

PRUDENTIAL FINANCIAL INC  
Form DEF 14A  
March 22, 2011  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. \_\_)**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Prudential Financial, Inc.**

(Name of Registrant as Specified In Its Charter)

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**Prudential Financial, Inc.**

751 Broad Street, Newark NJ 07102

March 22, 2011

**LETTER FROM THE BOARD OF DIRECTORS TO OUR SHAREHOLDERS**

We welcome this opportunity to communicate with you, our shareholders, and share our approach to governance in 2010. Our primary focus in these times of continuing economic uncertainty has been to see Prudential strategically positioned for strong long-term performance. Appropriate risk management, dedication to talent management, oversight of executive compensation, and a commitment to the interests of our shareholders are key components of our governance strategy.

Prudential's solid performance in 2010 validates the effectiveness of this strategy. The efforts of our executives and employees, with guidance and oversight from the Board, have strengthened the solid foundation from which Prudential can produce current and future shareholder value.

We regard you as key participants in the governance of our Company. We are committed to shareholder communication and engagement and have made great strides toward that goal. Our 2010 voting incentive program which we tied to the Company's commitment to environmental stewardship was a huge success. This program generated a 23 percent increase in registered shares voted and resulted in approximately 68,000 shareholders voting who did not vote the prior year. We are continuing the campaign this year and seek even more engagement with our registered shareholders. We value your views about how Prudential is governed and managed, and we encourage all shareholders to submit your very important proxy vote.

Although we believe that the Company's performance in 2010 reflects a strong governance environment, we continue to evaluate and review our policies and processes. The following highlights elements of our governance philosophy and activities, which are also described in the Proxy Statement.

***Focus on Strategy and Maintaining Strong Performance:*** We provide business and strategic advice to management on Prudential's long-term strategic direction, which requires a balance between risk and return in Prudential's strategic plans and operations. Throughout 2010, the Company executed its strategies and bolstered its financial strength through the growth of our international businesses; a commitment to maintaining strong capital and liquidity positions; and dedication to operating high-quality, competitive businesses.

***Oversight of Risk Management:*** Effective risk management is critical to Prudential's continuing success. We devoted a significant amount of time and attention in 2010 to oversight of policies and practices that the Company uses to manage its operational and financial risks.

In 2009, we reviewed the risks arising from our compensation policies and practices. This review focused on, among other things, an analysis of how the primary features of our programs could encourage or mitigate risk-taking. In 2010, we reviewed an updated study on our compensation plans and received reports from Compliance and Enterprise Risk Management on control structures and the major risks of the enterprise and continued our committee level oversight of operational, investment and financial risks.

***Talent Management and Succession Planning:*** Recruiting and retaining high caliber executives and employees are important to delivering high performance and shareholder value. We believe the talent and leadership of our people have enabled the Company to differentiate itself in these difficult times.

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In 2010, we oversaw management development processes, including development opportunities for managers as part of succession planning for key senior officers. Recognizing that the talent of all Prudential employees is key to the Company's success, the Board engaged in discussions with senior management about key talent indicators for the overall workforce including climate, diversity, recruiting, and development programs.

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***Executive Compensation and Shareholder Say on Pay*** : Our goal is to provide an attractive, flexible, and market-based executive compensation program grounded in our philosophy of pay for measurable performance and aligned with both the short- and long-term interests of our shareholders. Changes made to the compensation program allowed the Compensation Committee to consider strategic performance factors, such as performance relative to the financial targets related to our 2010 guidance, capital and liquidity management, risk management, and competitive performance.

Prudential was one of the first companies to voluntarily adopt a shareholder advisory vote on executive compensation. Shareholders who participated in the 2010 advisory vote expressed satisfaction with our approach on our executive compensation program. This year, we ask you to again submit your advisory vote, as well as provide feedback on how often such an advisory vote should be held. We recommend that this vote should occur annually. We hope you recognize the value of our approach to executive compensation and provide your endorsement when voting your proxy.

***Setting the Cultural Tone***: Prudential has a strong commitment to promoting a culture of ethics and integrity, and our values define the way we do business. The Board is committed to fostering a strong ethical tone at the Company and expecting employees to fulfill their responsibilities in a demanding compliance environment. We recently approved a major revision of Prudential's Code of Conduct, which provides guidance in making the right choices and reflects Prudential's high expectations of ethical behavior. Our talent management program includes a competency of Demonstrating a Strong Moral Compass as part of measuring employees' performance at all levels of the company. Having ethics as a foundational expectation of our employees helps keep ethics a priority. We are committed to helping management emphasize these standards throughout the organization, and believe that the right tone at the top should be apparent in all of our actions.

***Focus on Environmental and Social Responsibility***: Prudential is proud of its long history of social responsibility and environmental awareness. We are pleased to report that the Company has reduced its carbon footprint in a variety of creative ways, such as installing solar panels in certain Prudential facilities. The Company's continued efforts through Global Volunteer Day, Community Initiatives and the Prudential Foundation with several of our Board members serving on the board of the Prudential Foundation underscore our commitment to the communities in which we operate. In addition, we are particularly proud of our Company's sponsorship of training programs and other initiatives to support our nation's veterans.

***Engagement, Communication & Transparency***: The Board continues to challenge itself and Prudential's management to communicate with stakeholders. In 2010, we solicited feedback from our shareholders on governance and executive compensation policies and practices and participated in discussions with key groups and individuals on similar issues.

Our efforts to solicit feedback during the 2010 proxy season resulted in the receipt of over 2,600 shareholder comments. As a shareholder, your perspective is of great value to us, and we will continue to seek ways to enhance the channels of communication going forward.

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We value your opinions, interests and concerns and invite you to write to us with your reactions and suggestions at the address below. You can also email the Independent Directors at [IndependentDirectors@prudential.com](mailto:IndependentDirectors@prudential.com) or provide feedback on executive compensation at [www.prudential.com/executivecomp](http://www.prudential.com/executivecomp). By continuing to have an open dialogue with you our shareholders we are better positioned to fulfill our obligations to you and to Prudential.

The Board of Directors of Prudential Financial, Inc.

Thomas J. Baltimore, Jr.

Gordon M. Bethune

Gaston Caperton

Gilbert F. Casellas

James G. Cullen

William H. Gray III

Mark B. Grier

Jon F. Hanson

Constance J. Horner

Martina Hund-Mejean

Karl J. Krapek

Christine A. Poon

John R. Strangfeld

James A. Unruh

Write to us at:

Prudential Financial, Inc. Board of Directors c/o Margaret M. Foran, Chief Governance Officer, Vice President and Corporate Secretary, 751 Broad Street, 21st Floor, Newark, NJ 07102

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**Prudential Financial, Inc.**

751 Broad Street, Newark NJ 07102

March 22, 2011

Dear Fellow Shareholders:

We are pleased to invite you to the Annual Meeting of Shareholders on May 10, 2011, at our Corporate Headquarters, 751 Broad Street, Newark, New Jersey 07102 at 2:00 p.m. We hope that you will attend the meeting, but whether or not you are planning to attend, we encourage you to designate the proxies on the proxy card to vote your shares. As always, every shareholder's vote is important to the Company. We continue to improve our outreach to shareholders to give you more information about the Company. Last year, we offered an incentive to registered shareholders, which we are doing again this year, to encourage shareholders to vote. I'm pleased to report that, as a result, voting increased last year and over 112,000 trees were planted.

Once again I thank you for your commitment to the Company and urge you to vote your shares.

Sincerely,

John R. Strangfeld

Chairman and Chief Executive Officer

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**Prudential Financial, Inc.**

751 Broad Street, Newark NJ 07102

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**OF PRUDENTIAL FINANCIAL, INC.**

**Date:** May 10, 2011

**Time:** 2:00 p.m.

**Place:** Prudential Corporate Headquarters  
751 Broad Street, Newark, NJ 07102

Matters to be voted on:

1. To elect the 13 directors named in the proxy statement;
  2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2011;
  3. To approve, on a non-binding advisory basis, executive compensation;
  4. To vote, on a non-binding advisory basis, on the frequency of future executive compensation votes;
  5. To consider two shareholder proposals set forth in the proxy statement, if properly presented at the Annual Meeting; and
  6. To transact such other business as may properly be brought before the meeting.
- Shareholders of record at the close of business on March 11, 2011, will be entitled to notice of and to vote at the Annual Meeting and at any adjournments or postponements thereof.

If you are attending the meeting, you will be asked to present your admission ticket and photo identification, such as a driver's license as described in the proxy statement.

By Order of the Board of Directors,

Margaret M. Foran

Chief Governance Officer, Vice President and Corporate Secretary

March 22, 2011



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To assist you in reviewing the Company's 2010 performance, we would like to call your attention to key elements of our proxy statement. The following description is only a summary. For more complete information about these topics, please review the Company's Annual Report on Form 10-K and the complete proxy statement.

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**BUSINESS HIGHLIGHTS**

**Financial Performance.** 2010 was a year of major progress and accomplishment for our Company on many fronts:

Our Financial Services Businesses reported net income of \$2.7 billion, or \$5.75 per share of Common Stock, compared to \$3.4 billion, or \$7.63 per share of Common Stock in 2009 which included a non-recurring after-tax gain of \$1.4 billion or \$2.95 per share of Common Stock from the sale of our interest in a retail securities brokerage joint venture;

On an after-tax adjusted operating income basis, we recorded \$3.0 billion for our Financial Services Businesses and posted earnings per share of Common Stock of \$6.27 compared to \$2.4 billion or \$5.51 per share of Common Stock in 2009;

Reported book value for the Financial Services Businesses, excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension/post-retirement benefits as of year end 2010, of \$59.48 per share of Common Stock, compared to \$54.18 per share of Common Stock a year earlier;

Increased assets under management to \$784 billion as of year end 2010, a record level.

**Dividend Increase.** Given our strong financial performance, our Board restored our Common Stock dividend to 2007 levels; which we consider to be a significant milestone in repositioning the Company in a challenging economic environment.

**Strategic Acquisition.** In February 2011, we completed the acquisition of AIG Star Life Insurance Co., Ltd. and AIG Edison Life Insurance Company from the American International Group, Inc. for approximately \$4.8 billion; an acquisition that we announced in 2010. This acquisition is the largest by far that we have undertaken as a public company. The addition of these operations will significantly increase Prudential's presence in Japan, our largest and most successful market outside the United States, and one where we continue to see strong prospects for growth. With this acquisition and our continued attention to fundamentals, we believe that we have enhanced our longer-term strategic trajectory, while taking significant actions during the year to make our Company stronger.

**Table of Contents****COMPENSATION HIGHLIGHTS**

This strong performance is reflected in the compensation that our senior executives earned in 2010, as described in the Compensation Discussion and Analysis in this proxy statement.

The Board reported that they awarded John Strangfeld, your CEO, incentive compensation for 2010 which was commensurate with business results, including an annual incentive award of \$6.1 million and a long-term incentive award value of \$8 million. Consistent with our executive compensation philosophy, the significant majority of his total direct compensation of \$15.1 million for 2010 was incentive-based and at risk, as illustrated by the following chart:

The compensation of our other senior executive officers further reflects both our strong 2010 performance and our compensation philosophy:

Named Executive Officer	2010 Base Salary	2010 Annual Incentive Award	2010 Long-Term Incentive Award Value	2010 Total Direct Compensation
Richard J. Carbone	\$500,000	\$2,550,000	\$1,400,000	\$4,450,000
Mark B. Grier	\$850,000	\$5,200,000	\$6,200,000	\$12,250,000
Edward P. Baird	\$550,000	\$2,600,000	\$3,000,000	\$6,150,000
Bernard B. Winograd	\$600,000	\$4,800,000	\$3,500,000	\$8,900,000

**SHAREHOLDER ACTIONS****ELECTION OF DIRECTORS (Item 1)**

You will find important information about the qualifications and experience of each of the director nominees that you are being asked to elect. The Corporate Governance and Business Ethics Committee performs an annual assessment to see that our directors have the skills and experience to effectively oversee the Company. All of our directors have proven leadership, sound judgment, integrity, and a commitment to the success of our Company.

**ADVISORY VOTES ON EXECUTIVE COMPENSATION (Items 3 and 4)**

For the second year, our shareholders have the opportunity to cast a non-binding, advisory vote on our executive compensation program, as set forth in **Item 3**. We were gratified that last year shareholders supported the design of our compensation program. In evaluating this so-called "say on pay" proposal, we recommend that you review our Compensation Discussion and Analysis, which explains how and why the Compensation Committee of our Board arrived at its executive compensation actions and decisions for 2010.

We are also asking our shareholders to cast a non-binding, advisory vote on the frequency of future "say on pay" votes every one, two, or three years, as set forth in **Item 4**. We believe that an advisory vote every year will allow shareholders to give us their valuable input in the timeliest manner.

