Prudential

Prudential Financial, Inc.

2014 Resolution Plan

Public Section

June 30, 2014

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I. Public Section

A. Introduction

This Public Section of the resolution plan (the "Resolution Plan") of Prudential Financial, Inc. ("PFI" or, on a consolidated basis, "Prudential" or the "Company") is being filed pursuant to section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and implementing rules (the "Rules") promulgated thereunder by the Board of Governors of the Federal Reserve System (the "FRB") and the Federal Deposit Insurance Corporation (the "FDIC").

Section 165(d) of Dodd-Frank and the Rules require each nonbank financial company supervised by the FRB and each bank holding company with total consolidated assets of $50 billion or more (each a "covered company") to periodically submit to the FRB and FDIC a plan for such company's rapid and orderly resolution in the unlikely event of material financial distress or failure. PFI, a nonbank financial institution, became a covered company on September 19, 2013 when it was designated by the Financial Stability Oversight Council (the "FSOC") for enhanced supervision by the FRB. As a result, PFI is required to periodically submit to the FRB and FDIC its resolution plan, the first of which is due no later than July 1, 2014 and has been submitted.

Prudential's initial Resolution Plan provides the required detailed information about Prudential and a roadmap of its orderly resolution based on a hypothetical stress scenario. As required by Dodd-Frank and the Rules, Prudential's Resolution Plan does not rely on the provision of extraordinary support by the U.S. or any other government and describes how the Company and its material legal entities and core business lines would be resolved in a rapid and orderly manner without reliance on extraordinary government support. The failure of the Company would not have serious adverse effects on the financial stability of the United States.

B. Overview of Prudential

For more than 135 years, Prudential has helped people grow and protect their wealth. Prudential offers individual and institutional clients a wide array of financial products and services. Prudential has more than $1.1 trillion in assets under management and approximately $3.5 trillion of gross life insurance inforce worldwide as of December 31, 2013. Headquartered in Newark, New Jersey, Prudential has operations in the United States, Asia, Europe, and Latin America. The Company measures its long-term success by its ability to deliver value to shareholders, meet customers' needs, attract, develop and retain the best talent in the insurance and financial services industry, offer an inclusive work environment where employees achieve their full potential, and support the communities where Prudential's employees live and work.

Prudential adheres to four key characteristics that drive the Company's success:

- **A unique business mix,** which has been developed by deliberately focusing on core strengths and on markets which present opportunities. The complementary nature of Prudential's portfolio of operations provides a mix of growth and stability, helping balance risk across the Company.

- **High quality businesses,** which have outstanding leadership and robust fundamentals, are strong positives in the markets in which the Company operates.

- **Financial strength,** which enables the Company to continue delivering on the promises made to stakeholders while also seizing opportunities to innovate and grow. Prudential maintains a strong balance sheet and risk management policies.

- **The talent and integrity of the Company's people,** who remain the most important point of differentiation in the market. The Company is committed to nurturing a diverse and inclusive culture, which helps attract, develop, and retain high-quality employees.

PFI, the covered company, is a publicly traded holding company and files annual, quarterly and current reports, and proxy statements and other information with the U.S. Securities and Exchange Commission (the "SEC"). Certain information in this Public Section, including information concerning the assets, liabilities, capital and funding sources of PFI, has been extracted from PFI's annual report on Form 10-K for the year ended December 31, 2013 (the "2013 Form 10-K") filed with the SEC and is as of December 31, 2013, unless otherwise noted. For further information about PFI, please refer to the 2013 Form 10-K. Information contained in reports and other filings with the SEC subsequent to its filing of the 2013 Form 10-K on February 27, 2014 may modify, supersede or update the information provided in the 2013 Form 10-K and this Public Section of the Resolution Plan.

Certain of the statements included in this Public Section and the reports or filings referenced herein constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are made based on management's current expectations and beliefs concerning future developments and their potential effects upon PFI and its subsidiaries. Actual results may differ from those set forth in the forward-looking statements. PFI does not intend, and is under no obligation, to update any particular forward-looking statement included in this Public Section or the reports or filings referenced herein.

C. Names of Material Legal Entities

The Rules define a material legal entity as "a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line". Prudential has identified eight material legal entities as listed in Figure I-1 below.

Figure I-1 Names of material legal entities

Name	Country	Type
The Prudential Life Insurance Company of America ("PICA")	United States	Insurance company
Prudential Retirement Insurance and Annuity Company ("PRIAC")	United States	Insurance company
Pruco Life Insurance Company ("PLAZ")	United States	Insurance company

Name	Country	Type
Prudential Annuities Life Assurance Corporation ("PALAC")	United States	Insurance company
The Gibraltar Life Insurance Company, Ltd. ("GIB")	Japan	Insurance company
The Prudential Life Insurance Company, Ltd. ("POJ")	Japan	Insurance company
Prudential Asset Management Holding Company, LLC ("PAMHC")	United States	Holding company of Prudential's asset management business
Prudential Global Funding LLC ("PGF")	United States	Prudential's central derivatives conduit

D. Description of Core Business Lines

The Rules define core business lines as "those business lines of the covered company, including associated operations, services, functions and support that, in the view of the covered company, upon failure would result in a material loss of revenue, profit, or franchise value". Prudential has identified six core business lines, as described below.

1. Individual Annuities

Individual Annuities manufactures and distributes individual variable[1] and fixed annuity products.

Individual Annuities offers variable annuities that provide customers with tax-deferred asset accumulation together with a base death benefit and a suite of optional guaranteed death and living benefits and annuitization options. The majority of currently sold contracts include an optional living benefit guarantee which provides, among other features, the ability to make lifetime withdrawals, based on the highest daily contract value plus a minimum return, credited for a period of time. Many of the variable annuities offered provide contractholders with the opportunity to allocate purchase payments to sub-accounts that invest in underlying proprietary and non-proprietary mutual funds, frequently under asset allocation programs and accounts with a fixed rate of return. These fixed rate accounts are invested in the general account in some cases and are credited with interest at rates Prudential determines, subject to certain contractual minimums.

Individual Annuities also offers fixed deferred annuities that provide a guarantee of principal and interest credited at rates Prudential determines, subject to certain contractual minimums.

[1] Prudential Annuities Distributor, Inc., an affiliated broker-dealer, is the underwriter and distributor of these variable annuity products. Prudential Annuities Distributor, Inc. is registered with the SEC and is a member of the Financial Industry Regulatory Authority ("FINRA").

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Additionally, Individual Annuities provides immediate annuities, for a fixed payment period or for the policyholder's life, for which regular payments are made to the policyholder to provide for lifetime income. One of the immediate annuities is Prudential Immediate Income Annuity, a single premium immediate annuity which offers several payout options.

2. Individual Life

Individual Life manufactures and distributes individual variable life, term life, and universal life insurance products. The Company's primary insurance products are universal life, variable life and term life insurance.

Individual Life offers universal life insurance products that feature flexible premiums, a choice of guarantees against lapse, and a crediting rate that Prudential determines, subject to contractual minimums. In addition, Individual Life offers universal life insurance products that allow policyholders to allocate a portion of their account balance into an indexed account that provides a return consistent with the S&P 500 index performance over the following year, subject to certain participation rates and contractual maximums and minimums. Universal life products also offer a policy rider which allows the policyholder to access accelerated death benefits when a chronic or terminal illness, meeting certain criteria, exists.

