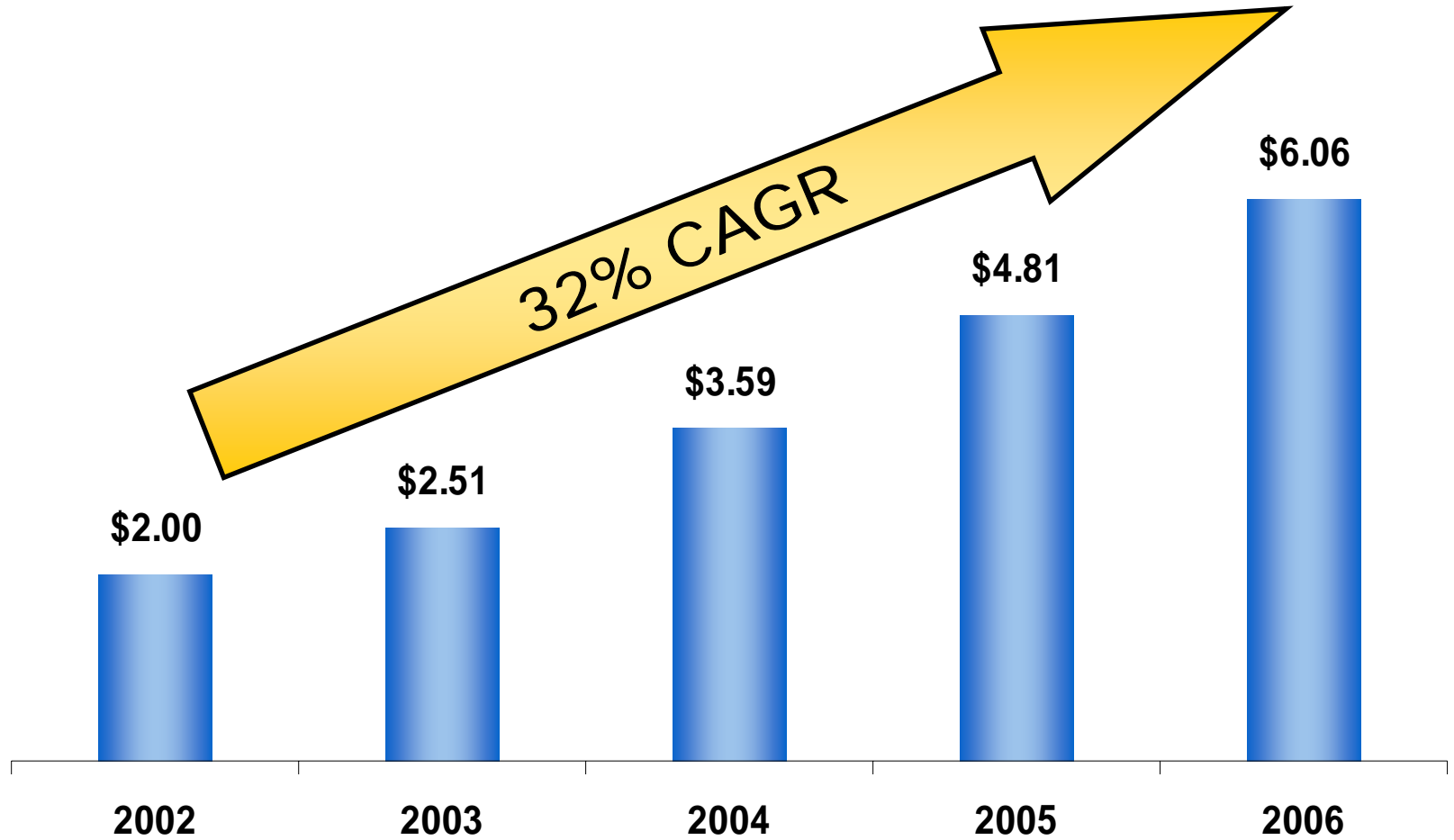
- **Balanced portfolio of businesses and risks**
- **High ROE combined with strong capital position and cash flow generation**
- **Growth engines in international insurance and domestic retirement and savings**
- **Asset management capabilities complement product manufacturing and generate strong earnings**
- **Diversified distribution channels**
- **Acquisition and integration track record**

ROE Progress ⁽¹⁾



1) For the Financial Services Businesses (FSB); based on after-tax adjusted operating income and on attributed equity excluding accumulated other comprehensive income related to unrealized gains and losses on investments for all periods and accumulated other comprehensive income related to pension and postretirement benefits for periods including and after 2004; YTD September 2007 on an annualized basis.

Earnings Per Share Growth ⁽¹⁾



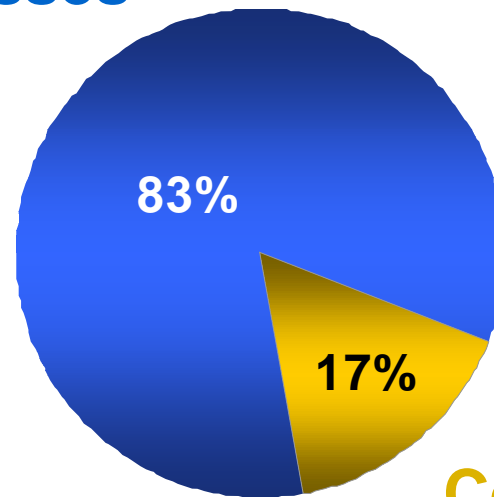
1) Based on after-tax adjusted operating income of the FSB



83% of Equity is Attributed to Operating Businesses

Total attributed equity of \$22.2 billion⁽¹⁾

Operating Businesses



Corporate & Other

1) As of September 30, 2007 for the FSB; excludes accumulated other comprehensive income related to unrealized gains and losses on investments and pension/postretirement benefits



Attributed Equity of Operating Businesses

INTERNATIONAL INSURANCE

- Life Planner model
- Gibraltar Life

RETIREMENT & SAVINGS

- Retirement
- Individual Annuities

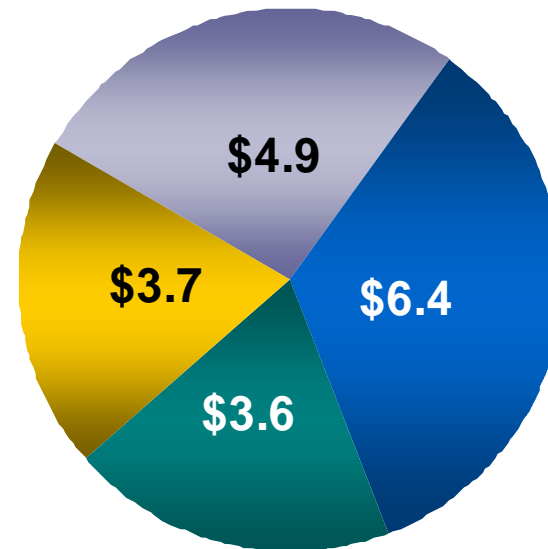
DOMESTIC INSURANCE

- Individual Life
- Group Insurance

INVESTMENT BUSINESSES

- Financial Advisory
- Asset Management
- International Investments

Attributed equity \$18.6 billion⁽¹⁾

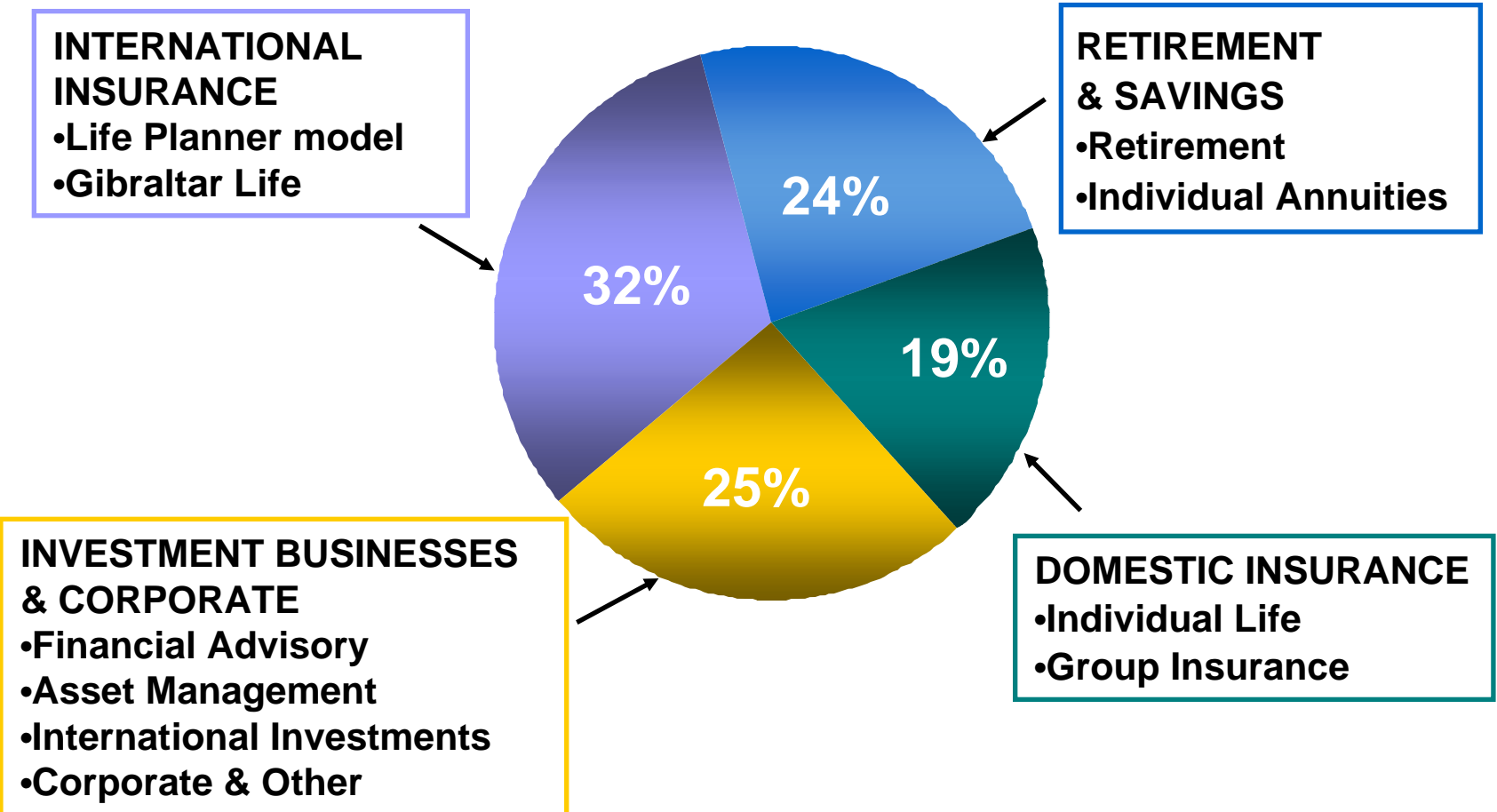


1) As of September 30, 2007 for the FSB; excludes accumulated other comprehensive income related to unrealized gains and losses on investments and pension/postretirement benefits



Complementary and Diversified Businesses

Adjusted operating income \$3.747 billion⁽¹⁾



1) Before-tax; for the FSB; for the nine months ended September 30, 2007





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International Division

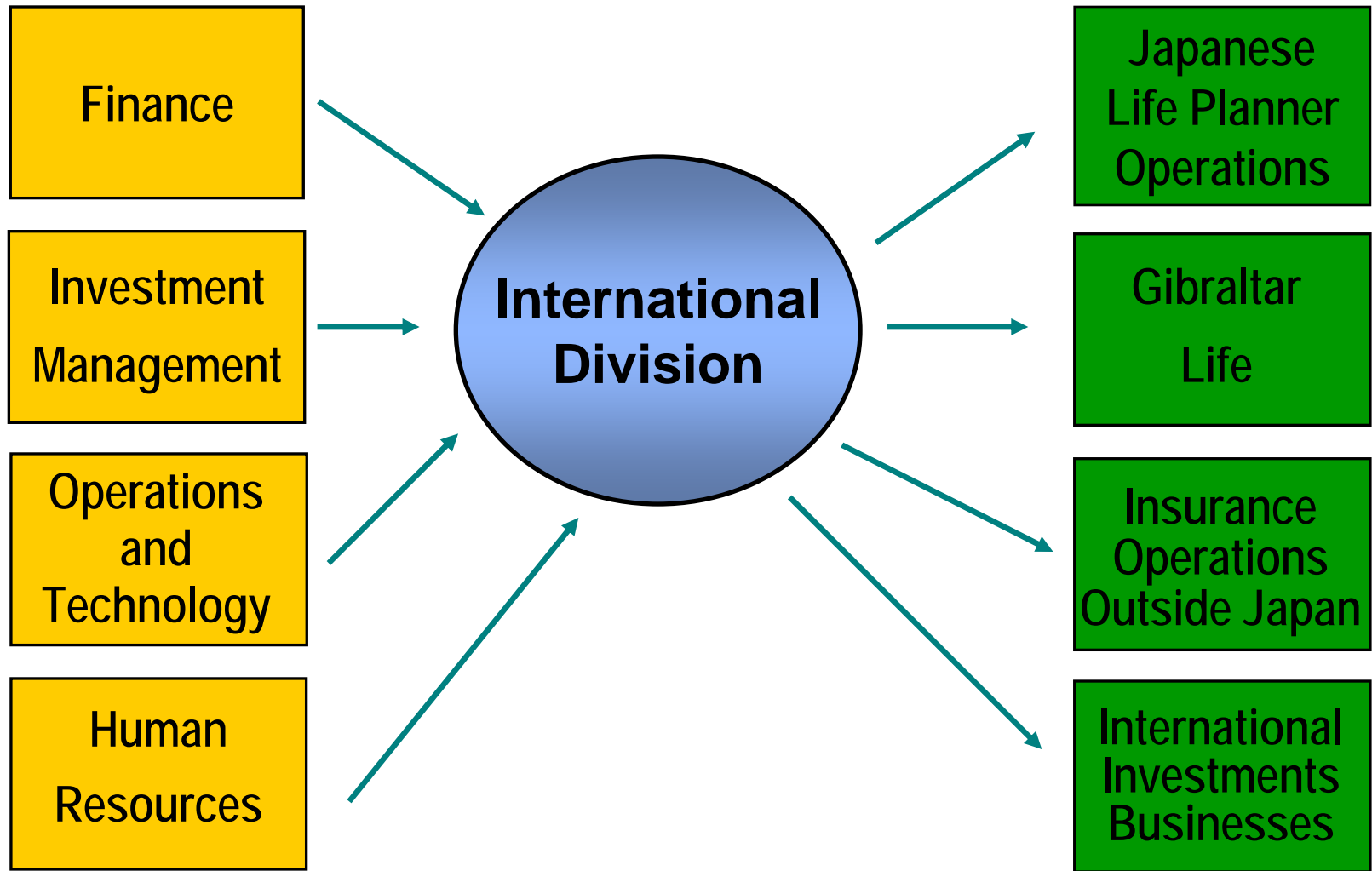
Mark Grier
Vice Chairman
Prudential Financial, Inc.



International Developments

- **Market Needs**
- **Distribution**
- **Regulation**

International Division Organizational Structure



International Division Today

		Life Planning Insurance	Traditional Insurance	International Investments
Mature Prudential Businesses Today	Japan	■	■	■
	Korea	■		■
	Taiwan	■		■
Emerging / Developing Markets for Prudential Today	Mexico	■		■
	China		■	■
	Argentina	■		
	Brazil	■		
	Germany			■
	Italy	■		■
	Poland	■		
	India		■	



Key Elements of Our International Strategy

- **Concentrate on a limited number of attractive countries**
- **Emphasize proprietary distribution: recruiting, selection, needs-based selling**
- **Target the affluent and mass affluent consumer**
- **Focus on both life insurance and asset management**
- **Grow both organically and through opportunistic acquisitions**

Our Division Goals

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

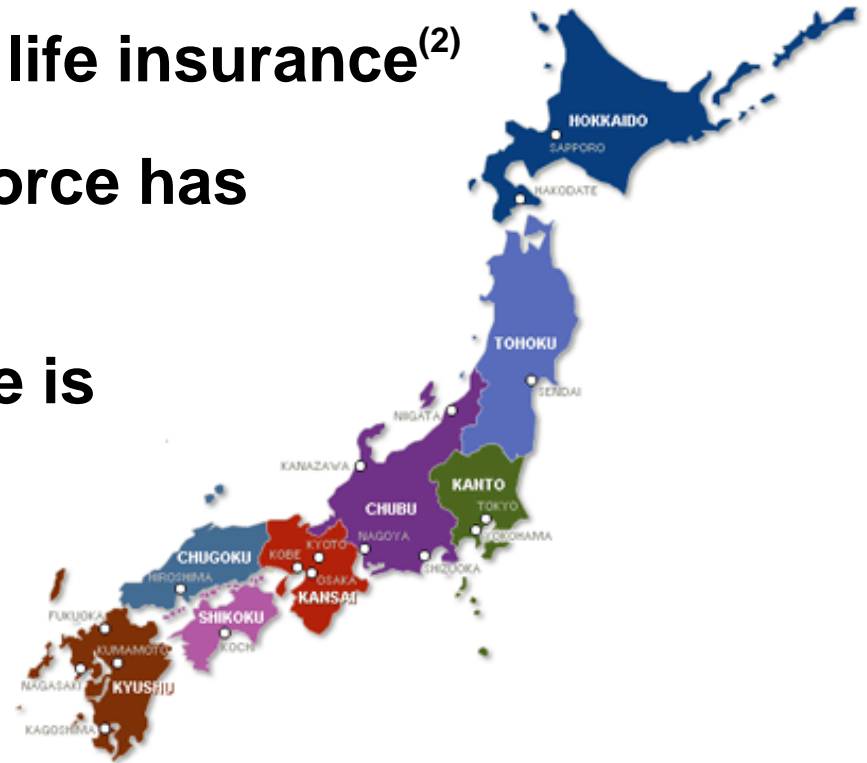
Where We Are Today

- **Leadership positions in life planning**
- **Gibraltar generates high ROE's and cash flows**
- **Developing asset management platforms**
- **Profitability dominated by Japan and Korea**
- **Acquisitions potentially additive**
- **Expect to achieve our financial goals**

Japan

Room for Growth in a Leading Market

- Japan is world's second largest life insurance market with a 16.4% world share⁽¹⁾
- 88% of households have life insurance⁽²⁾
- Industry's insurance in-force has been declining
- Prudential's market share is 4.1% and has been increasing⁽³⁾



1) World Insurance in 2006, SGMA, Swiss RE

2) As of April-June 2006, according to Japanese Institute of Life Insurance

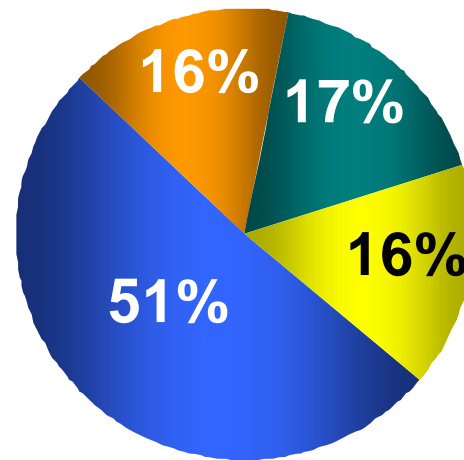
3) Based on face amount in-force as of March 31, 2007, according to Statistics of Life Insurance Business in Japan 2006

Competitive Advantage Life Planning Insurance

Life Planners <ul style="list-style-type: none">• Very selective recruiting• Highly trained career professionals	<ul style="list-style-type: none">• Life Planner profile similar to customer profile• Life Planner maintains contact with client, as trusted professional
Needs-based selling <ul style="list-style-type: none">• Financial planning approach• Emphasis on protection products	<ul style="list-style-type: none">• Identify protection needs before discussing products• Protection life insurance purchased as a solution to identified need
Compensation structure <ul style="list-style-type: none">• Aligns customer/agent/company interest	<ul style="list-style-type: none">• Variable compensation structure• Rewards productivity and persistency

Life Planner Business Emphasis on Protection Products

Prudential of Japan In Force Annualized Premium as of September 30, 2007 ⁽¹⁾



 Yen-based protection products⁽²⁾

 Yen-based savings and retirement income products⁽³⁾

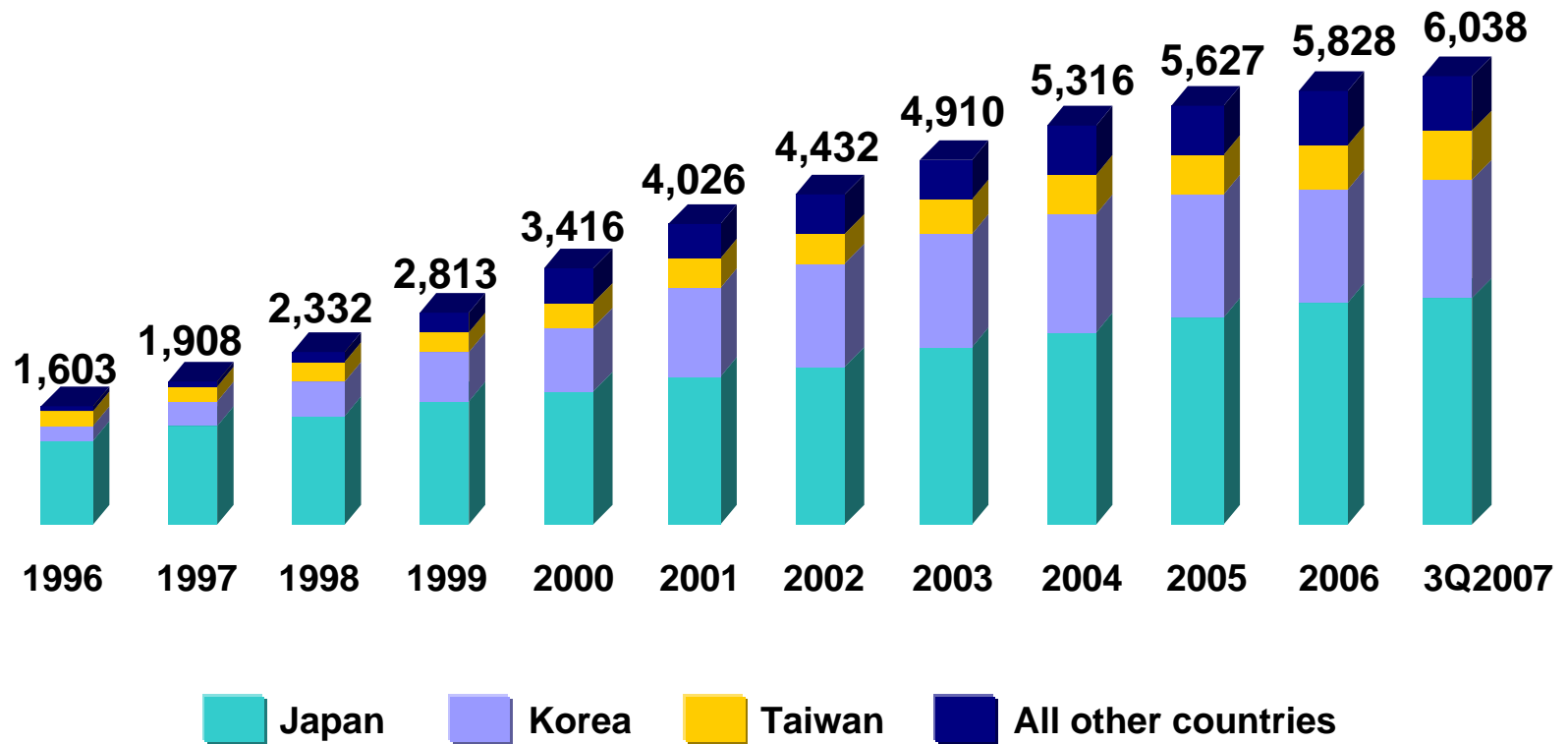
 U.S. Dollar-based products⁽⁴⁾

 Third Sector⁽⁵⁾

- 1) Includes single premium business at 10%
- 2) Primarily whole life and term
- 3) Primarily endowment
- 4) Whole life and retirement income
- 5) Cancer, medical, accident and sickness; primarily riders

