

<p style="text-align: center;">PRUDENTIAL FINANCIAL, INC. CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES</p>

A. THE ROLE OF THE BOARD OF DIRECTORS

1. Direct the Affairs of the Corporation for the Benefit of Stakeholders

The Prudential board believes that the primary responsibility of directors is to oversee the affairs of the corporation for the benefit of the corporation's stakeholders, including shareholders, employees, customers and society, while day-to-day operation of the corporation is the responsibility of management. Consistent with the Corporation's multi-stakeholder framework, the board believes that directors should be accountable to shareholders, employees, suppliers, customers and society in evaluating the affairs of the corporation, aligned with the Corporation's purpose statement to solve the financial challenges of our changing world for all stakeholders, while creating sustainable longterm shareholder value.

2. Advise and Participate in Long-Range Strategy Development

Board members provide advice to management on matters relating to the corporation's business at board meetings and in other less formal settings, such as telephone calls and small meetings.

The board believes that long-range strategic issues should be discussed as a matter of course at regular board meetings, but that, given the complexity of the organization and the level of change in the financial services industry, it is important to hold periodic multi-day off-site meetings devoted solely to discussion of strategic issues. The frequency and location of such off-site meetings will vary with changes in the business environment and the organization.

3. Review and Approve Financial Goals/Performance

The Prudential board reviews the yearly operating plan and specific goals and the quarterly financial performance (actual and in comparison to prior periods and plans). The board also believes it is important to establish and evaluate longer-term objectives so as not to overly emphasize short-term performance.

4. Ethical Business Environment/Compliance with Legal and Regulatory Mandates

The Prudential board believes that the long-term success of the corporation is dependent upon the maintenance of an ethical business environment that focuses on adherence to both the letter and the spirit of regulatory and legal mandates. The Audit Committee and the board receive reports from internal and external auditors and the General Counsel on these matters, as well as other reports from management, as appropriate. The Chief Ethics Officer reports regularly to the Corporate Governance and Business Ethics Committee and the Audit Committee.

5. CEO Performance Evaluation

The board believes that CEO performance should be evaluated annually.

At Prudential, the CEO evaluation process is conducted by the Lead Independent Director, who solicits information from all of the outside directors, communicates the information received to the board and the Compensation Committee, and presides over an executive session of the independent directors to discuss the results of the evaluation and feedback to be communicated to the CEO. The Compensation Committee reviews the CEO's salary, incentive compensation and long-term equity compensation against market standards. The Compensation Committee, which is composed entirely of independent directors, approves the appropriate level of such items, taking into consideration the results of the evaluation, and presents them to the independent members of the board for their review and approval, in the absence of the CEO, at the same meeting as the CEO evaluation discussion takes place.

The board believes that evaluation of the CEO should be a comprehensive process, based on both qualitative and quantitative factors, including performance of the business, accomplishment of long-term objectives, positioning of the corporation for the future, development of management, stewardship of the enterprise and effective board communication and interaction.

6. Succession Planning/Compensation of Key Executive Officers

At Prudential, the board and the Compensation Committee share these responsibilities. The board has delegated responsibility to the Compensation Committee (through the Committee's Charter) to review and advise on management succession issues. The full board, however, will typically lead the CEO succession process. The board has an established practice of having the CEO annually review with the full board in executive session the abilities of key senior managers. Appointments at the senior vice president level and above are reviewed by both the Compensation Committee and the board.

At this time, Prudential Insurance continues to serve as the plan sponsor for a number of important benefit plans. To the extent permitted by law, the Compensation Committee of either Prudential or Prudential Insurance, as appropriate, establishes, amends, modifies and administers compensation and benefit plans for the corporation. The Compensation Committees of the two entities are actively involved in setting compensation for senior executives of those entities, or where legally appropriate recommending such compensation to the full board of the relevant entity for approval.

B. MEETINGS OF THE BOARD OF DIRECTORS

1. Chairman of the Board and Chairman of the Executive Committee

The independent directors will annually elect a Chairman of the Board, who may or may not be the Chief Executive Officer of the Company. If the individual elected as Chairman of the Board is the Chief Executive Officer, the independent directors shall also elect a Lead Independent Director. The Chairman of the Board shall preside at all meetings of the shareholders and of the board as a whole. He or she shall perform such other duties, and exercise such powers, as from time to time shall be prescribed in the Company's By-laws or by the Board of Directors. The Lead Independent

Director shall preside over executive sessions of the Company's independent directors, facilitate information flow and communication among the directors, and perform such other duties as may be specified by the board or outlined in the Charter of the Lead Independent Director.

At least one executive session of independent directors each year will include a review of the board's leadership structure and a discussion and consideration of whether the position of Chairman of the Board should be held by the Chief Executive Officer or by an independent director. In addition, in connection with the selection of a successor to the position of Chief Executive Officer, the independent directors will consider whether the position of Chairman of the Board should be held by the succeeding Chief Executive Officer or by an independent director.