Individual Life offers several variable life insurance products[2] that provide a return linked to an underlying investment portfolio selected by the policyholder with the flexibility to change both the death benefit and premium payments. The policyholder generally has the option of investing premiums in a fixed rate option that is part of the general account or investing in separate account investment options consisting of equity and fixed income funds.

Individual Life also offers a variety of term life insurance products that provide insurance coverage for a specified time period. Additionally, most term products include a conversion feature that allows the policyholder to convert the policy into permanent life insurance coverage. Individual Life also offers term life insurance that provides for a return of premium if the insured is alive at the end of the level premium period.

3. Prudential Retirement

Prudential Retirement provides investment and income retirement products and services to retirement plan sponsors in the public, private, and not-for-profit sectors. Prudential Retirement consists of two major business lines, full service and institutional investment products, both of which provide solutions for defined contribution, defined benefit, and non-qualified retirement plans.

The full service business offers recordkeeping, plan administration, actuarial advisory services, tailored participant education and communication services, trustee services, and institutional and

[2] Pruco Securities, LLC, an affiliated broker-dealer, is the underwriter and distributor of these variable life insurance products. Pruco Securities, LLC is registered with the SEC and is a member of FINRA.

retail investments. The institutional investment products business offers products primarily to retirement plans on a stand-alone basis. These include investment-only stable value products, pension risk transfer products, guaranteed investment contracts (GICs), funding agreements, institutional and retail notes, structured settlement annuities, and other group annuities for defined contribution plans, defined benefit plans, non-qualified plans, and individuals.

Prudential Retirement also provides certain brokerage services through an affiliated broker-dealer, Prudential Investment Management Services, LLC which is registered with the SEC and is a member of FINRA. Prudential Retirement also offers trust services through Prudential Bank & Trust, a limited purpose trust-only institution.

4. Asset Management

Asset Management provides a broad array of investment management, financing, and advisory services by means of institutional portfolio management, retail funds management, private lending, asset securitization activity, and other structured products. These products and services are provided to third-party clients as well as internally to Prudential's other business lines. Asset Management offers asset management services for public and private fixed income, public equity and real estate, as well as commercial mortgage origination and servicing, and mutual funds and other retail services.

Asset Management also operates investment distribution and asset management businesses in targeted countries, through wholly owned subsidiaries and joint ventures, to expand the Company's mass affluent customer base outside the United States and to increase its global assets under management.

5. International Insurance

International Insurance sells individual life insurance, retirement, and related products, including certain health products with fixed benefits. Prudential operates insurance companies in Japan, Korea, Taiwan, Mexico, Argentina, Brazil, Italy, and Poland and has insurance operations in India, China, and Malaysia (as of January 2014) through joint ventures. International Insurance has a diversified product mix, primarily denominated in local currencies and emphasizing death protection, while supporting the growing demand for retirement and savings products. International Insurance classifies its products into four general categories: life insurance protection, retirement, annuity, and accident and health products.

International Insurance offers various traditional whole life products that provide level or increasing coverage and limited or lifetime premium payment options. International Insurance also offers increasing, decreasing, and level benefit term insurance products that provide coverage for a specified time period, as well as protection-oriented variable universal life products. Some of these protection products are denominated in U.S. dollars and some are sold as bundled products that, in addition to death protection, include health benefits or savings elements.

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International Insurance offers a variety of retirement products, including endowments, savings-oriented variable universal life products, and retirement income products. Endowments provide payment of the face amount on the earlier of death or policy maturity. Savings-oriented variable universal life products provide a non-guaranteed return linked to an underlying investment portfolio of equity and fixed income funds selected by the customer. Retirement income is a product that combines insurance protection with a lifetime income stream that commences at a predefined age.

The annuity products sold in Japan by International Insurance are primarily U.S. and Australian dollar-denominated fixed deferred annuities.

In most of its operations, International Insurance offers accident and health products with fixed benefits, some of which include a savings element. These products provide benefits to cover accidental death and dismemberment, hospitalization, and surgeries, as well as cancer and other diseases. Most of these products are sold as supplementary riders (*i.e.*, an additional feature attached to another insurance product) rather than stand alone products. International Insurance also offers waiver of premium coverage, where required premiums for a life insurance product are waived in the event the customer suffers a qualifying disability.

6. Group Insurance

Group Insurance primarily distributes a full range of group life, long-term and short-term group disability, and group corporate-, bank-, and trust-owned life insurance in the United States primarily to institutional clients for use in connection with employee and affinity groups. Group Insurance also sells accidental death and dismemberment and other ancillary coverages, and provides plan administration services in connection with these insurance coverages.

Group life insurance products consist of employer-paid (basic) and employee-paid (voluntary) coverages, including basic and supplemental term life insurance for employees, optional term life insurance for employees' dependents, and group universal life insurance. Group insurance also offers group variable universal life insurance, basic and voluntary accidental death and dismemberment insurance, and business travel accident insurance. Many of its coverages provide a contractual right to allow employees to either convert or continue their coverage in the event that their coverage is reduced or eliminated due to a change in status (*e.g.*, termination or retirement).

Group Insurance offers short- and long-term group disability insurance, which protects against loss of wages due to illness or injury, as well as short- and long-term disability management and absence management services.

Group Insurance's corporate, bank and trust-owned life insurance products, which are group flexible premium variable life insurance contracts issued to corporations, are distributed through an affiliated broker-dealer, Prudential Investment Management Services, LLC. Prudential Investment Management Services, LLC is registered with the SEC and a member of FINRA.

E. Summary of Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

Consolidated Statements of Financial Position

Figure I-2 presents PFI's consolidated statements of financial position from the 2013 Form 10-K. See the notes to the consolidated financial statements in the 2013 Form 10-K, which are an integral part of the consolidated financial statements, and Management's Discussion and Analysis in the 2013 Form 10-K regarding liquidity and capital resources, including capital management, liquidity risk management, funding management, off-balance sheet arrangements, commitments, and applicable regulatory requirements.

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Figure I-2 Consolidated statements of financial position of PFI (in $ millions)

ASSETS		LIABILITIES	
Fixed maturities, available-for-sale, at fair value	$ 286,866	Future policy benefits (1)	$ 206,859
Fixed maturities, held-to-maturity, at amortized cost	3,312	Policyholders' account balances	136,657
Trading account assets supporting insurance liabilities, at fair value)	20,827	Policyholders' dividends	5,515
Other trading account assets, at fair value (1)	6,453	Securities sold under agreements to repurchase	7,898
Equity securities, available-for-sale, at fair value	9,910	Cash collateral for loaned securities	5,040
Commercial mortgage and other loans	41,008	Income taxes	5,422
Policy loans	11,766	Short-term debt	2,669
Other long-term investments	10,328	Long-term debt	23,553
Short-term investments	7,703	Other liabilities	13,925
Total investments	398,173	Notes issued by consolidated variable interest entities	3,302
Cash and cash equivalents	11,439	Separate account liabilities	285,060
Accrued investment income	3,089	Total liabilities	695,900
Deferred policy acquisition costs	16,512	**EQUITY**	
Value of business acquired	3,675	Total Prudential Financial, Inc. equity	35,278
Other assets	13,833	Noncontrolling interests	603
Separate Account Assets (2)	285,060	Total equity	35,881
TOTAL ASSETS	$ 731,781	**TOTAL LIABILITIES AND EQUITY**	$ 731,781

Notes:

(1) Since insurance company liabilities for future policy benefits are not known with certainty, in most cases, GAAP requires the Company to include a margin over and above the Company's best estimate of likely payments to policyholders in Future Policyholder benefits. This margin, which represents a provision for adverse deviation, includes deferred profits, and is backed by assets, is available to absorb losses.

