



**John R. Strangfeld**  
Chairman and Chief Executive Officer

**Prudential Financial, Inc.**  
751 Broad Street, Newark, NJ 07102

February 19, 2009

To Our Clients:

Recently, several ratings agencies have announced actions for Prudential and its subsidiaries. I wanted to take this opportunity to provide you with an update.

- On February 19, Fitch Ratings lowered the financial strength ratings of Prudential Financial, Inc.'s domestic life insurance subsidiaries from AA- to A+ and senior debt rating from A- to BBB. It also lowered the short-term credit ratings that are applicable to our commercial paper programs: Prudential Funding, LLC (from F1+ to F1) and Prudential Financial, Inc. (from F1 to F2). Fitch's outlook for these ratings is negative.
- On February 17, Standard & Poor's lowered the long-term senior debt rating of Prudential Financial, Inc. from A+ to A with a negative outlook. This move brings our long-term debt ratings in line with S&P's standard of rating the holding company debt three notches below our insurance subsidiaries financial strength rating of AA. S&P affirmed, the financial strength rating of our insurance subsidiaries at AA, and our commercial paper ratings: Prudential Funding, LLC at A1+ and Prudential Financial, Inc. at A1.
- Last week, Moody's placed the insurance financial strength ratings of Prudential Financial, Inc.'s life insurance subsidiaries for which it assigns ratings (currently at Aa3) and the senior debt ratings of Prudential Financial, Inc. (currently at A3) on review for a possible downgrade. Moody's also affirmed the short-term issuer ratings that are applicable to our commercial paper programs: Prudential Funding, LLC at Prime-1 and Prudential Financial, Inc. at Prime-2. Moody's affirmed a stable outlook for both of these programs.

Despite the actions taken by S&P and Moody's, which reflect the unprecedented market volatility that affected our recent results and our investment portfolio, we believe we have solid capital consistent with our "AA" financial strength ratings objectives for our insurance companies.

As for Fitch, Prudential strongly disagrees with the rating actions. Fitch acknowledges that Prudential has ample liquidity to meet all of its obligations. It also acknowledged that we have a strong capital position. In short, Fitch has not given us a substantive reason for this unwarranted action.

Our businesses are competitive in their markets, our liquidity is ample, and our sources of earnings are diverse. To further reinforce our capital position, we announced on December 4, 2008 that we intend to exercise our right to sell our minority stake in Wachovia Securities to Wells Fargo & Company, which purchased Wachovia Corp. on December 31, 2008.

In terms of risk management, our geographic, demographic and market risks, as well as interest rate, equity market and mortality risks are well diversified. We continue to be comfortable with our investment risk profile. Prudential's investment approach has been to invest in a diversified portfolio of high-quality financial instruments to achieve our investment objectives.

Our exposure to asset-backed securities collateralized by sub-prime mortgages, which was significantly reduced last year, continues to be manageable. As of December 31, 2008, roughly 80% of our remaining exposure is investment grade and represented 3% of the total Financial Services Businesses' investment portfolio of \$183 billion. Our whole loan commercial mortgage portfolio is underweighted in office and retail properties in comparison to ACLI (American Council of Life Insurers) industry measures and well diversified by location. As of December 31, 2008, less than one-half of one percent of the entire portfolio was delinquent or in foreclosure and 94% of our commercial mortgage-backed securities portfolio is AAA rated.

While our ratings have been affected by the current financial crisis, the fundamental strength of Prudential's businesses and the diversity of our business mix, risk management capabilities, and investment expertise underscore our confidence that we will weather the current economic storm, while helping our clients do so, and emerge stronger for it. Thank you for your continued business.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John R. Strangfeld", written over a faint, large watermark of the Prudential logo.

# We Are The ROCK<sup>®</sup>

Prudential is one of the largest financial services companies in the United States, with \$558 billion in assets under management<sup>1</sup> and \$2.65 trillion in life insurance in force worldwide.<sup>2</sup> We have one of the most recognized brands in the United States: The Rock, an icon of strength, stability, expertise and innovation.<sup>3</sup> We are known for the financial strength of our company and for our ability to deliver on our promises to our customers. And we are recognized as one of the world's most admired companies.

