
Prudential Financial Reports Turnaround in 2009

By Editor Test Tue, Feb 23, 2010

Individual annuity gross sales for the fourth quarter were \$4.8 billion, up from \$2.2 billion a year ago.

Prudential Financial, Inc. reported net income of its Financial Services Businesses of \$3.411 billion (\$7.63 per common share) for the year ended December 31, 2009, compared to a net loss of \$1.140 billion (\$2.53 per common share) for 2008.

After-tax adjusted operating income for the Financial Services Businesses was \$2.481 billion (\$5.58 per common share) for 2009, compared to \$1.087 billion (\$2.62 per Common share) for 2008.

Pre-tax adjusted operating income for Financial Services Businesses reached \$3.3 billion for year 2009, more than double the level of 2008. GAAP book value for Financial Services Businesses reaches \$24.2 billion or \$51.52 per common share, compared to \$14.3 billion or \$33.69 per common share a year earlier.

For the fourth quarter of 2009, net income for the Financial Services Businesses attributable to Prudential Financial, Inc. amounted to \$1.788 billion (\$3.79 per common share) compared to a net loss of \$1.656 billion (\$3.89 per common share) for the fourth quarter of 2008.

After-tax adjusted operating income for the fourth quarter of 2009 for the Financial Services Businesses amounted to \$495 million (\$1.07 per common share), compared to a loss, based on after-tax adjusted operating income, of \$879 million (\$2.04 per common share) for the fourth quarter of 2008.

"We completed over \$4 billion of long-term debt and equity issues during the year, significantly adding to our financial strength and flexibility," said Prudential chairman and CEO John Strangfeld.

"In December, we sold our stake in the Wachovia Securities joint venture for \$4.5 billion of cash proceeds. With this transaction we realized a substantial return on our investment, which had an initial book value of \$1.0 billion in 2003," he added.

The Individual Annuities segment reported adjusted operating income of \$88 million in the current quarter, compared to a loss of \$1.04 billion in the year-ago quarter. Individual annuity gross sales for the fourth quarter were \$4.8 billion, up from \$2.2 billion a year ago; net sales were \$3.2 billion, up from \$434 million a year ago.

For the year, individual annuity gross sales were \$16 billion, Full Service Retirement gross deposits and sales were \$23 billion, International Insurance annualized new business premiums \$1.4 billion, each at record-high levels.

The fourth quarter showed net pre-tax benefit of \$30 million in Individual Annuities from reserve releases for guaranteed death and income benefits, reduced amortization of deferred policy acquisition and other costs, and mark-to-market of hedging positions and embedded derivatives.

The U.S. Retirement Solutions and Investment Management division reported adjusted operating income of \$215 million for the fourth quarter of 2009, compared to a loss of \$975 million in the year-ago quarter.

Full Service Retirement gross deposits and sales of \$4.0 billion and net additions of \$903 million, compared to gross deposits and sales of \$6.5 billion and net additions of \$2.7 billion a year ago. Individual Life annualized new business premiums of \$91 million, compared to \$86 million a year ago.

Current quarter results benefited \$47 million from net reductions in reserves for guaranteed minimum death and income benefits and \$32 million from a net reduction in amortization of deferred policy acquisition and other costs, reflecting an updated estimate of profitability for this business. These benefits to results were largely driven by increases in customer account values during the current quarter.

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