(2) GAAP requires an insurance company to record all Separate Account assets on its balance sheets even though the insurance company does not bear the risk associated with these assets and the investment performance of the Separate Account assets is passed through the Separate Account policyholders or contractholders. These Separate Accounts assets, however, are offset by recording an identical amount as a Separate Account liability. To the extent an insurance company provides a guarantee related to such Separate Account assets, insurance company regulations require the insurer to hold sufficient assets in its General Account investment portfolio to back the insurance reserves and capital requirements for such guarantees, and these guarantees are separately accounted for under GAAP.

Overview of Capital and Liquidity

Effective and prudent capital and liquidity management is a priority across the organization. Prudential has a capital management framework in place that governs the allocation of capital and approval of capital uses, and the Company forecasts capital sources and uses on a quarterly basis. Prudential employs a "Capital Protection Framework" to ensure the availability of capital resources to maintain adequate capitalization on a consolidated basis and competitive risk-based capital ratios and solvency margins for the Company's insurance subsidiaries under various stress scenarios. Management monitors the liquidity of PFI and its subsidiaries on a daily basis and projects borrowing and capital needs over a multi-year time horizon through its quarterly planning process. Prudential believes that cash flows from the sources of funds available to it are sufficient to satisfy the current liquidity requirements of PFI and its subsidiaries, including under reasonably foreseeable stress scenarios.

Capital

Prudential's capital management framework is primarily based on statutory risk-based capital and solvency margin measures. Due to its diverse mix of businesses and applicable regulatory requirements, Prudential applies certain refinements to the framework that are designed to more appropriately reflect risks associated with its businesses on a consistent basis across the Company.

Prudential seeks to capitalize all of its subsidiaries and businesses in accordance with their ratings targets, and the Company believes its capitalization and use of financial leverage are consistent with those ratings targets. Prudential's financial strength rating targets for its life insurance companies are "AA"/"Aa"/"AA" for Standard & Poor's Rating Services, or S&P, Moody's Investor Service, or Moody's, and Fitch Ratings Ltd., or Fitch, and "A+" for A.M. Best Company, or A.M. Best, though some entities may currently be rated below these targets. Prudential's long-term senior debt rating targets for PFI are "A" for S&P, Moody's, and Fitch, and "a" for A.M. Best.

Capital Governance

Prudential's capital management framework is ultimately reviewed and approved by the Board of Directors of PFI (the "Board"). The Board has adopted a capital management policy that authorizes PFI's Chairman and Chief Executive Officer and Vice Chairman to approve certain capital actions on behalf of the Company and to further delegate authority with respect to capital actions to appropriate officers. Any capital commitment that exceeds the authority granted to senior management under the capital management policy is separately authorized by the Board.

In addition, PFI's Capital and Finance Committee reviews the use and allocation of capital above certain threshold amounts to promote the efficient use of capital, consistent with the Company's strategic objectives, ratings aspirations and other goals and targets. This management committee provides a multi-disciplinary due diligence review of specific initiatives or transactions requiring the use of capital, including mergers and acquisitions. The Capital and Finance Committee also evaluates Prudential's annual capital and financing plan (and quarterly updates to this plan), as well as the Company's capital, liquidity and financial position, borrowing plans, and related matters prior to the discussion of these items with the Board.

Insurance Regulatory Capital

The Prudential Insurance Company of America ("PICA"), The Prudential Life Insurance Company, Ltd. ("POJ"), The Gibraltar Life Insurance Co., Ltd. ("GIB") and other domestic and international insurance subsidiaries are managed to regulatory capital levels consistent with the "AA" ratings targets.

The Risk-Based Capital, or RBC, ratio is a primary measure of the capital adequacy of PICA and PFI's other domestic insurance subsidiaries. RBC ratio is calculated based on statutory financial statements and risk formulas consistent with the practices of the National Association of Insurance Commissioners, or NAIC. RBC ratio considers, among other things, risks related to the type and quality of the invested assets, insurance-related risks associated with an insurer's products and liabilities, interest rate risks and general business risks. RBC ratio calculations are intended to assist insurance regulators in measuring an insurer's solvency and ability to pay future claims. The reporting of RBC measures is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities but is available to the public. The RBC ratio for PICA was 456% as of December 31, 2013.

Similar to the RBC ratios that are employed by U.S. insurance regulators, regulatory authorities in the international jurisdictions in which the Company operates generally establish some form of minimum solvency margin requirements for insurance companies based on local statutory accounting practices. These solvency margins are a primary measure of the capital adequacy of Prudential's international insurance operations. Maintenance of its solvency margins at certain levels is also important to the Company's competitive positioning of these insurance operations, as in certain jurisdictions, such as Japan, these solvency margins are required to be disclosed to the public and therefore impact the public perception of an insurer's financial strength. The solvency margins for each of POJ and GIB as of March 31, 2014, the end of the Japanese fiscal year, were 772 % and 937 %, respectively. All of PFI's domestic and international insurance subsidiaries have capital levels that substantially exceed the minimum level required by applicable insurance regulations. Prudential evaluates the regulatory capital of its domestic and international insurance operations under reasonably foreseeable stress scenarios and believes it has adequate resources to maintain its capital levels comfortably above regulatory requirements under these scenarios.

Capital Protection Framework

Prudential employs a "Capital Protection Framework" to ensure that sufficient capital resources are available to maintain adequate capitalization on a consolidated basis and competitive RBC ratios and solvency margins for its insurance subsidiaries under various stress scenarios. The Capital Protection Framework incorporates the potential impacts from market related stresses, including equity markets, real estate, interest rates, credit losses, and foreign currency exchange rates. Potential sources of capital include on-balance sheet capital, derivatives, reinsurance and contingent sources of capital. Although Prudential continues to enhance its approach, it believes it currently has access to sufficient resources to maintain adequate capitalization and competitive RBC ratios and solvency margins including under reasonably foreseeable stress scenarios.

Liquidity

Liquidity management and stress testing are performed on a legal entity basis as the ability to transfer funds between subsidiaries is limited due in part to regulatory restrictions. Liquidity needs are determined through daily and quarterly cash flow forecasting at the holding company and within PFI's operating subsidiaries. A minimum cash balance of $1.3 billion is targeted to ensure that adequate liquidity is available at PFI to cover fixed expenses in the event that it experiences reduced cash flows from its operating subsidiaries at a time when access to capital markets is also not available. This targeted minimum balance is reviewed and approved annually by the Finance Committee of the Board.

To mitigate the risk of having limited or no access to financing due to stressed market conditions, capital debt is generally prefunded in advance of maturity. The refinancing risk associated with its debt that is used to fund operating needs is mitigated by matching the term of debt with the assets financed. To ensure adequate liquidity in stress scenarios, stress testing is performed on a quarterly basis for PFI's major operating subsidiaries. Liquidity risk is further mitigated by Prudential's access to the "Alternative Sources of Liquidity" discussed below.

Liquidity of PFI

The principal sources of funds available to PFI are dividends and returns of capital from subsidiaries, repayments of operating loans from subsidiaries and cash and short-term investments. These sources of funds may be supplemented by PFI's access to the capital markets as well as the "Alternative Sources of Liquidity" described below.