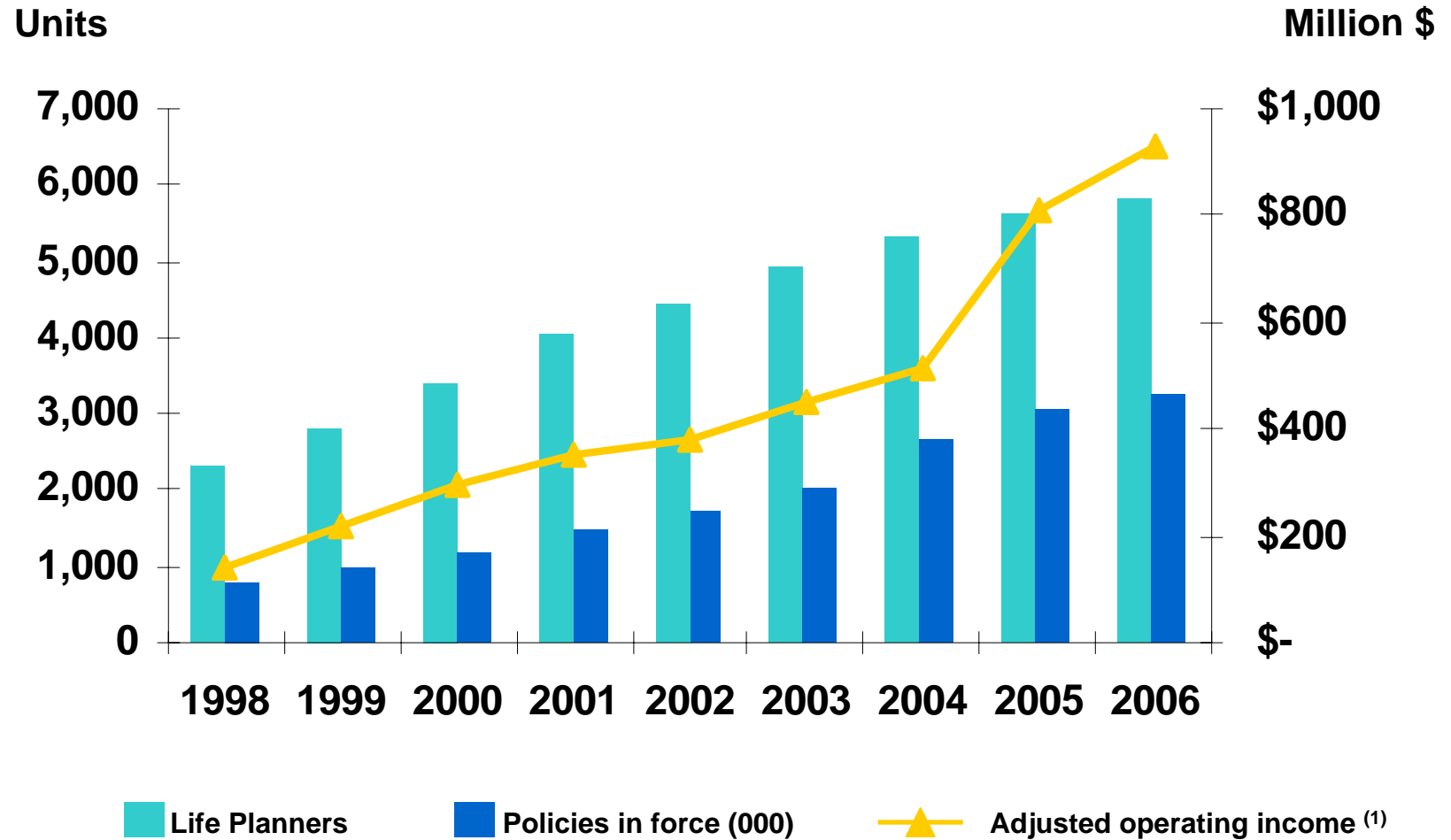


Life Planners ⁽¹⁾



1) At end of period

Growth in the Life Planner Business



1) Before-tax, GAAP exchange rate basis

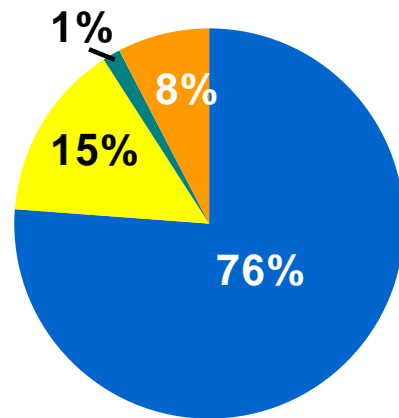


Gibraltar Life: “Prudentialized” Traditional Model Japanese Life Insurance Company

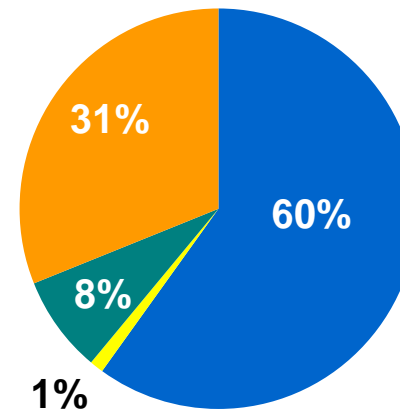
- **Variable agent compensation**
- **Life Planner training principles adapted to traditional field force**
- **Emphasize protection products**
- **Introduce products targeted to customer base**
- **Maintain and cultivate strong affinity group relationships**
- **Develop third party distribution for selected products**

Gibraltar Life: Retirement Market Products Complement Core Protection Portfolio

**In-force Annualized Premium
as of September 30, 2007 ⁽¹⁾**



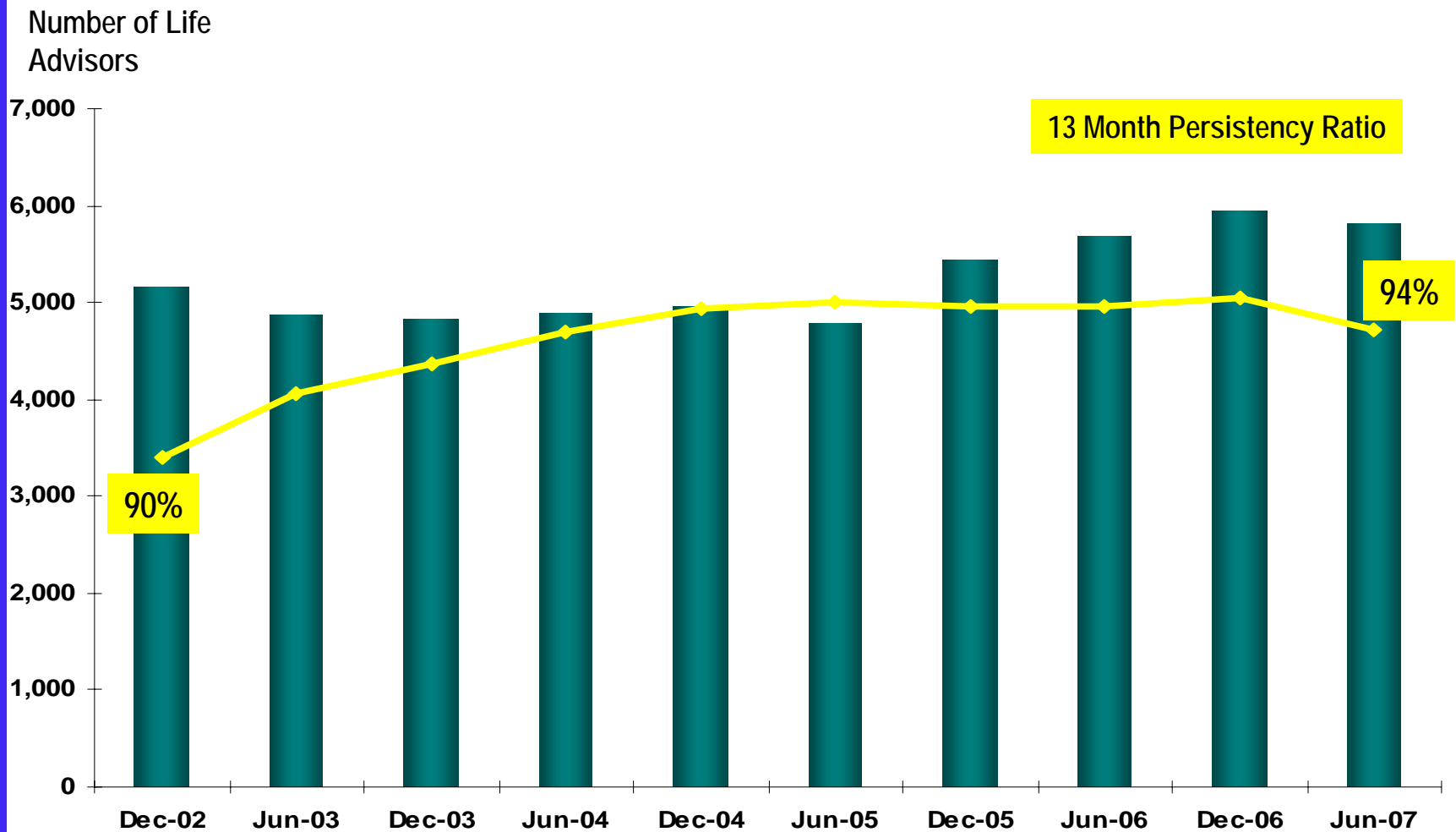
**New Business Annualized Premium
nine months ended September 30, 2007 ⁽¹⁾**



- 1) Includes single premium business at 10%
- 2) Primarily whole life and term
- 3) Primarily endowment



Gibraltar Life – Growing Distribution, Maintaining High Persistency



Market Developments Drive Growth Opportunities

Development	Prudential Positioning
<ul style="list-style-type: none"> • Japan regulation changes support bancassurance sales growth; alliances emerging 	<ul style="list-style-type: none"> • Formed major bank relationships; commenced bank distribution of selected products • Transferred approximately 70 Life Planners to Gibraltar, to contribute to bank channel expansion⁽¹⁾
<ul style="list-style-type: none"> • Privatization of Japanese “Kampo” postal life insurance 	<ul style="list-style-type: none"> • Selected Gibraltar products adaptable for postal distribution • Needs-based selling continues as competitive advantage for protection products
<ul style="list-style-type: none"> • Japan enjoys longest post-World War II economic recovery (since 2002) 	<ul style="list-style-type: none"> • Emphasis on protection insurance targeted to income replacement: higher income means greater need
<ul style="list-style-type: none"> • Growing demand for retirement products with aging customer bases 	<ul style="list-style-type: none"> • Lifetime relationships with clients support sales through life cycle • Gibraltar’s association relationships: strong market access • U.S. dollar retirement income and fixed annuity products offer attractive value proposition, favorable returns for Prudential

Emerging/Developing Markets Complement Long Term Prospects

1) Through September 30, 2007





**Prudential
Financial**

International Division

John Hanrahan

Chief Financial Officer

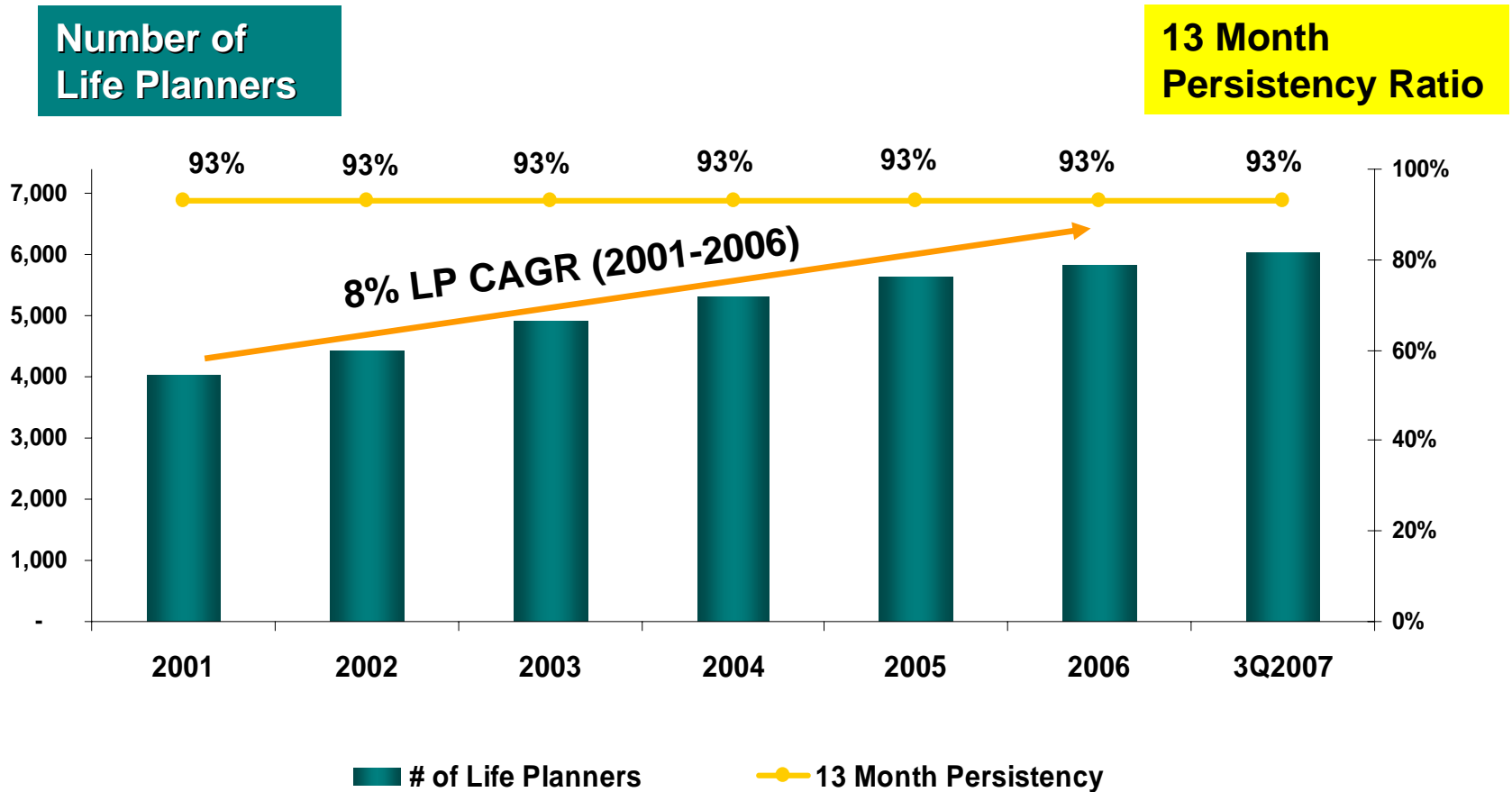
International Insurance and Investments



Prudential International Insurance Sustainable Financial Performance

Emphasis on Protection Products	<ul style="list-style-type: none">• Favorable mortality margins drive strong returns
Needs-Based Selling	<ul style="list-style-type: none">• Strong persistency drives revenue growth• Margins earned throughout in-force period• Business growth increases scale benefits
Investment Portfolio Strategies	<ul style="list-style-type: none">• Duration lengthening supported by long-term nature of liabilities contributes to returns• U.S. dollar investing: natural hedge for Prudential, enhanced portfolio returns
Capital Management	<ul style="list-style-type: none">• High ROE products generate substantial excess capital• Capital management opportunities enhance overall returns

Disciplined Life Planner Growth Continued Strong Persistency



Life Planner Business

Established Sales Force and Excellent Persistency Drive Baseline Growth

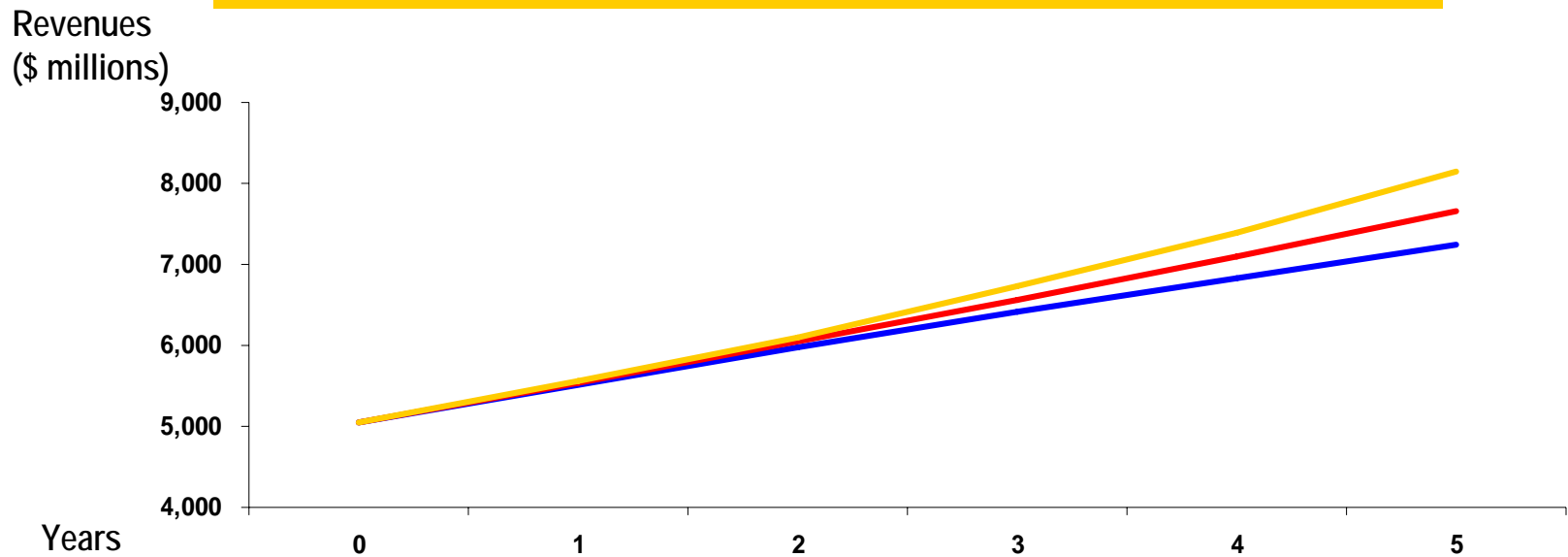


Illustration assuming current policy persistency and Life Planner productivity, and

- No Life Planner count increase**
- 5% annual Life Planner count increase**
- 10% annual Life Planner count increase**

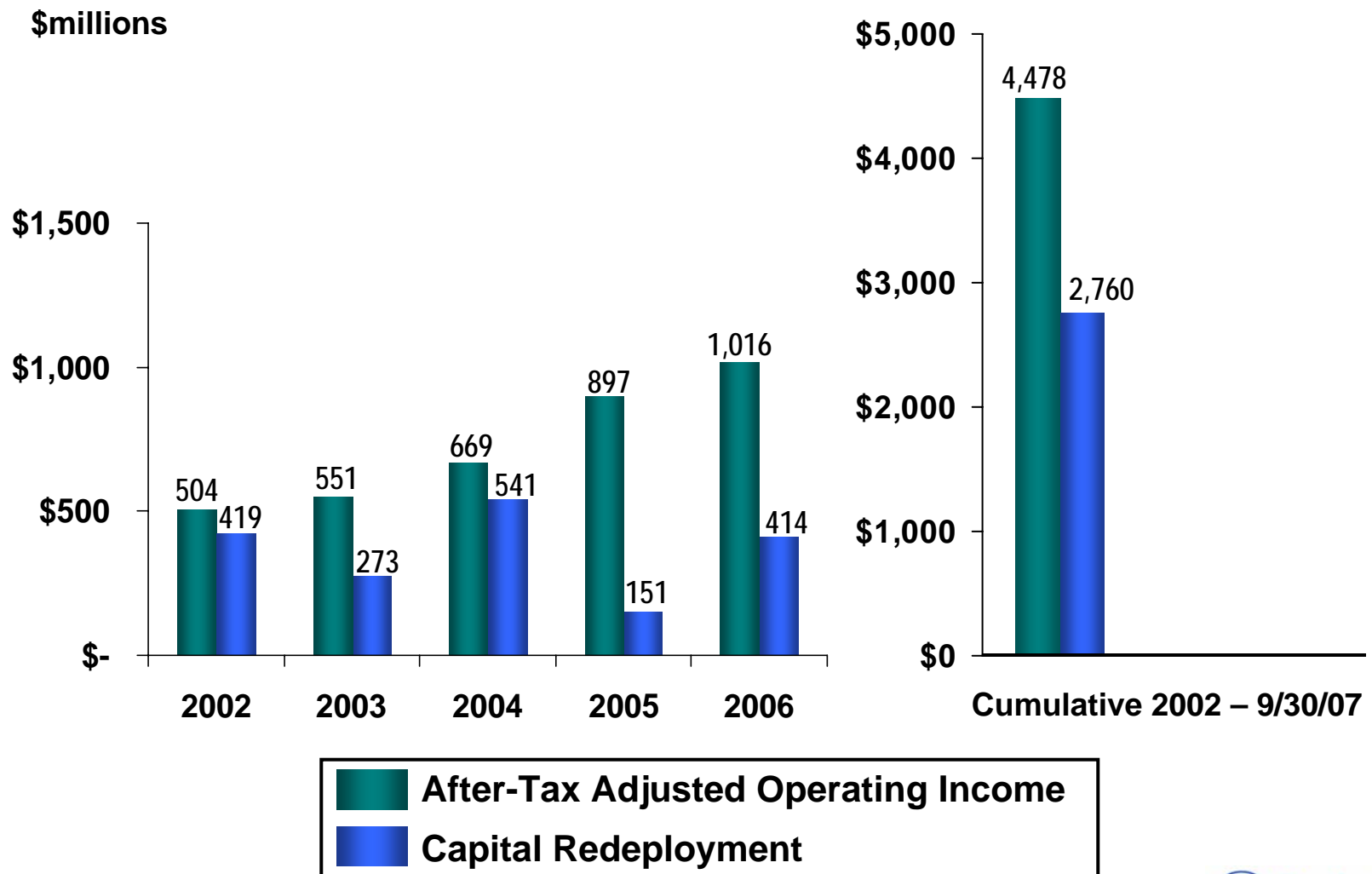
(Not a forecast)



Prudential International Insurance Capital Management Opportunities

- **Inter-company reinsurance arrangements**
- **Inter-company loans**
- **Dividends**
- **Gibraltar subordinated debt repayment**
- **Acquisition and expansion funding**
- **Purchase of parent company debt**

Prudential International Insurance Capital Redeployment



International Division Financial Performance

(\$millions)	Year ended December 31,		Nine months ended September 30, 2007
	2005	2006	
Adjusted operating income before tax:			
Life Planner businesses	\$ 808	\$ 930	\$ 736
Gibraltar Life	<u>502</u>	<u>493</u>	<u>455</u>
International Insurance	\$1,310	\$1,423	1,191
International Investments	<u>106</u>	<u>143</u>	<u>219</u>
International Division	\$1,416	\$1,566	\$ 1,410

23.2% ROE (1)

1) Based on annualized after-tax adjusted operating income





**Prudential
Financial**

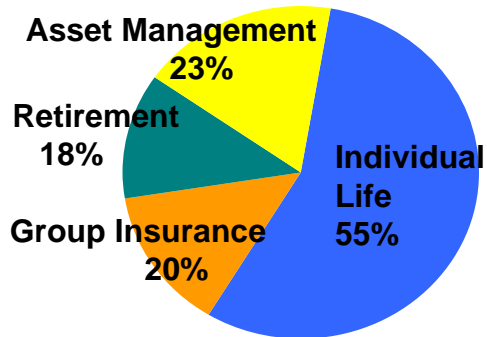
**Prudential's U. S. Businesses
Growing and Protecting Wealth
in the Domestic Market**