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Further, in connection with the say on pay vote, please see the letter from our Board, which summarizes key corporate governance developments from the last year and describes how we strive to align our governance policies and practices with the interests of our shareholders. Additional information about our corporate governance policies is also contained in the proxy statement.

### **SHAREHOLDER PROPOSALS (Items 5 and 6)**

Finally, you are also being asked to consider two shareholder proposals contained in the proxy statement. The first proposal is on supermajority voting and the second proposal is on lobbying contributions and expenditures.

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## **PROXY STATEMENT**

The Board of Directors of Prudential Financial, Inc. (Prudential Financial or the Company) is providing this proxy statement in connection with the Annual Meeting of Shareholders to be held on May 10, 2011, at 2:00 p.m., at Prudential Financial's Corporate Headquarters, 751 Broad Street, Newark, New Jersey 07102, and at any adjournment or postponement thereof. Proxy materials or a Notice of Internet Availability were first sent to shareholders on or about March 22, 2011.

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Our Board of Directors has nominated 13 directors for election at this Annual Meeting to hold office until the next annual meeting and the election of their successors. All of the nominees currently are directors. Each agreed to be named in this proxy statement and to serve if elected. All of the nominees are expected to attend the 2011 Annual Meeting. All directors attended the 2010 Annual Meeting.

Jon F. Hanson, a member of the Board and our Lead Director has attained the age of 74 and will not stand for election. As a result, the Board will be reduced to 13 subsequent to the Annual Meeting.

We have no reason to believe that any of the nominees will be unable or unwilling for good cause to serve if elected. However, if any nominee should become unable for any reason or unwilling for good cause to serve, proxies may be voted for another person nominated as a substitute by the Board, or the Board may reduce the number of Directors.

### **DIRECTOR CRITERIA,**

#### **QUALIFICATIONS AND EXPERIENCE**

The Corporate Governance and Business Ethics Committee performs an assessment of the skills and the experience needed to properly oversee the interests of the Company. Generally, the Committee reviews both the short- and long-term strategies of the Company to determine what current and future skills and experience are required of the Board in exercising its oversight function. The Committee then compares those skills to the skills of the current directors and potential director candidates. The Committee conducts targeted efforts to identify and recruit individuals who have the qualifications identified through this process, keeping in mind its commitment to diversity. While the Company does not have a formal policy on Board diversity, diversity is an integral part of our Corporate Governance Principles, and the Committee actively considers diversity in recruitment and nominations of directors. The current composition of our Board reflects those efforts and the importance of diversity to the Board.

Prudential Financial is a financial services company that offers a variety of products and services, including life insurance, annuities, retirement-related services, mutual funds, investment management and real estate services. As such, the Committee looks for its current and potential directors collectively to have a mix of skills and qualifications, some of which are described in more detail below:

#### **Directors Skills and Qualifications**

academia/education	insurance industry
business ethics	international
business head/administration	investment
business operations	marketing/sales
corporate governance	real estate
finance/capital allocation	risk management
financial expert/literacy	talent management
financial services	technology/systems
government/public policy	

The Committee seeks directors who have qualities to achieve the ultimate goal of a well-rounded, diverse Board that functions collegially as a unit, which is of critical importance to the Company.

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Additionally, the Committee expects each of the Company's directors to have proven leadership, sound judgment, integrity and a commitment to the success of the Company.

In evaluating director candidates and considering incumbent directors for renomination to the Board, the Committee considers a variety of factors. These include each nominee's independence, financial literacy, personal and professional accomplishments, and experience in light of the needs of the Company. For incumbent directors, the factors include past performance on the Board and contributions to their respective committees. With respect to the Board's slate of director nominees, the Board has also considered whether the slate, taken as a whole, has representatives with the above listed skills and qualifications.

**Below each nominee's biography, we have included an assessment of the skills and experience of such nominee. We have also included a chart immediately after the biographies that covers the assessment for the full Board.**

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**DIRECTOR NOMINEES**

*THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE FOR ALL OF THE NOMINEES.*

<b>Thomas J. Baltimore, Jr.</b>	<b>Prudential Committees:</b>	<b>Public Directorships:</b>
<b>Age:</b> 47	Finance	Integra Life Sciences Corporation
<b>Director Since:</b> October 2008	Investment	Duke Realty Corporation

Mr. Baltimore has served as Co-Founder and President of RLJ Development, LLC (a privately-held real estate investment company) since 2000, with nearly \$2 billion in equity under management. He served as Vice President, Gaming Acquisitions of Hilton Hotels Corporation (a global lodging company), from 1997 to 1998 and later as Vice President, Development and Finance, from 1999 to 2000. He also served in various management positions with Host Marriott Services, including Vice President, Business Development, from 1994 to 1996.

**SKILLS AND QUALIFICATIONS**

**Business Operations** Over a decade as Co-Founder and President of RLJ Development, where Mr. Baltimore has been responsible for developing, implementing and assessing the company's operating plan. Mr. Baltimore is also responsible for the day-to-day oversight of its \$3 billion portfolio, which includes 140 hotels in major markets in North America.

**Corporate Governance** Experience serving as a director of two public companies in addition to Prudential.

**Investments** Through his company, RLJ Development, Mr. Baltimore has been responsible for overseeing the management of nearly \$2 billion in equity; formerly served as Vice President - Development and Finance of Hilton Hotels.

**Real Estate** Co-Founder and President of RLJ Development and currently a director of Duke Realty, one of the largest commercial real estate companies in the United States.

<b>Gordon M. Bethune</b>	<b>Prudential Committees:</b>	<b>Public Directorships:</b>
<b>Age:</b> 69	Compensation	Honeywell International Inc.

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**Director Since:** February 2005

Corporate Governance  
and Business Ethics

Sprint Nextel Corporation

### **Former Directorships Held During the Past Five Years:**

Aloha Airgroup, Inc. (Chairman, March 2008)

Willis Group Holdings (February 2008)

Mr. Bethune has served as Managing Director of g-b1 Partners (a travel advisory firm) since January 2005. Mr. Bethune was Chairman and CEO of Continental Airlines, Inc. (an international commercial airline company) from 1996 until his retirement in December 2004. Mr. Bethune was the President and CEO of Continental Airlines from November 1994 to 1996 and served as President and Chief Operating Officer from February 1994 to November 1994. Prior to joining Continental, Mr. Bethune held senior management positions with The Boeing Company, Piedmont Airlines, Western Air Lines, Inc. and Braniff Airlines (various airline companies).

### **SKILLS AND QUALIFICATIONS**

**Business Head/Administration** A decade of service as CEO of Continental Airlines.

**Business Operations** Served as CEO and Chief Operating Officer of Continental Airlines.

**Corporate Governance** Experience serving as a director of several large public companies in addition to Prudential.

**International** Experience in the travel industry, including with g-b1 Partners and several major airlines and as a director of two large public companies with international operations.

**Marketing/Sales** As Chairman and CEO of Continental Airlines, transformed the company into an industry leader through innovative marketing initiatives.

**Talent Management** Extensive experience in developing and implementing strategies and policies for the acquisition and development of employee talent.

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**Gaston Caperton**

**Age:** 71

**Director Since:** June 2004

**Prudential Committees:**

Finance

Investment

**Public Directorships:**

Owens Corning

United Bankshares, Inc.

**Private Directorships:**

Energy Corporation of America

Mr. Caperton has served since 1999 as President of The College Board (a non-profit membership association of more than 5,900 schools, colleges and universities). Mr. Caperton served as the Governor of the State of West Virginia from 1988 to 1996. From 1963 to 1987, he was an entrepreneur and was CEO and owner of the tenth largest privately owned insurance brokerage firm in the United States. From 1997 to 1999, he was a fellow at the Harvard University’s John F. Kennedy Institute of Politics and taught and was an Executive Director of Columbia University’s Institute on Education & Government at Teachers College from 1997 to 1999. Mr. Caperton was the 1996 Chair of the Democratic Governors Association, and served on the National Governors’ Association executive committee and as a member of the Intergovernmental Policy Advisory Committee on U.S. Trade. He also was the Chairman of the Appalachian Regional Commission, Southern Regional Education Board and the Southern Growth Policy Board.

**SKILLS AND QUALIFICATIONS**

**Academia/Education** Experience through his role as President of The College Board where he reshaped the mission to connect greater numbers of students to college success and opportunity while raising educational standards. Mr. Caperton taught as a fellow at the John F. Kennedy Institute of Politics at Harvard University and then at Columbia University, where he founded and managed the Institute on Education and Government.

**Business Head/Administration** Serves as President of The College Board.

**Corporate Governance** Experience serving as a director of several large public and private companies.

**Government/Public Policy** Served two terms as Governor of West Virginia; former fellow at Harvard University’s John F. Kennedy Institute of Politics; former teacher and Executive Director of Columbia University’s Institute on Education & Government at Teachers College.

**Insurance Industry** Insurance industry experience through service as CEO and owner of the tenth largest privately owned insurance brokerage firm in the United States.

**International** Experience as a director on the boards of several international companies.

**Marketing/Sales** Over two decades of experience as an entrepreneur, CEO and owner of a privately owned insurance brokerage firm, where he oversaw the company's sales and marketing efforts.

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**Gilbert F. Casellas**

**Prudential Committees:**

**Private Directorships:**

**Age:** 58

Audit

The Swarthmore Group

**Director Since:** January 2001

(Director of Prudential Insurance since April 1998)

Mr. Casellas has been a consultant since 2010 and served as Vice President, Corporate Responsibility of Dell Inc. (a global computer manufacturer) from 2007 to 2010. He served as a Member of Mintz Levin Cohn Ferris Glovsky & Popeo, PC (a law firm) from June 2005 to October 2007. He served as President of Casellas & Associates, LLC (a consulting firm) from 2001 to 2005. During 2001, he served as President and CEO of Q-linx, Inc. (a software developer). He served as the President and Chief Operating Officer of The Swarthmore Group, Inc. (an SEC registered investment advisory firm) from January 1999 to December 2000. Mr. Casellas served as Chairman, U.S. Equal Employment Opportunity Commission from 1994 to 1998, and General Counsel, U.S. Department of the Air Force from 1993 to 1994.

**SKILLS AND QUALIFICATIONS**

**Business Ethics** At Dell Inc. he was responsible for the company's global sustainability, and corporate philanthropy functions.

**Business Operations** Former President and CEO of Q-linx; former Chief Operating Officer of The Swarthmore Group.

**Corporate Governance** Experience serving as a director of a private company and as Vice President, Corporate Responsibility at Dell Inc., where he oversaw the company's global diversity, sustainability, and corporate philanthropy functions. Mr. Casellas also has proven diversity experience through his appointment by the President as a civilian member to the Military Leadership Diversity Commission and as a member of the Diversity Advisory Board of Toyota Motor North America Inc., and previously as the chair of the Committee on Workplace Diversity for Yale University, a member of the board of the Hispanic Federation and as a member of The Coca-Cola Company's Diversity Task Force.

**Government/Public Policy** Prior government service, including serving as Chairman of the U.S. Equal Employment Opportunity Commission and as General Counsel of the U.S. Department of the Air Force.

**Investments** Served as President and Chief Operating Officer of The Swarthmore Group, a registered investment advisor, where he currently serves as a director.

**Risk Management** Former member of the law firm of Mintz Levin Cohn Ferris Glovsky & Popeo, PC; former General Counsel of the U.S. Department of the Air Force; former Vice President, Corporate Responsibility of a Fortune 100 company.

**James G. Cullen**

**Prudential Committees:**

**Public Directorships:**

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<b>Age:</b> 68	Audit	Agilent Technologies, Inc. (Non-Executive Chairman)
<b>Director Since:</b> January 2001	Compensation (Chair)	Johnson & Johnson (Lead Director)
(Director of Prudential Insurance since April 1994)	Executive	NeuStar, Inc. (Non-Executive Chairman)

Mr. Cullen served as the President and Chief Operating Officer of Bell Atlantic Corporation (a global telecommunications company) from December 1998 until his retirement in June 2000. Mr. Cullen was the President and CEO, Telecom Group, Bell Atlantic Corporation from 1997 to 1998 and served as Vice Chairman of Bell Atlantic Corporation from 1995 to 1997. Mr. Cullen has served as Non-Executive Chairman of the Board of NeuStar, Inc. since November 2010 and the Non-Executive Chairman of the Board of Agilent Technologies, Inc. since March 2005.

### SKILLS AND QUALIFICATIONS

**Business Head/Administration** Formerly served as President and CEO of the Telecom Group at Bell Atlantic.

**Business Operations** Former President and Chief Operating Officer of Bell Atlantic.

**Corporate Governance** Experience serving as a director of several large public companies including non-executive chairman and lead director.

**International** Experience as a director on the boards of several international companies and held multiple positions at Bell Atlantic.

**Marketing/Sales** As Vice Chairman of Bell Atlantic, had accountability for strategic planning, business development and customer-focused network lines of business.