The primary uses of funds at PFI include servicing debt, paying operating expenses, making capital contributions and loans to subsidiaries, paying declared shareholder dividends and repurchasing outstanding shares of Common Stock executed under Board authority.

Restrictions on Dividends and Returns of Capital from Subsidiaries

Prudential's insurance companies are subject to limitations on the payment of dividends and other transfers of funds to PFI and other affiliates under applicable insurance law and regulation. Also, more generally, the payment of dividends by any of PFI's subsidiaries is subject to declaration by their boards of directors and can be affected by market conditions and other factors.

- *Domestic insurance subsidiaries.* PFI's most significant domestic subsidiary, PICA, is permitted to pay ordinary dividends based on calculations specified under New Jersey insurance law, subject to prior notification to the New Jersey Department of Banking and Insurance, or NJDOBI. Any distributions above this amount in any 12-month period are considered to be "extraordinary" dividends, and the approval of NJDOBI is required prior to payment. The laws regulating dividends of the states where Prudential's other domestic insurance companies are domiciled are similar, but not identical, to New Jersey's.

- *International insurance subsidiaries.* PFI's international insurance subsidiaries are subject to dividend restrictions from the regulatory authorities in the international jurisdictions in which they operate. PFI's most significant international insurance subsidiaries, POJ and GIB, are permitted to pay common stock dividends based on calculations specified by Japanese insurance law, subject to prior notification to the Japanese Financial Services Agency, or JFSA. Dividends in excess of these amounts and other forms of capital distribution require the prior approval of the JFSA.

- *Other subsidiaries*. The ability of PFI's asset management subsidiaries and the majority of its other operating subsidiaries to pay dividends is largely unrestricted from a regulatory standpoint.

Liquidity of Insurance Subsidiaries

Prudential manages the liquidity of its insurance operations to ensure stable, reliable and cost-effective sources of cash flows to meet all of its obligations. Liquidity within each of PFI's insurance subsidiaries is provided by a variety of sources including portfolios of liquid assets. The investment portfolios of PFI's subsidiaries are integral to the overall liquidity of Prudential's insurance operations. Prudential segments its investment portfolios and employs an asset/liability management approach specific to the requirements of each of its product lines. This enhances the discipline applied in managing the liquidity, as well as the interest rate and credit risk profiles, of each portfolio in a manner consistent with the unique characteristics of the product liabilities. The Company uses a projection process for cash flows from operations to ensure sufficient liquidity is available to meet projected cash outflows, including claims.

Liquidity is measured against internally-developed benchmarks that take into account the characteristics of both the asset portfolio and the liabilities that they support. The Company considers attributes of the various categories of liquid assets (for example, type of asset and credit quality) in calculating internal liquidity measures to evaluate the liquidity of insurance operations under various stress scenarios, including company-specific and market-wide events. The Company believes it has adequate liquidity in each of PFI's insurance subsidiaries, including under these stress scenarios.

Cash Flow

The principal sources of liquidity for PFI's insurance subsidiaries are premiums and certain annuity considerations, investment and fee income, and investment maturities and sales associated with Prudential's insurance and annuity operations, as well as internal and external borrowings. The principal uses of that liquidity include benefits, claims, dividends paid to policyholders, and payments to policyholders and contractholders in connection with surrenders, withdrawals and net policy loan activity. Other uses of liquidity include commissions, general and administrative expenses, purchases of investments, hedging activity and payments in connection with financing activities.

Liquidity Resources

Liquid assets include cash and cash equivalents, short-term investments, fixed maturities that are not designated as held-to-maturity and public equity securities. In addition to access to substantial investment portfolios, Prudential's insurance companies' liquidity is managed through access to a variety of instruments available for funding and/or managing cash flow mismatches, including from time to time those arising from claim levels in excess of projections. Prudential's ability to transfer assets and liquidity between PFI's subsidiaries is limited by regulatory and other constraints. Prudential believes that ongoing operations and the liquidity profile of its assets provide sufficient liquidity under reasonably foreseeable stress scenarios for each of PFI's insurance subsidiaries.

Alternative Sources of Liquidity

In addition to the sources of liquidity discussed above, PFI and certain subsidiaries have access to the alternative sources of liquidity described below:

- *Asset-Based Financing*

  Prudential conducts asset-based or secured financing within PFI's insurance and other subsidiaries, including transactions such as securities lending, repurchase agreements and mortgage dollar rolls to earn spread income, to borrow funds, or to facilitate trading activity. These programs are primarily driven by portfolio holdings of securities that are lendable based on counterparty demand for these securities in the marketplace. The collateral received in connection with these programs is primarily used to purchase securities in the short-term spread portfolios of the Company's insurance entities. Investments held in the short-term spread portfolios include cash and cash equivalents, short-term investments, mortgage loans and fixed maturities, including mortgage- and asset-backed securities, with a weighted average life at time of purchase by the short-term portfolios of four years or less.

- *Membership in the Federal Home Loan Banks*

  PICA is a member of the Federal Home Loan Bank of New York (“FHLBNY”) and PRIAC is a member of the Federal Home Loan Bank of Boston (“FHLBB”).

  Membership in the Federal Home Loan Banks provides PICA and PRIAC the ability to obtain loans and to issue funding agreements up to specified regulatory limits that are collateralized by qualifying mortgage-related assets or U.S. Treasury securities. As of March 31, 2014, PICA had an estimated maximum borrowing capacity of $7.2 billion, of which $2.2 billion was outstanding. PRIAC had an estimated maximum borrowing capacity of $0.2 billion with no advances outstanding. As of March 31, 2014, PICA and PRIAC had qualifying assets available but not pledged with fair value of $3.3 billion and $2.1 billion, respectively.

  Borrowings under these facilities are subject to the FHLBNY’s and the FHLBB’s discretion and require the availability of qualifying assets at PICA and PRIAC, respectively.

- *Commercial Paper Programs*

  PFI and Prudential Funding, LLC, or Prudential Funding, a wholly-owned subsidiary of PICA, have commercial paper programs with an authorized issuance capacity of $3.0 billion and $7.0 billion, respectively. Prudential Funding commercial paper borrowings generally have been used to fund the working capital needs of PICA and its subsidiaries. Prudential Funding also lends to other subsidiaries of PFI up to limits agreed with NJDOBI. As of December 31, 2013, PFI and Prudential Funding had outstanding borrowings of $190 million and $460 million, respectively, under these commercial paper programs.

- *Credit Facilities*

  Prudential has access to an aggregate of $3.75 billion of syndicated, unsecured committed credit facilities, which includes a $2 billion five-year facility that has PFI as borrower and a $1.75 billion three-year facility that has both PFI and Prudential Funding as borrowers. The facilities may be used for general corporate purposes, including as backup liquidity for the Company’s commercial paper programs. There were no outstanding borrowings under these credit facilities as of December 31, 2013.

- *Put Option Agreement for Senior Debt Issuance*

  In November 2013, PFI entered into a ten-year put option agreement with a Delaware trust upon the completion of the sale of $1.5 billion of trust securities by that Delaware trust in a Rule 144A private placement. The trust invested the proceeds from the sale of the trust securities in a portfolio of principal and interest strips of U.S. Treasury securities. The put option agreement provides PFI the right to sell to the trust at any time up to $1.5 billion of 4.419% senior notes due November 2023 and receive in exchange a corresponding amount of the principal and interest strips of U.S. Treasury securities held by the trust.