**John Strangfeld
Vice Chairman
Prudential Financial, Inc.**



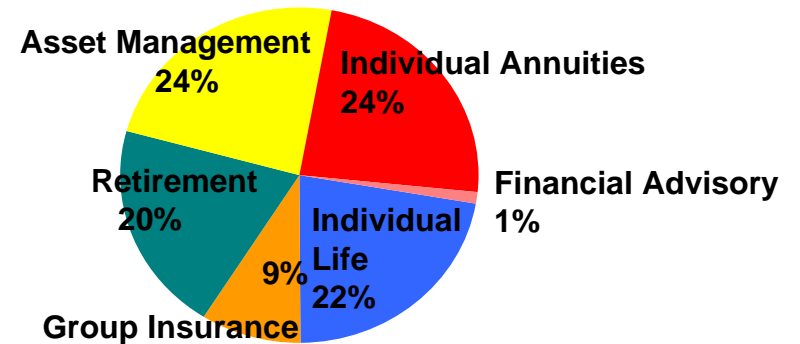
2002 – 2006 U.S. Business Mix⁽¹⁾

2002 AOI
\$783 million⁽²⁾



Individual Annuities	-5%
Financial Advisory	-11%

2006 AOI
\$2,488 million⁽²⁾

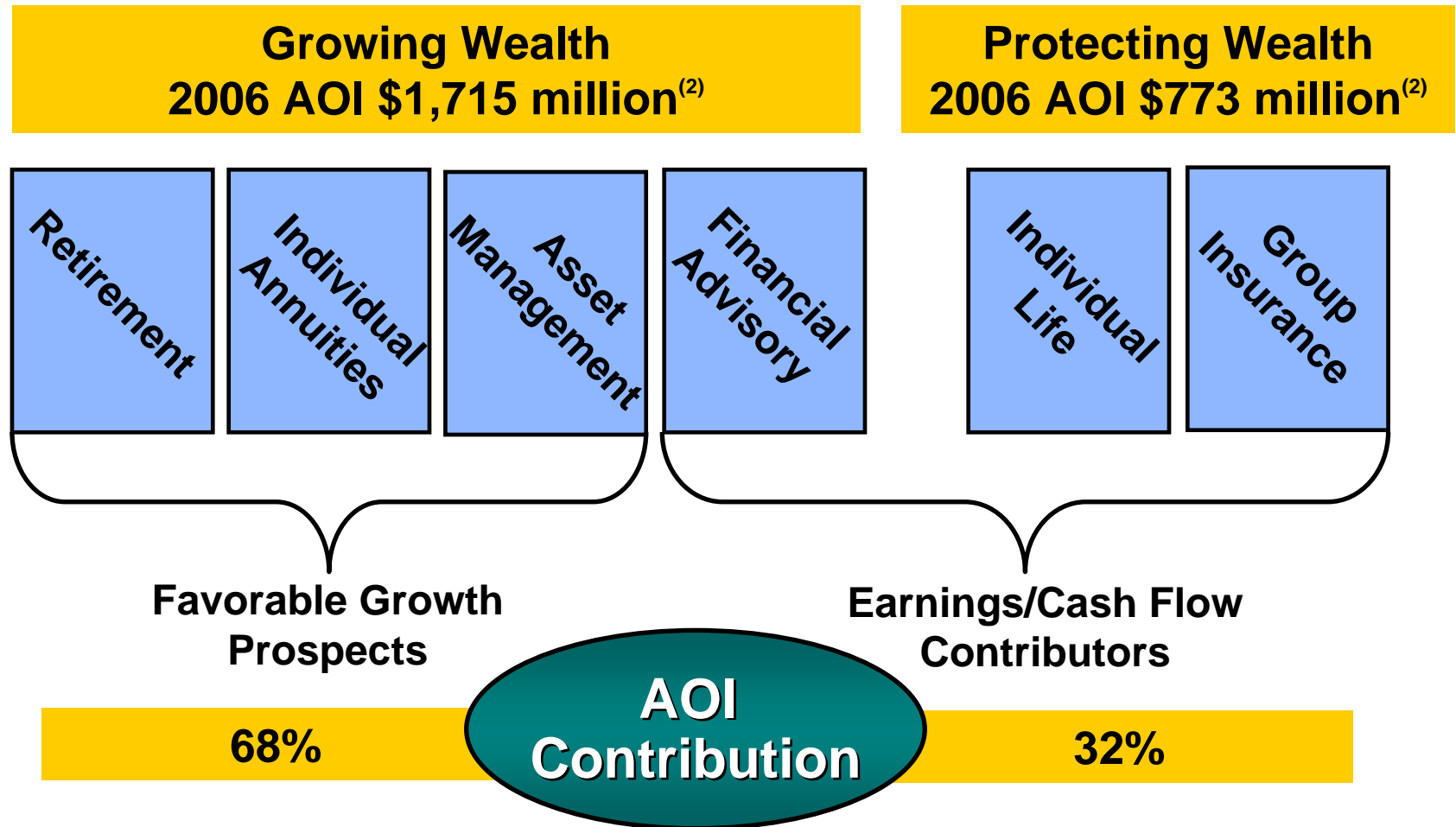


1) Insurance and Investment Divisions of Financial Services Businesses

2) Before income taxes



Domestic Business Portfolio⁽¹⁾



1) Insurance and Investment Divisions of Financial Services Businesses

2) Before income taxes



Financial Advisory

- **Combination of Private Client Group with Wachovia July 1, 2003**
- **62% Wachovia, 38% Prudential**
- **Combined business created one of the top 5 brokerage firms in the U.S.⁽¹⁾**
- **Segment operating results represent 19.4% ROE⁽²⁾**
- **Wachovia acquires A.G. Edwards in 2007; Prudential exercised “look-back” option**

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

2) Based on annualized after-tax adjusted operating income contribution for the nine months ended September 30, 2007



Wachovia JV Look-Back Option

Significant Upside Opportunities, Strong Downside Protection

- **Prudential's ownership is diluted during two-year look-back period while business integration proceeds**
- **After two years, Prudential can:**
 - Restore ownership up to 38% level, at today's price; or
 - Retain diluted investment stake going forward ; or
 - Put ownership position to Wachovia at today's price
- **Prudential will retain its option to put its investment at fair market value commencing on July 1, 2008**

Domestic Protection Businesses

	Protection Marketplace	Prudential Strategies
Individual Life	<ul style="list-style-type: none"> • Mature, low-growth industry • Overcapacity • Commodity products 	<ul style="list-style-type: none"> • Focus on returns through capital management, cost-effective distribution • Expanded third party distribution is growth opportunity • Deliver stable earnings and strong cash flows
Group Insurance	<ul style="list-style-type: none"> • Optional life purchases contribute to growth prospects 	<ul style="list-style-type: none"> • Maintain market position: #2 in Group Life⁽¹⁾ • Focus on returns: case selection; appropriate pricing • Generate strong cash flows

1) Based on A.M. Best ranking of statutory premiums for the year ended December 31, 2006



Individual Life ROE

	Nine months ended September 30, 2007
Pre-tax adjusted operating income ⁽¹⁾	\$ 489
Equity ⁽²⁾	\$ 2.3
Return on equity ⁽³⁾	22.1 %

Three-year average ROE⁽⁴⁾ 16.1%

1) In millions

2) Average attributed equity for the period; in billions

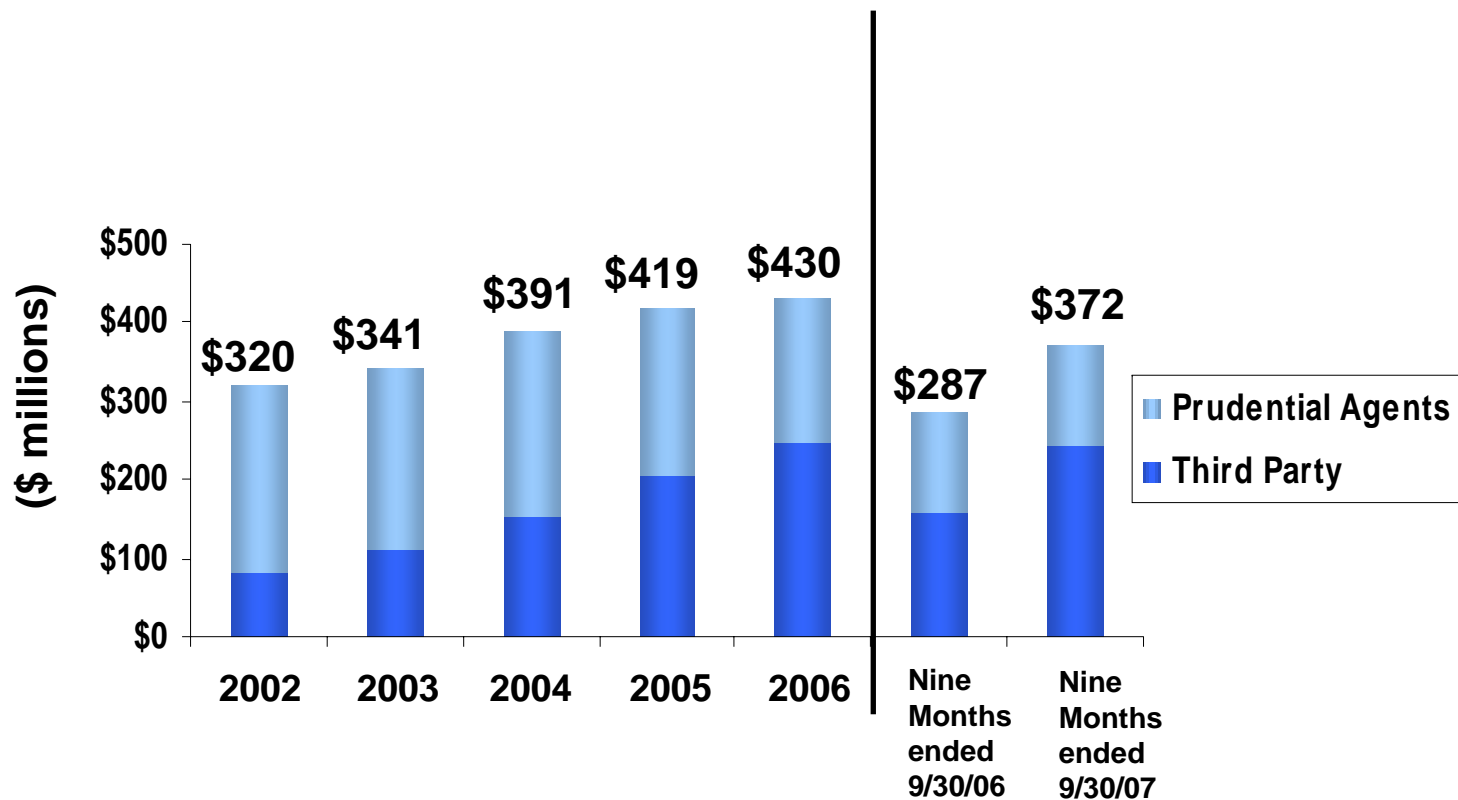
3) Based on annualized after-tax adjusted operating income giving effect to the direct equity adjustment

4) For the three years ended December 31, 2006



Individual Life Sales

Sales by distribution channel⁽¹⁾



1) Scheduled premiums from new sales on an annualized basis and first year excess premiums and deposits on a cash-received basis, excluding COLI



Group Insurance

- **Primarily group life business**
- **Controlled growth – focus on margins**
- **High persistency of quality business**
- **Voluntary life opportunity**
- **Return on equity of 16.6%⁽¹⁾**

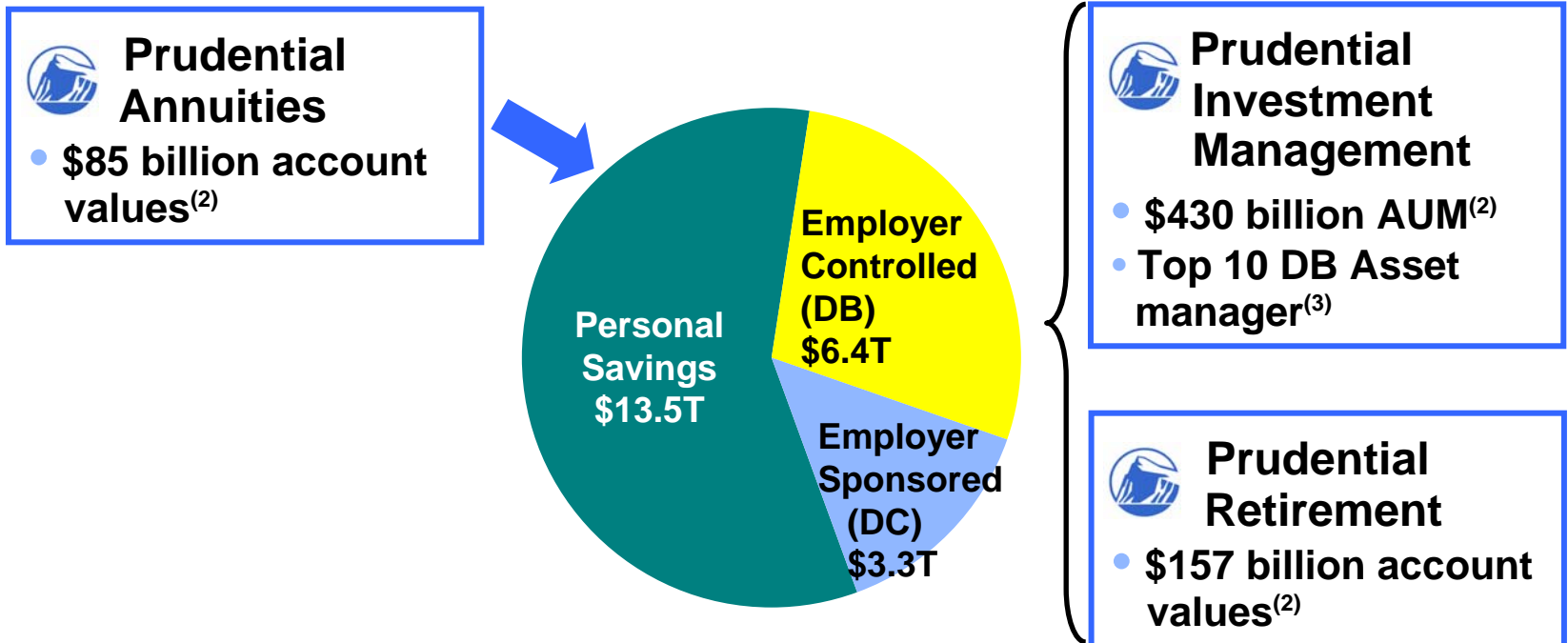
1) Based on annualized after-tax adjusted operating income for the nine months ended September 30, 2007



U.S. Retirement Market

Prudential's Key Domestic Growth Opportunity

\$23 Trillion Market⁽¹⁾



1) As of December 31, 2006 according to the *Flow of Fund Accounts of the United States* (September 2007), the Investment Company Institute, and internal calculations

2) As of September 30, 2007

3) As of December 31, 2006 according to *Pensions & Investments* (May 2007)

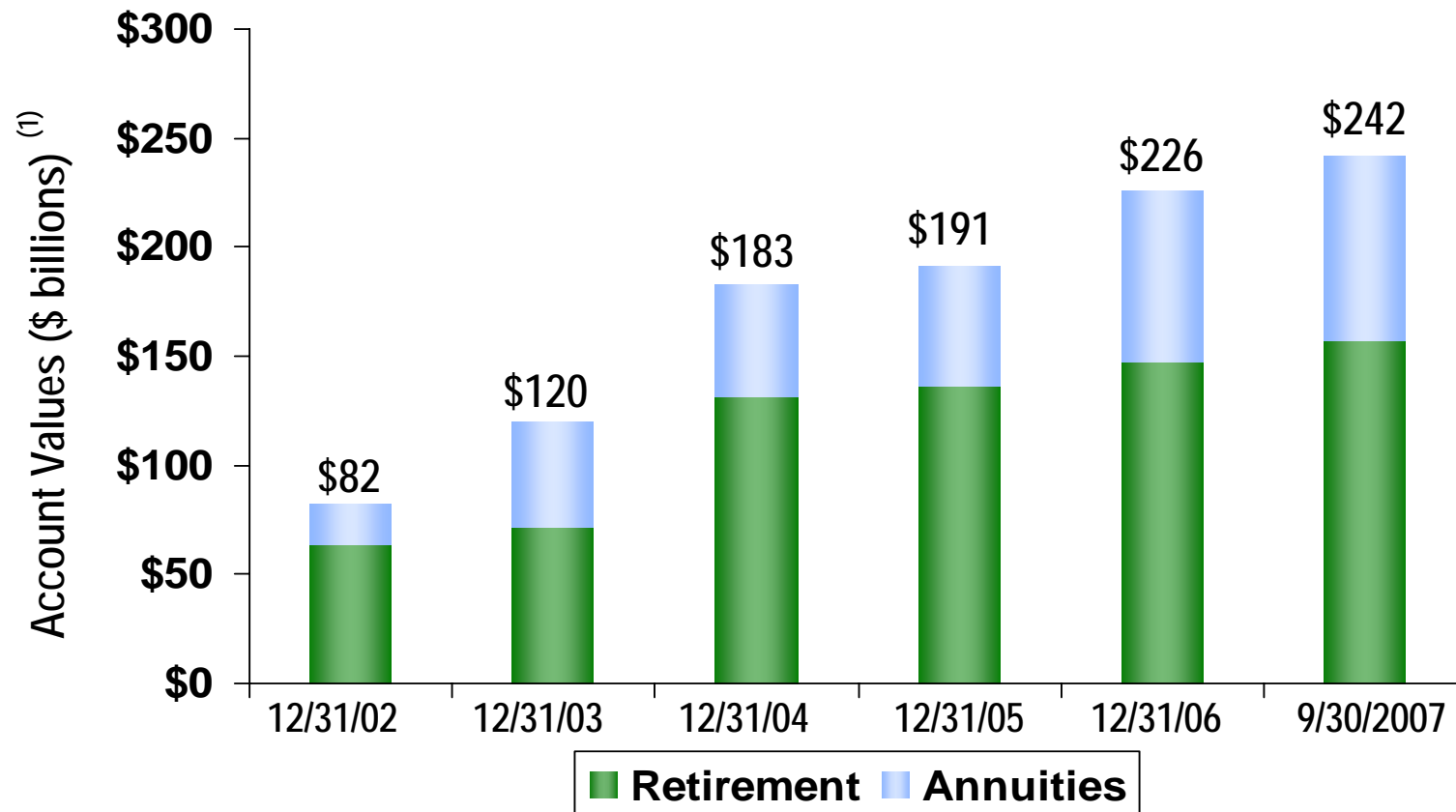


Retirement Market Trends Drive Prudential's Growth Opportunities

Market Dynamic	Prudential Positioning
<ul style="list-style-type: none"> • Individuals increasingly responsible for their own retirement security • Aging baby boomers need to convert assets into income but want continued control, flexibility, upside potential 	<ul style="list-style-type: none"> • Unique standing: Market leading annuity <u>and</u> full service retirement provider • Risk management, product design skills and innovation culture support development of income products and features
<ul style="list-style-type: none"> • Efforts to make DC plans more like DB plans 	<ul style="list-style-type: none"> • Implementing "auto-pilot" features and lifetime income products
<ul style="list-style-type: none"> • Employers seek to outsource retirement benefit programs 	<ul style="list-style-type: none"> • A leader in Total Retirement Services
<ul style="list-style-type: none"> • Legislation and accounting changes encourage employers to transfer pension risk 	<ul style="list-style-type: none"> • Asset management, risk management, and product skills support development of innovative solutions
<ul style="list-style-type: none"> • Industry consolidation continues 	<ul style="list-style-type: none"> • Platforms, scale, business integration skills support attractive acquisitions

Retirement and Annuities

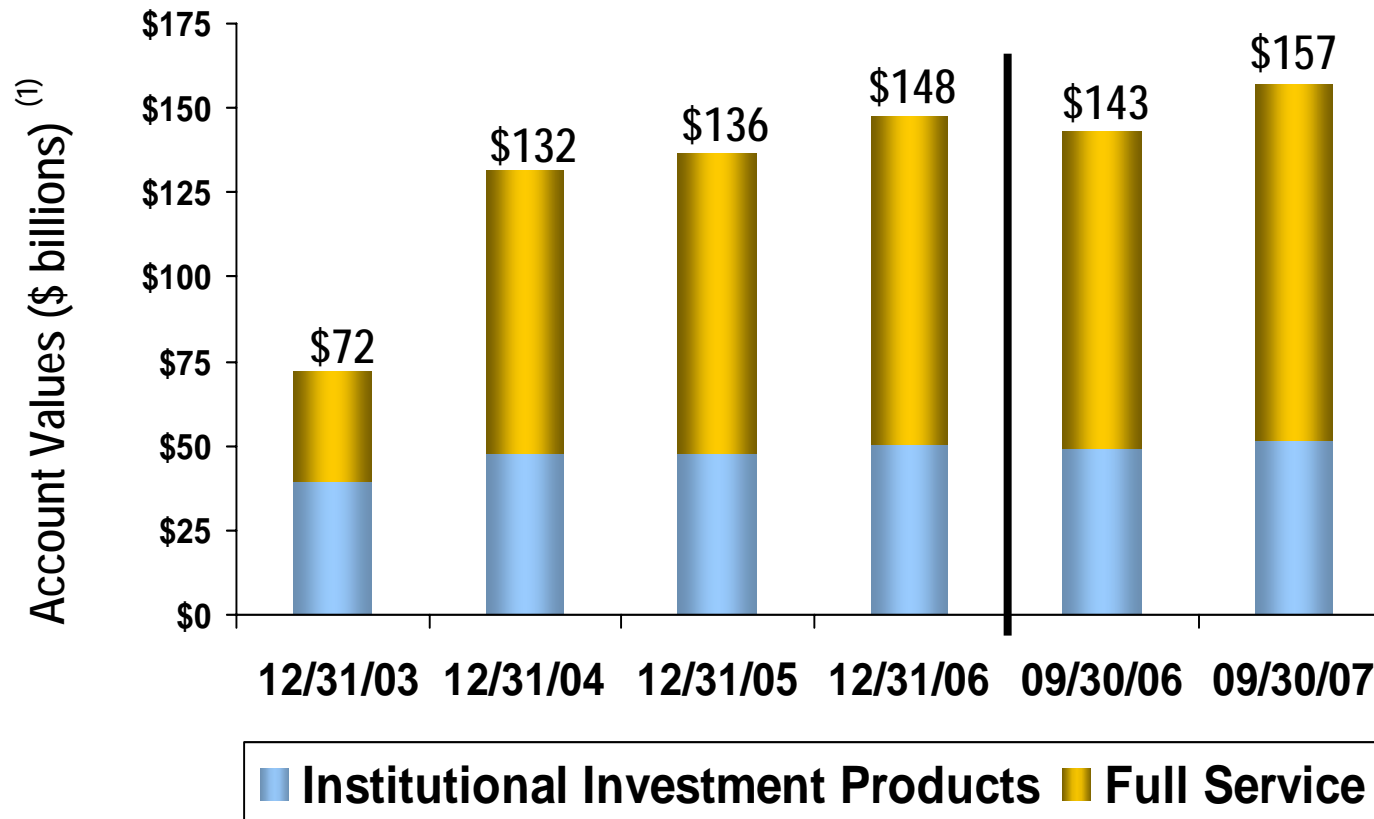
A Leading Provider in a Growing Market



1) Includes acquired businesses from dates of acquisitions



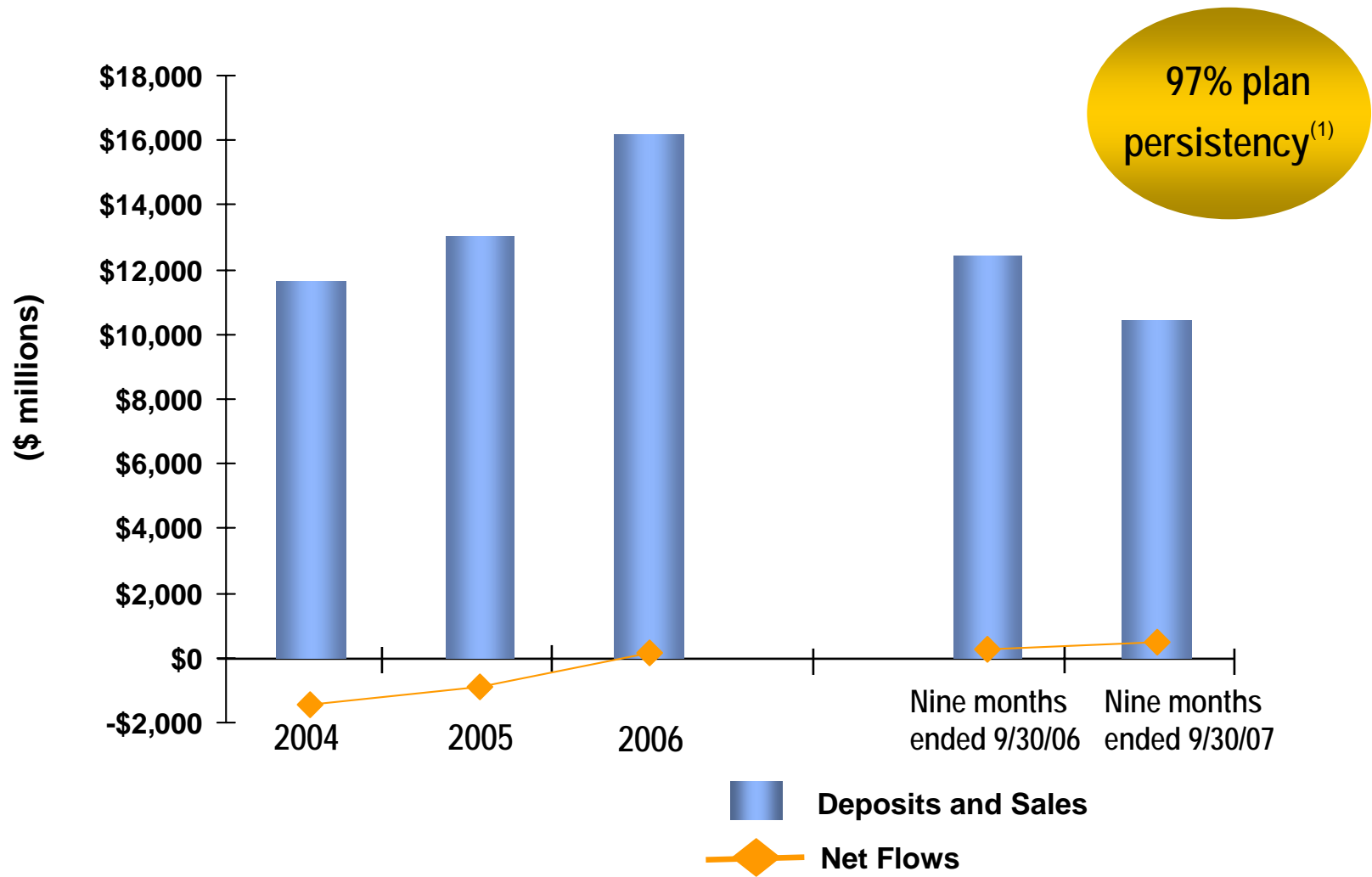
Prudential Retirement Emphasis on Full Service Retirement