## We have been building on a heritage of success for more than 130 years.

We have built our company on a proud heritage of life insurance and asset management expertise. We offer our individual and institutional clients a wide array of financial products and services, including life insurance, annuities, retirement-related services, mutual funds, investment management and real estate services. And we offer these products and services through one of the largest distribution networks in the financial services industry.

## We have rock-solid financial strength.

Prudential is the second-largest life insurer in the United States (life and group combined) based on total admitted assets.<sup>4</sup> All of our domestic insurance company subsidiaries are highly rated by the major independent ratings agencies:

- ▶ A.M. Best Company: A+ (2nd category of 14)
- ▶ Fitch Ratings: A+ (5th category of 21)
- ▶ Standard & Poor's: AA (3rd category of 20)
- ▶ Moody's: Aa3 (4th category of 19)

*Moody's does not rate Pruco Life Insurance Company of New Jersey or Prudential Annuities Life Assurance Corporation.*

**Ratings as of February 19, 2009.** *The above ratings are subject to change and do not reflect any subsequent ratings agency actions.*

Our balance sheet is strong, and we have adequate capital consistent with "AA" ratings objectives for our insurance companies.<sup>5</sup> Additionally, we maintain appropriate reserves, capital and risk control procedures to help protect clients' assets.

## We are positioned to manage through the current market.

Current market conditions are challenging for companies around the world. Our core business

models remain intact, and the balanced mix of risks and businesses that we've built since becoming a public company in 2001 positions us well to manage through the current economic environment.

## We have a diversified mix of businesses and risks.

The quality of Prudential's business and risk diversification is a strong differentiating factor for the company. Our global operations diversify our business risk across a broad range of both geographic and demographic profiles. For example, our \$2.65 trillion in life insurance worldwide offers a hedge for our variable annuity business. The longevity risk of annuities, which is the risk of people living too long, is negatively correlated to the mortality risk of life insurance, which is the risk of people dying too soon. This relationship enables Prudential to be a major competitor in the retirement business.

Our international businesses and domestic insurance businesses—which comprise more than half of our capital—are driven mainly by mortality risks or by factors that are unrelated to what's happening in the U.S. equity markets.

## We have a diverse mix of clients invested in a broad range of asset classes.

Our specialized investment managers have a global presence and hold strong market positions in each asset class, offering a wide range of products and serving a diversified client base, including corporations, public and private pension plans, and retail clients.

Prudential has more than \$550 billion in assets under management, with \$395 billion managed by our asset management businesses.



"Prudential Financial continues to be well positioned to manage through this challenging environment. The company's balance sheet remains strong, our liquidity is ample, and our businesses are competitive in their markets."

*Chairman and CEO John Strangfeld  
February 4, 2009*

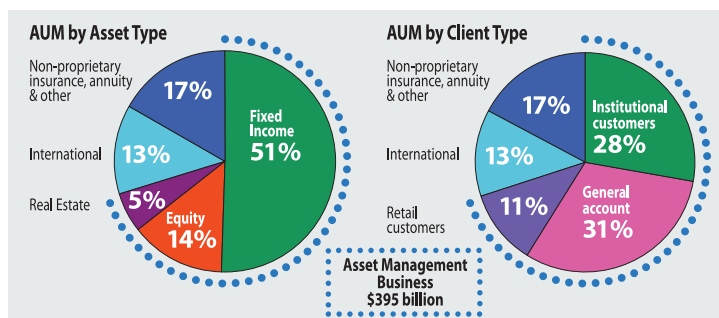
## Prudential Rankings Snapshot

**No. 1:** *Fortune* magazine's 2008 World's Most Admired Companies list—Insurance: Life, Health category. (March 17, 2008 issue)

**No. 5:** *Fortune* magazine's 2008 America's Most Admired Companies list—Insurance: Life, Health category. (March 17, 2008 issue)

**No. 15:** *Pensions & Investments'* Top Money Managers list, May 2008. Ranked by total worldwide institutional assets under management as of December 31, 2007.

## Prudential Financial's AUM Significant Scale and Breadth Total AUM \$558 billion<sup>1</sup>



## **We help people around the world with their insurance and financial needs.**

Prudential has expanded its operations outside its base in the United States to serve customers in Asia, Europe and Latin America. Today, we have approximately 50 million institutional and individual customers in over 30 countries around the world.<sup>6</sup> We can help address financial concerns of people during every phase of life, from helping them save for the future, to helping them protect their assets, to converting their money into a guaranteed stream of income in retirement, to transferring their wealth to loved ones.