F. Description of Derivative and Hedging Activities

The Company uses derivative financial instruments primarily to reduce market risk from changes in interest rates, equity prices and foreign currency exchange rates, and to alter interest rate or foreign currency exposures arising from mismatches between assets and liabilities. The derivatives primarily used by the Company include swaps, futures, options and forward contracts that are exchange-traded or contracted in the over-the-counter market.

Prudential's derivatives also include embedded derivatives recognized under GAAP relating to certain product features, primarily optional living benefit features associated with the Company's variable annuity products and guarantees provided under Synthetic Guaranteed Interest Contracts ("Synthetic GICs").

Types of Derivative Instruments and Derivative Strategies

- *Interest Rate Contracts*

  Interest rate swaps, options, and futures are used by the Company to reduce risks from changes in interest rates, to manage interest rate exposures arising from mismatches between assets and liabilities (including duration mismatches) and to hedge against changes in the value of assets it owns or anticipates acquiring or selling. Swaps may be attributed to specific assets or liabilities or may be used on a portfolio basis.

  The Company also uses swaptions, interest rate caps, and interest rate floors (included in interest rate options in the table below) to manage interest rate risk.

- *Equity Contracts*

  Equity index options are contracts which will settle in cash based on differentials in the underlying indices at the time of exercise and the strike price. The Company uses combinations of purchases and sales of equity index options to hedge the effects of adverse changes in equity indices within a predetermined range.

- *Foreign Exchange Contracts*

  Currency derivatives, including currency futures, options, forwards, and swaps, are used by the Company to reduce risks from changes in currency exchange rates with respect to investments denominated in foreign currencies that the Company either holds or intends to acquire or sell, and to hedge the currency risk associated with net investments in foreign operations and anticipated earnings of its foreign operations. The Company uses currency forwards to mitigate the impact of changes in currency exchange rates on U.S. dollar equivalent earnings generated by certain of its non-U.S. businesses, primarily its international insurance and investments operations.

- *Credit Contracts*

  The Company writes credit default swaps for which it receives a premium to insure credit risk. These are used by the Company to enhance the return on the Company's investment portfolio by creating credit exposure similar to an investment in public fixed maturity cash instruments. With these derivatives, the Company sells credit protection on an identified name, or an index of names, and in return receives a quarterly premium. In addition to selling credit protection the Company has purchased credit protection using credit derivatives in order to hedge specific credit exposures in the Company's investment portfolio.

- *Other Contracts*

  - *"To Be Announced"("TBA")*

  The Company uses TBA forward contracts to gain exposure to the investment risk and return of mortgage-backed securities. TBA transactions can help the Company enhance the return on its investment portfolio, and can provide a more liquid and cost effective method of achieving these goals than purchasing or selling individual mortgage-backed pools. Pursuant to the Company's mortgage dollar roll program, TBAs or mortgage-backed securities are transferred to counterparties with a corresponding agreement to repurchase them at a future date. These transactions do not qualify as secured borrowings and are accounted for as derivatives.

  - *Loan Commitments*

  In its mortgage operations, the Company enters into commitments to fund commercial mortgage loans at specified interest rates and other applicable terms within specified periods of time. These commitments are legally binding agreements to extend credit to a counterparty. Loan commitments for loans that will be held for sale are recognized as derivatives and recorded at fair value. Loan commitments that relate to the origination of mortgage loans that will be held for investment are not accounted for as derivatives and accordingly are not recognized in the Company's financial statements.

- *Embedded Derivatives*

  The Company sells variable annuity products, which may include guaranteed benefit features that are accounted for as embedded derivatives. The Company maintains a portfolio of derivative instruments that is intended to economically hedge a portion of the risks related to the above products' features. The derivatives may include, but are not limited to equity options, total return swaps, interest rate swaptions, caps, floors, and other instruments.

The Company invests in fixed maturities that, in addition to a stated coupon, provide a return based upon the results of an underlying portfolio of fixed income investments and related investment activity. The Company accounts for these investments as available-for-sale fixed maturities containing embedded derivatives. Such embedded derivatives are marked to market based upon the change in value of the underlying portfolio.

- *Synthetic Guarantees*

The Company sells Synthetic GICs, through both full service and investment-only sales channels, to qualified pension plans. The assets are owned by the trustees of such plans, who invest the assets according to the contract terms agreed to with the Company. The contracts contain a guarantee of a minimum rate of return on participant balances supported by the underlying assets, and a guarantee of liquidity to meet certain participant-initiated withdrawals for the contract. Under GAAP, these contracts are accounted for as derivatives and recorded at fair value.

Figure I-3 below provides a summary of the gross notional amount and fair value of derivatives contracts by the primary underlying, excluding embedded derivatives which are recorded with the associated host. Many derivative instruments contain multiple underlyings. The fair value amounts below represent the gross fair value of derivative contracts prior to taking into account the netting effects of master netting agreements and cash collateral held with the same counterparty. This netting impact results in total derivative assets of $1,217 million and $533 million as of March 31, 2014 and December 31, 2013, respectively and total derivative liabilities of $989 million and $2,156 million as of March 31, 2014 and December 31, 2013, respectively, as reflected in PFI's Consolidated Statement of Financial Position.

Prudential

Figure I-3 Summary of the gross notional amount and fair value of derivatives contracts, by the primary underlying/instrument type, excluding embedded derivatives which are recorded with the associated host (in $ millions)

Primary Underlying/ Instrument Type	March 31, 2014 Notional (1)	March 31, 2014 Gross Fair Value Assets	March 31, 2014 Gross Fair Value Liabilities	December 31, 2013 Notional (1) (2)	December 31, 2013 Gross Fair Value Assets (2)	December 31, 2013 Gross Fair Value Liabilities (2)
	(in millions)					
Derivatives Designated as Hedge Accounting Instruments:						
Interest Rate						
Interest Rate Swaps	$ 2,143	$ 23	$ (255)	$ 2,556	$ 26	$ (253)
Foreign Currency						
Foreign Currency Forwards	572	1	(27)	534	1	(32)
Currency/Interest Rate						
Foreign Currency Swaps	10,184	234	(608)	9,502	233	(553)
Total Qualifying Hedges	$ 12,899	$ 258	$ (890)	$ 12,592	$ 260	$ (838)
Derivatives Not Qualifying as Hedge Accounting Instruments:						
Interest Rate						
Interest Rate Swaps	$ 172,617	$ 6,447	$ (5,987)	$ 171,337	$ 5,727	$ (7,051)
Interest Rate Futures	28,823	6	(1)	34,424	10	(5)
Interest Rate Options	24,063	292	(273)	25,308	370	(297)
Interest Rate Forwards	3,257	0	(3)	1,452	0	(6)
Foreign Currency						
Foreign Currency Forwards	15,076	432	(167)	13,122	587	(393)
Foreign Currency Options	118	4	0	118	5	0
Currency/Interest Rate						
Foreign Currency Swaps	8,297	395	(306)	7,787	414	(304)
Credit						
Credit Default Swaps	1,832	3	(41)	1,890	3	(49)
Equity						
Equity Futures	185	1	(1)	262	1	(1)
Equity Options	73,922	388	(28)	61,231	388	(12)
Total Return Swaps	12,789	18	(208)	11,554	1	(462)
Commodity						
Commodity Futures	46	1	(1)	37	1	0

Primary Underlying/ Instrument Type	March 31, 2014 Notional [1]	March 31, 2014 Gross Fair Value Assets	March 31, 2014 Gross Fair Value Liabilities	December 31, 2013 Notional [1] [2]	December 31, 2013 Gross Fair Value Assets [2]	December 31, 2013 Gross Fair Value Liabilities [2]
			(in millions)			
Synthetic GICs [3]	78,035	9	0	78,110	8	0
Total Non-Qualifying Derivatives [4]	$ 419,060	$ 7,996	$ (7,016)	$ 406,632	$ 7,515	$ (8,580)
Total Derivatives [5]	$ 431,959	$ 8,254	$ (7,906)	$ 419,224	$ 7,775	$ (9,418)

Notes:

(1) Notional amounts are presented on a gross basis and include derivatives used to offset existing positions.