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



Full Service Retirement Asset Flows



1) For the nine months ended September 30, 2007



Emphasis on Mid/Large Case and Tax Exempt Markets

	Corporate Markets	Tax Exempt Market
Primary Products	<ul style="list-style-type: none"> - DC plans - DB plans - Total Retirement Services - Non-qualified plans - Investment only products 	
Distribution Channels	<ul style="list-style-type: none"> - Fee based consultants - Commission based advisors - Third party administrators - Direct 	Specialized consultants
Account Values^{(1) (2)}	\$ 67,100	\$ 35,300
Participants⁽²⁾	1,589,000	938,000

Emphasis on mid/large case market

1) In millions

2) As of September 30, 2007; excludes \$3.2 billion retail account values for approximately 54,400 participants



A Leader In Total Retirement Services

Integrated Solution for Plan Sponsors

**DB
Plan**

**DC
Plan**

**Non-
qualified
Plan**

- Recordkeeping
- Participant communications
- Actuarial services
- Compliance
- Investment products and services

TRS Account Values: \$39 billion⁽¹⁾

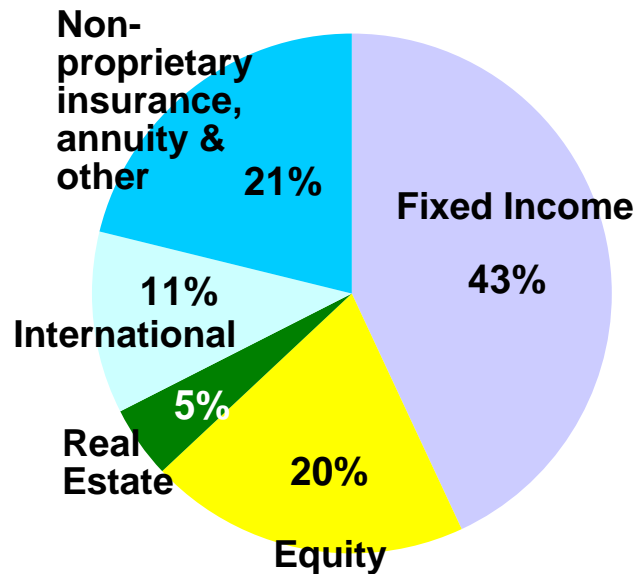
1) As of September 30, 2007



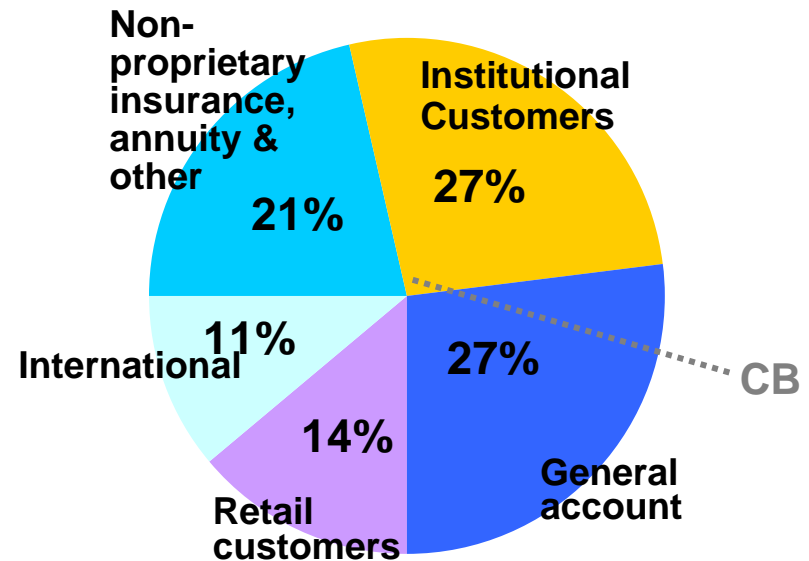
Assets Under Management Significant Scale and Breadth

Total AUM \$637 billion⁽¹⁾

AUM by Asset Type

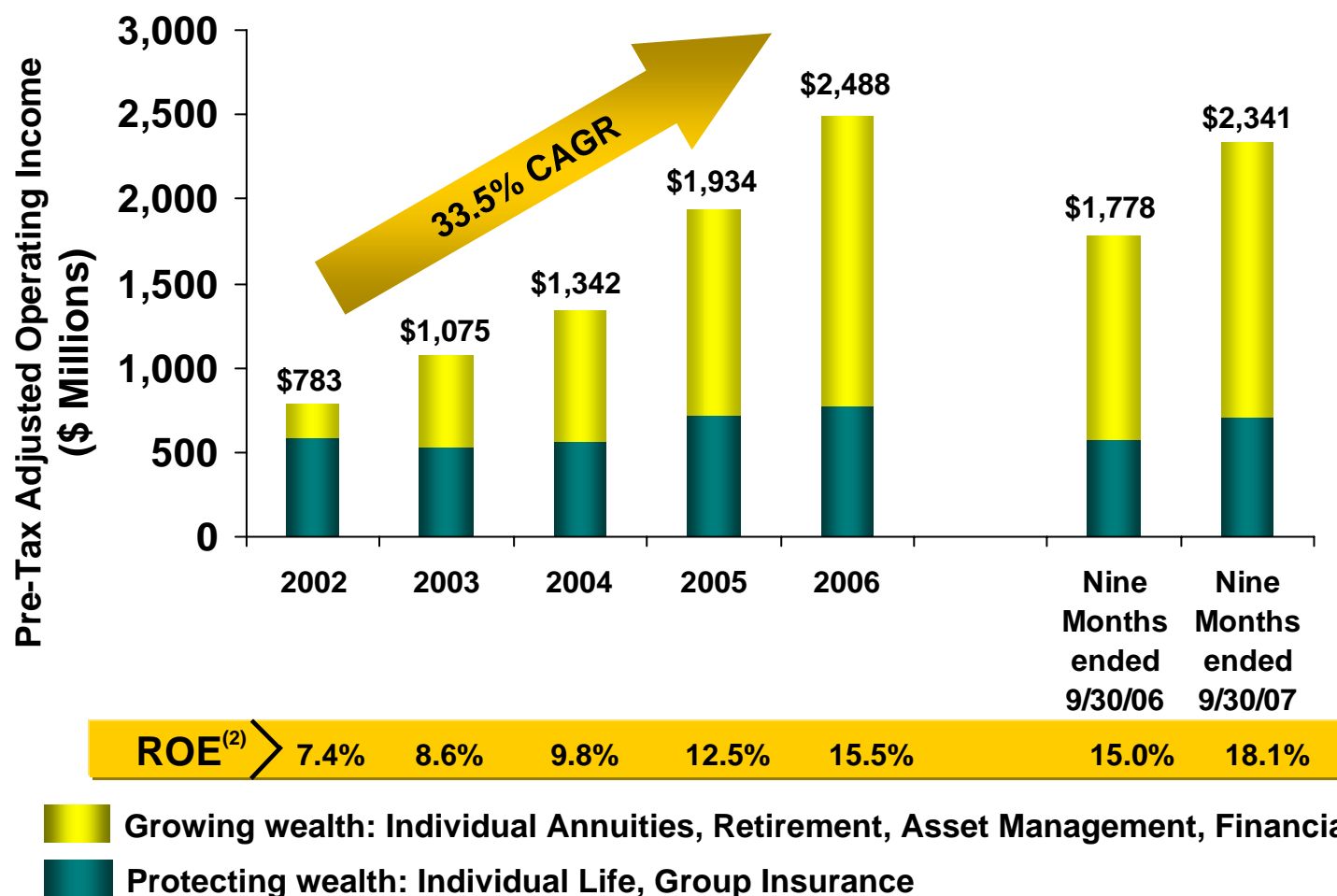


AUM by Client Type



1) As of September 30, 2007

Domestic Businesses: Financial Performance⁽¹⁾



1) Insurance and Investment Divisions of Financial Services Businesses

2) Based on after-tax adjusted operating income giving effect to the direct equity adjustment; annualized for interim periods





**Prudential
Financial**

Asset Management

Bernard Winograd

President

Prudential Investment Management



**Prudential
Financial**



Asset Management

Commercial Business and Competitive Advantage

A Business, Not a “Department”

- Robust institutional business enhances capabilities, attracts talented managers
- Market leading capabilities: private placement fixed income, commercial mortgages and real estate
- Prominent manager in pension market
- Low capital requirements: high ROE opportunity; strong available cash flows

A Source of Competitive Advantage Throughout The Firm

- Seasoned skills in multiple asset classes: risk diversification, enhanced returns
- Differentiated capabilities drive superior value proposition for stable value retirement products



Prudential Investment Management Competitive Advantages

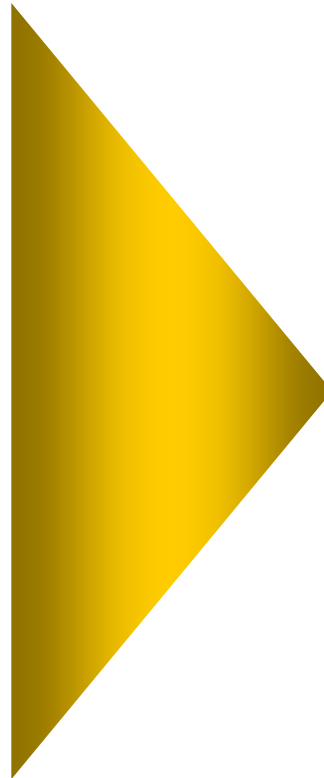
**Experience and
Track Record**

**Breadth and
Depth of
Capabilities**

**Access to Capital
and Co-investing**

**Brand and
Reputation**

Scale



Institutional Clients

- **\$135 billion third party institutional AUM ⁽¹⁾**
- **16% AUM CAGR (2002 – 2006)**

Manager Continuity

- **163 portfolio managers ⁽¹⁾**
- **Average tenure 14 years**

1) As of September 30, 2007; AUM excludes affiliated institutional assets under management

Prudential Investment Management Business Overview

Investment Manager	Investment Discipline	AUM ⁽¹⁾
Prudential Fixed Income	Public Fixed Income	\$ 186
Prudential Capital Group	Private Fixed Income	\$ 42
Prudential Mortgage Capital Company	Real Estate Debt	\$ 29
Prudential Real Estate Investors	Real Estate Equity	\$ 29
Jennison Associates⁽²⁾	Fundamental Equity	\$ 85
Quantitative Management Associates	Quantitative Equity	\$ 59

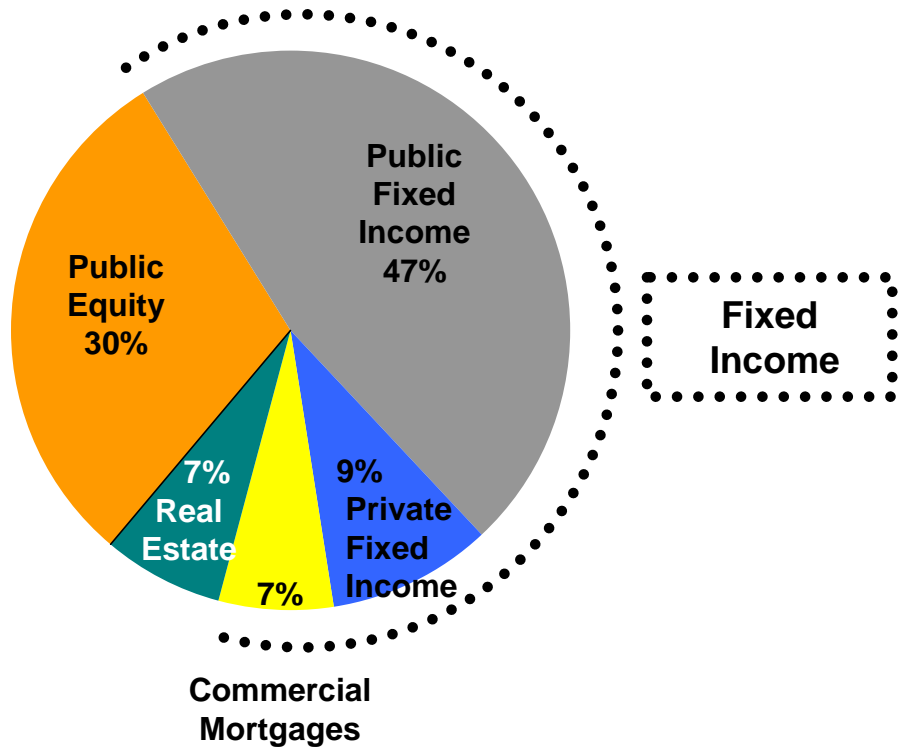
1) As of September 30, 2007; in billions

2) AUM includes \$18.5 billion public fixed income securities managed by Jennison Associates

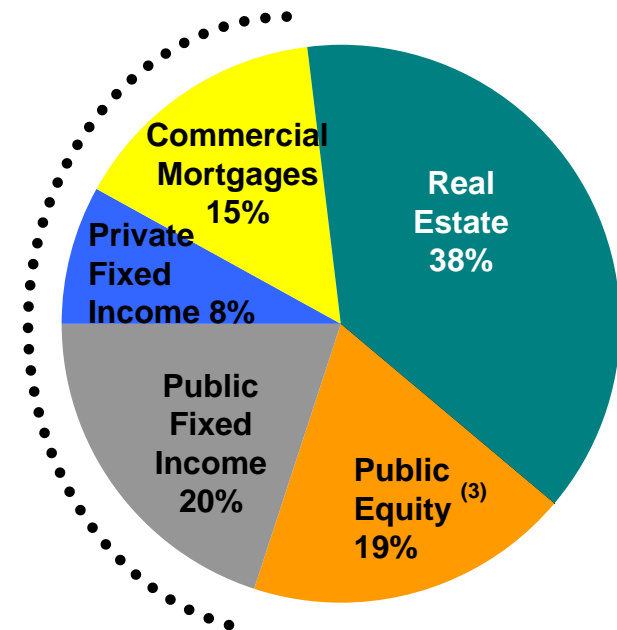


Broad Asset Class Capabilities

Assets Under Management
\$430 Billion⁽¹⁾



Asset Management Revenue
\$1.6 Billion⁽²⁾



1) As of September 30, 2007

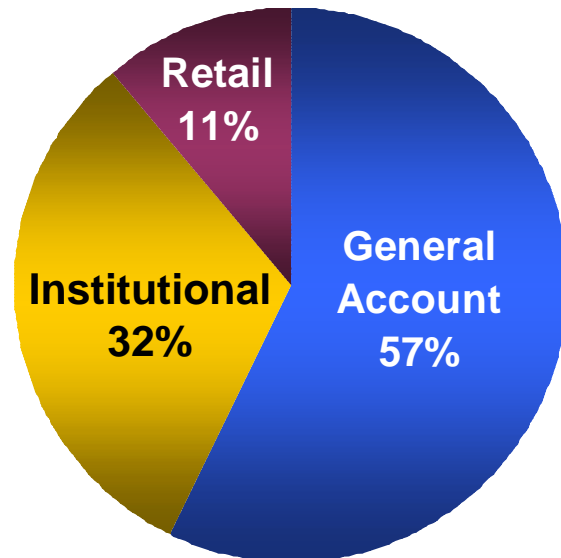
2) For the year ended December 31, 2006; excludes mutual fund distribution revenues

3) Includes revenue from management of public fixed income securities by Jennison Associates



Public Fixed Income \$186 Billion AUM⁽¹⁾

Breadth of Capabilities Serves General Account and Third Parties



- Comprehensive product line offers traditional and alternative strategies
- Corporates, Governments, Structured Products, Mortgages, Emerging Markets, Money Markets
- Proprietary models for risk analysis and management
- Managing Asset-Backed Securities since 1991
- Internal collateral evaluation and rating assignments

1) As of September 30, 2007; excludes public fixed income securities managed by Jennison Associates



Private Fixed Income

\$42 Billion AUM⁽¹⁾

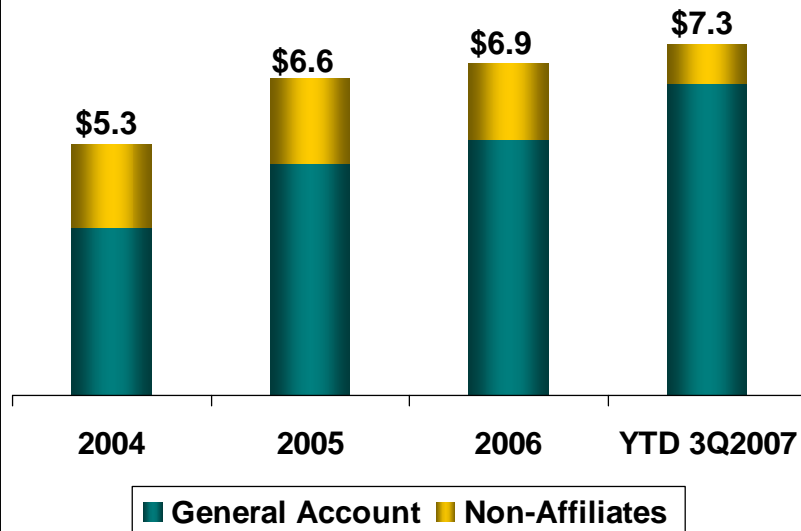
Private Placement Debt Market	Prudential Positioning
<ul style="list-style-type: none">• Higher credit spreads or coupons relative to like-quality public securities• Attractive long-term capital source for middle market companies• Terms and covenants offer investors protection from “event risks”• Often well-suited to fund insurance liability cash flows	<ul style="list-style-type: none">• Over 60 years experience; over 1,000 issuers⁽¹⁾• “Reliable partner”: proprietary direct origination network built on relationships• Not a “price taker” – direct access to issuers allows negotiation of terms and covenants• Prudential general account is preferred customer

1) As of September 30, 2007



Market Leader in Private Placement Debt

Originations ⁽¹⁾



Portfolio – 12/31/06 ^{(1) (2)}

1. Prudential	\$ 38.9
2. MetLife	30.8
3. NY Life	23.1
4. Principal Global	17.6
5. Sun Life	17.1

1) In billions

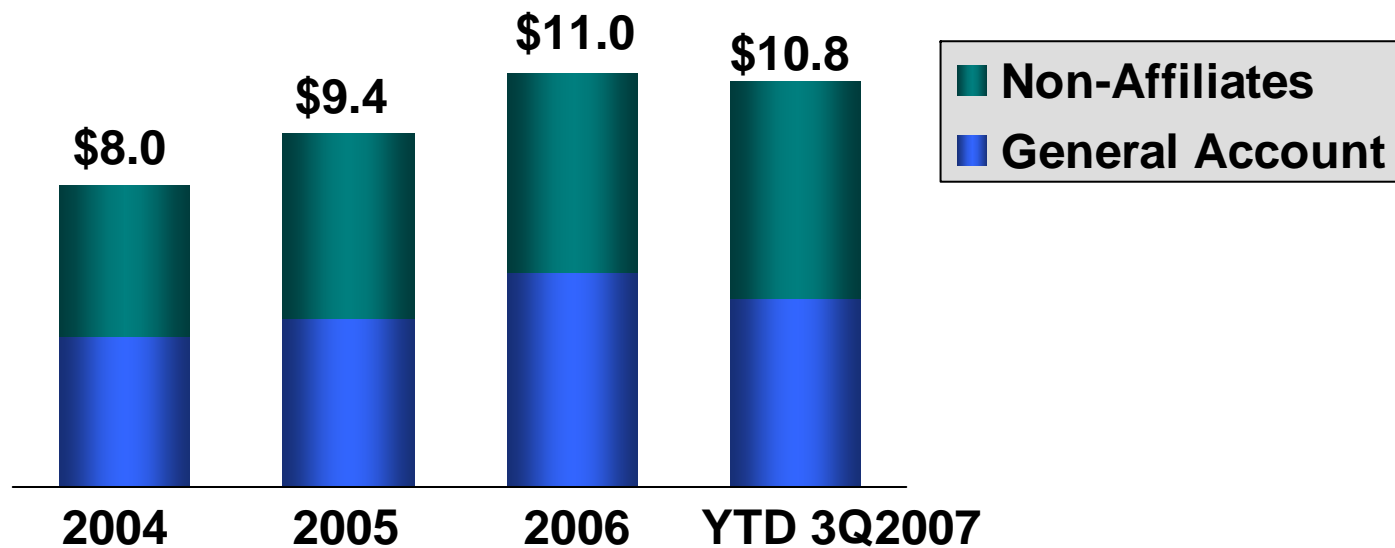
2) Source: SourceMedia – *Private Placement Letter* (September 24, 2007)



Commercial Mortgages

\$29 Billion AUM⁽¹⁾

Originations⁽²⁾



1) As of September 30, 2007

2) In billions



Prudential Real Estate Investors

\$29 Billion AUM⁽¹⁾

Global real estate investment manager, 18 offices worldwide⁽¹⁾ ;
serving institutional investors since 1970

Approximately 190 investment professionals and 430 institutional
clients⁽¹⁾

Intermediary
between
pension funds
and developers

Opportunities
for upside
participation

Benefits from
strong recent
market
conditions





1) As of September 30, 2007



Public Equity

Two Distinct Approaches

	
<ul style="list-style-type: none"> • \$85 billion AUM^{(1) (2)} 	<ul style="list-style-type: none"> • \$59 billion AUM⁽¹⁾
<ul style="list-style-type: none"> • Fundamental equity management 	<ul style="list-style-type: none"> • Quantitative equity management
<ul style="list-style-type: none"> • Established 1969; acquired 1984 	<ul style="list-style-type: none"> • Decades of experience
<ul style="list-style-type: none"> • Approximately 150 Institutional clients⁽¹⁾ 	<ul style="list-style-type: none"> • Approximately 150 Institutional clients⁽¹⁾