2. Lead Independent Director

If the Chairman of the Board and Chief Executive Officer are the same person, the independent directors will annually elect a non-management, independent director to serve in a lead capacity. Although annually elected, the Lead Independent Director is generally expected to serve for more than one year, but no more than three years. The Lead Independent Director coordinates the activities of the other non-management directors, and performs such other duties and responsibilities as the Board of Directors may determine.

The specific responsibilities of the Lead Independent Director are as follows:

- Preside at all meetings of the board at which the Chairman is not present, including executive sessions of the independent directors.
- Be authorized to call meetings of the independent directors.
- Facilitates communication between the Chairman and the independent directors.
- Approve information sent to the board, including the quality, quantity, appropriateness and timeliness of such information.
- Approve meeting agendas for the board.
- Approve meeting schedules to assure there is sufficient time for discussion of all agenda items.
- Be authorized to retain outside advisors and consultants who report directly to the Board of Directors on board-wide issues.
- Communicates with shareholders and other key constituents, as appropriate.
- Meets directly with the management and non-management employees of the Company.
- Engages with other independent directors to identify matters for discussion at executive sessions of independent directors and advises the Chairman of any decisions reached, and suggestions made at the executive sessions.

- In collaboration with the Corporate Governance and Business Ethics Committee, addresses board effectiveness, performance and composition.

3. Frequency of Meetings

The board should meet frequently, given the size and complexity of the business, regulatory mandates for director review of various matters, and the changing environment in the industry. The board believes that the number of scheduled board meetings should vary with circumstances and that special meetings should be called as necessary. The board believes that as a general matter a meeting schedule of six to eight regularly scheduled meetings per year is appropriate. While the board recognizes that directors discharge their duties in a variety of ways, including personal meetings and telephone contact with management and others regarding the business and affairs of the corporation, the board feels it is the responsibility of individual directors to make themselves available to attend both scheduled and special board and committee meetings on a consistent basis. It is also expected that directors will attend the annual meeting of shareholders.

4. Executive Sessions

The Prudential board believes that independent directors should meet in executive session from time to time and that some of the executive sessions should be with the CEO, who is an inside director, and some should be in the absence of the CEO and any other inside directors or management officials.

The independent directors typically schedule an executive session at each regularly scheduled board meeting. Other executive sessions, with or without the CEO, may be held as needed.

All of the committees meet in executive session, as circumstances warrant. At each committee's discretion, the CEO or other members of management may be requested to meet with the committee during these executive sessions. The Audit Committee periodically meets in executive session with the outside auditors, outside the presence of management.

5. Attendance of Non-Directors at Meetings

At Prudential board meetings, regular attendance by members of management who are not board members is limited to a few individuals that the board and management deem appropriate.

6. Agendas and Presentations

Board members review and approve the topical calendar of agenda items at the beginning of each year. The agenda for each meeting is established in consultation with, and approved by, the Lead Independent Director. Directors are encouraged to suggest the inclusion of additional items on the agenda throughout the year. The board believes it is important that line and support unit managers make presentations to the board from time to time, to permit the board to have exposure to officers at various levels.

7. Information Flow

The board should receive information important to understanding presentations, discussions and issues covered at each meeting, in writing and sufficiently in advance of the meeting to permit appropriate review. Longer and more complex documents should contain executive summaries. The focus of materials should be on analysis rather than data.

As part of its self-evaluation process, the board reviews the information flow to board members to help assure that directors receive the right kind and amount of information from management in sufficient time to prepare for meetings. The Chairman of the Board has directed the Corporate Secretary and Governance Officer to discuss periodically with individual directors their satisfaction with board materials, and he encourages directors to offer suggestions on materials.

8. Board Effectiveness Review

The board believes it is appropriate to review annually its own effectiveness, including its corporate governance policies and practices. The Corporate Governance and Business Ethics Committee will generally assume this responsibility and report to the board the results of its analysis and any recommendations following each such review. All directors are free to make suggestions on improvement of the board's practices at any time and are encouraged to do so. The annual effectiveness review will include feedback on individual directors. Each board committee will also review its effectiveness on an annual basis.

9. Director Orientation and Education

Each new director shall, within six months of his or her election to the board, attend a briefing session with senior management on Prudential's strategic plans, its financial statements, and its key policies and practices. In addition, all board members shall periodically participate in briefing sessions on subjects that would assist them in discharging their duties, such as financial reporting, corporate governance and executive compensation.

10. Access to Outside Advisors

The board and its committees shall have the right at any time to retain outside financial, legal or other advisors.