(2) Prior periods have been revised to include the gross notional amount and fair value of derivative contracts used in a broker-dealer capacity.

(3) The gross notional amount as of December 31, 2013 has been revised from $60,758 to $78,110 to correct the previously reported amount. This amount does not impact the Unaudited Interim Consolidated Financial Statements.

(4) Based on notional amounts, most of the Company's derivatives do not qualify for hedge accounting as follows: (i) derivatives that economically hedge embedded derivatives do not qualify for hedge accounting because changes in the fair value of the embedded derivatives are already recorded in net income, (ii) derivatives that are utilized as macro hedges of the Company's exposure to various risks typically do not qualify for hedge accounting because they do not meet the criteria required under portfolio hedge accounting rules, and (iii) Synthetic GICs, which are product standalone derivatives do not qualify as hedging instruments under hedge accounting rules.

(5) Excludes embedded derivatives which contain multiple underlyings. The fair value of these embedded derivatives was a net liability of $2,419 million as of March 31, 2014 and a net liability of $430 million as of December 31, 2013, included in "Future policy benefits" and "Fixed maturities, available-for-sale".

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G. Description of Use of Third Party and Interaffiliate Reinsurance

Prudential's insurance operations utilize both affiliated and unaffiliated reinsurance. Prudential's affiliated domestic reinsurance companies, or captives, assume business from affiliates only and are generally domiciled in the same jurisdiction as the ceding company. The decision to domicile the captive in this way means that the domiciliary regulator is the same for both the captive reinsurer and the primary ceding company and that the regulator has complete access to financial and other information of each entity, with full authority to intervene in the event of financial distress. The captives facilitate the effective management of reserves and capital on an economic basis and enable the aggregation and transfer of risks. Prudential uses external reinsurance to hedge insurance mortality and related risks, and for regulatory capital and reserve management.

H. Memberships in Material Payment, Clearing and Settlement Systems

Figure I-4 below presents a list of Prudential's memberships in material payment, clearing and settlement systems.

Figure I-4 Memberships in material payment, clearing, and settlement systems

Payment, clearing, and settlement systems	Type
Bank of New York Mellon	Agent Bank
Barclay's (BARX FX Trade Platform)	Trading
BATS Exchange (BATS)*	Clearinghouse
Bloomberg SEF (BSEF)	Trading
CBOE Futures Exchange (CFE)*	Clearinghouse
Chicago Board of Trade (ECBOT)*	Trading
Chicago Board Options Exchange (CBOE)*	Clearinghouse
Chicago Mercantile Exchange (CME)*	Clearinghouse
Chicago Mercantile Exchange (GLOBEX)*	Clearinghouse
Chicago Mercantile Exchange, Inc.*	Clearinghouse
Chicago Stock Exchange (CHX)*	Trading
Citibank, N.A.	Agent Bank
CLS Bank International (CLS)*	Settlements
CME Group*	Clearinghouse
COMEX*	Clearinghouse
EDGA Exchange*	Clearinghouse
EDGX Exchange*	Clearinghouse
Eurex (EUREX)*	Clearinghouse
Euronext Liffe (LIFFE)*	Settlements
Fixed Income Clearing Corporation*	Clearinghouse
FX Connect	Trading
ICE Clear Credit LLC*	Clearinghouse
Intercontinental Exchange (ICE)*	Clearinghouse
International Monetary Market (IMM)*	Settlements
JP Morgan Chase	Agent Bank

Payment, clearing, and settlement systems	Type
London Clearing House (LCH)*	Clearinghouse
MarkitWire	Trading
Misys CMS (FX Confirmation)	Trading
Montreal Exchange (ME)*	Trading
NASDAQ (including NASDAQ OMX BX and NASDAQ OMX PHLX)*	Trading
National Securities Clearing Corporation (NSCC)*	Clearinghouse
National Stock Exchange*	Trading
New York Mercantile Exchange (NYMEX)*	Clearinghouse
New York Stock Exchange (NYSE MKT, NYSE Alternext and NYSE Arca)*	Trading
NYSE Euronext*	Trading
NYSE Liffe U.S. (Futures Exchange)*	Clearinghouse
Society for Worldwide Interbank Financial Telecommunication	Telecommunications
Sydney Futures Exchange (SFE)*	Clearinghouse
The Clearing House Payments Company, LLC*	Payments
The Depository Trust Company (DTC)*	Depository
The Options Clearing Corporation (OCC)*	Clearinghouse
Tokyo Stock Exchange (TSE)*	Trading
TradeWeb	Trading

Notes:
Access to the payment, clearing, and settlement systems designated with an asterisk (*) is available through relationships with third parties such as futures commission merchants.

I. Description of Foreign Operations

Prudential operates in a number of non-U.S. markets, particularly Japan. International Insurance sells individual life insurance, retirement and related products, including certain health products with fixed benefits. Prudential operates insurance companies in Japan, Korea, Taiwan, Mexico, Argentina, Brazil, Italy and Poland. In addition to the operations discussed above, Prudential has a 26% interest in a life insurance joint venture in India. Commencing January 2014, the Company also has a 70% interest in an established life insurance business in Malaysia.

Each operation is managed on a stand-alone basis with local management and sales teams, with oversight by senior executives based in Asia, Latin America and Newark, New Jersey. Each operation has its own marketing, underwriting, claims, investment management and actuarial functions.

In addition, significant portions of the general account investment portfolios for these international operations are managed by Asset Management, primarily through international subsidiaries. Operations generally invest in local currency securities, primarily bonds issued by the local government or its agencies. The Company's larger international operations have more diversified portfolios that also include U.S. dollar-denominated investments, in large part to support products issued in U.S. dollars and as part of Prudential's foreign exchange hedging strategy. In addition, GIB has Australian dollar-denominated investments that support products issued in that currency.

A majority of the international activities of the company are conducted in International Insurance, though some other businesses have international offices, products, clients, and other activities.

J. Material Supervisory Authorities

Prudential's businesses are subject to comprehensive regulation and supervision. PFI is the holding company for all of the Company's operations and was designated by the FSOC on September 19, 2013 for enhanced supervision by the FRB pursuant to Dodd-Frank. PFI is also subject to regulation as an insurance holding company in the states where Prudential's U.S. insurance company material legal entities are domiciled, which currently include New Jersey, Arizona and Connecticut. As a company with publicly traded securities, Prudential is subject to legal and regulatory requirements generally applicable to public companies, including the rules and regulations of the SEC and the New York Stock Exchange ("NYSE") relating to public reporting and disclosure, securities trading, accounting and financial reporting, and corporate governance matters.

State insurance laws regulate all aspects of the Company's U.S. insurance businesses and state insurance departments in the fifty states, the District of Columbia and certain U.S. territories and possessions monitor the Company's insurance operations. PICA is domiciled in New Jersey and its principal insurance regulatory authority is NJDOBI. Prudential's other U.S. insurance companies are principally regulated by the insurance departments of the states in which they are domiciled.