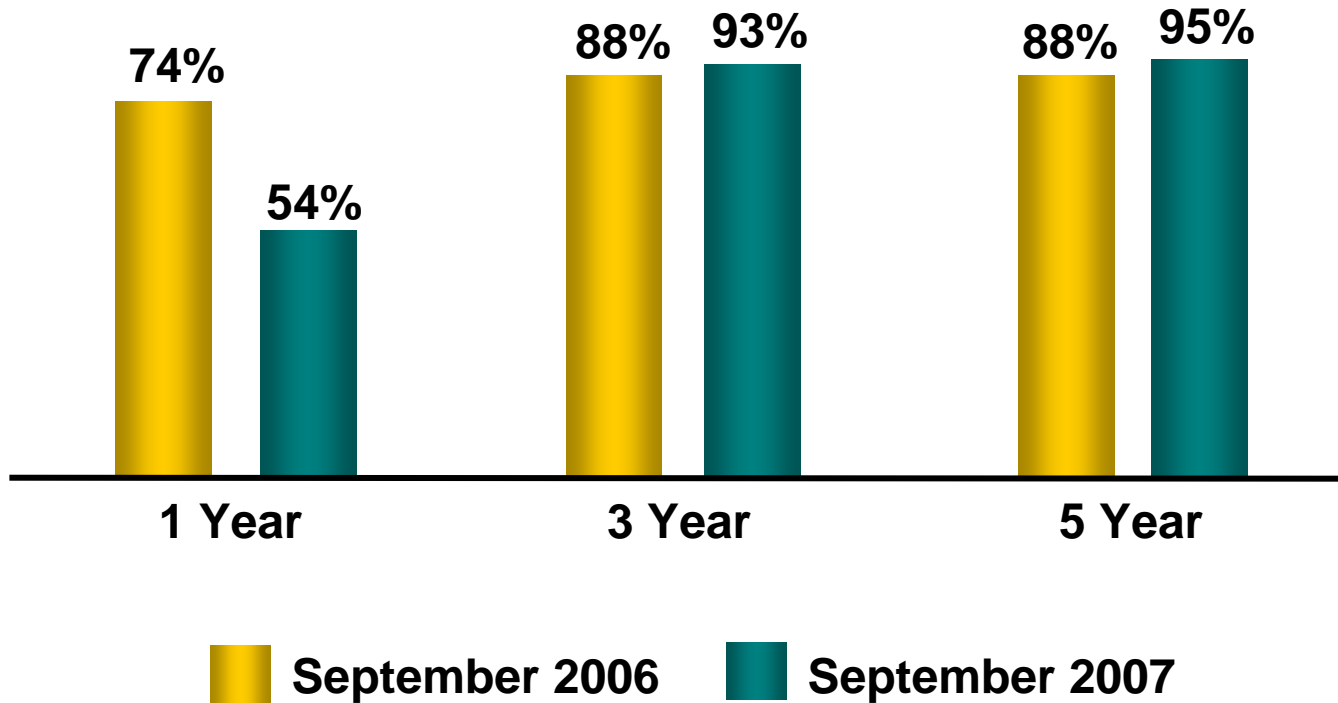
1) As of September 30, 2007

2) Includes \$18.5 billion public fixed income securities



Percentage of Third Party AUM At or Exceeding Benchmark

AUM = \$170 Billion⁽¹⁾

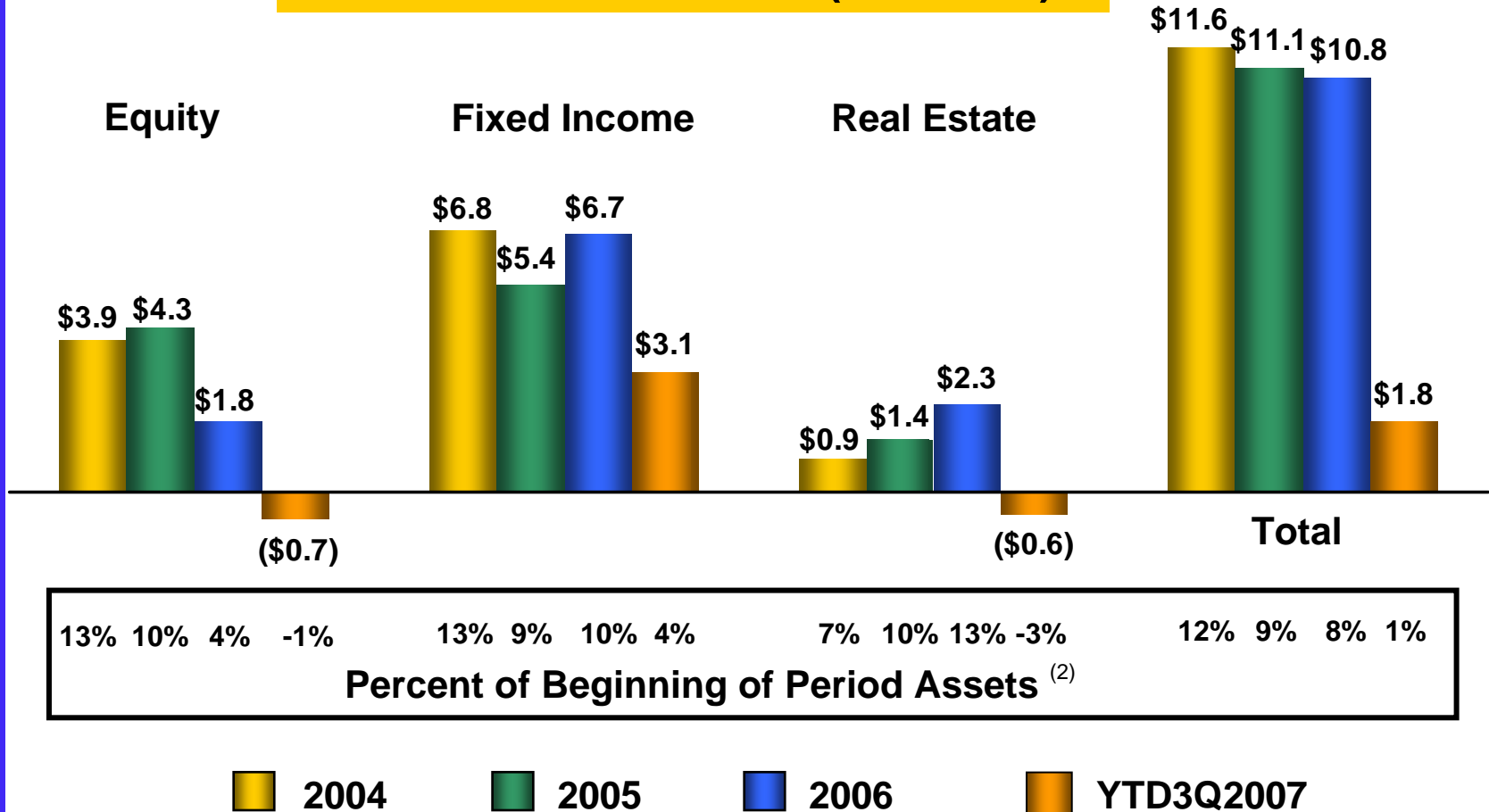


1) As of September 30, 2007



Third Party Institutional Flows are the Best Indicator of Competitiveness

Institutional Net Flows (\$Billions)⁽¹⁾



1) Excludes money market funds and the effects of certain nonrecurring transfer and disposition events. Includes assets transferred from the Retirement segment.

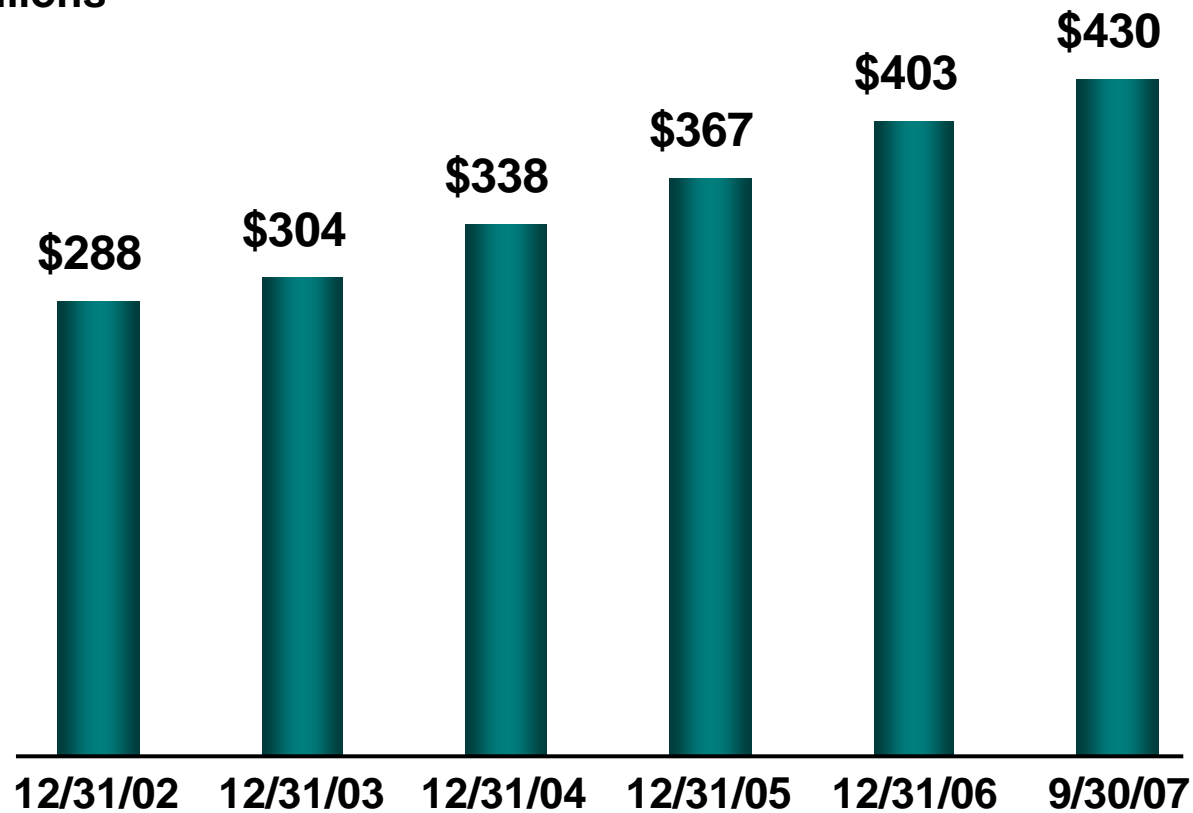
2) Third party institutional net flows as a percentage of total institutional assets under management.



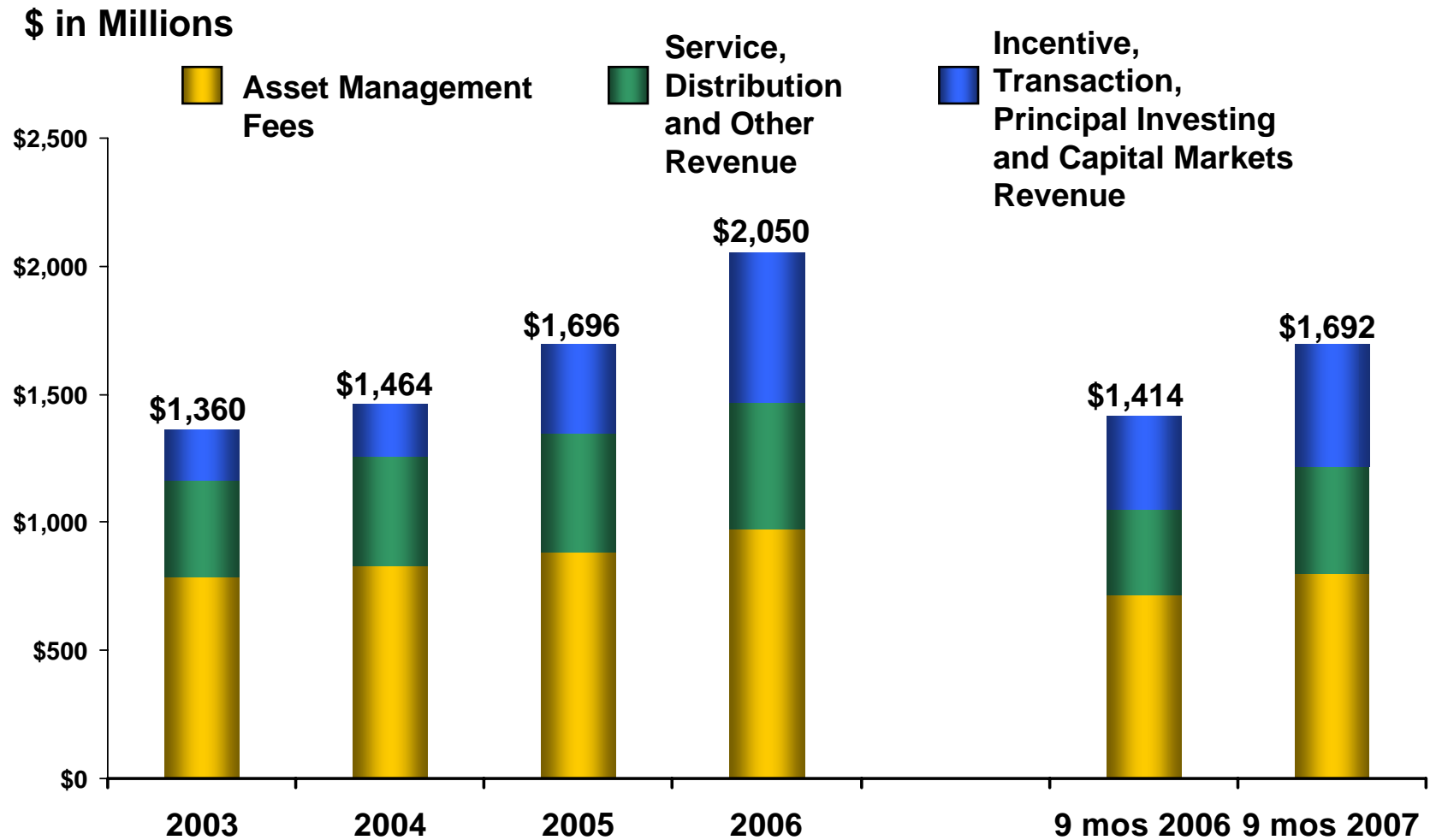
Prudential Investment Management

Proprietary Assets Under Management

\$ in Billions



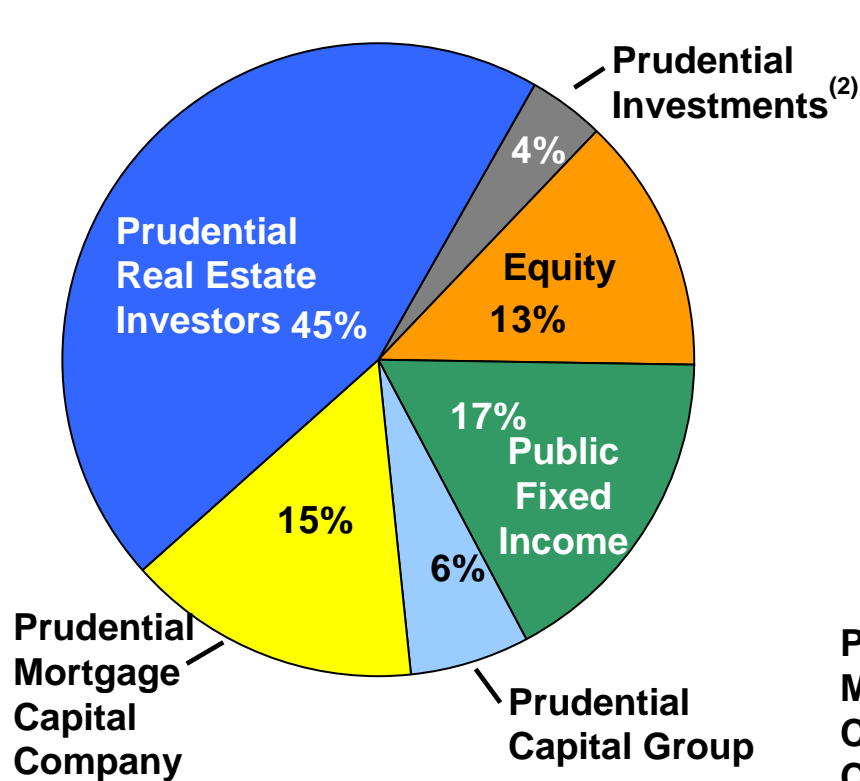
Asset Management Revenues



Asset Management Adjusted Operating Income by Business

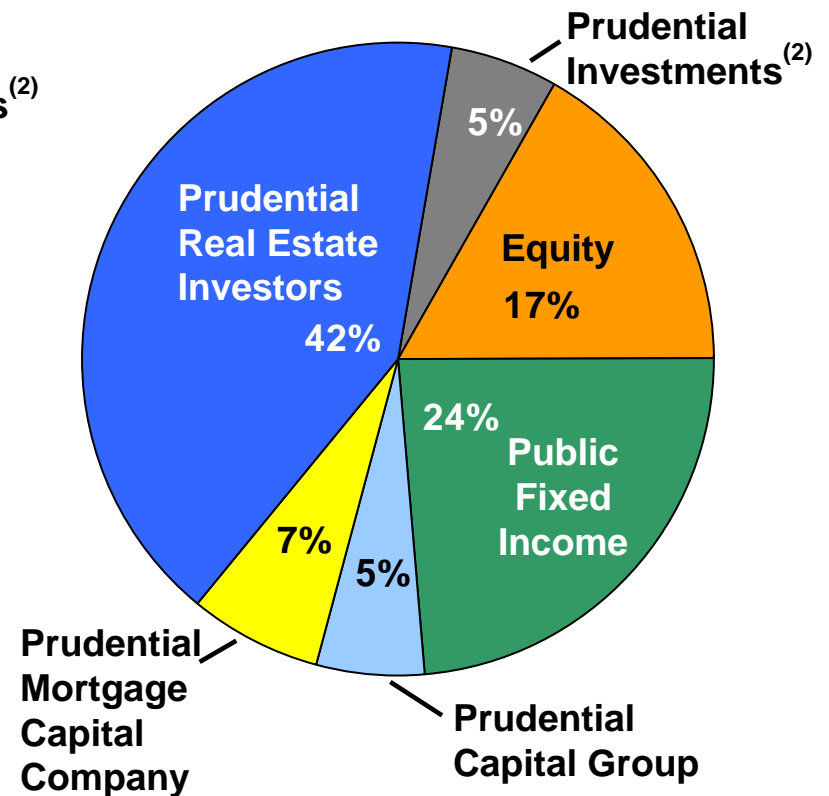
Year Ended 12/31/06

\$593 Million⁽¹⁾



Nine Months Ended 9/30/07

\$493 Million⁽¹⁾



- 1) Before income taxes
- 2) Mutual fund distribution



Asset Management Financial Performance

	2005	2006	Nine months ended September 30, 2007
Assets under management^{(1) (2)}	\$ 367.4	\$ 403.4	\$ 430.2
Pre-tax adjusted operating income⁽³⁾	464	593	493
Attributed equity^{(1) (4)}	1.2	1.3	1.3
Return on equity⁽⁵⁾	27%	33%	36%

1) In billions

2) At end of period

3) In millions

4) Average attributed equity for period

5) Based on after-tax adjusted operating income; annualized for interim period





**Prudential
Financial**

Individual Annuities

David Odenath

President

Prudential Annuities



Variable Annuity Market Trends

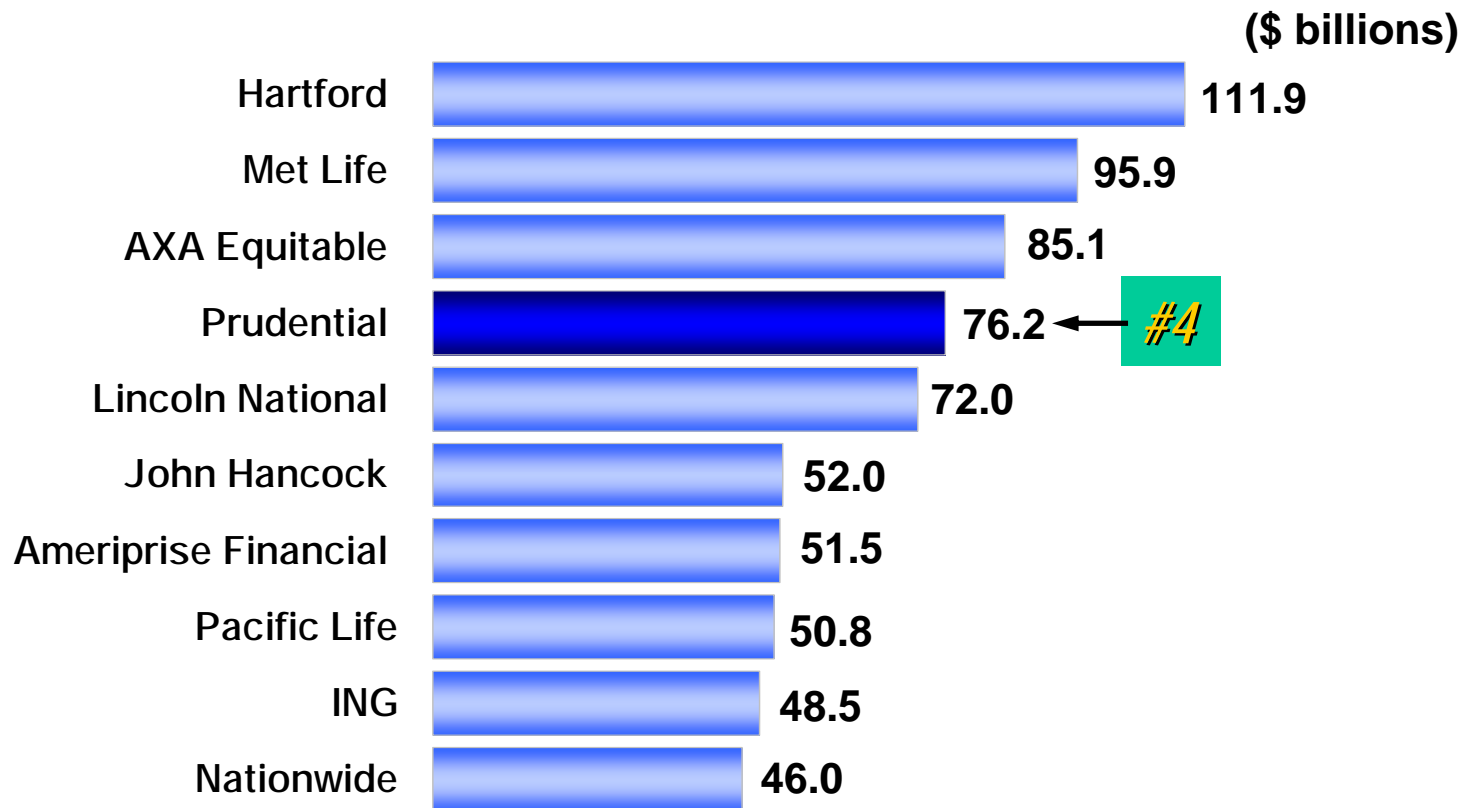
- **Retirement income solutions drive sales**
- **Continued customer interest in downside protection**
- **Increased customer focus on locking in gains**
- **Industry consolidation likely to increase as manufacturers require greater scale to compete**

Prudential Annuities: Competitive Advantages in a Retirement-Focused Market

- **Proven product innovation capabilities**
- **Sophisticated risk management and hedging**
- **Scale**
- **Strong branding**
- **Broad, multi-channel distribution capabilities**
- **Acquisition integration expertise**

Top 10 Variable Annuity Company Account Values

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



1) Source: VARDS 2Q07; Advisor-sold market excludes group/retirement plan contracts



Prudential Annuities Innovation Team



Friday Morning Lights Where Prudential's Biggest Annuity Ideas are Born

- **Innovation: a proven strength**
- **Informal weekly meetings, an 11-year tradition**
- **Spirited discussion: leave your title at the door; have an open mind; be a subject matter expert**
- **Listen to the marketplace**

Attractive value propositions for retirement-focused customers

- **Lifetime Five**
- **Spousal Lifetime Five**
- **HD Lifetime Five**
- **More to come...**

Market-Leading Retirement Solutions

Awarded “Best Living Benefits” by Boomer Market Advisor Magazine for Third Consecutive Year



- **“HD Lifetime Five...the living benefit that best addresses the income and longevity issues clients face.”**

Active Management of Product Risks

- **Innovative product design minimizes product/benefit risk while meeting customers' needs**
- **Strategic risk retention**
 - Retain risks we are best suited to carry
 - Actively hedge risks where appropriate
- **Strong governance structure provides constant monitoring and oversight**

Lower Risk Profile in Newest Benefits

**Living Benefit
Product Design**

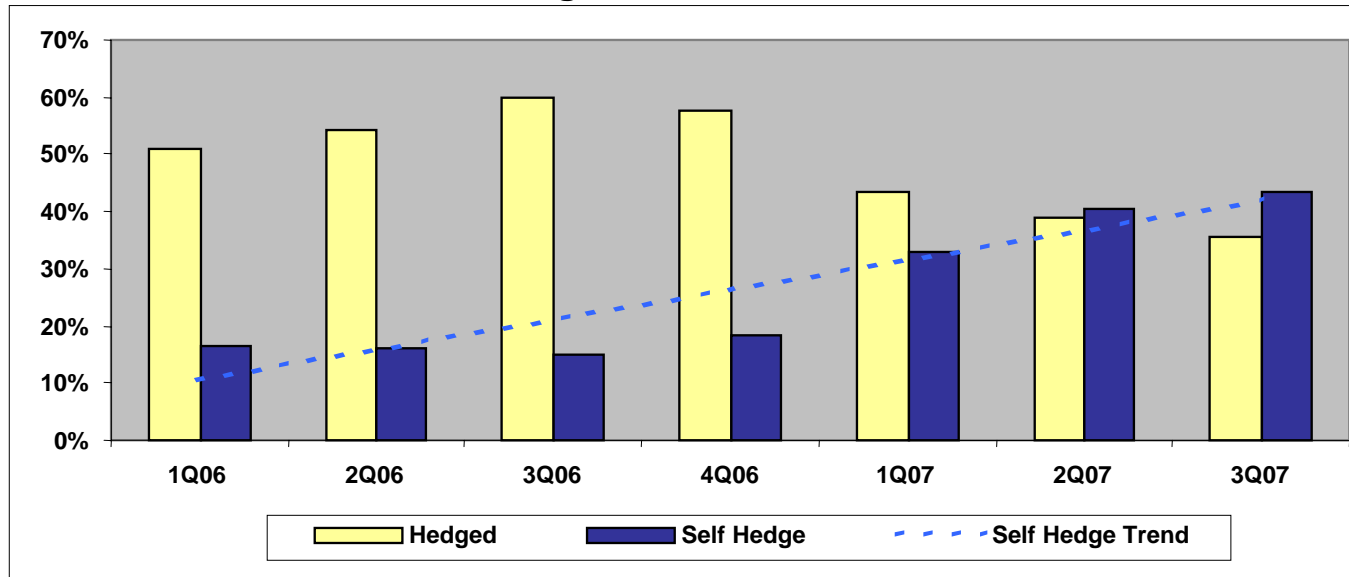
- Attractive Value Proposition
- Minimizes Risk to Prudential

Feature	Benefit to Policyholder	Benefit to Prudential
Minimum Age Requirement	✓ Reduces cost of benefit	✓ Reduces longevity risk
Required Asset Allocation Portfolios	✓ Access to professionally managed, diversified investment options	✓ Reduces concentration risk
Daily Rebalancing by Individual Contract (“GRO”; HD-Lifetime Five)	✓ Systematically takes money “off the table” as market declines, preserving account value	✓ Reduces equity risk in severe market conditions ✓ Effectively self hedges much of the equity risk