**Talent Management** As former President and Chief Operating Officer of Bell Atlantic, responsible for acquisition and development of employee talent.

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**William H. Gray III**

**Age:** 69

**Director Since:** January 2001

(Director of Prudential Insurance since September 1991)

**Prudential Committees:**

Corporate Governance and  
Business Ethics (Chair)

Executive

**Public Directorships:**

Dell Inc.

JPMorgan Chase & Co.

Pfizer Inc.

**Former Directorships Held During the Past Five Years:**

Visteon Corporation (January 2010)

Mr. Gray is Co-Chairman of GrayLoeffler, LLC (a business advisory and government relations firm, formerly the Amani Group) since 2009. He served as the Chairman of the Amani Group from 2004 to 2009. Mr. Gray served as President and CEO of The College Fund/UNCF (a philanthropic foundation) from 1991 until his retirement in 2004. From 1979 to 1991, Mr. Gray served as a Member of the U.S. House of Representatives. Mr. Gray, an ordained Baptist minister, is Pastor Emeritus of the Bright Hope Baptist Church of Philadelphia since 2005.

**SKILLS AND QUALIFICATIONS**

**Academia/Education** Experience as President and CEO of the UNCF, a philanthropic organization that fundraises college tuition money for black students and provides general scholarship funds for 39 private historically black colleges and universities.

**Business Ethics** Mr. Gray has previous experience with the Business Roundtable Institute for Corporate Ethics.

**Business Head/Administration** Over a decade of experience as President and CEO of The College Fund/UNCF. Mr. Gray is also Co-Chairman of GrayLoeffler.

**Business Operations** In his position at The College Fund/UNCF, Mr. Gray was responsible for developing, implementing and assessing the organization's operating plan.

**Corporate Governance** Experience serving as a director and Chair of the Governance and Nominating Committees for several large public companies in addition to Prudential.

**Financial Services** Over a decade of experience serving as a director of JPMorgan Chase & Co., a global financial services firm.

**Government/Public Policy** Experience serving as Co-Chairman of GrayLoeffler and a Member of the U.S. House of Representatives. During his tenure in the House, Mr. Gray served on the Steering and Policy, Budget and House Appropriations Committees and was the leader of the House Democratic Caucus.

**International** Experience as a director on the boards of several international companies.

**Mark B. Grier**

**Age:** 58

**Director Since:** January 2008

Mr. Grier has served as Vice Chairman and a member of Prudential Financial's Office of the Chairman since August 2002. From April 2007 through January 2008 he served as Vice Chairman overseeing International Insurance and Investments as well as the Global Marketing and Communications divisions. Mr. Grier was Chief Financial Officer of Prudential Insurance from 1995 to 1997 and has served in various executive roles. Prior to joining Prudential, Mr. Grier was an executive with Chase Manhattan Corporation.

## SKILLS AND QUALIFICATIONS

**Business Head/Administration** Experience as a current and former member of senior management for several large public companies.

**Business Operations** As Vice Chairman, Mr. Grier has oversight and responsibility for the Finance, Risk Management, Investor Relations, Operations and Systems, Auditing, External Affairs, and Global Marketing and Communications operations.

**Corporate Governance** Mr. Grier has developed corporate governance expertise through his membership on Prudential's Board since 2008.

**Finance/Capital Allocation** Over a decade of financial experience through various roles at Prudential, including Vice Chairman overseeing International Insurance and Investments and Chief Financial Officer of Prudential Insurance; former executive with Chase Manhattan, a leading global financial services firm.

**Financial Services** Over two decades in the financial services industry.

**Government/Public Policy** Mr. Grier has oversight and responsibility for the public policy and government affairs function.

**Insurance Industry** Insurance industry experience through service as a member of senior management.

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**International** Experience as a current and former member of senior management for several large public companies with international operations.

**Risk Management** Mr. Grier plays a role in developing and implementing Prudential's risk management policies and procedures.

**Talent Management** Experience leading large, global teams at Prudential.

**Technology/Systems** Mr. Grier has oversight and responsibility for the Operations and Systems function.

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**Constance J. Horner**

**Age:** 69

**Director Since:** January 2001

(Director of Prudential Insurance since April 1994)

Ms. Horner served as a Guest Scholar at The Brookings Institution (non-partisan research institute) from 1993 to 2005, after serving as Assistant to the President of the United States and Director, Presidential Personnel from 1991 to 1993; Deputy Secretary, U.S. Department of Health and Human Services from 1989 to 1991; and Director, U.S. Office of Personnel Management from 1985 to 1989. Ms. Horner was a Commissioner, U.S. Commission on Civil Rights from 1993 to 1998.

**Prudential Committees:**

Compensation

Corporate Governance and  
Business Ethics

**Public Directorships:**

Ingersoll-Rand Company Limited

Pfizer Inc.

**SKILLS AND QUALIFICATIONS**

**Business Head/Administration** Former Assistant to the President of the U.S. and Director of Presidential Personnel; Deputy Secretary of the U.S. Department of Health and Human Services; Director of the U.S. Office of Personnel Management.

**Corporate Governance** Experience serving as a director and Chair of the Corporate Governance and Nominations Committee of several large public companies.

**Government/Public Policy** Ms. Horner has government/public policy experience through her various senior positions in the federal government, including, Commissioner of the U.S. Commission on Civil Rights.

**International** Experience as a director on the boards of several international companies.

**Talent Management** Former Assistant to the President of the U.S. and Director, Presidential Personnel; former Director, U.S. Office of Personnel Management.

**Martina Hund-Mejean**

**Age:** 50

**Director Since:** October 2010

Ms. Hund-Mejean has served as the Chief Financial Officer and a member of the Executive Committee at MasterCard Worldwide (a global transaction processing and consulting services company) since 2007. Ms. Hund-Mejean served as Senior Vice President and Corporate Treasurer

**Prudential Committees:**

Audit

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at Tyco International Ltd. from 2003 to 2007; Senior Vice President and Treasurer at Lucent Technologies from 2000 to 2002; and held management positions at General Motors Company from 1988 to 2000. Ms. Hund-Mejean began her career as a credit analyst at Dow Chemical in Frankfurt, Germany.

### SKILLS AND QUALIFICATIONS

**Business Operations** Has served as Chief Financial Officer of MasterCard Worldwide since 2007; Senior Vice President and Corporate Treasurer at Tyco; Senior Vice President and Treasurer at Lucent Technologies; and held management positions at General Motors.

**Corporate Governance** Experience through her role at MasterCard where she is responsible for Global Risk Management, Internal Audit and Investor Relations.

**Finance/Capital Allocation** Over a decade of financial experience through various roles within the financial divisions at MasterCard, Tyco, Lucent Technologies and General Motors.

**Financial Services** Experience through her position as CFO of MasterCard.

**International** Current and former member of senior management of several public companies with international operations.

**Talent Management** Experience leading large, global teams, at a number of Fortune 500 Companies.

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**Karl J. Krapek**

**Age:** 62

**Director Since:** January 2004

**Prudential Committees:**

Finance

Investment

**Public Directorships:**

The Connecticut Bank & Trust Company (Lead Director)

Visteon Corporation (Lead Director)

Northrup Grumman Corporation

**Former Directorships Held During the Past Five Years:**

Delta Airlines, Inc. (March 2007)

Alcatel-Lucent (October 2008)

Mr. Krapek served as the President and Chief Operating Officer of United Technologies Corporation (a diversified aerospace and industrial products company) from 1999 until his retirement in January 2002. Prior to that time, Mr. Krapek held other management positions at United Technologies Corporation, which he joined in 1982. Prior to joining United Technologies Corporation, he was manager of Car Assembly Operations for the Pontiac Motor Car Division of General Motors Corporation. In 2002, Mr. Krapek became a co-founder of The Keystone Companies, which develops residential and commercial real estate.

**SKILLS AND QUALIFICATIONS**

**Business Head/Administration** Formerly served as President and COO of United Technologies.

**Business Operations** Formerly served as President and COO of United Technologies.

**Corporate Governance** Experience serving as a director of several large public companies.

**International** Current or former director of several public companies with international operations and as a former Chairman, President or CEO of several large public companies with global operations.

**Real Estate** Co-founder of The Keystone Companies, which develops residential and commercial real estate.

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**Technology** Two decades of experience at United Technologies, which provides high-tech products and support to the aerospace and building industries, including President and Chief Operating Officer; experience serving as a director at several companies in the technology industry.

### **Christine A. Poon**

**Age:** 58

**Director Since:** September 2006

### **Prudential Committees:**

Finance

Investment

### **Former Directorships Held During the Past Five Years:**

Johnson & Johnson (March 2009)

### **Public Directorships:**

Koninklijke Philips Electronics NV

Regeneron Pharmaceuticals

Ms. Poon has served as Dean of Fisher College of Business, The Ohio State University since May 2009. She served as Vice Chairman and a Member of the Board of Directors of Johnson & Johnson (a global healthcare products and services company) from 2005 until her retirement in March 2009. Ms. Poon joined Johnson & Johnson in 2000 as Company Group Chair in the Pharmaceuticals Group. She became a Member of Johnson & Johnson's Executive Committee and Worldwide Chair, Pharmaceuticals Group, in 2001, and served as Worldwide Chair, Medicines and Nutritionals from 2003 to 2005. Prior to joining Johnson & Johnson, she served in various management positions at Bristol-Myers Squibb (a global biopharmaceutical company) for 15 years.

## SKILLS AND QUALIFICATIONS

**Academia/Education** Experience serving as the Dean of Fisher College of Business at The Ohio State University, an international leader in business education.

**Business Head/Administration** Experience as former executive of two Fortune 500 companies.

**Business Operations** Currently serves as Dean of Fisher College of Business at The Ohio State University; formerly served in a variety of management positions at two Fortune 500 companies.

**Corporate Governance** Experience serving as a director of large public companies.

**International** Current or former director of public companies with international operations and as former Worldwide Chair of the Pharmaceuticals Group and the Medicines and Nutritionals Group of Johnson & Johnson.

**Marketing/Sales** As Vice Chairman, Worldwide Pharmaceuticals Group at Johnson & Johnson, Ms. Poon was responsible for the strategic growth of the global pharmaceuticals group.

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**John R. Strangfeld**

**Prudential Committees:**

**Age:** 57

Executive

**Director Since:** January 2008

(Elected Chairman May 2008)

Mr. Strangfeld has served as CEO, and President of Prudential Financial since January 2008 and Chairman of the Board since May 2008. Mr. Strangfeld is a Member of the Office of the Chairman of Prudential Financial and served as Vice Chairman of Prudential Financial from 2002 through 2007, overseeing the U.S. Insurance and Investments divisions. Prior to his position as Vice Chairman, Mr. Strangfeld held a variety of senior investment positions at Prudential, both within the U.S. and abroad.

**SKILLS AND QUALIFICATIONS**

**Business Head/Administration** Held a variety of executive management positions at Prudential, including oversight responsibility for the U.S. Insurance and Investments divisions.

**Business Operations** Mr. Strangfeld is responsible for developing, implementing and assessing Prudential's operating plan.

**Corporate Governance** Mr. Strangfeld has developed corporate governance expertise through his leadership on Prudential's Board.

**Financial Services** Over three decades in the financial services industry.

**Insurance Industry** Mr. Strangfeld previously oversaw the U.S. Insurance and Investment divisions.

**International** Has held a variety of executive positions at Prudential, both within the U.S. and abroad.

**Investment Management** Held a variety of senior investment positions at Prudential, including oversight responsibility for the U.S. Insurance and Investments divisions.

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**Risk Management** Mr. Strangfeld is ultimately responsible for leading the management team in developing and implementing Prudential's risk management policies and procedures.

**Talent Management** Provides that effective talent management is foremost in Prudential's corporate strategy and reflected in individual employee performance objectives/evaluations. Actively engages the Board of Directors on talent management strategy and succession planning for senior leadership.

**Technology/Systems** Mr. Strangfeld has oversight and responsibility for the Operations and Systems function.

### James A. Unruh

**Age:** 69

**Director Since:** January 2001

(Director of Prudential Insurance since April 1996)

### Prudential Committees:

Audit (Chair)

Executive

### Public Directorships:

CSG Systems International, Inc.

Qwest Communications International, Inc.

Tenet Healthcare Corporation

Mr. Unruh became a founding Member of Alerion Capital Group, LLC (a private equity investment group) in 1998. Mr. Unruh was with Unisys Corporation (a global information technology consulting services and solutions company) from 1987 to 1997, serving as its Chairman and CEO from 1990 to 1997. He also held executive positions with financial management responsibility, including serving as Senior Vice President, Finance, Burroughs Corporation (a business equipment manufacturer), from 1982 to 1987. In addition, Mr. Unruh serves as a director of several privately held companies in connection with his position at Alerion Capital Group, LLC.

