



Charles F. Lowrey
President & Chief Executive Officer

Prudential Investment Management, Inc.
100 Mulberry Street, Gateway Center Three, 15th Floor
Newark, NJ 07102
Tel 973-367-5174 Fax 973-367-5177

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To our Clients and their Consultants:

The unprecedented turmoil in the financial markets continues to have a far-reaching impact on individuals and companies alike, and we know that these are difficult times. The purpose of this letter is to assure you that Prudential's solid balance sheet and scale, supported by appropriate reserves and risk control procedures, positions our company to weather the challenges that lie ahead.

Prudential's capital position is consistent with its "AA" rating objectives for our insurance companies as of September 30. We also have sufficient liquidity to meet our needs at the parent company and at each of our operating subsidiaries, including \$3.8 billion of cash and short-term investments on the parent company balance sheet as of September 30. Demand has continued for our commercial paper, especially the top-tier-rated paper issued by Prudential Funding LLC, the funding arm of Prudential Insurance. At September 30, we had \$7 billion outstanding under that program and a further \$761 million outstanding under our parent company program. Based on our credit ratings, both programs qualify under the federal government's recently announced commercial paper funding facility, which provides a liquidity backstop to the usual commercial paper and short-term borrowing markets.

As of September 30, 2008, Prudential had a total investment portfolio of \$241 billion and shareholders' equity of \$18.7 billion. We have had a cautious view of the credit outlook in the U.S. for at least two years, and as a result, our portfolio is defensively positioned, with the vast majority of the portfolio invested in highly rated fixed income instruments. Prudential's investment approach has been to invest in high-quality financial instruments, with a diversified portfolio spanning a broad range of institutions in many industries and countries.

More specifically to address some of the stated concerns we have heard about our real estate holdings within the Financial Services Business, our general account whole loan commercial mortgage portfolio amounted to \$22 billion (at gross carrying value) as of September 30 and is well diversified by property type and by location. As of September 30, 2008, the weighted average loan-to-value ratio for our commercial mortgage portfolio was 57% and the weighted average debt service coverage ratio was 1.9 times. As of September, less than one half of one percent of the entire portfolio was delinquent or in foreclosure. The commercial mortgage-backed securities portfolio of our general account amounted to \$8.4 billion (at amortized cost) as of September 30, with 94% rated AAA, and with favorable loan-to-value and debt service coverage ratios. Finally, subprime asset-backed securities within the portfolio represent a manageable and decreasing exposure, and were under \$6 billion on a cost basis as of September 30. This exposure has decreased by \$2.4 billion in the last year, primarily through repayments. Two-thirds of our remaining exposure carries AAA and AA ratings.

During 2008, we had repurchased \$2.125 billion of Common stock through September 30. Given the current state of the capital markets, senior management decided to suspend Prudential's share repurchase program in the interest of prudent capital management. Similarly, Prudential announced that its Board declared an annual dividend for 2008 of 58 cents per share of common stock, representing a decrease of approximately 50 percent from 2007. The decision not to eliminate the entire dividend represents the Board's confidence in the future of the company while heeding to the need for prudent capital management during this time. Prudential's diverse businesses, including its international operations and the life insurance businesses, continue to be healthy and competitive in their markets, delivering solid performance. While Prudential is clearly not immune to the ongoing market turmoil that we are all experiencing, the underlying business mix of Prudential remains strong.

Let me assure you once again that by maintaining our strategy, risk management procedures and continuing to build the strong fundamentals of our businesses, we expect to emerge from the current downturn even stronger, while keeping our commitments - as we have done for the last 133 years.

I hope this information is helpful and will be happy to address any additional concerns you may have.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles F. Laury". The signature is written in dark ink and is positioned below the word "Sincerely,".