New Living Benefits Feature Self-Hedging

Living Benefit Election Rates



Self Hedged

- GRO
- HD-5

Hedged

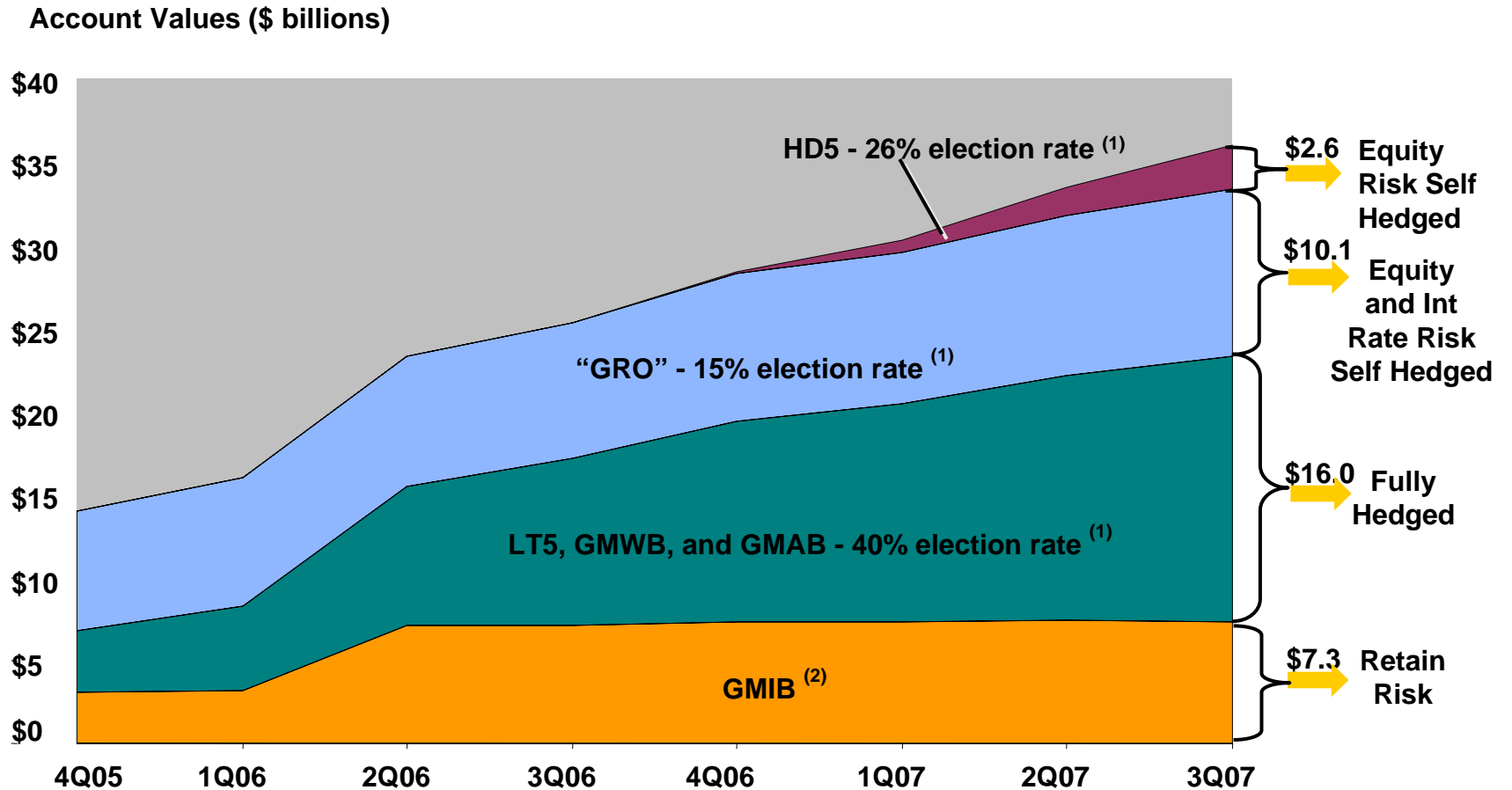
- LT5
- SLT5
- GMWB
- Allstate
- GMAB

Excludes GMIB as election rate is de-minimus

Risk Profile of HD-5 Compared to Lifetime Five

- HD-5 has lower overall risk profile due to reduced tail exposure
- Less hedge rebalancing required during volatile markets
- Interest rate exposure more efficient to hedge – lower basis risk, better liquidity

Living Benefit Risk Management



1) For the nine months ended September 30, 2007

2) Includes Prudential and Allstate business; no significant recent sales



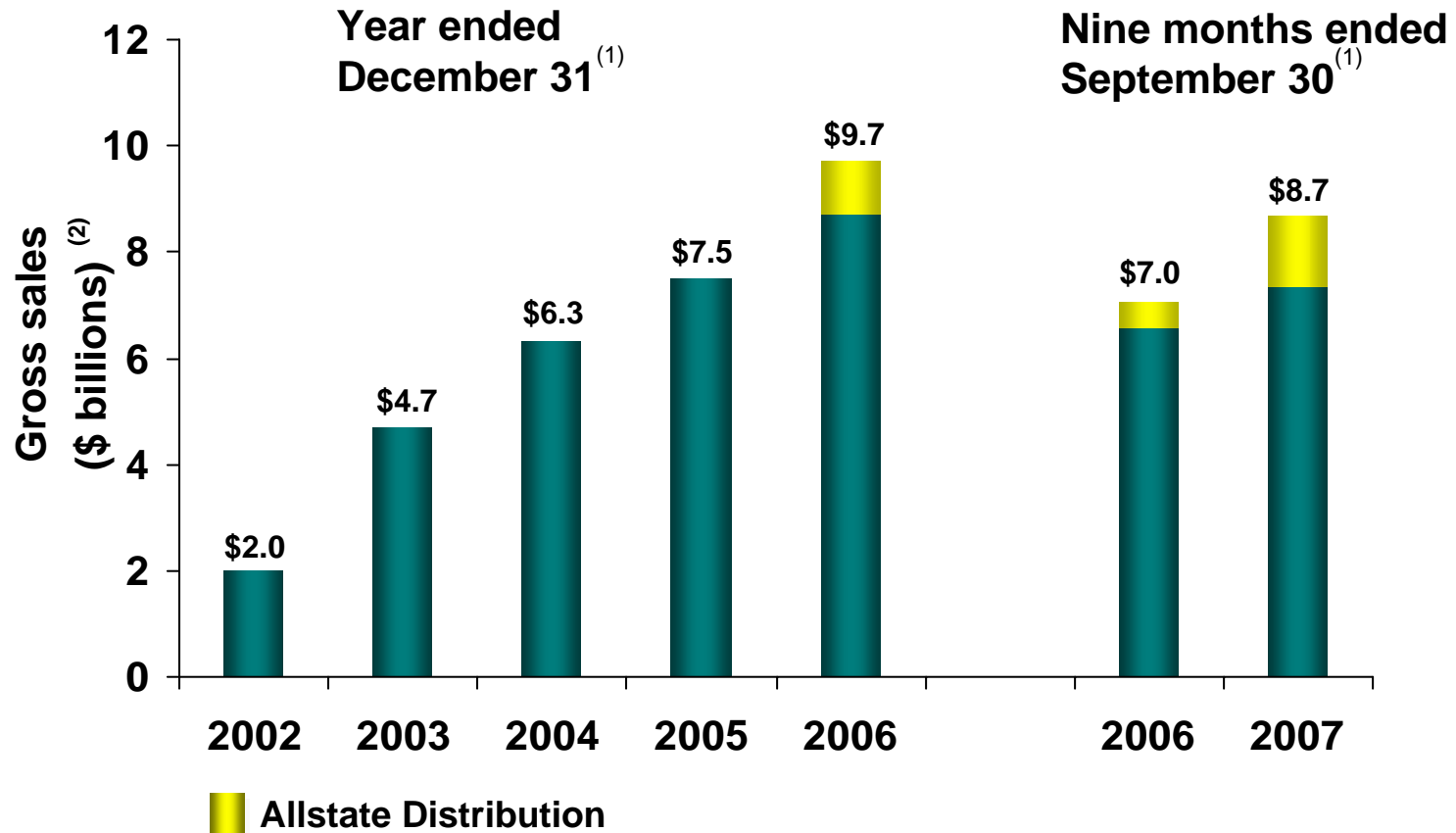
Broad Multi-Channel Distribution Capabilities

Channel	Percentage of 3Q:07 Sales	Strategy	3Q:07 Sales ⁽¹⁾	3Q:06 Sales ⁽¹⁾
Independent Financial Planners	59%	<ul style="list-style-type: none"> • Maintain leadership position • Enhance distribution through existing relationships 	\$1,673	\$1,407
Insurance Agents	21%	<ul style="list-style-type: none"> • Continued focus on captive sales to maintain momentum • Ongoing focus on expanding distribution in Allstate channel 	607	466
Wirehouses	13%	<ul style="list-style-type: none"> • Expand distribution through Allstate and current relationships 	358	257
Banks	7%	<ul style="list-style-type: none"> • Increase distribution through Allstate and Prudential bank relationships • Pursue new relationships on opportunistic basis 	203	226

1) In millions; all annuity products (variable and fixed)



Products and Distribution Drive Sales Growth

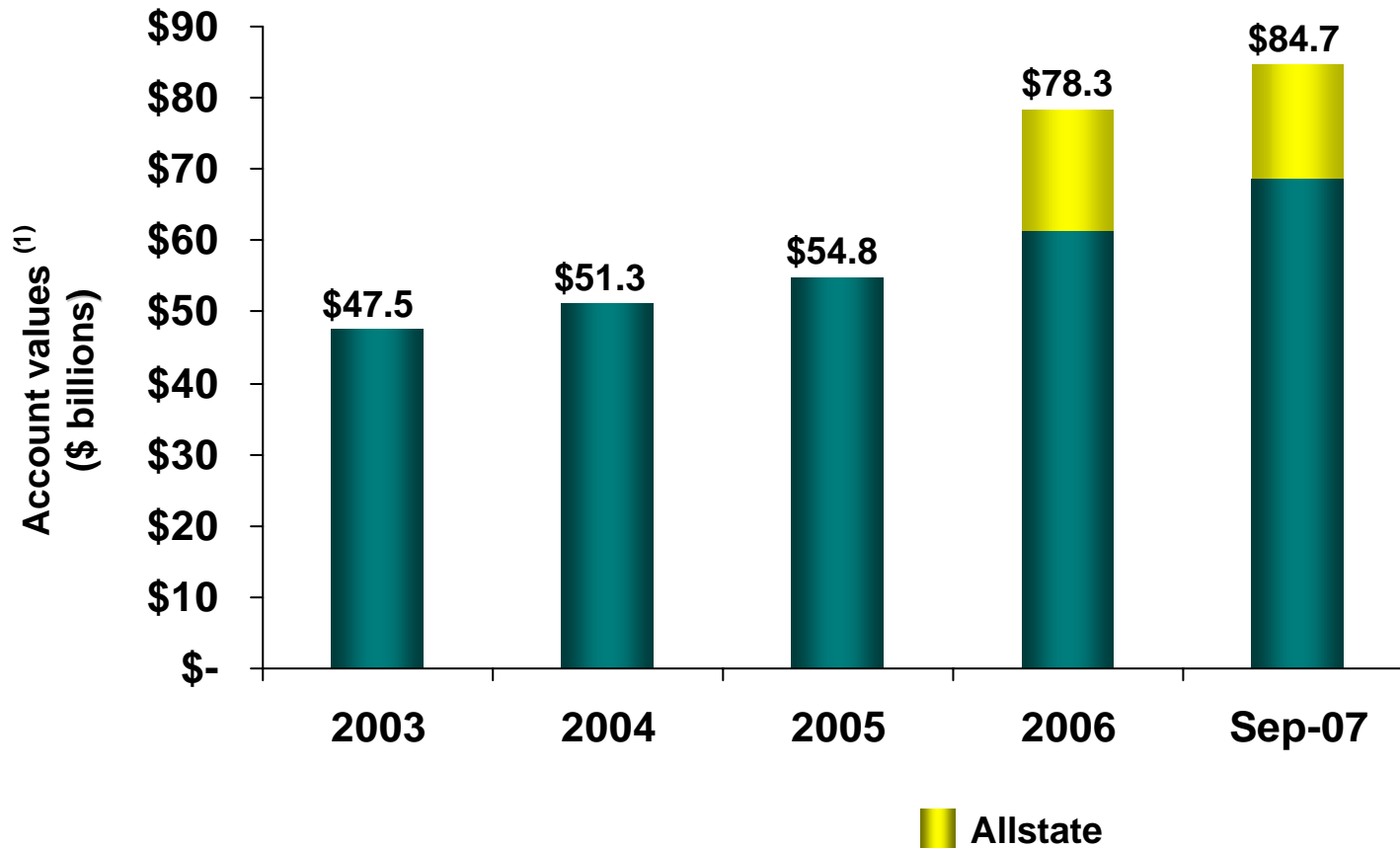


1) Includes American Skandia from May 1, 2003 acquisition date and Allstate variable annuity business from June 1, 2006 acquisition date

2) All annuity products (variable and fixed)



Sustained Account Value Growth



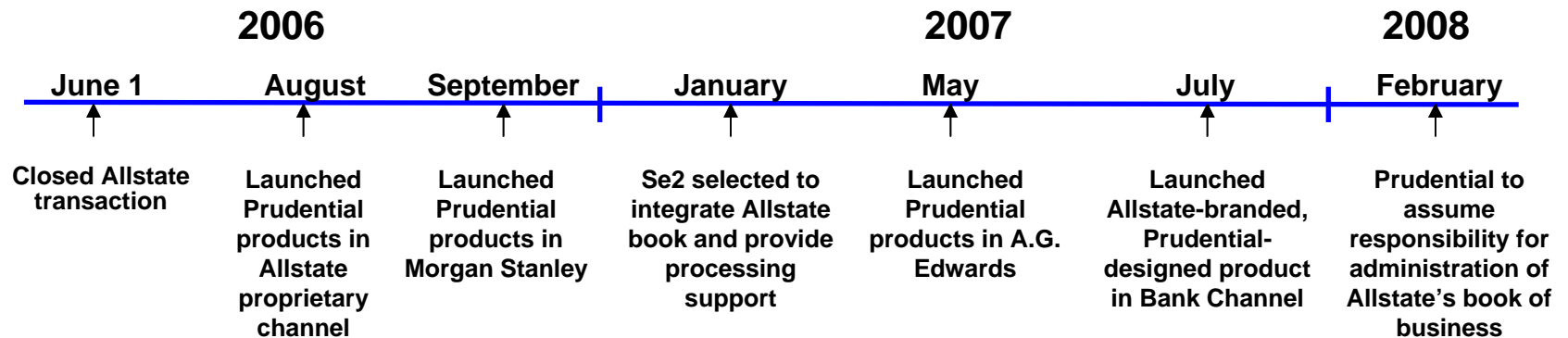
1) As of end of period; all annuity products (variable and fixed)



Allstate Variable Annuity Business Integration on Track

Major Project Milestones

Transition Service Agreement Period with Allstate



Individual Annuities Financial Performance⁽¹⁾

	2005	2006	Nine months ended September 30, 2007
Account Values ⁽²⁾			
Variable annuities	\$ 50,778	\$ 74,555	\$ 81,173
Fixed annuities	<u>3,991</u>	<u>3,748</u>	<u>3,546</u>
Total	54,769	78,303	84,719
Pre-tax adjusted operating income ⁽³⁾	505	586	549
Attributed equity ⁽⁴⁾	\$1.9	\$2.3	\$ 2.8
Return on equity ⁽⁵⁾	17.9%	18.2%	18.2%

1) Includes results of Allstate variable annuity business from June 1, 2006 acquisition date

2) In millions; at end of period

3) In millions

4) In billions; average attributed equity for period

5) Based on after-tax adjusted operating income; annualized for interim period





**Prudential
Financial**

Financial Position and Outlook

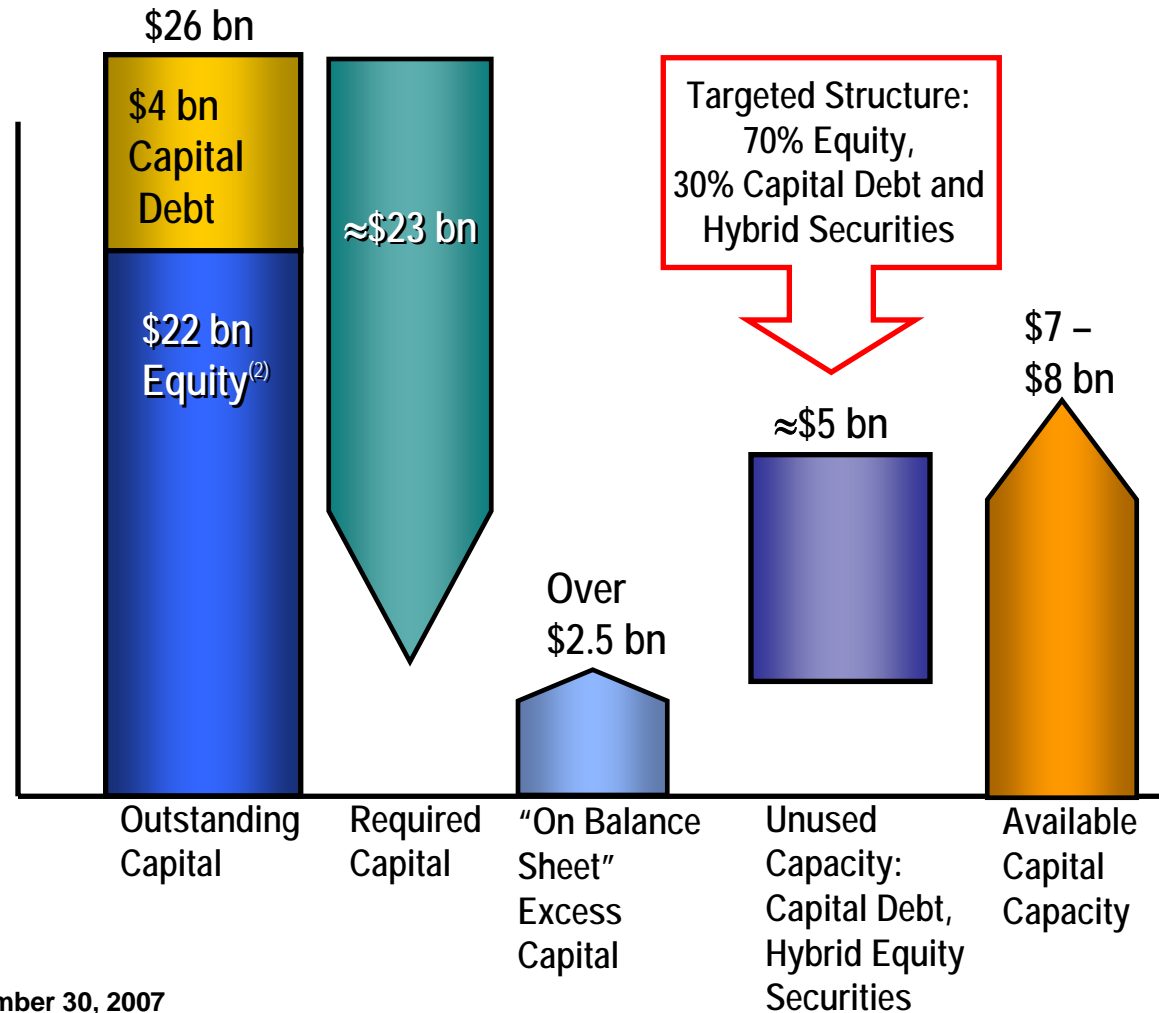
Rich Carbone
Chief Financial Officer



Financial Review and Outlook

- **Strong capital position; significant financial flexibility**
- **Disciplined investment portfolio risk selection and management**
- **Financial outlook for 2008**

“Available Capital” Capacity \$7 - \$8 Billion⁽¹⁾

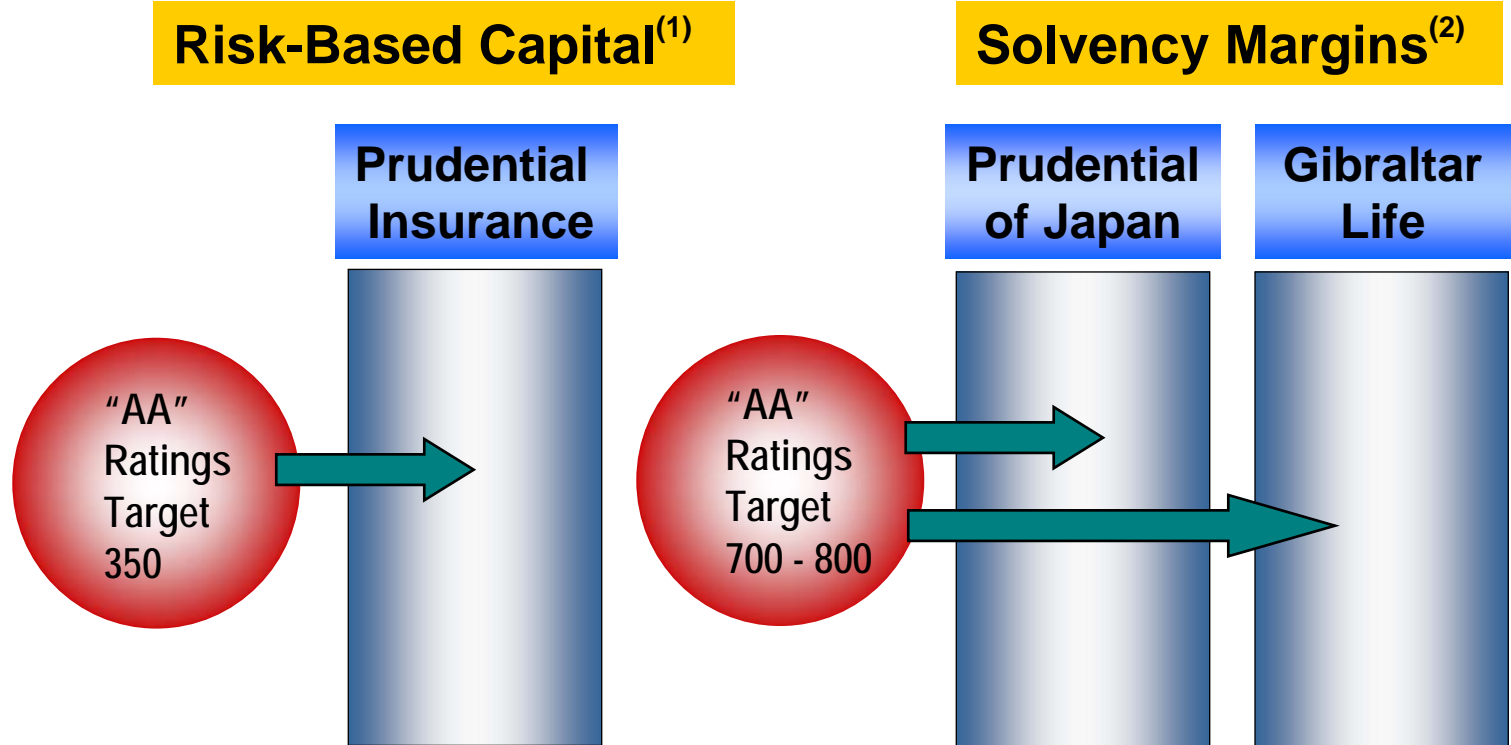


1) As of September 30, 2007

2) Attributed equity of Financial Services Businesses, excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension/postretirement benefits