## **We are committed to serving our clients in a highly professional and ethical way.**

As a company, Prudential is committed to serving our clients with professionalism in all we do—from providing quality products to excellent customer service and ethical business behavior. Prudential is a member of the Insurance Marketplace Standards Association (IMSA). IMSA-qualified companies commit to maintaining high ethical standards and to being fair, honest and open in the way they advertise, sell and service their products.

## **We are a leader on retirement issues.**

We are a consistent force in the federal, state and local levels of government, and as a leader on retirement issues, actively participate in public policy discussions in Washington, D.C., and the 50 states.

## **We encourage diversity in our workplace.**

We recognize that the diverse perspectives and talents of our employees provide a competitive advantage in the marketplace. Prudential is committed to offering a rewarding and inclusive work environment where employees can develop to their full potential. And we are frequently recognized in the media and by other organizations for our commitment to diversity.

## **We give back to our communities.**

We also recognize the importance of investing in the communities where we live and work. In 2008, The Prudential Foundation, our nonprofit grantmaking area, directed grants of approximately \$23 million to help energize communities across the United States. And Prudential employees make a difference every day by volunteering in communities around the world.

## **We measure our long-term success on our ability to meet customer needs.**

We are committed to delivering innovative products that help our clients—both individuals and institutions—achieve their unique objectives. We provide information, advice and choice on a broad range of asset management, insurance, securities and employment solutions through a global network of professionals. We are proud to be recognized by millions as a symbol of financial strength, quality and trust in helping our clients achieve financial security.

### **Diverse U.S. Business Portfolio**

- ▶ Retirement Plans
- ▶ Investment Management
- ▶ Annuities
- ▶ Life Insurance
- ▶ Long-Term Care Insurance
- ▶ Group Disability Insurance
- ▶ Real Estate
- ▶ Mutual Funds

AAA (Extremely Strong) is the highest of 24 ratings that Standard & Poor's extends, the lowest being R (has experienced regulatory action), and is a measure of claims-paying ability. Aaa (offers exceptional financial security) is the highest of 21 ratings that Moody's extends, the lowest being C (having extremely poor prospects of ever offering financial security) and is a measure of financial security. A++ (Superior) is the highest of 15 ratings that A.M. Best extends, the lowest being F (In Liquidation), and is a measure of claims-paying ability. AAA (Exceptionally Strong) is the highest of 21 ratings that Fitch Ratings extends, the lowest being D (Distressed) and is a measure of insurer financial strength. Ratings are not an indication of any variable portfolios' performance, which fluctuates with market conditions. Ratings are not a guarantee of future financial strength and/or claims-paying ability.

Life insurance and annuities are issued by The Prudential Insurance Company of America and its affiliates. Securities and investment advisory products and services are offered through Pruco Securities, LLC (member SIPC). Each of the foregoing is a Prudential Financial company located in Newark, N.J., that is solely responsible for its own financial condition and contractual obligations. All guarantees are based on the claims-paying ability of the issuer. Prudential Real Estate brokerage services are offered through the independently owned and operated network of broker member franchisees of Prudential Real Estate Affiliates, Inc., a Prudential Financial company. Equal Housing Opportunity.

Prudential Financial was rated No. 1 in FORTUNE® Magazine's 2008 World's Most Admired Companies ranking in the Insurance: Life and Health category. FORTUNE and "The World's Most Admired Companies" and "America's Most Admired Companies" are registered trademarks of Time, Inc.

<sup>1</sup> As of December 31, 2008

<sup>2</sup> As of December 31, 2007, from the Prudential Financial, Inc. 2007 Form 10-K.

<sup>3</sup> Prudential's 2007 Brand Image Tracking Study.

<sup>4</sup> At 12/31/07, ranking for Prudential Financial, through its life insurance companies, according to A.M. Best.

<sup>5</sup> As of December 31, 2008.

<sup>6</sup> As of December 31, 2007.

Prudential, Prudential Financial, The Rock, and are registered service marks of The Prudential Insurance Company of America and its affiliates.

### **EQUAL HOUSING OPPORTUNITY**