## SKILLS AND QUALIFICATIONS

**Business Head/Administration** Served as Chairman and CEO of Unisys Corporation.

**Business Operations** As the CEO of Unisys, Mr. Unruh was responsible for developing, implementing and assessing the company's operating plan.

**Corporate Governance** Experience serving as a director of public and private companies.

**Finance/Capital Allocation and Investments** Founding member of Alerion Capital Group, a private equity investment group; former executive with responsibility for financial management at Burroughs Corporation.

**International** Former Chairman and CEO of Unisys and current director of several public companies with global operations.

**Marketing/Sales** Extensive experience in marketing at several large public companies.

**Risk Management** As Chairman and CEO of Unisys, Mr. Unruh was responsible for developing and implementing the company's risk management initiatives.

**Technology/Systems** Former Chairman and CEO of Unisys and currently at Alerion Capital Group where he oversees private equity investments in later-stage technology and technology enabled companies.

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**Director Qualifications and Experience**

The table below includes the qualifications and experience of each director that led the Board to conclude that the director is qualified to serve on the Board.

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The Company is committed to good corporate governance, which helps us compete more effectively, sustain our success and build long-term shareholder value. The Board reviews the Company's policies and business strategies and advises and counsels the Chief Executive Officer (CEO) and the other executive officers who manage the Company's businesses. The Board has adopted Corporate Governance Principles and Practices to provide a framework for the effective governance of the Company.

The full text of the Corporate Governance Principles, the charters of the Corporate Governance and Business Ethics, Compensation and Audit Committees, the Code of Business Conduct and Ethics and the Related Party Transaction Approval Policy can be found at [www.prudential.com/governance](http://www.prudential.com/governance). Copies of these documents also may be obtained from the Chief Governance Officer and Corporate Secretary.

Governance is a continuing focus at the Company, starting with the Board and extending to management and all employees. In this section, we describe our key governance policies and practices. In addition, we solicit feedback from shareholders on governance and executive compensation practices and engage in discussions with various groups and individuals on governance issues and improvements.

The Company is governed by a Board of Directors and committees of the Board that meet throughout the year. Directors discharge their responsibilities at Board and committee meetings and also through telephone contact and other communications with management.

The Prudential Financial Shareholder Rights Plan is due to expire on December 18, 2011. The Board has indicated that it will not renew the Plan upon expiration.

### **PROCESS FOR SELECTING DIRECTORS**

The Corporate Governance and Business Ethics Committee screens candidates and recommends candidates for nomination by the full Board. The Company's By-laws provide that the size of the Board may range from 10 to 24 members. The Board's current view is that the optimal size is between 10 and 15 members. In anticipation of retirements over the next several years, the Committee is seeking one or more candidates who meet the criteria described under Director Criteria, Qualifications and Experience. The Committee is

being assisted with its recruitment efforts by an independent search firm to recommend candidates that satisfy the Board's criteria. The search firm also provides research and pertinent information regarding candidates, as requested. Ms. Hund-Mejean, who was elected to the Board in October 2010, was brought to the Committee's attention through the search firm process.

### **SHAREHOLDER-RECOMMENDED DIRECTOR CANDIDATES**

The Committee will consider director candidates recommended by shareholders in accordance with the criteria for director selection described under Director Criteria, Qualifications and Experience. Shareholders recommending candidates for consideration should send their recommendations to the attention of the Chief Governance Officer and Corporate Secretary at 751 Broad Street, Newark, NJ 07102. Shareholders who wish to nominate directors directly at an Annual Meeting in accordance with the procedures in our By-laws should follow the instructions under Submission of Shareholder Proposals in this proxy statement.

### **DIRECTOR ATTENDANCE**

During 2010, the Board of Directors held 12 meetings. Each of the incumbent Directors of the Board attended at least 90% of the combined total meetings of the full Board and the committees on which he or she served in 2010. The average attendance of all Directors in 2010 was 98%.

### **DIRECTOR INDEPENDENCE**

The current Board consists of 14 Directors, two of whom are currently employed by the Company (Messrs. Strangfeld and Grier). The Board conducted an annual review and affirmatively determined that all of the non-employee Directors (Ms. Hund-Mejean, Ms. Horner and Ms. Poon and Messrs. Baltimore, Bethune, Caperton, Casellas, Cullen, Gray, Hanson, Krapek and Unruh) and Mr. Becker during his tenure are

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independent as that term is defined in the listing standards of the NYSE and in Prudential Financial's Corporate Governance Principles. The definition of independence adopted by the Board is in Appendix A in this Proxy Statement.

### **MAJORITY VOTING FOR DIRECTORS**

Our By-laws provide a majority voting standard for election of directors in uncontested elections (and require an offer to resign by any incumbent director who is not re-elected) and plurality voting in any election that is contested.

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### **INDEPENDENT DIRECTOR MEETINGS**

The independent directors generally meet in executive session, as part of each regularly scheduled Board meeting, with the Lead Independent Director as Chair.

### **BOARD LEADERSHIP**

Currently, our Board leadership structure consists of a Chairman (who is also our CEO), a Lead Independent Director, who is elected by the independent directors, and strong committee chairs. The Board believes this structure provides independent Board leadership and engagement while providing the benefit of having our CEO, the individual with primary responsibility for managing the Company's day-to-day operations, chair regular Board meetings as we discuss key business and strategic issues. Coupled with a Lead Independent Director, this structure provides strong independent oversight of management. At this time, the Board believes that the Company is best served by having the same individual as both Chairman of the Board and CEO, but considers the continued appropriateness of this structure at least annually. The Board believes that strong, independent Board leadership is a critical aspect of effective corporate governance.

Accordingly, our Corporate Governance Principles require that the independent directors annually elect an independent director to serve as Lead Independent Director for a term of at least one year, but no more than three years. The charter for the Lead Independent Director can be found at [www.prudential.com/governance](http://www.prudential.com/governance).

The Lead Independent Director's responsibilities include:

Chair all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors.

Authorized to call meetings of the independent directors.

Serve as principal liaison on Board-wide issues between the independent directors and the Chairman.

Approve the quality, quantity, appropriateness and timeliness of information sent to the Board as well as approving meeting agenda items.

Facilitate the Board's approval of the number and frequency of Board meetings, as well as meeting schedules to assure that there is sufficient time for discussion of all agenda items.

Authorized to retain outside advisors and consultants who report directly to the Board of Directors on Board issues.

Be available, if requested by shareholders, when appropriate, for consultation and direct communication.

### **BOARD RISK OVERSIGHT**

The Board oversees the Company's risk profile and management's processes for assessing and managing risk, both as a whole Board and through its committees. Certain important categories of risk are assigned to designated Board committees (which are comprised solely of independent Directors) that report back to the full Board. In general, the committees oversee the following risks:

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Audit Committee oversees risks related to financial controls, legal, regulatory and compliance risks, and the overall risk management governance structure and risk management function;

Finance Committee oversees risks involving the capital structure of the enterprise, including borrowing, liquidity, allocation of capital, major capital transactions and expenditures, funding of benefit plans, statutory insurance reserves and policyholder dividends, and the strength of the finance function;

Investment Committee oversees investment risk and the strength of the investment function; and

Compensation Committee oversees our compensation programs so that they do not incentivize excessive risk-taking.

As these issues sometimes overlap, committees hold joint meetings when appropriate and address certain issues at the full Board level.

In performing their oversight responsibilities, the Board and committees review policies and guidelines that senior management uses to manage the Company's risk exposure as to material categories of risk. In addition, the Board and committees review the performance and functioning of the Company's overall risk function and management's establishment of appropriate systems for managing credit/counterparty risk, market risk, interest rate and asset/liability matching risk, insurance risk, operational risk and reputational risk.

During 2010, the full Board received reports on the most important strategic issues and risks facing the Company. In addition, the Board and committees receive regular reports from the Company's Chief Risk Officer or other senior management regarding compliance with applicable risk related policies, procedures and limits.

We believe that our leadership structure supports the risk oversight function. As indicated above, certain important categories of risk are assigned to committees that review, evaluate and receive management reports on risk. We note that risk management is an integral part of the Company's culture: the Chief Risk Officer sits on many management committees and heads an independent enterprise risk management department; employee appraisals take into

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consideration sound risk management; and the legal and compliance functions operate independent of the business to separate management and oversight.

We monitor the risks associated with our executive compensation program, as well as the components of our program and individual compensation decisions, on an ongoing basis. In the fall of 2009, management undertook a review of the Company's compensation programs to assess the risks arising from our compensation policies and practices. Management presented this risk assessment to the Compensation Committee in January 2010 for its consideration. The risk assessment included a review of the primary design features of the Company's compensation plans and the process to determine compensation pools and awards for employees and analyzed how those features could encourage or mitigate risk-taking. Similarly, management conducted an updated risk assessment that supplemented and expanded the 2010 assessment. This updated assessment was presented to the Compensation Committee in January 2011. As part of the risk assessment, it was noted that the Company's compensation plans allow for discretionary adjustments to the ultimate outcomes, which serves to mitigate risk-taking; and the Company's general risk management controls also serve to preclude decision-makers from taking excessive risk in order to achieve incentives under the compensation plans. Moreover, senior management is subject to a share retention policy, and historically a large percentage of senior management compensation has been paid in the form of long-term grants. For 2011, senior management compensation will be paid over a multiple year cycle, a compensation structure that is intended to align incentives with appropriate risk taking. The Committee agreed with the conclusion that the risks were within our ability to effectively monitor and manage and that these risks are not reasonably likely to have a material adverse effect on the Company.

In 2010, the Compensation Committee requested an updated risk assessment of our compensation program to supplement and expand on the study done the prior year.

## **SUCCESSION PLANNING**

The Company's Board is actively engaged and involved in talent management. The Board reviews the Company's people strategy in support of its business strategy at least annually. This includes a detailed discussion of the Company's global leadership bench and succession plans with a focus on key positions at the senior officer level.

In addition, the committees of the Board regularly discuss the talent pipeline for specific critical roles. High potential leaders are given exposure and visibility to Board members through formal presentations and informal events. More broadly, the Board is regularly updated on key talent indicators for the overall workforce, including climate, diversity, recruiting and development programs.

## **COMMUNICATION WITH DIRECTORS**

Shareholders and other interested parties may communicate with any of the independent directors, including Committee Chairs and the Lead Director, by using the following address:

Prudential Financial, Inc.

Board of Directors

c/o Margaret M. Foran, Chief Governance Officer,

Vice President and Corporate Secretary

751 Broad Street

Newark, NJ 07102

Email: [independentdirectors@prudential.com](mailto:independentdirectors@prudential.com)

### ***Shareholder Engagement***

In 2010, we sought multiple ways to open the lines of communication with our shareholders, such as:

Redesigning the Proxy Statement for better readability and including a letter from the Board to shareholders.

Providing multiple avenues for shareholders to communicate with the Company and the Board.

Conducting a proxy vote incentive program, resulting in an increase of registered shares voted and improved shareholder engagement.

Sending FAQs to the shareholder base after asking for their feedback.

Implementing a philosophy promoting greater communication with our institutional investors on corporate governance issues.

***Feedback on Executive Compensation:*** You can also provide feedback on executive compensation at the following website [www.prudential.com/executivecomp](http://www.prudential.com/executivecomp).

The Chief Governance Officer and Corporate Secretary of the Company reviews communications to the independent directors and forwards the communications to the independent directors as appropriate. Communications involving substantive accounting or auditing matters will be immediately forwarded to the Chair of the Audit Committee and the Company's Corporate Chief Ethics Officer

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consistent with time frames established by the Audit Committee for the receipt of communications dealing with these matters. Communications that pertain to non-financial matters will be forwarded promptly. Certain items that are unrelated to the duties and responsibilities of the Board will not be forwarded such as: business solicitation or advertisements; product related inquiries; junk mail or mass mailings; resumes or other job related inquiries; spam and overly hostile, threatening, potentially illegal or similarly unsuitable communications.

### **COMMITTEES OF THE BOARD OF DIRECTORS**

The Board has established various committees to assist in discharging its duties, including: Audit, Compensation, Corporate Governance and Business Ethics, Finance and Investment. The primary responsibilities of each of the committees are set forth below, together with their current membership and number of meetings. Each member of the Audit, Compensation, and Corporate Governance and Business Ethics Committees has been determined by the Board to be independent for purposes of the NYSE Corporate Governance listing standards.

#### ***Audit Committee***

The Audit Committee provides oversight of: the Company's accounting and financial reporting and disclosure processes; the adequacy of the systems of disclosure and internal control established by management; and the audit of the Company's financial statements. The Audit Committee oversees risks related to financial controls and legal, regulatory and compliance matters, and oversees the overall risk management governance structure and risk management function. Among other things, the Audit Committee: (1) appoints the independent auditor and evaluates their independence and performance; (2) reviews the audit plans for and results of the independent audit and internal audits; and (3) reviews reports related to processes established by management to provide compliance with legal and regulatory requirements. The Board of Directors has determined that Messrs. Cullen and Unruh and Ms. Hund-Mejean are audit committee financial experts as defined by the SEC.