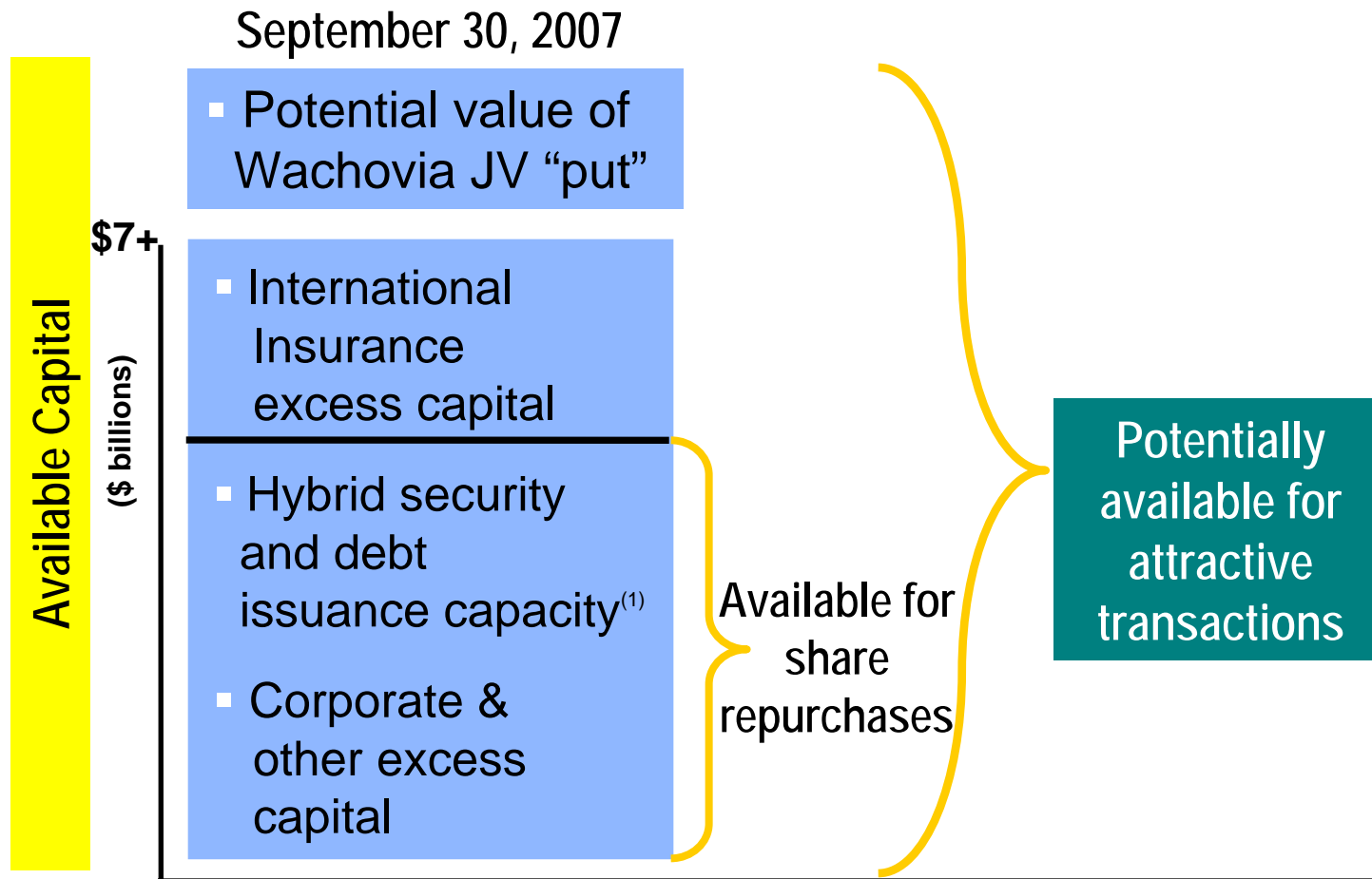


Insurance Operations are Overcapitalized



- 1) Based on U.S. statutory accounting
- 2) Based on Japanese statutory accounting

“Available Capital” Capacity → Financial Flexibility

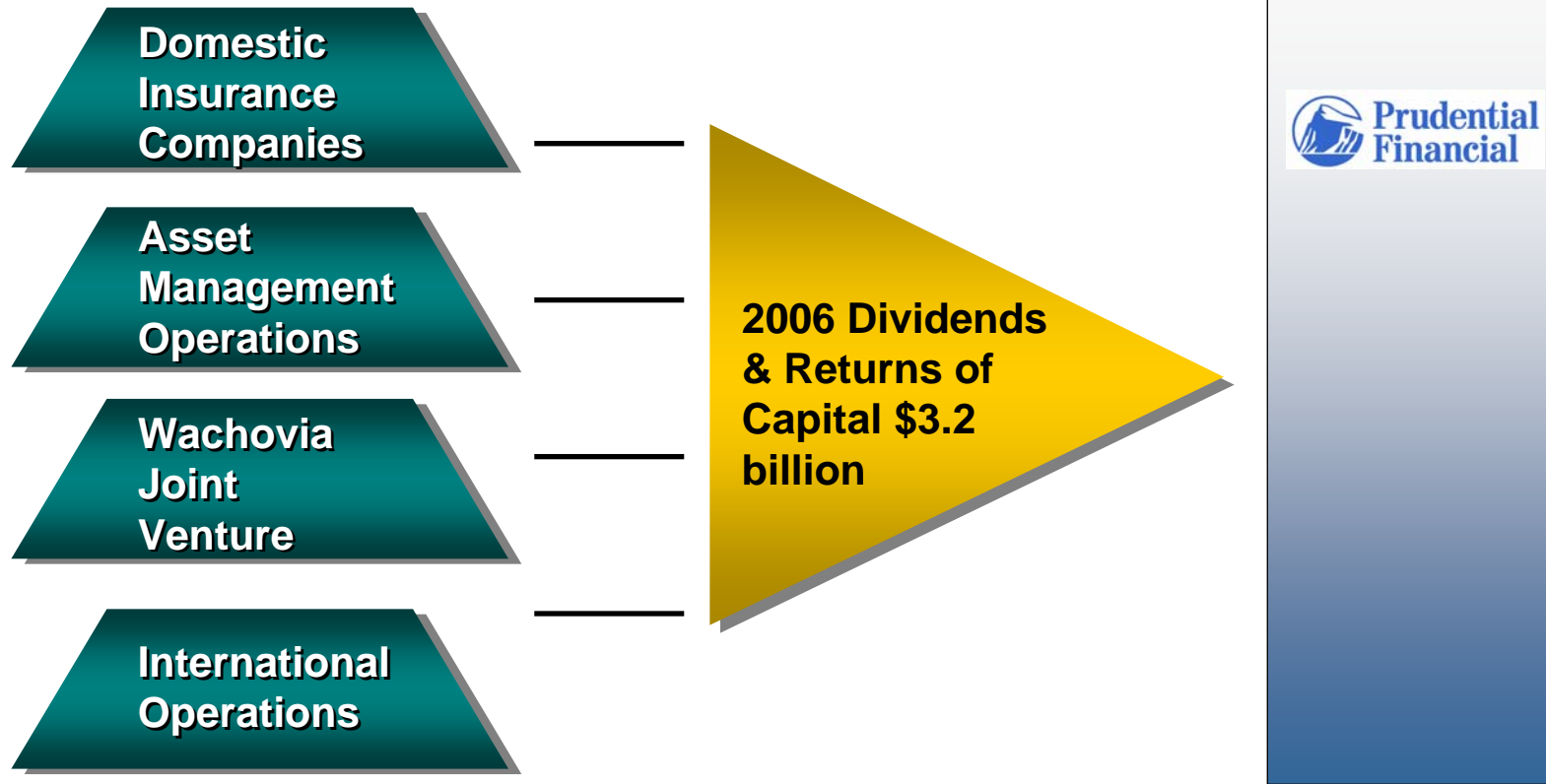


1) Assuming a capital structure of 70% common equity, 30% capital debt and hybrids

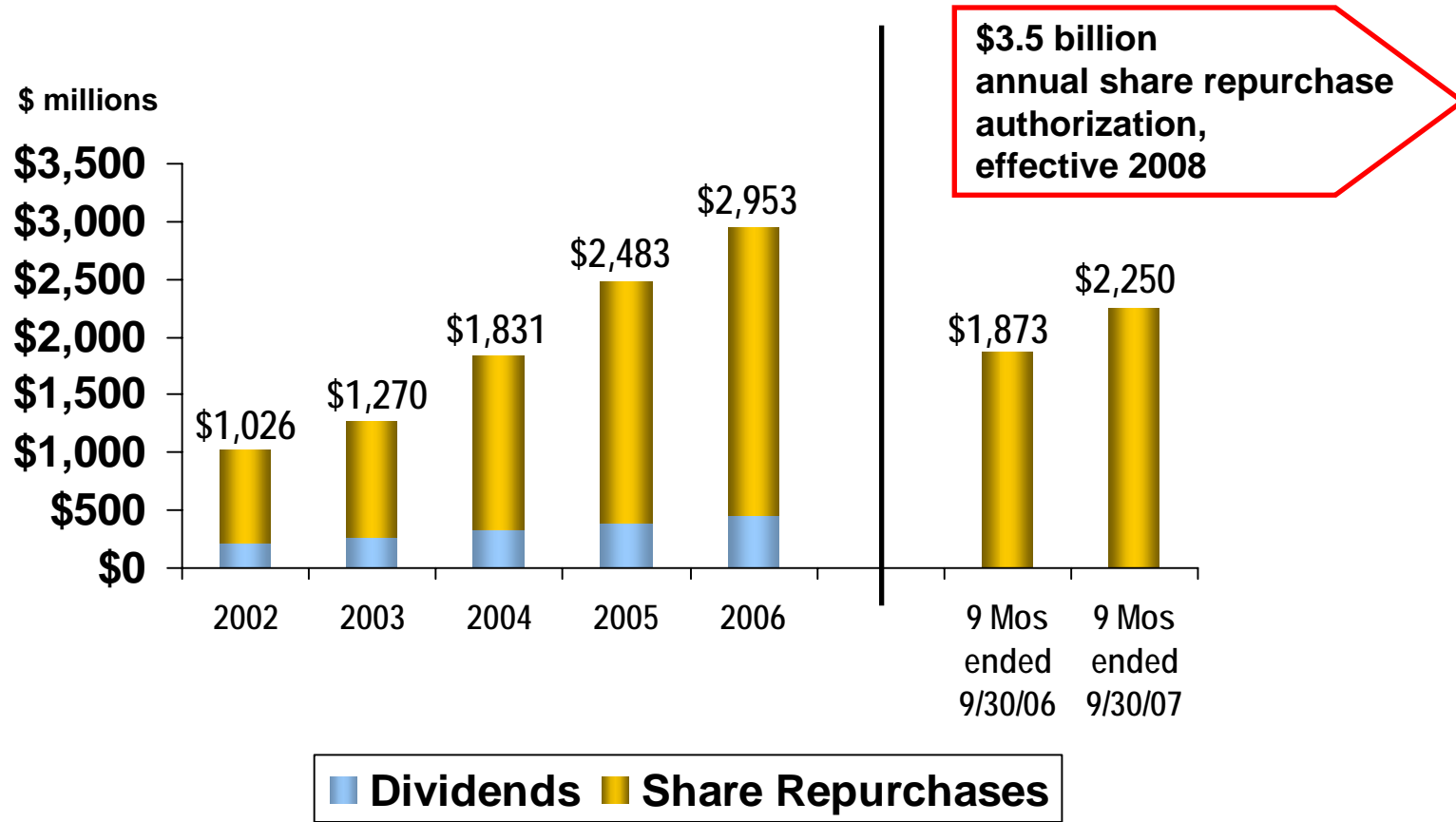
Strong and Sustainable Ongoing Capital Generation

- **Focus on high ROE businesses with favorable growth prospects**
- **Mature businesses: favorable returns, modest capital needs, strong cash flows**

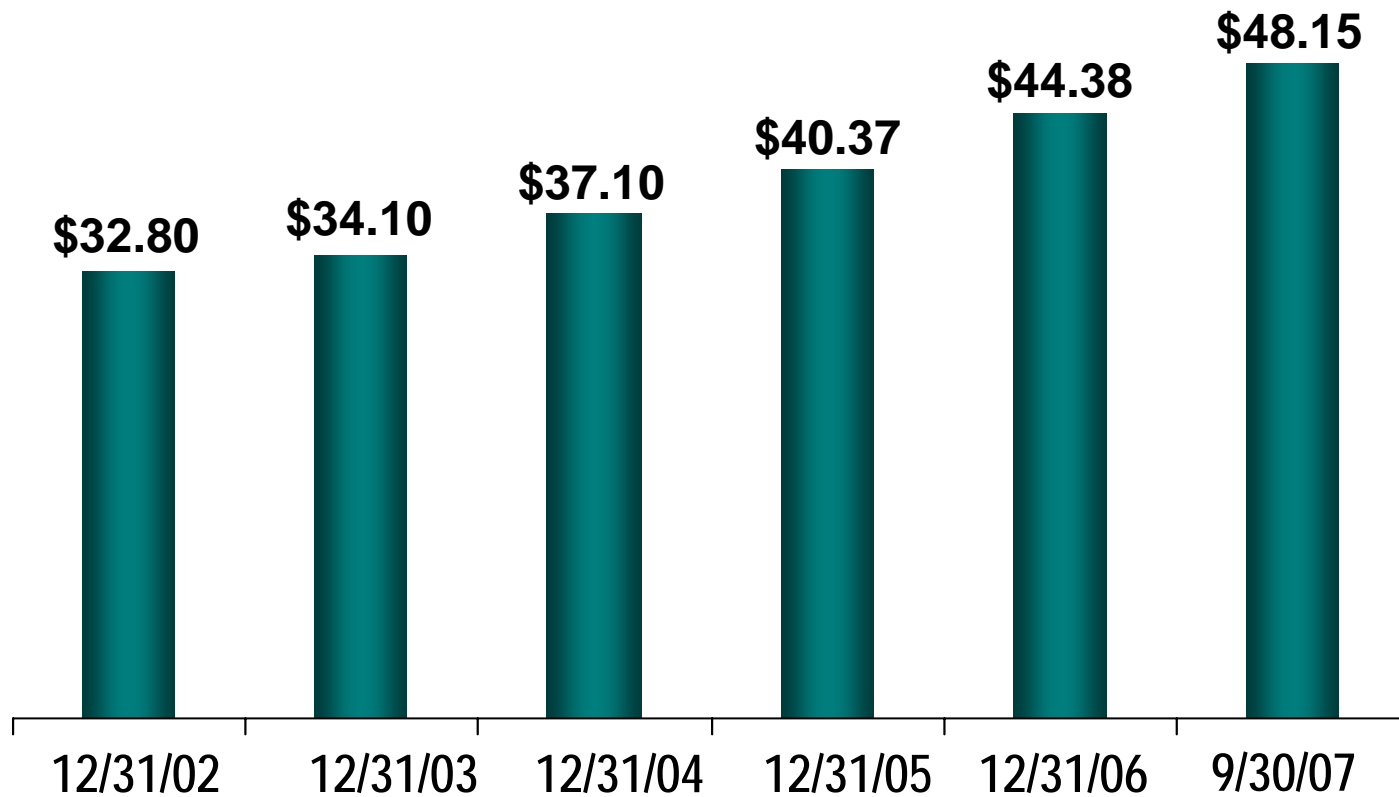
Diverse Sources of Cash Flow



Capital Returned to Shareholders



Book Value per Share of Common Stock⁽¹⁾



1) Excluding accumulated other comprehensive income related to unrealized gains and losses on investments for all periods and accumulated other comprehensive income related to pension and postretirement benefits for periods including and after 2004



Disciplined Investment Portfolio Management Leverages Proven Investment Expertise

- **Asset Management is a key Prudential business**
- **Asset selection reflects liability characteristics**
- **Broad capabilities support risk diversification:**
 - **Asset class**
 - **Sector**
 - **Issuer**
- **Well-managed exposure to “risk” assets**

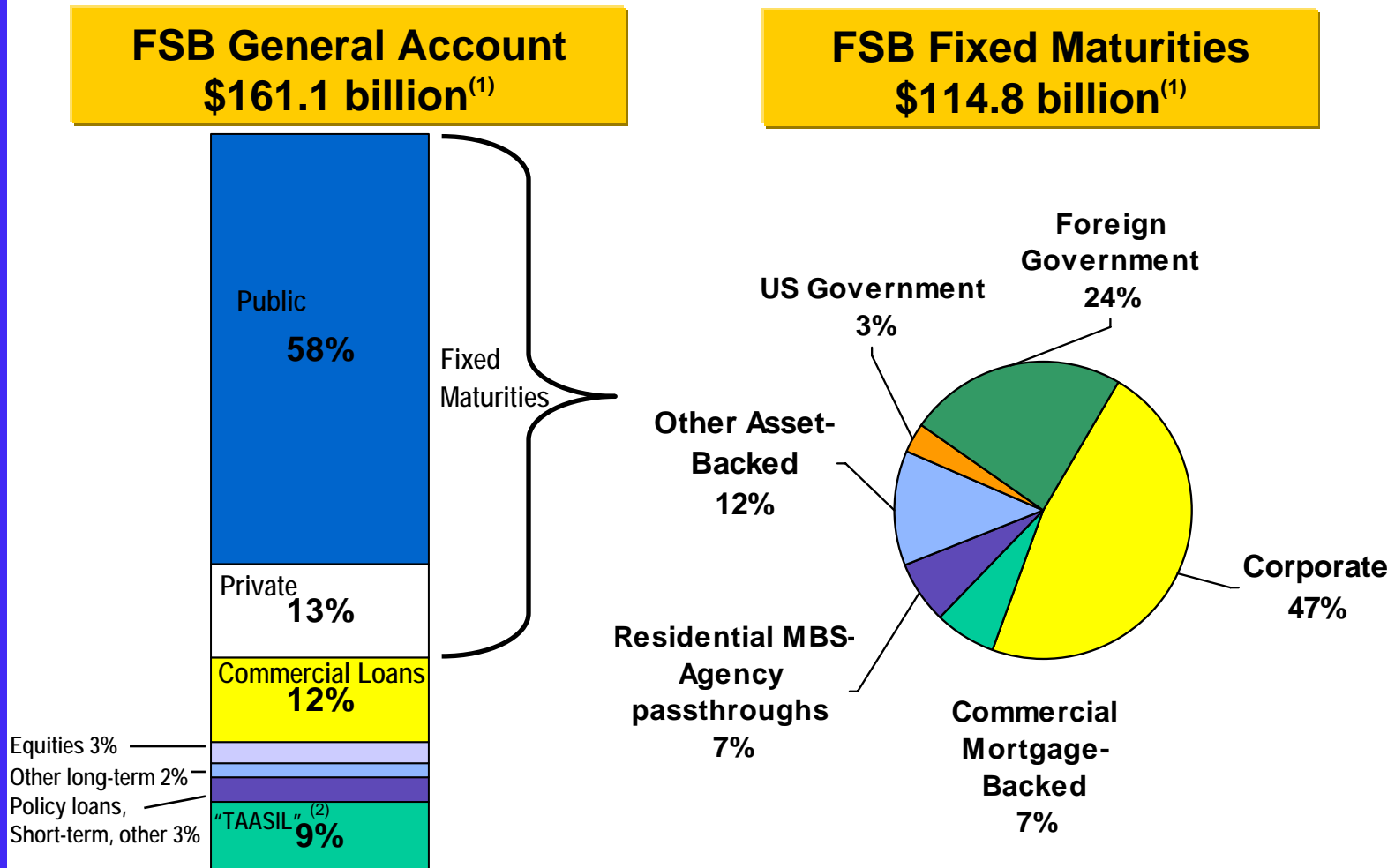
Asset Selection

Focus on Liability Characteristics

Products	Liability Characteristics	Representative Asset Types
Retirement – Full Service Stable Value	Predictable withdrawals, crediting rates experience-based	Private placement bonds, commercial mortgages
Japanese Life Planner Protection Products	Extremely long duration (30 years +); fixed rate guarantees	Long-term Japanese government bonds; equities support “tail”
Domestic Universal Life	Long duration, variable crediting rates; floor guarantees	Public fixed maturities

Asset Selection

Skill Sets Support Risk Diversification



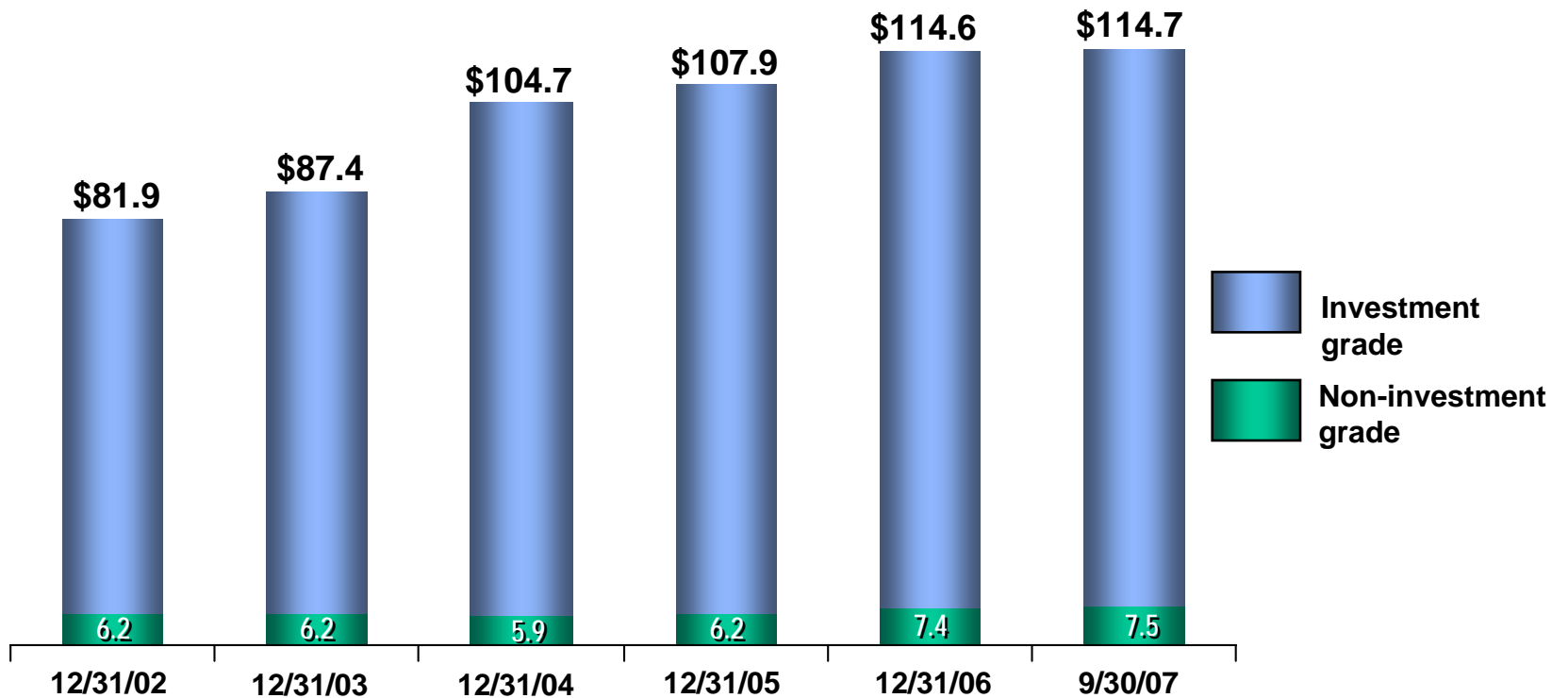
1) As of September 30, 2007 at balance sheet carrying amount; excludes invested assets of securities brokerage, securities trading, banking and asset management operations, and real estate and relocation services

2) Trading account assets supporting insurance liabilities (investment results ultimately accrue to contract-holders)



Asset Selection Focus on Quality

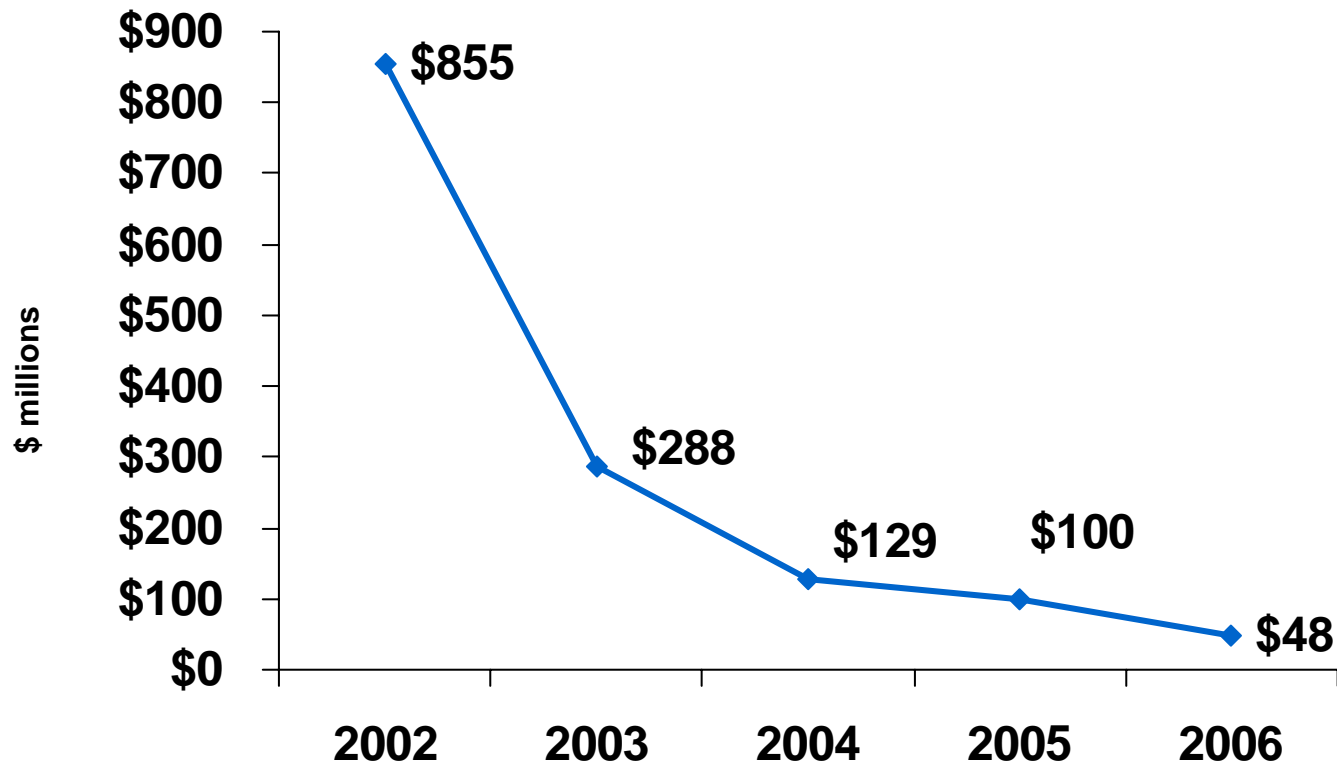
FSB Fixed Maturity Portfolio⁽¹⁾



1) In billions; at fair value. Excludes invested assets of securities brokerage, securities trading, banking and asset management operations, and real estate and relocation services