The Company's U.S. variable life insurance, as well as U.S. variable annuity and mutual funds, generally are "securities" within the meaning of federal securities laws and subject to regulation by the SEC and FINRA. The Company's mutual funds, and in certain states, variable life insurance and variable annuity products, are "securities" within the meaning of state securities laws and are subject to certain state securities regulations.

Prudential's investment products and services are subject to federal and state securities, fiduciary, including ERISA, and other laws and regulations. The SEC, FINRA, U.S. Commodity Futures Trading Commission (the "CFTC"), state securities commissions, state banking and insurance departments and the United States Department of Labor are the principal U.S. regulators of Prudential's asset management operations. Prudential has subsidiaries that are broker-dealers, investment advisers, commodity pool operators or commodity trading advisers. The SEC, the CFTC, state securities authorities, FINRA, the National Futures Association, the Municipal Securities Rulemaking Board and similar authorities or self-regulatory organizations are principal regulators of these subsidiaries.

Prudential's international businesses are also subject to comprehensive regulation and supervision. The international insurance operations are principally supervised by regulatory authorities in the jurisdictions in which they operate, including for the largest subsidiaries, the Japanese Ministry of Finance and the JFSA.

The Company's non-insurance international operations are also supervised primarily by regulatory authorities in the countries in which they operate. The Company's international businesses may also be subject to U.S. laws governing businesses controlled by U.S. companies such as the Foreign Corrupt Practices Act, various anti-money laundering laws and regulations, and certain regulations issued by the U.S. Office of Foreign Asset Control.

For additional information about the Company's Material Supervisory Authorities, please see the 2013 Form 10-K.

K. Principal Officers

The names of the executive officers of PFI and their respective positions are set forth below. See the 2013 Form 10-K for the biographical information about PFI's executive officers.

Name	Position at PFI
John R. Strangfeld	Chairman, Chief Executive Officer and President
Mark B. Grier	Vice Chairman
Susan L. Blount	Executive Vice President and General Counsel
Robert M. Falzon	Executive Vice President and Chief Financial Officer
Charles F. Lowrey	Executive Vice President and Chief Operating Officer, International Business
Stephen Pelletier	Executive Vice President and Chief Operating Officer, U.S. Business
Lee D. Augsburger	Senior Vice President and Chief Ethics and Compliance Officer
Robert D. Axel	Senior Vice President, Principal Accounting Officer and Controller
Thomas J. Carroll	Senior Vice President and Chief Auditor
Eric R. Durant	Senior Vice President, Investor Relations
David A. Hunt	Senior Vice President, Prudential Investment Management
Barbara G. Koster	Senior Vice President and Chief Information Officer
Richard F. Lambert	Senior Vice President and Chief Actuary
Nicholas C. Silitch	Senior Vice President and Chief Risk Officer
Scott G. Sleyster	Senior Vice President and Chief Investment Officer
Kenneth Y. Tanji	Senior Vice President and Treasurer
Sharon C. Taylor	Senior Vice President, Human Resources
Margaret M. Foran	Chief Governance Officer, Vice President and Corporate Secretary

L. Description of the Corporate Governance Structure and Processes Related to Resolution Planning

Prudential's resolution planning governance structure is as follows:

- The **Board** has the ultimate responsibility for approving the Resolution Plan. The Board has appointed its **Finance Committee** to provide oversight of the preparation and completion of the Resolution Plan. The Finance Committee serves as a bridge between the Steering Committee, the Office of the Chairman and the Board.

- The **Office of the Chairman** has ultimate executive management responsibility for the Resolution Plan.

- The **Steering Committee** serves as the executive oversight committee with regard to resolution planning. The Steering Committee oversees the work of, and receives regular reports and updates from, the Program Sponsors and the Resolution Plan Leads.

- Two **Program Sponsors** set the strategic direction for the Resolution Plan, subject to the supervision of the Board, the Office of the Chairman and the Steering Committee, and ultimately review and approve the Resolution Plan before it is presented to the Steering Committee, the Office of the Chairman and the Board.

- The **Core Team** works closely with designated representatives from the core business lines, material legal entities, and corporate functions with regard to Prudential's resolution planning initiatives. The Core Team is led by two **Resolution Plan Leads**, who are responsible for preparation and governance of the Resolution Plan and compiling, reviewing, and maintaining all Resolution Plan related information.

- The **Working Committee** consists of an officer appointed by each core business line and corporate function. These representatives are accountable for ensuring that all requests for information in connection with the development of the Resolution Plan are appropriately addressed and that information provided to the Core team is accurate.

The Board and the Finance Committee of the Board have reviewed and approved the Resolution Plan.

M. Description of Material Management Information Systems

Prudential's management information systems ("MIS") include applications which are used to generate reports to assist in the management of financial reporting, accounting, capital, funding liquidity management, compliance, operations, and risk.

Prudential maintains detailed business continuity (including disaster recovery) plans for each of its business lines and supporting MIS, which discuss systems and application recovery times objectives as well as plans to maintain operations in the event key systems are not available. In order to identify the key MIS for the Resolution Plan, Prudential utilized business lines and disaster recovery plans as well as further input from business lines and corporate function users to identify systems and applications that would be necessary for the continued operation of Prudential's business operations and MIS for Resolution Plan purposes.

Prudential has data centers in the United States and abroad. While the majority of the systems/applications are hosted internally at sites owned and managed by Prudential's Global Business and Technology Solutions ("GBTS") corporate function, there is a small portion of systems/applications that are hosted through third-party providers.

Information security is critical to Prudential's success, and all employees are expected to adhere to the standards prescribed within its Security for Business Information Policy. This policy defines the purpose and authority of the information security program, which lies within the purview of the Chief Information Security Officer and the Information Security Office of Prudential.

Prudential, with the support of Information Technology, or IT, strives to create long-term value for its stakeholders through strong business fundamentals that are consistent with its mission to help its customers achieve financial prosperity and peace of mind.

Prudential relies on IT to support its mission and vision and facilitate its subsidiaries in providing insurance, investment management, and other financial products and services to its retail and institutional customers.

IT at Prudential is governed by a federated model with:

- The Corporate Chief Information Officer responsible for centralized IT policies and standards, architecture, infrastructure, and IT operations and services across Prudential

- Individual corporate function and business unit Chief Information Officer responsible for local IT strategy implementation and application development

The federated model enables alignment of IT with the needs of the business by leveraging economies of scale, thus ensuring efficient service delivery and effective IT governance and management across the corporate functions and business units.

The Corporate Chief Information Officer is responsible for GBTS which delivers technology as a global shared service to Prudential's corporate functions and business units.

The Corporate Chief Information Officer, with support from corporate function and business unit Chief Information Officers, GBTS, and other corporate governance functions, units, and shared services, promotes positive IT risk culture across Prudential which includes:

- delivering customer-focused technology solutions through innovation and collaboration with the corporate functions and business units;

- ensuring optimal business and IT strategy alignment to enable risk-intelligent decision making;
- growing, modernizing, and continuously strengthening the IT control environment across Prudential's corporate functions and business units;
- promoting organizational quality through integration of people, process, and technology; and
- developing reports and metrics for ongoing identification of risks and performance across IT-related capabilities.