#### ***Compensation Committee***

The Compensation Committee oversees the development and administration of the Company's compensation and benefits

policies and programs. For more information on the responsibilities and activities of the Compensation Committee, including the Committee's processes for determining executive compensation, see the "Compensation Discussion and Analysis" section.

#### ***Corporate Governance and Business Ethics Committee***

The Corporate Governance and Business Ethics Committee oversees the Board's corporate governance procedures and practices, including the recommendations of individuals for the Board, making recommendations to the Board regarding director compensation and overseeing the Company's ethics and conflict of interest policies and its political contributions policy.

#### ***Executive Committee***

The Executive Committee is authorized to exercise the corporate powers of the Company between meetings of the Board, except for those powers reserved to the Board of Directors by the By-laws or otherwise.

#### ***Finance Committee***

The Finance Committee oversees, takes actions, and approves policies with respect to the capital structure of the Company, including borrowing levels, subsidiary structure and major capital expenditures.

#### ***Investment Committee***

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The Investment Committee oversees and takes actions with respect to the acquisition, management and disposition of invested assets; reviews the investment performance of the pension plan and funded employee benefit plans; and reviews investment risks and exposures, as well as the investment performance of products and accounts managed on behalf of third parties.

### *Corporate Citizenship*

Our employees continued the Company's long tradition of corporate citizenship. Our flagship volunteer program Global Volunteer Day engaged nearly 25,000 employees, friends and family members in more than 800 projects in 12 countries.

Prudential Foundation contributed grants to many of the nonprofit organizations served in this effort as part of an overall grants program amounting to \$22,500,000 in 2010.

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***Prudential and Sustainability***

*The Company has been active in the environmental area for more than ten years. It issued an environmental commitment in 2009 to manifest that responsibility. In 2010, the Company was recognized by Newsweek as one of the Top 100 green companies in the United States. We view these efforts as part of our overall commitment to corporate social responsibility. Our initiatives, which target three key areas, include:*

**Carbon Footprint Reduction**

Since 1998, reduced our carbon footprint by 33% at domestic corporate locations.

Completed three large-scale solar panel installations at large regional employee centers.

Target nearly 100% recycling of computers and won an Energy Utilization Award for the management of our data center facilities.

Nearly 100% of desktops and laptops are EnergyStar compliant.

Reduced the number of proxy packages mailed by more than six million copies over three years.

**Products and Services**

We include sustainability factors in our investment decision-making process to the extent those factors are considered material to the investment outcome.

We offer socially responsible and sustainable investing options.

Some investment businesses are members of the Investor Network on Climate Risk and signatory to the UN Principles on Responsible Investing.

**Engagement**

We engaged with many investors and industry groups and welcome input and feedback as we address our sustainability efforts.

**THE BOARD AND COMMITTEES**

Director	Board	Audit	Compensation	Corporate Governance and Business Ethics	Executive	Finance	Investment
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Thomas J. Baltimore, Jr.								
Gordon M. Bethune								
Gaston Caperton								
Gilbert F. Casellas								
James G. Cullen			CHAIR					
William H. Gray III				CHAIR				
Mark B. Grier								
Jon F. Hanson	LEAD					CHAIR	CHAIR	CHAIR
Martina Hund-Mejean								
Constance J. Horner								
Karl J. Krapek								
Christine A. Poon								
John R. Strangfeld	CHAIR							
James A. Unruh		CHAIR						
<b>2010 Meetings</b>	12	12	6	8	0	8	6	

**POLICIES AND PROCEDURES FOR APPROVAL OF RELATED PERSON TRANSACTIONS**

The Company has adopted a written Related Party Transaction Approval Policy that applies to:

any transaction or series of transactions in which the Company or a subsidiary is a participant;

the amount involved exceeds \$120,000; and

a related party (a director or executive officer of the Company, any nominee for director, any shareholder owning an excess of 5% of the total equity of the Company and any immediate family member of any such person) has a direct or indirect material interest.

The policy is administered by the Corporate Governance and Business Ethics Committee. The Committee will consider relevant facts and circumstances in determining whether or not to approve or ratify such a transaction, and will approve or ratify only those transactions that are, in the Committee's judgment, appropriate or desirable under the circumstances.

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The Audit Committee of the Board of Directors has appointed PricewaterhouseCoopers LLP ( PricewaterhouseCoopers ) as the Company's independent registered public accounting firm (independent auditor) for 2011. We are not required to have the shareholders ratify the selection of PricewaterhouseCoopers as our independent auditor. We nonetheless are doing so because we believe it is a matter of good corporate practice. If the shareholders do not ratify the selection, the Audit Committee will reconsider whether or not to retain PricewaterhouseCoopers, but may retain such independent auditor. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interest of Prudential Financial and its shareholders. Representatives of PricewaterhouseCoopers will be present at the Annual Meeting and will have the opportunity to make a statement and be available to respond to appropriate questions by shareholders.

**FEES PAID TO PRICEWATERHOUSECOOPERS LLP**

The following is a summary and description of fees for services provided by PricewaterhouseCoopers in 2010 and 2009.

**WORLDWIDE FEES (IN MILLIONS)**

Service	2010	2009
Audit(A)	\$ 38	\$ 38
Audit-Related(B)	\$ 5	\$ 6
Tax(C)	\$ 1	\$ 1
All Other		
Total	\$ 44	\$ 45

(A) The aggregate fees for professional services rendered for the integrated audit of the consolidated financial statements of Prudential Financial and, as required, audits of various domestic and international subsidiaries, the issuance of comfort letters, agreed-upon procedures required by regulation, consents and assistance with review of documents filed with the SEC.

(B) The aggregate fees for assurance and related services including internal control and financial compliance reports, agreed-upon procedures not required by regulation, and accounting consultation on acquisitions and International Financial Reporting Standards (IFRS).

(C) The aggregate fees for services rendered by PricewaterhouseCoopers' tax department for tax return preparation, tax advice related to mergers and acquisitions and other international, federal and state projects, and requests for rulings. In 2010, tax compliance and preparation fees total \$1M and tax advisory fees total \$0.1M and in 2009, tax compliance and preparation fees total \$1M and tax advisory fees total \$0.1M.

PricewaterhouseCoopers also provides services to domestic and international mutual funds and limited partnerships not consolidated by Prudential Financial, but which are managed by Prudential Financial. PricewaterhouseCoopers identified fees paid by these entities of \$8M in 2010 and \$8M in 2009 and that all of these fees relate to audit, audit-related and tax services.

The Audit Committee has advised the Board of Directors that in its opinion the non-audit services rendered by PricewaterhouseCoopers during the most recent fiscal year are compatible with maintaining their independence.

#### **AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES**

The Audit Committee has established a policy requiring its pre-approval of all audit and permissible non-audit services provided by the independent auditor. The policy identifies the guiding principles that must be considered by the Audit Committee in approving services to ensure that the independent auditor's independence is not impaired; describes the Audit, Audit-Related, Tax and All Other services that may be provided and the non-audit services that may not be performed; and sets forth the pre-approval requirements for all permitted services. The policy provides for the general pre-approval of specific types of Audit, Audit-Related and Tax services and a limited fee estimate range for such services on an annual basis. The policy requires specific pre-approval of all other permitted services. The independent auditor is required to report periodically to the Audit Committee regarding the extent of services provided in accordance with their pre-approval and the fees for the services performed to date. The Audit Committee's policy delegates to its Chairman the authority to address requests for pre-approval of services with fees up to a maximum of \$100,000 between Audit Committee meetings if the Chief Auditor deems it reasonably necessary to begin the services before the next scheduled meeting of the Audit Committee, and the Chairman must report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee may not delegate to management the Audit Committee's responsibility to pre-approve permitted services of the independent auditor.

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All Audit, Audit-Related, Tax and All Other fees described above were approved by the Audit Committee before services were rendered.

The affirmative vote of a majority of the votes cast is required to ratify the appointment of PricewaterhouseCoopers as the Company's independent auditor for 2011.

***THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE FOR RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS AS THE COMPANY'S INDEPENDENT AUDITOR FOR 2011.***

Four non-management directors comprise the Audit Committee. The Committee operates under a written charter adopted by the Board. The Board has determined that each member of the Committee has no material relationship with the Company under the Board's independence standards and that each is independent and financially literate under the listing standards of the NYSE and under the SEC's standards relating to independence of audit committees.

In addition, the Board of Directors has determined that Messrs. Unruh and Cullen and Ms. Hund-Mejean satisfy the financial expertise requirements of the NYSE and have the requisite experience to be designated an audit committee financial expert as that term is defined by rules of the SEC.

Management is responsible for the preparation, presentation and integrity of the financial statements of Prudential Financial and for maintaining appropriate accounting and financial reporting policies and practices, and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Prudential Financial's independent registered public accounting firm (independent auditor), PricewaterhouseCoopers, is responsible for auditing the consolidated financial statements of Prudential Financial and expressing an opinion as to their conformity with generally accepted accounting principles, as well as expressing an opinion on the effectiveness of internal control over financial reporting in accordance with the requirements of the SEC.

In performing its oversight function, the Audit Committee reviewed and discussed the audited consolidated financial statements of Prudential Financial as of and for the year ended December 31, 2010 and Management's Annual Report on Internal Control Over Financial Reporting with management and Prudential Financial's independent auditor. The Audit Committee also discussed with Prudential Financial's independent auditor the matters required to be

discussed by the independent auditor with the Audit Committee under the rules adopted by the Public Company Accounting Oversight Board (PCAOB).

The Audit Committee received from the independent auditor the written disclosures and the letter required by applicable requirements of the PCAOB regarding the independent auditor's communications with the Audit Committee concerning independence, and has discussed with the independent auditor the independent auditor's independence.

The Audit Committee has discussed with, and received regular status reports from Prudential Financial's Chief Auditor and independent auditor on the overall scope and plans for their audits of Prudential Financial, including their scope and plans for evaluating the effectiveness of internal control over financial reporting. The Audit Committee meets with the Chief Auditor and the independent auditor, with and without management present, to discuss the results of their respective examinations, in addition to private meetings with the Chief Financial Officer, Chief Risk Officer, General Counsel and Chief Compliance Officer. In determining whether to reappoint PricewaterhouseCoopers as Prudential Financial's independent auditor, the Audit Committee took into consideration a number of factors, including the quality of the Audit Committee's ongoing discussions with PricewaterhouseCoopers and an assessment of the professional qualifications and past performance of the Lead Audit Partner and PricewaterhouseCoopers.

In addition, the Audit Committee reviewed and amended its Charter and received reports as required by its policy for the receipt, retention and treatment of financial reporting concerns received from external and internal sources.

Based on the reports and discussions described in this report and subject to the limitations on the roles and responsibilities of the Audit Committee referred to above and in its Charter, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements of Prudential Financial and Management's Annual Report on Internal Control Over Financial Reporting be included in the

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Annual Report on Form 10-K for the fiscal year ended December 31, 2010 for filing with the SEC.

### THE AUDIT COMMITTEE

James A. Unruh (Chairman)

Gilbert F. Casellas

James G. Cullen

Martina Hund-Mejean

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The Board is committed to excellence in governance and recognizes the interest our shareholders have expressed on the Company's executive compensation program. As a part of that commitment, and in accordance with SEC rules, our shareholders are being asked to approve an advisory resolution on the compensation of the named executive officers, as reported in this Proxy Statement. This proposal, commonly known as a "say on pay" proposal, gives you the opportunity to endorse or not endorse our fiscal year 2010 executive compensation program and policies for the named executive officers through the following resolution:

RESOLVED, that shareholders of Prudential approve, on an advisory basis, the compensation of the Company's named executive officers set forth in the Compensation Discussion

and Analysis, the Summary Compensation Table and the related compensation tables and narrative in this Proxy Statement.

This vote is not intended to address any specific item of compensation, but rather our overall compensation policies and procedures relating to the named executive officers. Accordingly, your vote will not directly affect or otherwise limit any existing compensation or award arrangement of any of the named executive officers. Because your vote is advisory, it will not be binding upon the Board. The Board will, however, as they did last year, take into account the outcome of the "say on pay" vote when considering future compensation arrangements.

***THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE FOR THIS PROPOSAL***

As described in Item 3, our shareholders are being asked to vote to approve the compensation of the named executive officers, as reported in this Proxy Statement. In accordance with SEC rules, Item 4 gives you the opportunity to cast a non-binding vote on how often the Company should include an advisory vote on executive compensation in its proxy materials for future annual or other meetings for which the Company must include executive compensation information. Shareholders may vote to have the advisory vote on executive compensation every year, every two years, or every three years. Shareholders may also abstain from voting.

