

For Immediate Release
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PRUDENTIAL FINANCIAL TO ACQUIRE ALLSTATE FINANCIAL'S VARIABLE ANNUITY BUSINESS

Transaction Will Make Prudential the Third Largest Provider of Advisor-Sold* Variable Annuity Products

NEWARK, N.J. – Prudential Financial, Inc. (NYSE: PRU) today announced it has signed an agreement to acquire Allstate Financial's variable annuity business through a reinsurance transaction. Prudential's initial investment in the business, reflecting total consideration to Allstate, related taxes, and capital requirements, is expected to be approximately \$560 million. The payment to Allstate is subject to adjustment for market movements between signing and closing. Over the course of a transition period of up to 24 months from closing, Prudential will assume the administration of Allstate Financial's in-force variable annuities, with account values of approximately \$16 billion as of December 31, 2005, moving Prudential's position in the advisor-sold variable annuity marketplace from fifth to third as measured by assets under administration and management and from seventh to fourth as measured by sales (Source: VARDS as of 12/31/05).

As part of the transaction, Prudential will be granted exclusive distribution rights to sell variable annuity products through Allstate's proprietary distribution force of approximately 13,700 independent contractors and financial professionals. The transaction will also enable Prudential to build and enhance its relationships with Allstate's non-proprietary channel including a number of major, national wirehouses and regional securities firms, the most productive of which is Morgan Stanley with whom Allstate has a 21-year variable annuity sales relationship. With respect to Allstate's Bank channel, Allstate Financial will continue to market variable annuity products through its extensive set of bank distribution relationships by transitioning to an Allstate-branded, Prudential-designed variable annuity.

The acquisition is expected to close in the second quarter of 2006.

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“This acquisition greatly increases Prudential’s scale in the variable annuity marketplace,” said David Odenath, president of Prudential Annuities. “We significantly expand our distribution reach in the Wirehouse channel while presenting almost no overlap with our existing Independent Financial Advisors channel. It quickly and dramatically broadens our variable annuity business and strengthens Prudential’s position as a leader in growth and protection retirement products.”

Allstate Financial’s annuity contracts will retain the names of the Allstate affiliate underwriting companies but will be administered by Prudential after the transition period. Allstate Financial’s variable annuity contract holders should experience no change in service after the transaction closes.

Excluded from the deal are Allstate Financial’s variable annuity operations and systems, most operating personnel, legal entities, leases and other contracts and pre-closing contingent liabilities. Consummation of the transaction is subject to customary closing conditions, including regulatory approvals.

Prudential Financial companies, with approximately \$532 billion in total assets under management as of December 31, 2005, serve individual and institutional customers worldwide and include The Prudential Insurance Company of America, one of the largest life insurance companies in the United States. These companies offer a variety of products and services, including life insurance, mutual funds, annuities, pension and retirement-related services and administration, asset management, banking and trust services, real estate brokerage franchises, relocation services and, through a joint venture, retail securities brokerage services. For more information, visit www.prudential.com.



* Advisor-sold excludes group/retirement plan contracts