N. High Level Description of Covered Company's Resolution Strategy

As required by Dodd-Frank and the Rules, the Resolution Plan discusses strategies for the resolution of PFI, which is the covered company, and its material legal entities and core business lines, based on a hypothetical stress event that affects only Prudential. The Resolution Plan evaluates the effect of this hypothetical stress event on PFI, its material legal entities and its core business lines. As required by Dodd-Frank and the Rules, the Resolution Plan does not rely on the provision of extraordinary support by the U.S. or any other government.

The Resolution Plan sets forth strategies, as required by the Rule, for the hypothetical resolution of PFI and its material legal entities under, as applicable, the U.S. Bankruptcy Code (the "Bankruptcy Code"), 11 U.S.C. §§1101 *et seq.*, and, for material legal entities that are insurance companies, applicable state or foreign insurance laws. The Resolution Plan's preferred strategy for resolution involves the reorganization of Prudential. The Resolution Plan also describes potential asset or business sales that could occur during this hypothetical resolution of PFI and its material legal entities as the result of the hypothetical stress event. These resolution strategies are described at a high-level below.

Bankruptcy Code-Eligible Material Legal Entities

Under the hypothetical resolution scenario, each of PFI, PAMHC, and PGF would voluntarily commence a bankruptcy proceeding under Chapter 11 of the Bankruptcy Code ("Chapter 11 Proceeding") in the applicable federal court. Once the Chapter 11 Proceeding has commenced, PFI and PAMHC would likely sell certain businesses and reorganize around the businesses each elects to retain.

PGF, Prudential's central derivatives conduit, would quickly liquidate what limited assets would remain and settle any other liabilities following the termination and closing out of its derivatives positions pursuant to a Chapter 11 plan of liquidation.

U.S. Insurer Material Legal Entities

Under the hypothetical resolution scenario, each of the primary insurance regulators for PICA, PRIAC, PLAZ, and PALAC would file uncontested orders to commence rehabilitation proceedings against the relevant insurer material legal entities in their respective states of domicile.

Rehabilitation proceedings would allow the regulators to develop rehabilitation plans over time that could ensure that long-term policy liabilities will be paid in full when due and provide a viable road-map for the preservation of the insurers as going-concerns and their successful exit from rehabilitation without compromising creditor claims. The Resolution Plan describes potential sales and dispositions of material assets, business lines, and legal entities, and/or the run-off of certain businesses that could occur, as necessary, during the hypothetical resolution scenario.

Japanese Insurer Material Legal Entities

As a result of the hypothetical stress event and the commencement of rehabilitation proceedings and bankruptcy proceedings of the other material legal entities, Prudential assumes that the JFSA would subject each of GIB and POJ to heightened administrative supervision and monitoring.

Figure I-1 Names of material legal entities

This Figure does not have numbers and has been omitted.

Figure I-2 Consolidated statements of financial position of PFI (in $ millions)

ASSETS			LIABILITIES		
Fixed maturities, available-for-sale, at fair value	$	286,866	Future policy benefits [1]	$	206,859
Fixed maturities, held-to-maturity, at amortized cost		3,312	Policyholders' account balances		136,657
Trading account assets supporting insurance liabilities, at fair value)		20,827	Policyholders' dividends		5,515
Other trading account assets, at fair value [1]		6,453	Securities sold under agreements to repurchase		7,898
Equity securities, available-for-sale, at fair value		9,910	Cash collateral for loaned securities		5,040
Commercial mortgage and other loans		41,008	Income taxes		5,422
Policy loans		11,766	Short-term debt		2,669
Other long-term investments		10,328	Long-term debt		23,553
Short-term investments		7,703	Other liabilities		13,925
Total investments		398,173	Notes issued by consolidated variable interest entities		3,302
Cash and cash equivalents		11,439	Separate account liabilities		285,060
Accrued investment income		3,089	Total liabilities		695,900
Deferred policy acquisition costs		16,512	**EQUITY**		
Value of business acquired		3,675	Total Prudential Financial, Inc. equity		35,278
Other assets		13,833	Noncontrolling interests		603
Separate Account Assets [2]		285,060	Total equity		35,881
TOTAL ASSETS	$	731,781	**TOTAL LIABILITIES AND EQUITY**	$	731,781

Notes:

[1] Since insurance company liabilities for future policy benefits are not known with certainty, in most cases, GAAP requires the Company to include a margin over and above the Company's best estimate of likely payments to policyholders in Future Policyholder benefits. This margin, which represents a provision for adverse deviation, includes deferred profits, and is backed by assets, is available to absorb losses.

[2] GAAP requires an insurance company to record all Separate Account assets on its balance sheets even though the insurance company does not bear the risk associated with these assets and the investment performance of the Separate Account assets is passed through the Separate Account policyholders or contractholders. These Separate Accounts assets, however, are offset by recording an identical amount as a Separate Account liability. To the extent an insurance company provides a guarantee related to such Separate Account assets, insurance company regulations require the insurer to hold sufficient assets in its General Account investment portfolio to back the insurance reserves and capital requirements for such guarantees, and these guarantees are separately accounted for under GAAP.

Figure I-3 Summary of the gross notional amount and fair value of derivatives contracts, by the primary underlying/instrument type, excluding embedded derivatives which are recorded with the associated host (in $ millions)

Primary Underlying/ Instrument Type	March 31, 2014 Notional (1)	March 31, 2014 Gross Fair Value Assets	March 31, 2014 Gross Fair Value Liabilities	December 31, 2013 Notional (1) (2)	December 31, 2013 Gross Fair Value Assets (2)	December 31, 2013 Gross Fair Value Liabilities (2)
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Interest Rate Swaps ……….	$ 2,143	$ 23	$ (255)	$ 2,556	$ 26	$ (253)
Foreign Currency						
Foreign Currency Forwards …………………..	572	1	(27)	534	1	(32)
Currency/Interest Rate						
Foreign Currency Swaps …	10,184	234	(608)	9,502	233	(553)
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Commodity						
Commodity Futures ……….	46	1	(1)	37	1	0
Synthetic GICs (3)	78,035	9	0	78,110	8	0
Total Non-Qualifying Derivatives (4) ……………..	$ 419,060	$ 7,996	$ (7,016)	$ 406,632	$ 7,515	$ (8,580)
Total Derivatives (5)	$ 431,959	$ 8,254	$ (7,906)	$ 419,224	$ 7,775	$ (9,418)

Notes:

(1) Notional amounts are presented on a gross basis and include derivatives used to offset existing positions.

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(3) The gross notional amount as of December 31, 2013 has been revised from $60,758 to $78,110 to correct the previously reported amount. This amount does not impact the Unaudited Interim Consolidated Financial Statements.

(4) Based on notional amounts, most of the Company's derivatives do not qualify for hedge accounting as follows: i) derivatives that economically hedge embedded derivatives do not qualify for hedge accounting because changes in the fair value of the embedded derivatives are already recorded in net income, ii) derivatives that are utilized as macro hedges of the Company's exposure to various risks typically do not qualify for hedge accounting because they do not meet the criteria required under portfolio hedge accounting rules, and iii) Synthetic GICs, which are product standalone derivatives do not qualify as hedging instruments under hedge accounting rules.

(5) Excludes embedded derivatives which contain multiple underlyings. The fair value of these embedded derivatives was a net liability of $2,419 million as of March 31, 2014 and a net liability of $430 million as of December 31, 2013, included in "Future policy benefits" and "Fixed maturities, available-for-sale".

Figure I-4 Memberships in material payment, clearing, and settlement systems

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