The Board believes that these votes should occur every year so shareholders may annually express their views on our executive compensation program. Last year, the Company proactively conducted an advisory vote and felt it was very helpful to get the input of our shareholders. The Board values the opportunity to get feedback and will continue to consider the outcome of these votes in making executive compensation decisions.

***THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE TO HOLD THE NON-BINDING VOTE ON EXECUTIVE COMPENSATION EVERY YEAR .***



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In accordance with SEC rules, we have set forth below a shareholder proposal, along with the supporting statement of the shareholder proponent. The Company is not responsible for any inaccuracies that it may contain. The shareholder proposal is required to be voted on at our Annual Meeting only if properly presented. As explained below, our Board unanimously recommends that you vote **FOR** the shareholder proposal.

John Chevedden, 2215 Nelson Avenue, No. 205, Redondo Beach, California 90278, beneficial owner of 80 shares of Common Stock, is the proponent of the following shareholder proposal. The proponent has advised us that a representative will present the proposal and related supporting statement at our Annual Meeting.

### **Item 5 Adopt Simple Majority Voting**

RESOLVED, Shareholders request that our board take the steps necessary so that each shareholder voting requirement impacting our company, that calls for a greater than simple majority vote, be changed to a majority of the votes cast for and against the proposal in compliance with applicable laws.

### **Supporting Statement of Shareholder Proponent**

Corporate governance procedures and practices, and the level of accountability they impose, are closely related to financial performance. Shareowners are willing to pay a premium for shares of corporations that have excellent corporate governance. Supermajority voting requirements have been found to be one of six entrenching mechanisms that are negatively related with company performance. See *What Matters in Corporate Governance?* Lucien Bebchuk, Alma Cohen & Allen Ferrell, Harvard Law School, Discussion Paper No. 491 (09/2004, revised 03/2005).

This proposal topic won from 74% to 88% support at Weyerhaeuser, Alcoa, Waste Management, Goldman Sachs, FirstEnergy, McGraw-Hill and Macy's. William Steiner, James McRitchie and Ray T. Chevedden sponsored these proposals.

If our Company were to remove required supermajority, it would be a strong statement that our Company is committed to good corporate governance and its long-term financial performance.

The merit of this Simple Majority Vote proposal should also be considered in the context of the need for additional improvement in our company's 2010 reported corporate governance status:

The Corporate Library [www.thecorporatelibrary.com](http://www.thecorporatelibrary.com), an independent investment research firm rated our company *Moderate Concern* in Executive Pay \$14 million for Mark Grier and \$18 million for John Strangfeld. Mr. Strangfeld attracted our highest negative votes.

The Corporate Library said executive pay concerns included the three-year performance period of Performance Share Units, CEO stock ownership guidelines that could be met with a single year's worth of equity grants, above and beyond Supplemental Executive Retirement Plans, annual equity grants of time-vested market-priced stock options and restricted stock units, and high levels of golden-parachute payment potential.

Furthermore for 2010 our company created a mid-term incentive executive pay program and a non-qualified deferred executive pay program for a select of group of executives.

We had certain arguably insurmountable 80% voting requirements and a poison pill not approved by shareholders. We had no independent board chairman or even a Lead Director, no proxy access, no cumulative voting and no right to act by written consent.

William Gray (Visteon), Karl Krapek (Visteon), and Gaston Caperton (Owens Corning) were on the boards of major companies as they slid into bankruptcy. And William Gray was nonetheless allowed to chair our Nominations Committee.

Our board was the only significant directorship for four of our directors. This could indicate a significant lack of current transferable director experience.

Please encourage our board to respond positively to this proposal in order to initiate improved governance and financial performance: **Adopt Simple Majority Vote Yes on 5.**

**Board of Directors Statement in Favor of the Proposal**

*The Board of Directors recommends that shareholders vote FOR this proposal for the following reasons:*

As part of the Board of Directors' continuing commitment to better serve the Company's corporate governance ideals and its shareholders interests, the Board continuously monitors governance issues of interest to shareholders. The Board recognizes the growing sentiment that the elimination of supermajority voting provisions in a company's constituent documents increases a board's accountability to shareholders and increases the ability of shareholders to participate effectively in corporate governance. The Board believes that meaningful shareholder participation is critical to the Company's success. For example, the Board demonstrated its support of majority voting by amending the Company's By-Laws and Corporate Governance Principles and Practices to require a majority of votes cast, rather than a plurality of votes, to elect each director.

The Board of Directors supports the proposal to eliminate the supermajority voting requirements that are contained in the Company's Certificate of Incorporation and By-Laws. Currently, the Certificate of Incorporation and By-Laws require the affirmative vote of at least 80% of the votes cast at a meeting of shareholders in order to:

- (i) approve the amendment or repeal of, or to adopt a By-Law that is inconsistent with, specified provisions of the By-Laws;
- (ii) remove a Director for cause; or
- (iii) amend specified provisions of the Certificate of Incorporation.

The Board of Directors will consider the level of shareholder support that this proposal receives in making a determination regarding the advisability of adopting future amendments to the Company's Certificate of Incorporation and By-Laws to eliminate the supermajority voting requirements described above. In the event that this proposal receives a majority vote, the Company expects to include a proposal in the proxy statement for its annual shareholders' meeting in 2012 to approve the necessary amendments to the Certificate of Incorporation. The Board would also adopt the requisite amendments to the Company's By-Laws to eliminate supermajority voting.

Approval of the required amendments to the Certificate of Incorporation to eliminate supermajority voting would require the affirmative vote of at least 80% of the votes cast.

**OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE SHAREHOLDER PROPOSAL. UNLESS A CONTRARY CHOICE IS SPECIFIED, PROXIES SOLICITED BY OUR BOARD WILL BE VOTED FOR THE SHAREHOLDER PROPOSAL.**

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In accordance with SEC rules, we have set forth below a shareholder proposal, along with the supporting statement of the shareholder proponent. The Company is not responsible for any inaccuracies it may contain. The shareholder proposal is required to be voted on at our Annual Meeting only if properly presented. As explained below, our Board unanimously recommends that you vote **AGAINST** the shareholder proposal.

American Federation of State, County & Municipal Employees, 16251 Street, NW, Washington, DC 20036, beneficial owner of 3,300 shares of Common Stock, is the proponent of the following shareholder proposal. The proponent has advised us that a representative will present the proposal and related supporting statement at our Annual Meeting.

**Resolved**, that the shareholders of Prudential Financial ( Prudential or the Company ) hereby request that Prudential provide a report, updated annually, disclosing Prudential s:

1. Policies and procedures for lobbying contributions and expenditures (both direct and indirect) made with corporate funds and payments (both direct and indirect, including payments to trade associations) used for direct lobbying and grassroots lobbying communications, including internal guidelines or policies, if any, for engaging in direct and grassroots lobbying communications.
2. Payments (both direct and indirect, including payments to trade associations) used for direct lobbying and grassroots lobbying communications, including the amount of the payment and the recipient.
3. The report shall also include the following for each payment, as relevant:
  - a. Identification of the person or persons in the Company who participated in making the decision to make the direct lobbying contribution or expenditure; and
  - b. Identification of the person or persons in the Company who participated in making the decision to make the payment for grassroots lobbying expenditures.

For purposes of this proposal, a grassroots lobbying communication is a communication directed to the general public that (a) refers to specific legislation, (b) reflects a view on the legislation and (c) encourages the recipient of the communication to take action with respect to the legislation.

Both direct lobbying and grassroots lobbying communications include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee of the Board of Directors (the Board ) or other relevant oversight committee of the Board and posted on Prudential s website to reduce costs to shareholders.

### **Supporting Statement of Shareholder Proponent**

As long-term Prudential shareholders, we support transparency and accountability in corporate spending to influence legislation. These activities include direct and indirect spending to influence legislation as well as grassroots lobbying communications to influence legislation.

We believe that disclosure is consistent with public policy and is in the best interest of Prudential and its shareholders. Absent a system of accountability, Prudential assets can be used for policy objectives that may be inimical to Prudential s long-term interests and may pose risks to Prudential and its shareholders.

Prudential spent about \$13.6 million in 2008 and 2009 on direct federal lobbying activities, according to the Company s disclosure reports. [*U.S. Senate Office of Public Records*] This figure may not include grassroots lobbying, which may indirectly influence legislation by mobilizing the public to support or oppose it.

Publicly available data does not provide a complete picture of Prudential's lobbying expenditures. Not all states require disclosure of lobbying expenditures made to influence state legislation or regulation, and some states that do require disclosure do not provide online access to the data disclosed. Prudential's Board and its shareholders need complete disclosure to be able to evaluate the use of corporate assets for direct and grassroots lobbying and the risks the spending poses.

We urge you to vote FOR this proposal.

#### **Board of Directors Statement in Opposition to the Proposal**

*The Board of Directors recommends that shareholders vote AGAINST this proposal for the following reasons:*

We agree with the shareholder proponent that transparency and accountability with respect to political expenditures are important. That is why the Company publishes a comprehensive view of our political activities, including our trade association activities with dues in excess of \$50,000 which have a lobbying component, at

[www.prudential.com/governance](http://www.prudential.com/governance).

In addition, the Company files all required reports pursuant to the federal Lobbying Disclosure Act, which is readily available, as demonstrated by the information in the proponent's supporting statement. With respect to oversight, the Corporate Governance and Business Ethics Committee receives a report on the Company's political activities and discusses with management their strategies and recommendations. Lastly, the Company has not made a grassroots lobbying communication, as defined by the proponent, during 2010.

Based on the above, we believe that the information currently available to shareholders is easily accessible and understandable and, coupled with the oversight of the Company's political activities by the Board, is in the best interest of Prudential and its shareholders. The additional information requested by the proponents would be burdensome and would not materially alter the comprehensive disclosure of the Company's political activities that currently exists.

**OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE AGAINST THE SHAREHOLDER PROPOSAL. UNLESS A CONTRARY CHOICE IS SPECIFIED, PROXIES SOLICITED BY OUR BOARD WILL BE VOTED AGAINST THE SHAREHOLDER PROPOSAL.**

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The following table shows all entities that are the beneficial owners of more than 5% of any class of the Company's voting securities.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature	Percent of Class
Common Stock	BlackRock, Inc.  40 East 52nd Street  New York, NY 10022	25,400,868 <sup>(1)</sup>	5.26%
Class B Stock	National Union Fire Insurance Company of Pittsburgh, PA  c/o AIG Global Investment Group  2929 Allen Parkway, Suite A-36-04  Houston, TX 77019	885,714 <sup>(2)</sup>	44.3%
Class B Stock	Lexington Insurance Company  c/o AIG Global Investment Group  2929 Allen Parkway, Suite A-36-04  Houston, TX 77019	914,286 <sup>(2)</sup>	45.7%
Class B Stock	Pacific Life Corp  700 Newport Center Drive  Newport Beach, CA 92660	200,000 <sup>(3)</sup>	10.0%

(1)Based on information as of December 31, 2010 contained in a Schedule 13G filed with the SEC on February 8, 2011 by BlackRock, Inc. The Schedule 13G indicates that BlackRock, Inc. has sole voting and dispositive power with respect to these shares.

(2)National Union Fire Insurance Company of Pittsburgh, PA, and Lexington Insurance Company are subsidiaries of American International Group, Inc. ( AIG ), resulting in AIG beneficially owning 90% of the Class B Stock. AIG has informed us that its subsidiaries have sole voting and dispositive power with respect to these shares.

(3)Pacific Life Corp has informed us that it has sole voting and dispositive power with respect to these shares.

To our knowledge, except as noted above, no person or entity is the beneficial owner of more than 5% of our Common Stock or more than 5% of the voting power of the combined Common Stock and Class B Stock.

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The following table sets forth information regarding the beneficial ownership of our Common Stock as of March 11, 2011, by:

each Director and Named Executive Officer; and

all Directors and Executive Officers of the Company as a group.

Name of Beneficial Owner	Number of Shares		Number of Shares Beneficially Owned <sup>(1)</sup>	Director Deferred	Total Shares Beneficially Owned Plus Underlying Units
	Common Stock	Subject to Exercisable Options		Stock Units/ Additional Underlying Units <sup>(2,3,4,5)</sup>	
Thomas J. Baltimore, Jr.	250		250	11,403	11,653
Gordon M. Bethune	200		200	12,927	13,127
Gaston Caperton	18,148		18,148	2,997	21,145
Gilbert F. Casellas	500		500	23,367	23,867
James G. Cullen	2,033		2,033	35,284	37,317
William H. Gray III	1,013		1,013	23,194	24,207
Jon F. Hanson	38,938 <sup>(6)</sup>		38,938	31,819	70,757
Constance J. Horner	1,024		1,024	23,114	24,138
Martina Hund-Mejean	128		128	2,400	2,528
Karl J. Krapek	1,000		1,000	28,638	29,638
Christine A. Poon	6,125		6,125	5,495	11,620
James A. Unruh	4,082		4,082	24,640	28,722
John R. Strangfeld	198,083 <sup>(7)</sup>	805,058	996,141	665,137	1,661,278
Mark B. Grier	85,009	522,135	607,144	511,171	1,118,315
Richard J. Carbone	78,456	262,632	341,088	109,406	450,494
Edward P. Baird	35,329	181,376	216,705	174,737	391,442
Bernard B. Winograd	51,309	297,607	348,916	232,511	581,427
All directors and executive officers as a group (21 persons)	599,655	2,508,055	3,107,710	2,302,310	5,410,020

(1) Individual directors and executive officers as well as all directors and executive officers as a group beneficially own less than 1% of the shares of Common Stock outstanding as of March 11, 2011.

