



Thomas J. Baltimore, Jr.

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Prudential Financial, Inc.

751 Broad Street, Newark, NJ 07102

March 27, 2012

LETTER FROM THE BOARD OF DIRECTORS TO OUR SHAREHOLDERS

As stewards of your Company, our primary focus is achieving long-term performance and creating value for our shareholders through prudent execution of strong business strategies, excellent risk management, top quality talent and succession planning, and objective oversight.

Last year, we continued to review our policies and processes in these areas, seeking opportunities to refine and augment them for the benefit of our stakeholders. This review allowed us to retire outdated policies, as exemplified by our decision not to renew the “poison pill”, an action aligned with best governance practices.

Over the last year we have identified several important themes that will influence our practices going forward. This letter highlights three of these themes:

- **Engagement and Outreach** – the way we communicate with our shareholders
- **Oversight of Executive Compensation** – our response to last year’s advisory “say on pay” vote
- **Sustainability** – our commitment to articulating and measuring our environmental, social and governance activities

We are pleased to share with you our progress and the specific actions that we undertook in these areas.

ENGAGEMENT AND OUTREACH

Shareholders are key participants in the governance of our Company. For this reason, we continually seek to expand the channels through which we gain insight into your perspectives. Our efforts to solicit your feedback resulted in the receipt of over 4,500 shareholder communications over the course of the past year, and we look forward to further dialogue with you.

To this end, the governance area of Prudential.com was redesigned to improve user-friendliness and accessibility. We devoted a page to communication with the Board, including a specific form for your feedback regarding executive compensation.

We were one of the first companies to proactively adopt a shareholder advisory “say on pay” vote in February of 2010 in order to gain real time feedback on executive compensation. Last year, shareholders representing 86.5% of the votes cast expressed satisfaction with Prudential’s compensation program, and we are very gratified by this high level of support.

OVERSIGHT OF EXECUTIVE COMPENSATION

Because Prudential values your views concerning our executive compensation policies and practices, your Board and management engaged in extensive outreach efforts to better understand the views and concerns of investors regarding executive compensation. These efforts included active dialogue with investors and proxy advisory firms, as well as consideration of feedback received through a variety of channels from shareholders and other stakeholders. The Compensation Committee also worked closely with its independent compensation consultant in evaluating the Company’s executive compensation program.



Gordon M. Bethune

Gordon M. Bethune



Gaston Caperton

Gaston Caperton



Gilbert F. Casellas

Gilbert F. Casellas



James G. Cullen

James G. Cullen

LETTER FROM THE BOARD OF DIRECTORS (CONTINUED)



William H. Gray III

Taking into consideration the results of the 2011 “say on pay” vote as well as the valued feedback received through engagement efforts, the Board will hold future “say on pay” votes on an annual basis, consistent with our recommendation and the strong agreement of our shareholders at last year’s meeting. We have also made changes in our executive compensation programs. These changes, more fully described in the Proxy Statement, include:

- **Compensation rebalancing.** In October 2011, we adjusted the executive compensation arrangements to better align the mix of compensation with market and competitive practices and to tie more of the compensation of the named executive officers to longer term performance and risk outcomes. These changes consisted of:
 - an increase in salaries accompanied by a reduction in annual incentive award opportunities; and
 - an increase in the mandatory deferral rate into the Mid-Term Incentive Program.

The net effect of these changes was a modest reduction in the direct compensation opportunity of the named executive officers for 2011, before consideration of 2011 performance.

- **Changes to the design and disclosure of our executive compensation program for 2012.**
 - establishing a more structured annual incentive program that features target and maximum annual incentive awards and performance factors aligned to our annual EPS targets;
 - revising the financial measures for our Annual Incentive Program and Long-Term Incentive Program to eliminate overlap;
 - revising the performance period for the performance share and performance unit awards under our Long-Term Incentive Program to a single three-year performance period;
 - providing additional information on the objectives and factors impacting the value of our Mid-Term Incentive Program and, to reflect its purpose and to reposition it as a component of our Long-Term Incentive Program, renaming the program as our Book Value Performance Program; and
 - developing a revised compensation peer group that better reflects our size in terms of total assets and market capitalization.

We believe the changes we have made to our executive compensation program reflect the feedback we receive and should encourage your endorsement of this year’s “say-on-pay” vote.

SUSTAINABILITY

We have implemented steps that recognize the importance of environmental, social and governance (ESG) issues and policies in our oversight of Prudential’s long-term sustainability.

- We expanded the Charter of the Corporate Governance and Business Ethics Committee to include oversight of policy issues related to ESG. Also, as seen in the chart of “Summary of Director Qualifications and Experience” contained in the Proxy Statement, we incorporated ESG among the skills and experiences to be represented on the Board. These changes are aligned with our longstanding practice of having three of our Board members sit on the Community Resources Oversight Committee, which oversees all of Prudential’s corporate social responsibility efforts and serves as the Board of Trustees of The Prudential Foundation. These directors guide and oversee the strategy and projects of the Prudential Community Resources Division in the areas of strategic philanthropy, employee engagement, corporate community involvement and investing for social return.
- We supported management’s creation of a new position focused on environmental sustainability to drive progress in this area.
- We supported management’s decision to become a member of the Integrated Reporting Pilot Program (IRPP). IRPP is a two-year program offering a select group of companies across various industries the opportunity to demonstrate global leadership in this emerging field of corporate reporting. The aim of Integrated Reporting is to demonstrate the linkages between the Company’s strategy, governance and financial performance and the social, environmental and economic context within which it operates.



Mark B. Grier



Constance J. Horner



Martina Hund-Mejean



Karl J. Krapek

LETTER FROM THE BOARD OF DIRECTORS (CONTINUED)



Christine Poon

Christine A. Poon

By embedding sustainability into the Company's strategic decision-making and articulating our activities in this area in an integrated way, we can provide you with greater insight into how we take sustainability into account as we work to create value in the short, medium and longer term.

OUR VALUES

We also want to underscore the Board's commitment to the values that distinguish Prudential as a company. These values, which are integrated into the everyday work of the enterprise, were clearly on display to the world in March 2011 as Prudential and its employees responded to the Tōhoku earthquake and tsunami in Japan.



John R. Strangfeld

John R. Strangfeld

Prudential's employees exceeded the call of duty in their commitment to their customers, to their communities, and to each other, and Prudential demonstrated its support through a \$6.1 million contribution toward relief efforts in local communities. Together with senior management, we thank our Japanese colleagues for their extraordinary achievements in the wake of unforgettable natural devastation, and will continue to offer our ongoing support: *Nihonjin no yuuki ni keii wo hyou shimasu.*¹

YOUR VIEWPOINTS

We value your support. By continuing to have constructive dialogue with you — our shareholders — we are better positioned to fulfill our obligations to you and to Prudential. We encourage you to share your opinions, interests and concerns, and invite you to write to us with your reactions and suggestions at the address below. You can also email the Independent Directors at independentdirectors@prudential.com or provide feedback on executive compensation at www.prudential.com/executivecomp.



James A. Unruh

James A. Unruh

If you would like to write us, you may do so at Prudential Financial, Inc. Board of Directors c/o Margaret M. Foran, Chief Governance Officer, Vice President and Corporate Secretary, 751 Broad Street, 21st Floor, Newark, NJ 07102.

The Board of Directors of Prudential Financial, Inc.

¹ Translation: We show our respect to the Japanese people for their courage.