C. BOARD STRUCTURE

1. Independence

The Prudential board believes that a significant majority of the board should be independent directors. For this purpose, a director shall be considered to be "independent" only if the board affirmatively determines that the director does not have any direct or indirect material relationship with Prudential (including any of its consolidated subsidiaries) that may impair, or appear to impair, the director's ability to make independent judgments. With respect to each director, the board's assessment and determination of such director's independence shall be made by the remaining members of the board. In each case, the board shall broadly consider all relevant facts and circumstances and shall apply the following standards:

An independent director is one who within the preceding three years:

- has not been an employee, and whose immediate family member has not been an executive officer, of the corporation;
- has not (nor has a member of his or her immediate family) received during any 12 month period more than \$120,000 in direct compensation from the corporation, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
- has not (nor has a member of his or her immediate family) been employed by or affiliated with the corporation's independent auditor in a professional capacity;
- has not (nor has any member of his or her immediate family) been employed as an executive officer of another company where any of the corporation's present executives serves on that company's compensation committee; and/or
- has not had any other relationship with the corporation or its subsidiaries, including personally or through his or her employer, which, in the opinion of the board, would adversely affect the director's ability to exercise his or her independent judgment as a director.

The following relationships will not be considered to be relationships that would impair, or appear to impair, a director's ability to make independent judgments:

- The director, or an immediate family member of a director, is an executive officer of a company that does business with Prudential and the other company's annual sales to, or purchases from, Prudential are less than two percent of the annual revenues of Prudential and less than two percent of the annual revenues of such other company;
- The director is an executive officer of a company that is indebted to Prudential or is an executive officer of a company to which Prudential is indebted and, in either case, the aggregate amount of such debt is less than two percent of the total consolidated assets of Prudential and less than two percent of the total consolidated assets of such other company; and/or
- The director, or an immediate family member of a director, serves as an executive officer of a non-profit entity to which Prudential or the Prudential Foundation makes discretionary contributions (i.e., excluding matching gifts) or other payments and all such discretionary contributions or other payments to such entity are less than two percent of that entity's total annual charitable receipts and other revenues.

The board will review annually all other commercial and non-profit relationships between each director and Prudential during the preceding three years and make a determination of such director's independence, and Prudential will disclose the Board's determinations in the proxy statement.

Because Prudential is a major financial institution, directors or companies they are affiliated with will sometimes be borrowers from Prudential or one of its subsidiaries or otherwise have a business relationship (e.g., investment management services, group insurance) with Prudential or its subsidiaries. Directors and companies with which they are affiliated will not be given special treatment in these relationships.

To help maintain the independence of the board, all directors are required to deal at arm's-length with Prudential and its subsidiaries and to disclose circumstances material to the director that might be perceived as a conflict of interest.

2. Size of the Board

The board believes that the appropriate size of the board is between 9 and 14 members given the size and complexity of Prudential and the desire for diversity of experience on the board.

3. Director Retirement Age/Term Limits

The Prudential board has established a retirement policy for directors that it feels is appropriate for current circumstances, which is for directors to retire from the board at the annual meeting following their 74th birthday. Periodically, the Corporate Governance and Business Ethics Committee will review the retirement policy to help assure that it remains appropriate in light of the corporation's needs.

The board believes that consistent quality in the directorship can be achieved effectively without term limits, and that the board should include a range of tenures in order to combine experience and continuity with new perspectives. The Corporate Governance and Business Ethics Committee regularly reviews incumbent directors and the strengths and weaknesses of the board as a whole.

4. Director Appointments

The board believes that directors should be nominated for board approval by the Corporate Governance and Business Ethics Committee, which consists entirely of independent directors. While the board expects the Corporate Governance and Business Ethics Committee to consider the views of the Chairman and CEO in making appointments, it is the Corporate Governance and Business Ethics Committee's responsibility to make director recommendations to the full board for submission to the shareholders each year in connection with Prudential's annual meeting.

The Prudential board and Corporate Governance and Business Ethics Committee believe that Prudential directors should be individuals with substantial accomplishments, who have been associated with institutions noted for excellence and who have broad experience, proven leadership skills, the ability to exercise sound judgment, integrity and a commitment to the success of Prudential. Each director is expected to serve the best interests of all shareholders. In selecting directors the board requires a diverse candidate pool for all director searches and evaluates how each nominee's personal background, experiences, skills, and other qualities will enhance the diversity of the full board. The board also generally seeks a combination of active or former CEOs of major complex businesses (from different industry sectors and having varied experience in areas such as manufacturing, finance, marketing and technology), leading academics, and individuals with substantial records of government service or other leadership roles in the not-for-profit sector.

Nominations for director received from shareholders will be evaluated in accordance with the criteria set forth above.