(2) Deferred stock units represent the mandatory deferral of a director's annual fee in stock units and any optional deferral of cash fees in stock units by the Director. Includes the following number of shares or share equivalents in deferred units through the Deferred Compensation Plan for Non-Employee Directors and the Executive Deferred Compensation Plan, as to which no voting or investment power exists: Mr. Baltimore, 11,403; Mr. Bethune, 12,927; Mr. Caperton, 2,997; Mr. Casellas, 23,367; Mr. Cullen, 35,284; Mr. Gray, 23,194; Mr. Hanson, 31,819; Ms. Horner, 23,114; Ms. Hund-Mejean, 2,400; Mr. Krapek, 28,638; Ms. Poon, 5,495; Mr. Unruh, 24,640; and Mr. Strangfeld, 35,434.

(3) Includes the following shares representing the target number of shares to be received upon the attainment of ROE and EPS goals under the performance share program described under Compensation Discussion and Analysis: Mr. Strangfeld, 51,012; Mr. Grier, 40,156; Mr. Carbone, 9,550; Mr. Baird, 17,456; and Mr. Winograd, 21,003.

(4) Includes the following restricted stock units which do not have any voting or investment power: Mr. Strangfeld, 201,368; Mr. Grier, 171,857; Mr. Carbone, 35,815; Mr. Baird, 35,735; and Mr. Winograd, 57,701.

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- (5) Includes the following unvested stock options: Mr. Strangfeld, 377,323; Mr. Grier, 299,158; Mr. Carbone, 64,041; Mr. Baird, 121,546; and Mr. Winograd, 153,807.
- (6) Includes 7,471 shares held by the Hampshire Foundation, of which Mr. Hanson is a trustee.
- (7) Includes 7,000 shares held by the John and Mary K. Strangfeld Foundation.

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The Corporate Governance and Business Ethics Committee reviews Director compensation periodically and recommends changes to the Board, when it deems them appropriate. In 2010, the Committee engaged an independent compensation consultant, James F. Reda & Associates, LLC, to review the existing Director compensation program. As a result of that review, the Committee recommended to the Board, and the full Board approved, a new compensation program for Directors which became effective on January 1, 2011. It is intended to bring the Director compensation program in line with market practice.

The following table describes the components of Director compensation in effect during 2010 and the new compensation program that became effective January 1, 2011:

*Compensation Element	2010 Compensation Program	New 2011 Compensation Program
Annual Fee	\$100,000 which may be deferred, at the Director's option	\$120,000 which may be deferred, at the Director's option
Annual Fee	\$100,000 in stock units that are required to be deferred until the earlier of termination of service on the Board or age 70 1/2	\$120,000 in restricted stock units that vest after one year (or, if earlier, on the date of the next annual meeting)
Audit Committee Fee	\$25,000, half of which is deferred in stock units	None
Board Committee Fee*	\$10,000, half of which is deferred in stock units	None
Chair Fee	\$15,000, half of which is deferred in stock units	\$25,000 for the Audit Committee
		\$20,000 for the Compensation Committee \$15,000 for all other committees*
Lead Director Fee	\$25,000, half of which is deferred in stock units	\$50,000
Meeting Fee for members of the Company's Community Resources Oversight Committee**	\$1,250 per meeting	\$1,250 per meeting
New Director Fee (one-time grant)	\$100,000 in stock units that is required to be deferred until the earlier of termination of service on the Board or age 70 1/2	\$120,000 in restricted stock units that vest after one year
Stock Ownership Guideline	Ownership in Common Stock or deferred stock units that has a value equivalent to two times the annual cash and deferred stock retainers within three years of joining the Board***	Ownership in Common Stock or deferred stock units that has a value equivalent to six times the annual cash retainer within six years of joining the Board ****

\* Includes any non-standing committee of Directors that may be established from time to time, but excluding the Executive Committee.

\*\* This is a committee composed of members of management and the Board of Directors. This Committee typically meets on a separate day following the Board and Board Committee meetings. The non-employee Directors on this Committee currently include Messrs. Casellas and Hanson and Ms. Horner. The Community Resources Oversight Committee met three times in 2010.

\*\*\* Each of our non-employee Directors met this guideline as of December 31, 2010, with the exception of our newest Director who joined the Board in October 2010.

\*\*\*\* For purposes of the stock ownership guidelines, once a Director satisfies the stock ownership guidelines, the Director will be deemed to continue to satisfy guidelines without regard to fluctuation in the value of the equity interests owned by the Director.

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The Company maintains a Deferred Compensation Plan for Non-Employee Directors. In 2010, fifty percent of the annual Board and committee retainer was deferred in a notional account that replicates the performance of Common Stock. In addition, a Director could elect to invest the cash portion of his or her retainer and fees in accounts that replicate investments in either Common Stock or the Fixed Rate Fund, which accrues interest in the same manner as funds invested in the Fixed Rate Fund offered under the PESP. Prior to 2011, the Plan required that distributions begin in the year a director reaches the age of 70 <sup>1</sup>/<sub>2</sub>. Therefore, once a director reaches the age of 70 <sup>1</sup>/<sub>2</sub>, he or she may choose to receive his or her

fees earned for years prior to 2011 in any combination of cash or Common Stock. Each Director receives dividend equivalents on the share units contained in his or her deferral account, which are equal in value to dividends paid on the Company's Common Stock. The dividend equivalents credited to the account are then reinvested in the form of additional share units.

Under the new compensation program for 2011, if a Director satisfies the stock ownership guidelines, the restricted stock units granted as the annual equity retainer are payable upon vesting in stock or cash (at the Director's option), and may be deferred beyond vesting at the Director's election. If a Director

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does not satisfy the stock ownership guidelines, the restricted stock units are automatically deferred until termination of Board service. In addition to any mandatory deferrals, with respect to Director compensation in 2011 and after, a Director is permitted to elect to defer settlement of and invest the cash portion of his or her retainer and fees in notional accounts that replicate investments in either Common Stock or the Fixed Rate Fund.

However, for 2011 the Plan was amended and does not require distributions of fees earned after 2010 to commence when a director reaches the age of 70 <sup>1</sup>/<sub>2</sub>. Instead, the amended Plan provides for distributions to commence either upon termination of Board service or retirement from service on the Board. In addition, the amended Plan allows for distributions while a Director remains on the Board.

**2010 DIRECTOR COMPENSATION**

Name	Fees Earned or Paid		Stock Awards(\$) <sup>(1)</sup>	Total(\$)
	Stock(\$)	Cash(\$)		
Thomas J. Baltimore		\$ 112,500	\$ 112,500	\$ 225,000
Frederic K. Becker <sup>(2)</sup>	\$ 99,985			\$ 99,985
Gordon M. Bethune		\$ 110,000	\$ 110,000	\$ 220,000
Gaston Caperton		\$ 110,000	\$ 110,000	\$ 220,000
Gilbert F. Casellas		\$ 116,250	\$ 112,500	\$ 228,750
James G. Cullen		\$ 125,000	\$ 125,000	\$ 250,000
William H. Gray III		\$ 112,500	\$ 112,500	\$ 225,000
Jon F. Hanson <sup>(3)</sup>		\$ 278,750		\$ 278,750
Constance J. Horner		\$ 113,750	\$ 110,000	\$ 223,750
Martina Hund-Mejean		\$ 28,125	\$ 128,125	\$ 156,250
Karl J. Krapek		\$ 112,500	\$ 112,500	\$ 225,000
Christine A. Poon		\$ 112,500	\$ 112,500	\$ 225,000
James A. Unruh		\$ 116,875	\$ 116,875	\$ 233,750

(1) Represents amounts that are automatically deferred in units of Common Stock. The amounts reported represent the aggregate grant date fair value for stock units granted during the fiscal year, as calculated under the Financial Accounting Standard Board's Accounting Codification Topic 718 (formerly Statement of Financial Accounting Standards 123(R)). Under ASC Topic 718, the grant date fair value is calculated using the closing market price of our Common Stock on the date of grant, which is then recognized, subject to market value changes over the requisite service period of the award. As of December 31, 2010, the aggregate balance in each of the non-employee Directors accounts in the Deferred Compensation Plan denominated in units (which includes all deferrals from prior years) and the year-end values were as follows: Mr. Baltimore: 11,403 and \$669,555; Mr. Bethune: 12,927 and \$758,954; Mr. Caperton: 3,625 and \$212,830; Mr. Casellas: 23,367 and \$1,371,932; Mr. Cullen: 35,284 and \$2,071,584; Mr. Gray: 23,194 and \$1,361,730; Mr. Hanson: 38,182 and \$2,241,687; Ms. Horner: 23,114 and \$1,357,044; Ms. Hund-Mejean: 2,400 and \$140,942; Mr. Krapek: 28,638 and \$1,681,371; Ms. Poon: 5,495 and \$322,660; and Mr. Unruh: 25,962 and \$1,524,233.

(2) Mr. Becker received payment of his deferred compensation balance following his retirement from service on the Board.

(3) Mr. Hanson received all of his 2010 compensation in cash because he attained the age 70 <sup>1</sup>/<sub>2</sub> and is permitted to do so.

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In this section, we will describe the material components of our executive compensation program for our Named Executive Officers or NEOs, whose compensation is set forth in the 2010 Summary Compensation Table and other compensation tables contained in this proxy statement:

John R. Strangfeld, our Chairman and Chief Executive Officer;

Richard J. Carbone, our Executive Vice President and Chief Financial Officer;

Mark B. Grier, our Vice Chairman;

Edward P. Baird, our Executive Vice President and Chief Operating Officer, International Businesses; and

Bernard B. Winograd, our Executive Vice President and Chief Operating Officer, United States Businesses.

We also provide an overview of our executive compensation philosophy and our executive compensation program. In addition, we explain how and why the Compensation Committee of our Board (the Committee) arrives at specific compensation policies and decisions involving the NEOs.

***Opportunity for Shareholder Feedback***

The Committee carefully considers feedback from our shareholders regarding our executive compensation program. Shareholders are invited to express their views to the Committee as described under the heading Communication with Directors in this proxy statement. In addition, the advisory vote on the compensation of the NEOs provides shareholders with an opportunity to communicate their views on our executive compensation program.

You should read this section of the proxy statement in conjunction with the advisory vote that we are conducting on the compensation of the NEOs (See Item 3 Advisory Vote on Executive Compensation). This Compensation Discussion and Analysis contains information that is relevant to your voting decision.

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### **EXECUTIVE SUMMARY**

#### ***Our Business***

We are a global financial services business with approximately \$784 billion of assets under management as of December 31, 2010, and operations in the United States, Asia, Europe, and Latin America. Through our subsidiaries and affiliates, we offer a wide array of financial products and services, including life insurance, annuities, retirement-related services, mutual funds, investment management, and real estate services. For more information about our business, please see *Business and Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 25, 2011.

#### ***2010 Business Highlights***

While the past 12 months marked another year of uncertainty and challenges in the global economy and financial markets, throughout this period, as a result of our steady leadership, we were able to seize opportunities and further differentiate ourselves from the competition. Our performance in 2010 was solid and continued to reflect our attention to capital deployment, balanced business mix, and effective execution of our individual business strategies. Consequently, as in 2009, we were able to deliver strong results for our shareholders in a challenging environment of continued low interest rates and the enactment of far-reaching legislation impacting the financial services industry.

During 2010, we had the following significant accomplishments:

Our Financial Services Businesses reported net income of \$2.7 billion, or \$5.75 per share of Common Stock, compared to \$3.4 billion, or \$7.63 per share of Common Stock in 2009 which included a non-recurring after-tax gain of \$1.4 billion or \$2.95 per share of Common Stock from the sale of our interest in a retail securities brokerage joint venture;

Our Financial Services Businesses reported after-tax adjusted operating income of \$3.0 billion and posted earnings per share of Common Stock of \$6.27 compared to \$2.4 billion or \$5.51 per share of Common Stock in 2009;

Our Financial Services Businesses reported book value, excluding accumulated other comprehensive income related to unrealized gains and losses on investments and pension/post-retirement benefits as of year end 2010, of \$59.48 per share of Common Stock, compared to \$54.18 per share of Common Stock a year earlier;

The market price of our Common Stock rose to \$58.71 per share as of December 31, 2010, an 18% increase over the past year and a 94% increase over the past two years;

We successfully completed financing transactions valued at \$4.25 billion;

Increased assets under management to \$784 billion as of year end 2010, a record level; and

We restored our Common Stock dividend to 2007 levels.