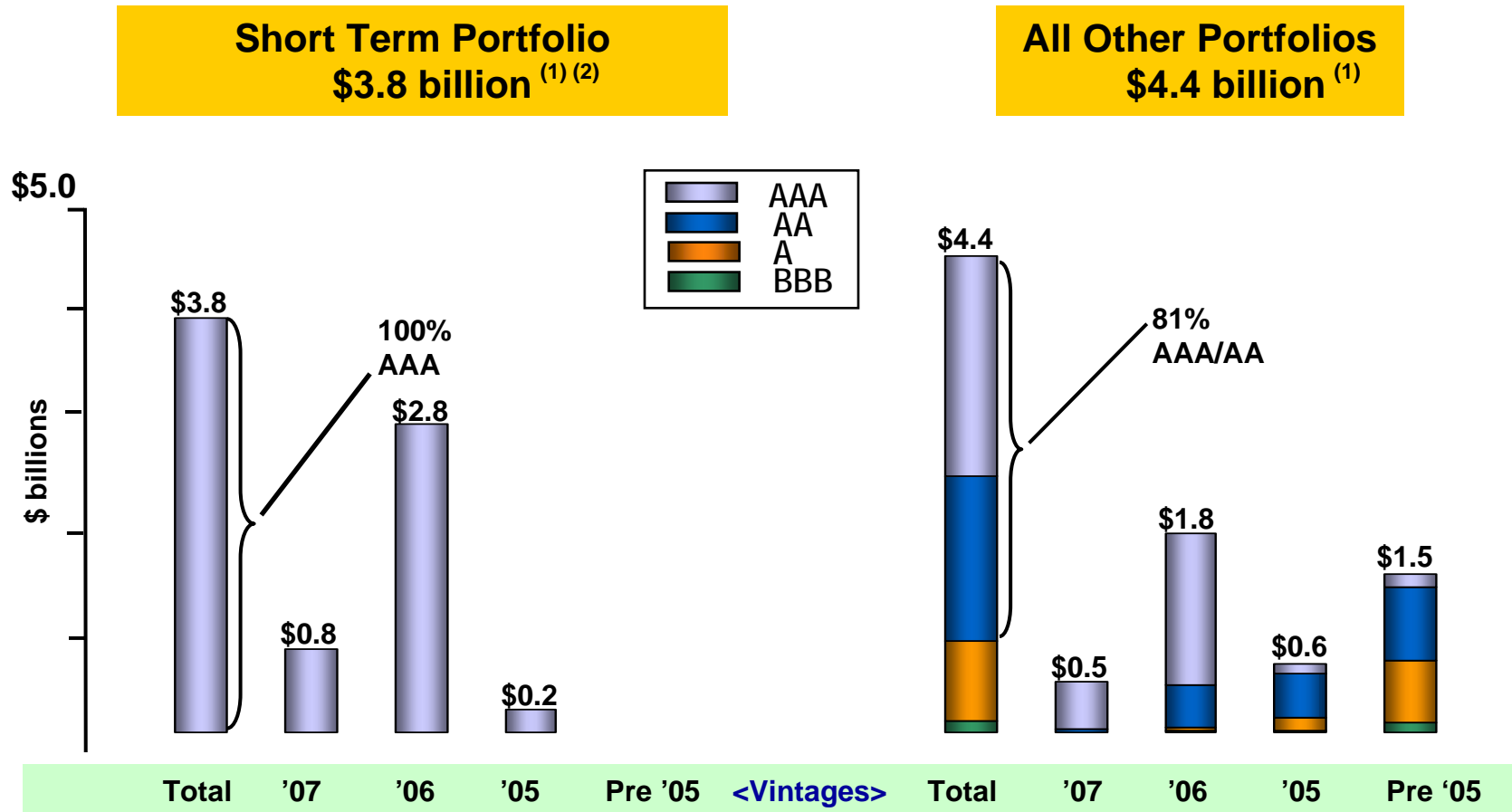
Fixed Maturities Impairments and Credit-Related Losses⁽¹⁾



1) Other than temporary impairments and credit-related losses on sales of securities included in realized investment gains and losses of the Financial Services Businesses



Sub-Prime Mortgage Exposure Risk-Based Selection



1) Financial Services Businesses, as of September 30, 2007. At amortized cost.

2) The short-term portfolio is used primarily to invest proceeds of securities lending and repurchase activities, and cash generated from certain trading and operating activities; securities have remaining expected average life of 2 years or less when purchased.



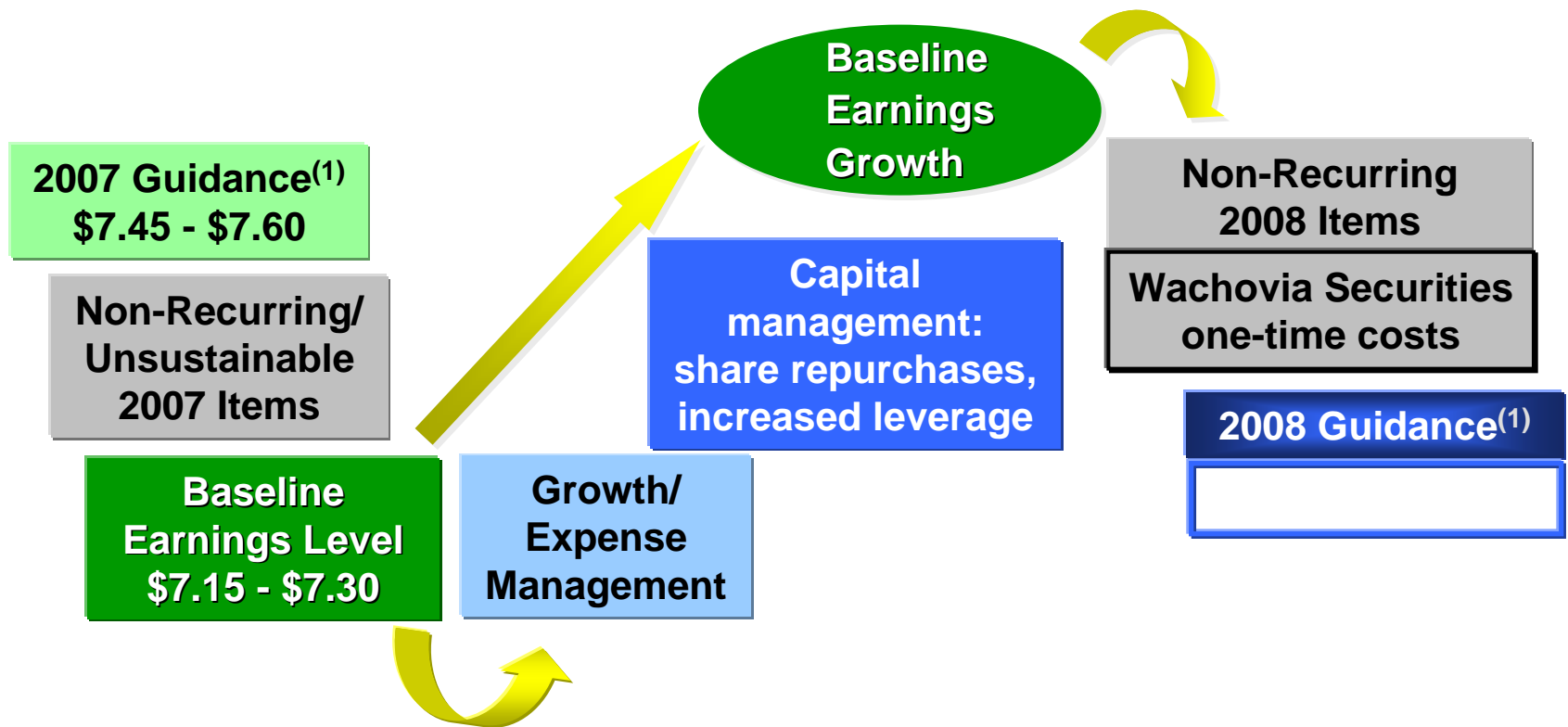
Financial Strength and Flexibility

- **Strong “available capital” position provides significant financial flexibility; migrating to optimal capital structure**
- **Insurance operations capitalized in excess of “AA” ratings objectives**
- **Diverse cash flow sources contribute to flexibility**
- **Sustained growth in book value per share while returning capital through share repurchases**
- **Investment portfolio: disciplined management; leverages proven investment expertise**

Considerations for 2008

- **2007 baseline earnings**
- **Business growth**
- **Capital management: share repurchases, increased leverage**
- **8% equity market appreciation from year end**
- **Less favorable commercial real estate environment**
- **US dollar @ 106 yen**
- **28.4% effective tax rate**
- **Wachovia Securities one-time costs**

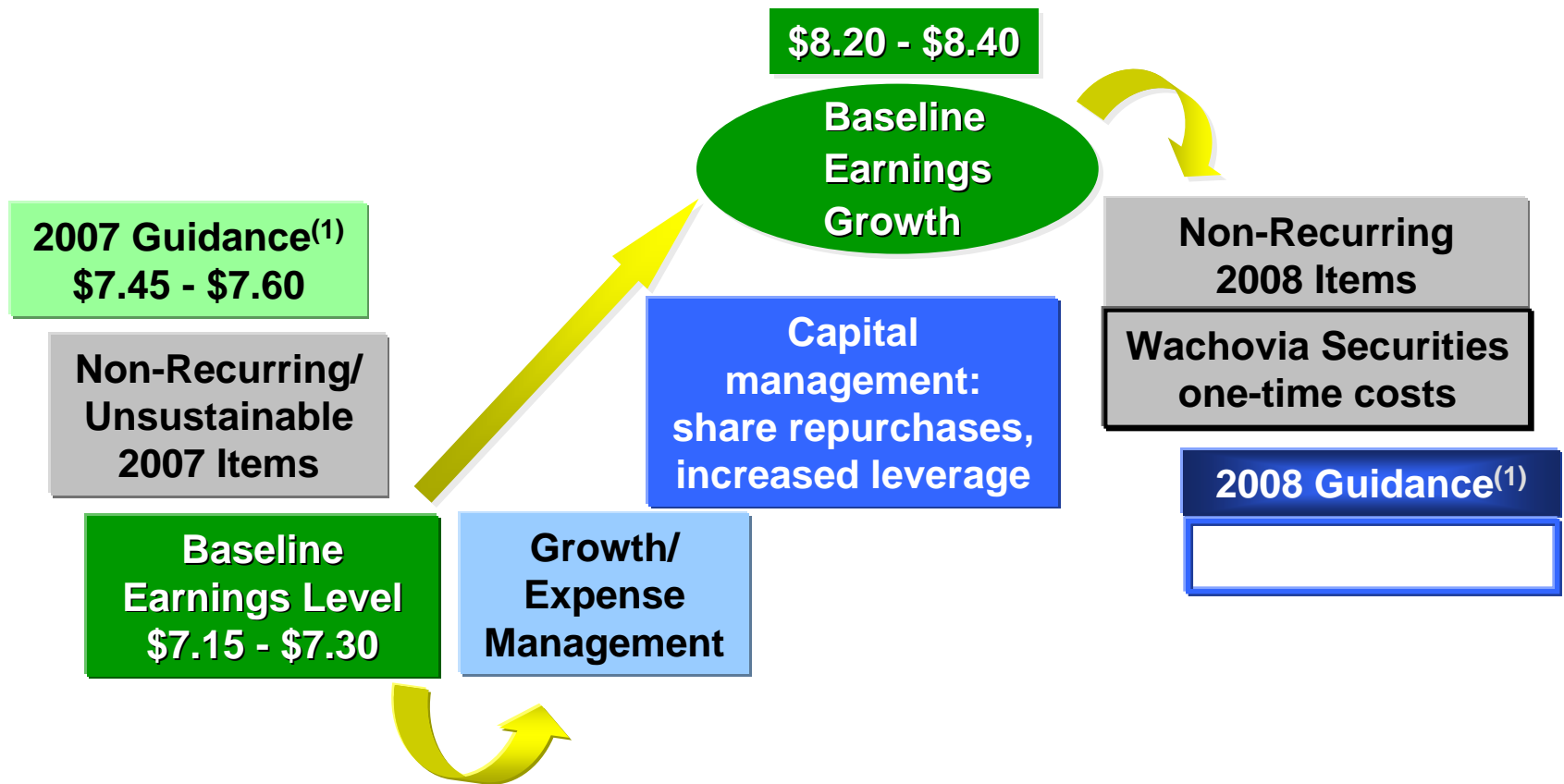
FSB Full Year 2008 Earnings Guidance



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



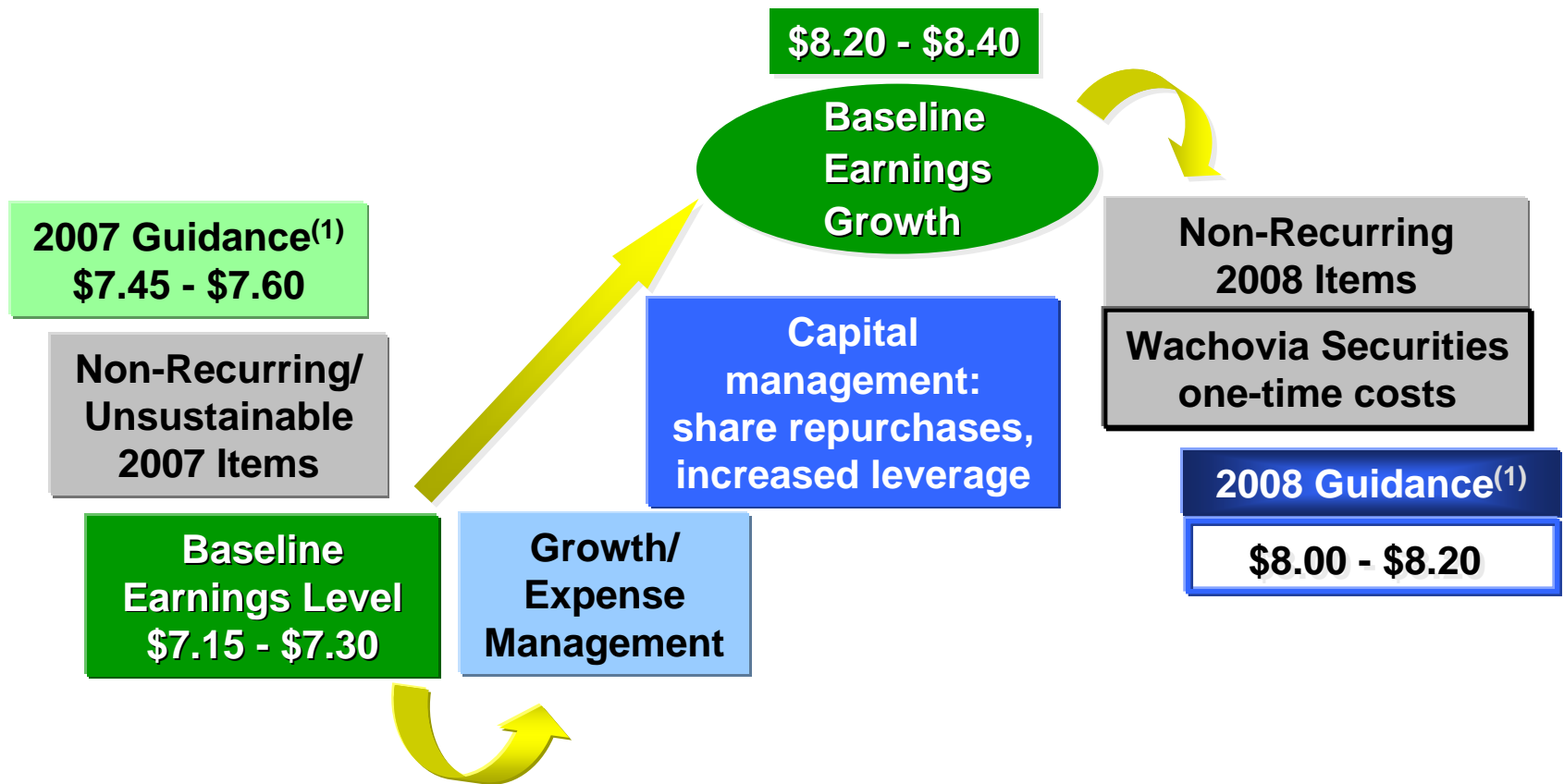
FSB Full Year 2008 Earnings Guidance



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



FSB Full Year 2008 Earnings Guidance



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





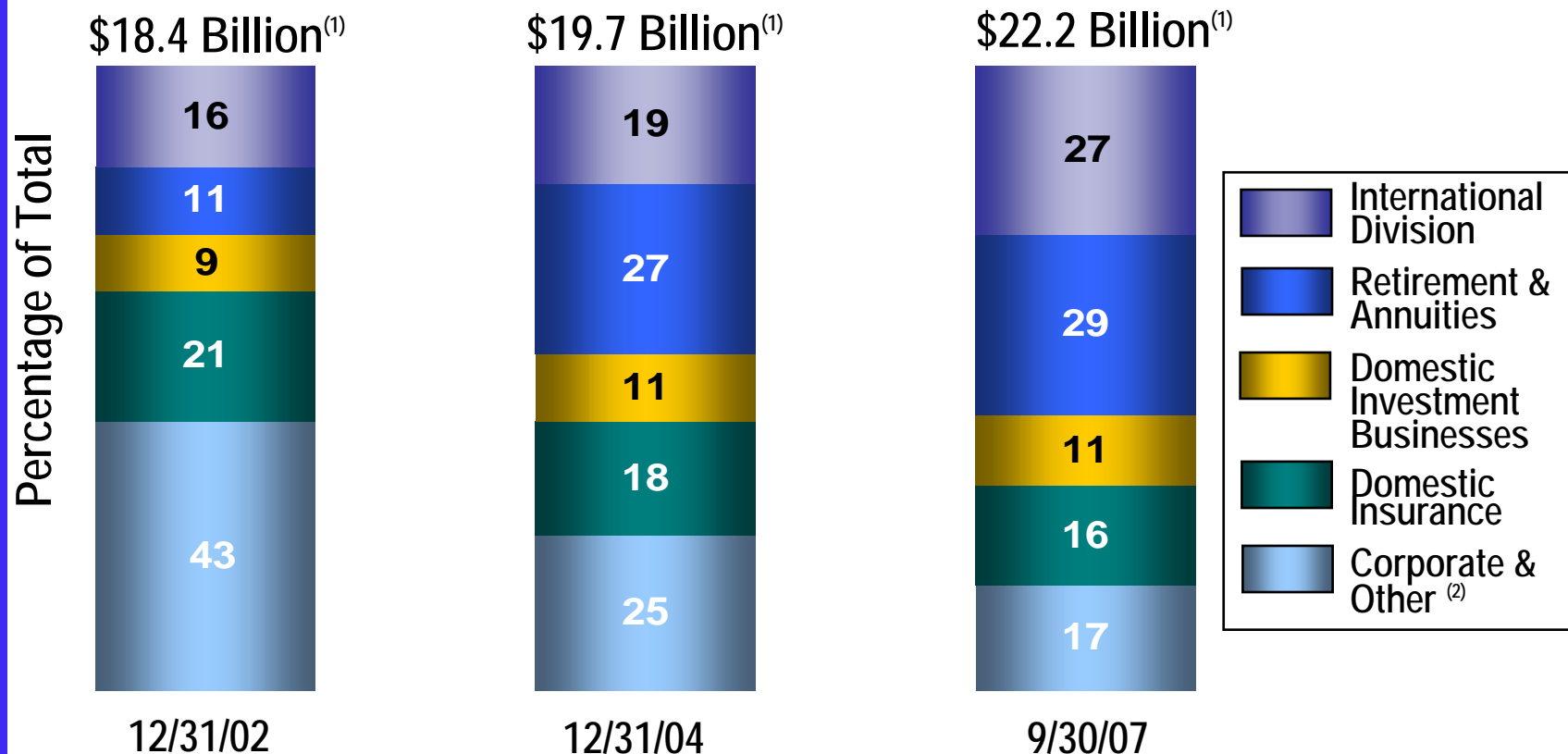
**Prudential
Financial**

Prudential Financial, Inc.

Art Ryan
CEO and Chairman



Equity Capital Migration Businesses with Favorable Growth and Return Prospects



1) Attributed equity of FSB; excluding accumulated other comprehensive income related to unrealized gains and losses on investments for all years and accumulated other comprehensive income related to pension and postretirement benefits for September 30, 2007 and December 31, 2004

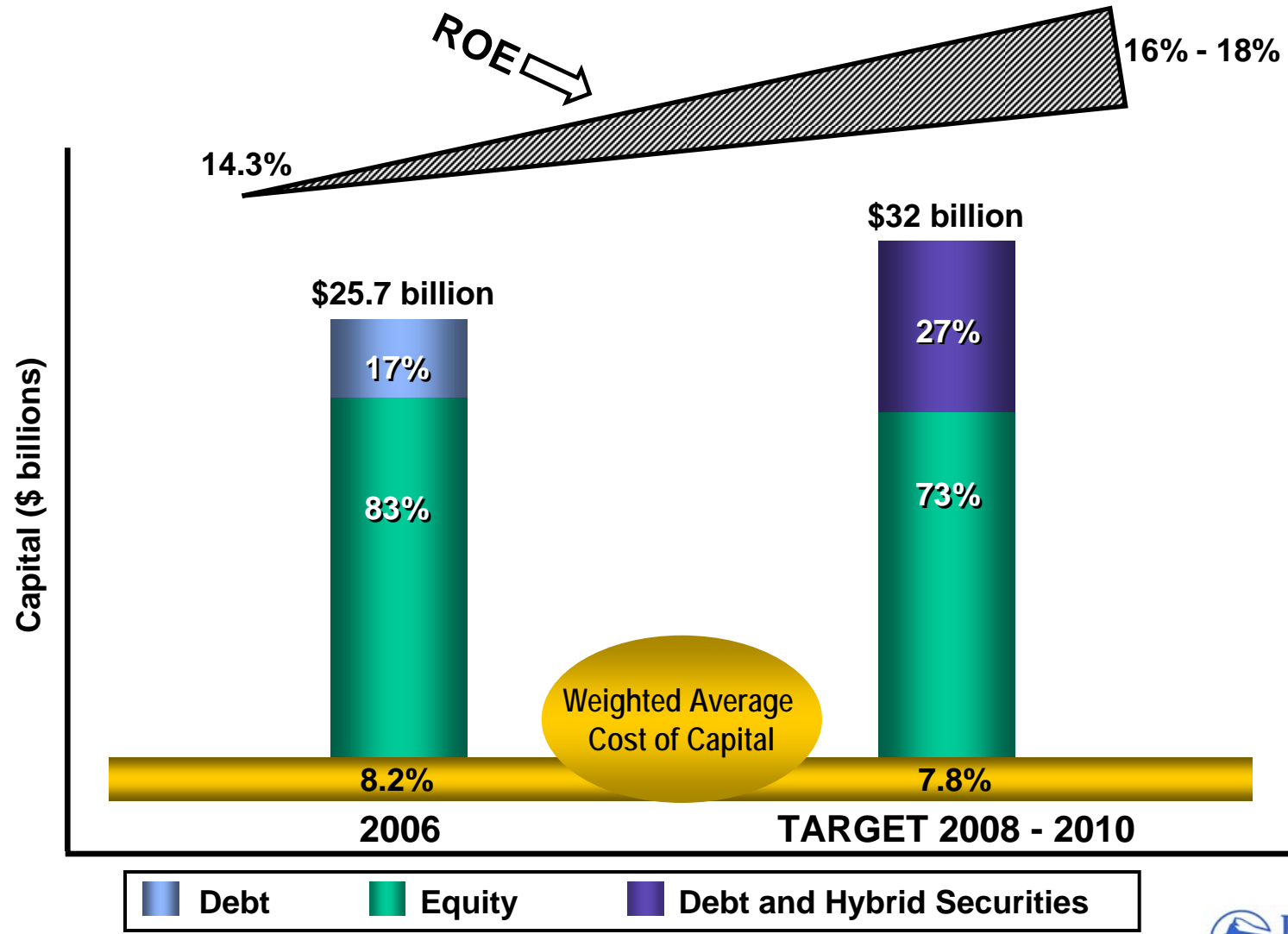
2) Includes divested businesses



2008 and Beyond ...

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

2008 – 2010 Objectives: Continued ROE Growth; Drive to “Optimal Capital Structure”



2008 – 2010 Financial Objectives

- **ROE expansion to 16% – 18% range⁽¹⁾**
- **Solid double digit average annual growth in EPS⁽¹⁾**
- **Reasonably consistent operating results**
- **Stock buybacks of \$3.5 billion a year through 2010 under base case**
- **“AA” capital management**

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



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