The board expects that directors who change their primary job responsibilities should offer to resign from the board, but should not necessarily be required to resign. The Corporate Governance and Business Ethics Committee will review such offers of resignation, with a recommendation from the Chairman and CEO.

It is expected that no director shall serve on more than four other boards of public companies in addition to the Prudential board. However, the board may determine that service in excess of these guidelines is appropriate based on the facts and circumstances. Current positions in excess of these guidelines may be maintained unless the board determines that doing so would impair the director's service on the Prudential board. The Corporate Governance and Business Ethics Committee will review requests from directors to serve on the board of another for-profit entity, and directors are expected to advise the Committee Chairman before accepting an invitation to join another for-profit board.

5. Majority Voting Policy

The By-laws of Prudential provide that each director shall be elected by a majority of the votes cast, except that in a contested election a plurality vote standard shall apply. Any incumbent director who does not receive a majority of the votes cast is required to submit his or her resignation to the board. The Corporate Governance and Business Ethics Committee will make a recommendation to the board regarding whether to accept or reject the resignation, or whether other action should be taken. The board will act on the committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. Any incumbent director who does not receive a majority of the votes cast will not participate in the deliberations described above.

6. Director Evaluation

The board believes that the Corporate Governance and Business Ethics Committee should review incumbent directors as part of the annual nomination process and in the context of the committee's overall review of the strengths and weaknesses of the board as a whole. The committee will review each individual incumbent director with respect to a variety of factors, including his or her attendance, participation in the work of the board and overall contribution to the board. The board expects that the Corporate Governance and Business Ethics Committee will take appropriate action to effect changes in incumbent directors if, in the opinion of the committee after discussion with the Chairman and CEO, any director is not contributing to the work of the board.

7. Director Compensation and Stock Ownership Guidelines

The board believes that the level of director compensation should generally be competitive with that paid to directors of other major financial institutions and major corporations in the United States, and that a substantial component of such compensation should be in the form of stock. The Corporate Governance and Business Ethics Committee is responsible for making recommendations to the full board with respect to director compensation. The full board approves director compensation and benefits programs.

Each director is expected to have an ownership interest in Prudential common stock or deferred stock units having a value equivalent to six times the current annual retainer. It is anticipated that directors will satisfy these guidelines within a six-year period.

8. Service of Former CEO on the Board

Prudential does not have any retired officers on its board. The board believes that policy is appropriate for this corporation at this time.

9. Confidentiality

Pursuant to their duties of care and loyalty, directors must protect and hold confidential all non-public information that comes to them, from whatever source, in their capacity as a director of Prudential, absent the express or implied permission of the board to disclose particular information. Accordingly, directors may not use confidential information for their own personal benefit or to benefit persons or entities outside Prudential, and they may not disclose confidential information outside Prudential, either during or after their service as directors, except with authorization of the board or as may be otherwise required by law.

“Confidential information” includes all non-public information entrusted to or obtained by a director by reason of his or her position as a director of Prudential, whether the information relates to Prudential or a third party. Confidential information includes, but is not limited to, non-public information that might be of use to competitors or harmful to Prudential or its customers if disclosed, such as:

- non-public information about Prudential’s financial condition, prospects or plans, or Prudential products or customers, and information about mergers and acquisitions, stock splits and divestitures;
- non-public information about possible transactions with other companies, or about Prudential business partners, that Prudential is under an obligation to keep confidential; and
- non-public information about discussions and deliberations relating to business issues and decisions that take place between and among employees, officers and directors.

D. COMMITTEES OF THE BOARD

1. Number and Types of Committees

The board believes that committees should be created and disbanded depending on the particular interests of the board, issues facing the corporation, and regulatory/legal requirements. The current standing committees of the board are: Audit Committee, Executive Committee, Compensation Committee, Finance Committee, Investment Committee, Corporate Governance and Business Ethics Committee and Risk Committee. All directors, as well as the CEO, are free to make suggestions on committee structure to the Corporate Governance and Business Ethics Committee. The board also expects that the committee structure would be one of the matters considered by the

Corporate Governance and Business Ethics Committee from time to time as part of its review of overall board effectiveness.

2. Assignment and Rotation of Committee Members/Independent Directors on Certain Committees

The Corporate Governance and Business Ethics Committee, with the input of management, recommends committee assignments for the approval of the full board. The board expects that assignments should be rotated periodically, though not necessarily within any specified time frame. The Audit Committee, the Compensation Committee and the Corporate Governance and Business Ethics Committee should be comprised solely of independent directors.

3. Committee Meetings

In consultation with each committee Chairman, management will recommend a yearly committee meeting schedule for all standing committees and agendas for each meeting. The schedule and meeting content are expected to assure that the committees meet regularly and as needed to accomplish their responsibilities.

4. Committee Reports

Reports of committee meetings are submitted to the full board, subsequent to each committee meeting.