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In 2010, we also continued to benefit from effective capital management, which remains a significant priority. Maintaining robust capital and liquidity positions provides us with a protective cushion during difficult periods, as well as the ability to pursue new opportunities. In February 2011, we acquired AIG Star Life Insurance Co., Ltd. and AIG Edison Life Insurance Company from the American International Group, Inc. for approximately \$4.8 billion. This acquisition is the largest by far that we have undertaken as a public company. The addition of these operations will significantly increase Prudential's presence in Japan, our largest and most successful market outside the United States, and one where we continue to see strong prospects for growth. With this acquisition and our continued attention to fundamentals, we believe that we have maintained and enhanced our longer-term strategic trajectory, while taking significant actions during the year to make our Company stronger.

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### ***2010 Executive Compensation Highlights***

In February 2011, in view of our financial performance during 2010, as well as our other business accomplishments (as described above), the Committee took the following compensation actions:

We maintained base salaries at their 2010 levels;

We made annual and long-term incentive awards with respect to 2010 performance consistent with our 2010 business results; and

We granted book value units under our new Mid-Term Incentive Program reflecting the allocation of 20% of each executive officer's long-term incentive award and the mandatory deferral of 10% of his annual incentive award.

### ***2010 Corporate Governance Highlights***

We endeavor to maintain good governance standards including with respect to the oversight of our executive compensation policies and practices. The following policies and practices were in effect during 2010:

We maintain a majority vote for the election of directors in uncontested elections (and require an offer to resign by any incumbent director who is not re-elected) and plurality voting in any election that is contested.

The leadership structure of our Board consists of a Chairman (who is also our CEO), a Lead Independent Director, who is elected by the independent directors, and strong Board committee chairs.

The Compensation Committee is composed solely of independent directors who have established ways to communicate with shareholders regarding their executive compensation ideas and concerns.

The Compensation Committee's independent compensation consultant, Frederic W. Cook & Co., Inc., is retained directly by the Committee and performs no other consulting or other services for us.

**In 2010, we included a compensation recovery ( clawback ) provision in our new Mid-Term Incentive Program. We intend to adopt a general clawback policy covering our annual and long-term incentive award plans and arrangements once the SEC adopts the final implementing rules.**

The Compensation Committee conducts an annual review and approval of our compensation strategy, including a review of our compensation-related risk profile so that our compensation-related risks are not reasonably likely to have a material adverse effect on the Company.

### **Specific Compensation and Corporate Governance Features**

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Our compensation philosophy and related governance features are complemented by several specific elements that are designed to align our executive compensation with long-term shareholder interests, including:

We have stock ownership guidelines for our executive officers, including the NEOs. As of December 31, 2010, each of the NEOs satisfied his individual stock ownership level.

We have stock retention requirements for our executive officers, including the NEOs, that require retention of 50% of the net shares acquired upon the exercise of stock options or the payment or vesting of any performance shares and restricted stock units until the later of (i) one year following the date of acquisition of such shares or (ii) the date that the executive satisfies our stock ownership guidelines.

Our Board has adopted a policy prohibiting all employees, including the NEOs, and members of the Board from engaging in any hedging transactions with respect to equity securities of the Company held by them, which includes the purchase of any financial instrument (including prepaid variable forward contracts, equity swaps, collars and exchange funds) designed to hedge or offset any decrease in the market value of such equity securities. The Board has also adopted a policy prohibiting our Section 16 officers and members of the Board from pledging, or using as collateral, the Company's securities in order to secure personal loans or other obligations, which includes holding shares of our Common Stock in a margin account.

Our executive officers, including the NEOs, receive no perquisites or other personal benefits, unless such benefits serve a necessary business purpose, such as the use of a Company aircraft, Company-provided vehicles and drivers, and, in the case of our CEO and Vice Chairman, security services.

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### **PHILOSOPHY AND OBJECTIVES OF OUR EXECUTIVE COMPENSATION PROGRAM**

The philosophy underlying our executive compensation program is to provide an attractive, flexible, and market-based total compensation program tied to performance and aligned with the interests of our shareholders. Our objective is to recruit and retain the caliber of executive officers and other key employees necessary to deliver sustained high performance to our shareholders, customers, and communities where we have a strong presence. Our executive compensation program is an important component of these overall human resources policies. Equally important, we view compensation practices as a means for communicating our goals and standards of conduct and performance and for motivating and rewarding employees in relation to their achievements.

Overall, the same principles that govern the compensation of all our salaried employees apply to the compensation of our executive officers. Within this framework, we observe the following principles:

**Retain and Hire Top Caliber Executives:** Executive officers should have base salaries and employee benefits that are market competitive and that permit us to hire and retain high-caliber individuals at all levels;

**Pay for Performance:** A significant portion of the annual compensation of our executive officers should vary with annual business performance and each individual's contribution to that performance;

**Reward long-term growth and profitability:** Executive officers should be rewarded for achieving long-term results, and such rewards should be aligned with the interests of our shareholders;

**Tie compensation to performance of the Company's core business:** A significant portion of our executive officers' compensation should be tied to measures of performance of our Financial Services Businesses;

**Align compensation with shareholder interests:** The interests of our executive officers should be linked with those of our shareholders through the risks and rewards of the ownership of our Common Stock;

**Provide modest perquisites:** Perquisites for our executive officers should be minimized and limited to items that serve a reasonable business purpose; and

**Reinforce succession planning process:** The overall compensation program for our executive officers should reinforce our robust succession planning process.

We believe that our compensation program should have components that link to our short-term and longer term goals. In 2010, we launched a new Mid-Term Incentive Program to complement our then existing Annual Incentive and Long-Term Incentive Programs.

Our Annual Incentive Program rewards performance based on the annual average percentage change in pre-tax adjusted operating income (AOI) and earnings per share (EPS). This calculation is subject to modification if return on equity (ROE) is outside a target range of 9% to 11%. For 2010, our Annual Incentive Program also provided the Committee with discretion to consider strategic measures of performance, such as performance relative to our financial targets related to our 2010 earnings guidance, capital and liquidity management, risk management, and competitive performance.

The new Mid-Term Incentive Program is composed of a portion (20%) of the long-term compensation value and, beginning with awards for 2010 performance, a portion (10%) from the amount awarded under our Annual Incentive Program, thereby tying a portion of the incentive compensation awarded to the NEOs to changes in book value per share over a three-year period. Book value per share is an important measure in valuing insurance and financial companies that, unlike measures based on AOI, takes into account realized gains and losses in our investment portfolio.

Through our Long-Term Incentive Program, we incentivize long-term value creation, by providing compensation in the form of stock options and performance shares and units that reward increases in the market value of our Common Stock as well as achievement of our annual goals over a three-year period for EPS and ROE for the Financial Services Businesses. By basing a portion of compensation under the Long-Term Incentive Program upon performance relative to annual goals over a three-year period, we encourage sustainable earnings and value creation throughout the three-year period.

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In January 2011, we conducted an update to our assessment of the risks associated with our compensation policies and practices. This update included an examination of the changes in the Company's risk profile over the past year for our executive compensation policies and practices. Based on this assessment, we determined that these risks were not reasonably likely to have a material adverse effect on our Company. Among other things, we took into consideration the fact that our principal incentive compensation plans and arrangements contained similar design and risk mitigation features as the prior year's plans and arrangements.

### **HOW WE MAKE COMPENSATION DECISIONS**

#### ***Role of the Compensation Committee***

The Committee is responsible to our Board for overseeing the development and administration of our compensation and benefits policies and programs. The Committee, which consists of three independent directors, is responsible for the review and approval of all aspects of our executive compensation program. Among its duties, the Committee is responsible for formulating the compensation recommendations for our CEO and approving all compensation recommendations for our officers at the senior vice president level and above, including:

Review and approval of corporate incentive goals and objectives relevant to compensation;

Evaluation of individual performance results in light of these goals and objectives;

Evaluation of the competitiveness of each officer's total compensation package; and

Approval of any changes to the total compensation package, including, but not limited to, base salary, annual and long-term incentive award opportunities, and payouts and retention programs.

Following review and discussion, the Committee submits its recommendations for compensation for these executive officers to the non-employee members of our Board for approval.

The Committee is supported in its work by the head of the Human Resources Department, her staff, and an executive compensation consultant, as described below.

The Committee's charter, which sets out its duties and responsibilities and addresses other matters, can be found on our website at [www.prudential.com/governance](http://www.prudential.com/governance).

#### ***Role of the Chief Executive Officer***

Within the framework of the compensation programs approved by the Committee and based on management's review of market competitive positions, each year our CEO recommends the level of base salary increase (if any), the annual incentive award, and the long-term incentive award value for senior vice presidents and above, including the other NEOs. These recommendations are based upon his assessment of each executive officer's performance, the performance of the individual's respective business or function, and employee retention considerations. The

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Committee reviews our CEO's recommendations and approves any compensation changes affecting our executive officers as it determines in its sole discretion.

Our CEO does not play any role with respect to any matter affecting his own compensation.

### ***Role of the Compensation Consultant***

The Committee has retained Frederic W. Cook & Co., Inc. as its executive compensation consultant. The Compensation Consultant reports directly to the Committee, and the Committee may replace the Compensation Consultant or hire additional consultants at any time. A representative of the Compensation Consultant attends meetings of the Committee, as requested, and communicates with the Committee Chair between meetings; however, the Committee makes all decisions regarding the compensation of our executive officers.

The Compensation Consultant provides various executive compensation services to the Committee pursuant to a written consulting agreement with the Committee. Generally, these services include advising the Committee on the principal aspects of our executive compensation program and evolving industry practices and providing market information and analysis regarding the competitiveness of our program design.

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and our award values in relationship to its performance.

During 2010, the Compensation Consultant performed the following specific services:

Provided a presentation on executive compensation trends and external developments.

Provided an annual competitive evaluation of total compensation for the NEOs, as well as overall compensation program share usage, dilution, and fair value expense.

Provided recommendations on CEO total compensation to the Committee at its February meeting, without prior review by our CEO.

Reviewed with our CEO his compensation recommendations with respect to other members of the Office of the Chairman for the Committee's February meeting.

Reviewed Committee agendas and supporting materials in advance of each meeting, and raised questions/issues with management and the Committee Chair, as appropriate.

Reviewed drafts and commented on the CD&A for the proxy statement and related compensation tables.

In addition, the Compensation Consultant attended meetings of the Committee during 2010, as requested by the Committee Chair. The Compensation Consultant provided no services to management during 2010.

The Committee retains sole authority to hire the Compensation Consultant, approve its compensation, determine the nature and scope of its services, evaluate its performance, and terminate its engagement.

The total amount of fees paid to the Compensation Consultant for services to the Committee in 2010 was \$130,910. The Compensation Consultant received no other fees or compensation from us, except for \$3,400 to participate in a general industry survey of long-term compensation.

## **USE OF COMPETITIVE DATA**

We compete in several different businesses, most of which are involved in helping individuals and institutions grow and protect their assets. These businesses draw their key employees from different segments of the marketplace. Our executive compensation program is designed with the flexibility to be competitive and motivational within the various marketplaces in which we compete for employees, while being subject to centralized design, approval, and control.

The Committee relies on various sources of compensation information to ascertain the competitive market for our executive officers, including the NEOs. The Committee uses compensation data compiled from a group of peer companies in the insurance, asset management, and other diversified financial services industries selected from the Standard & Poor's 500 Financials Index (the Peer Group). The Compensation Consultant periodically reviews and updates the Peer Group, as necessary, at the direction, and with the approval of, the Committee. We believe the Peer Group represents the industries with which we currently compete for executive talent, and includes our principal business competitors. For 2010, the Peer Group consisted of the following companies:

**AFLAC, Incorporated**

**American Express Company**

**Ameriprise Financial, Inc.**

**The Bank of New York Mellon Corporation**

**BlackRock, Inc.**

**Capital One Financial Corporation**

**Franklin Resources, Inc.**

**Genworth Financial, Inc.**

**The Hartford Financial Services Group, Inc.**

**INVESCO**

**JP Morgan Chase & Co.**

**Legg Mason**

**Lincoln National**

**Loews Corporation**

**Manulife Financial Corporation**

**MetLife, Inc.**

**Northern Trust Corporation**

**Principal Financial Group**

**State Street Corporation**

**Sun Life Financial Inc.**

**U.S. Bancorp**

**Unum Provident Corporation**

**Wells Fargo & Company**