

**1. What did Prudential announce on April 1, 2022?**

Prudential Financial, Inc. (“Prudential”) and Fortitude Group Holdings, LLC, the parent company of Bermuda’s largest multi-line reinsurer (“Fortitude Re”), have completed the sale of a portion of Prudential’s in-force legacy variable annuity block to Fortitude Re.

**2. What in-force legacy variable annuity contracts has Prudential sold to Fortitude Re?**

Under the terms of the purchase agreement, Prudential recently sold one of its stand-alone legal entity subsidiaries, Prudential Annuities Life Assurance Corporation (to be renamed Fortitude Life Insurance & Annuity Company) (“PALAC”), including PALAC’s in-force annuity contracts, to Fortitude Re. Only contracts issued by PALAC were included in the transaction. The PALAC block primarily consists of non-New York traditional variable annuities with guaranteed living benefits that were issued prior to 2011, including the original Highest Daily product suite (HD5, HD7, HD7+ and HD6+), Lifetime Five (LT5), Guaranteed Return Options (GRO) and optional enhanced death benefits. Those non-New York traditional variable annuities in the PALAC block constitute approximately \$31 billion or 17% of Prudential’s total in-force individual annuity account values. Generally, New York contracts in the PALAC block are subject to an existing reinsurance agreement with The Prudential Insurance Company of America (PICA), the terms of which remain unchanged following the transaction. Prudential also will maintain its interest in all recently sold PALAC products central to its protected outcome business through a reinsurance agreement between PALAC and Pruco Life Insurance Company (“PLAZ”), including all versions of FlexGuard, FlexGuard Income, Fixed Annuity with Daily Advantage Income Benefit, Fixed Annuity with Daily Advantage Income Select Benefit, PruSecure, PruSecure Advisor, PruSecure Select, SurePath and SurePath Income.

**3. Who is Fortitude Re and why were they an attractive partner for this transaction?**

Like Prudential, Fortitude Re shares a common commitment to robust financial strength, deep insurance expertise, contract holder alignment and effective partnership, which will help ensure positive outcomes for all involved. Fortitude Re’s investment grade ratings (AM Best: Fortitude Reinsurance Company Ltd. - A “Excellent”; an issuer credit rating for Fortitude Re companies of a Excellent) (Fitch: Fortitude Reinsurance Company Ltd. - BBB+; Fortitude Re Long-Term Issuer Default Rating - 'BBB'), Fortitude Re’s diversified balance sheet with approximately \$48 billion in invested insurance assets as of June 30, 2021, proven risk management capabilities and access to Carlyle’s asset origination franchise make it an attractive partner for the transaction.

For more information visit [www.fortitude-re.com](http://www.fortitude-re.com). Follow Fortitude Re on LinkedIn.

**4. Why did Prudential sell an in-force legacy variable annuities block?**

This de-risking transaction advances Prudential’s transformation strategy to become a higher growth, less market sensitive, more nimble company by reducing exposure to traditional variable annuities with guaranteed living benefits and lessening capital markets sensitivity.

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**5. Is Prudential still in the Annuities business?**

Yes. Prudential's individual annuity line of business remains an important component of Prudential's business mix and organic growth strategy. As a result of this transaction, we are better positioned to deliver new investment and income strategies like FlexGuard, which continue to achieve record success, and focus on creating the next generation of solutions to help more individuals and institutions get from where they are now to where they want to be.

**6. How does FRL being domiciled in Bermuda impact the customer contracts? Does the Bermuda Monetary Authority have a separate set of rules that they operate under versus U.S. regulators?**

PALAC is domiciled in Arizona, USA, and therefore is subject to applicable state insurance regulations, regardless of where the owner of PALAC is incorporated. Fortitude Re, the direct owner of PALAC, is a Delaware limited liability company with its headquarters in Jersey City, NJ.

**7. Can Fortitude Re change the contract terms following the transaction?**

The terms of all contracts issued by PALAC remain the same. However, Fortitude Re now controls the issuer's rights under these contracts, per the product prospectus, for all contracts that are not assumed by Prudential pursuant to transfer offers.

**8. What does it mean when we say Prudential will retain its financial interests? If Fortitude Re goes out of business, does that mean Prudential will guarantee all the newer products that it's reinsuring?**

Prudential maintains its interest in PALAC products that are central to our protected outcome business through a reinsurance agreement between PALAC and PLAZ, including all versions of FlexGuard, FlexGuard Income, Fixed Annuity with Daily Advantage Income Benefit, Fixed Annuity with Daily Advantage Income Select Benefit, PruSecure, PruSecure Advisor, PruSecure Select, SurePath and SurePath Income. Additionally, subject to regulatory approvals, Prudential will offer those FlexGuard and other recent PALAC customers the option to change the issuer of their contract to a Prudential subsidiary via a Transfer Offer. None of Prudential's current communications relating to the transaction constitute an offer of transfer or exchange with respect to any insurance policies or contracts. Any offer of transfer will not be presented to customers of older traditional variable annuities in the PALAC Block, which are excluded from the reinsurance arrangement described above.

For any contracts that are not transferred back to Prudential and remain with PALAC, Fortitude Re maintains the exclusive financial obligations to the customer. Fortitude Re's financial strength is evidenced in their investment grade ratings (AM Best: Fortitude Reinsurance Company Ltd. - A "Excellent"; an issuer credit rating for Fortitude Re companies of a Excellent) (Fitch: Fortitude Reinsurance Company Ltd. - BBB+; Fortitude Re Long-Term Issuer Default Rating - 'BBB'), Fortitude Re's diversified balance sheet, with approximately \$48 billion in invested insurance assets as of June 30, 2021, proven risk management capabilities and access to Carlyle's asset origination franchise. Should customers ask about the role of state guarantee associations, Prudential can refer them to the respective state guarantee fund website.

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**9. “I was putting my faith in the strength of Prudential to deliver on the investment options and the income guarantee when I bought my contract.” What customer benefits come from Fortitude Re owning this block of business?**

Fortitude Re has more than \$48 billion in invested assets as of June 30, 2021. Like Prudential, Fortitude Re and its partner Carlyle share a common commitment to robust financial strength, deep insurance expertise, contract holder alignment and effective partnership, which will help ensure positive outcomes for all involved. A Prudential entity will also continue to service and administer all contracts in the PALAC Block following the transaction to ensure a consistent experience for customers and financial professionals.

The transaction underscores how a combination of the right expertise and partnership can benefit our customers and investors, while also unlocking new opportunities for Prudential, along with Fortitude Re.

This transaction is also consistent with Prudential’s strategic transformation to become a higher growth, less market sensitive and more nimble company.

**10. Is Prudential considering divesting any other businesses/international operations?**

Prudential seeks to maintain a diversified and balanced mix of U.S. and international businesses that will deliver value to its customers, shareholders, and other stakeholders. To that end, the company continuously evaluates business opportunities that could help it achieve its business goals.

**11. How and when will clients learn about the Transfer Offer process?**

Eligible customers will be notified of the Transfer Offer by a joint communication from PALAC and PLAZ. Mailing of Transfer Offer packages will begin in certain states later this year, following receipt of regulatory approvals. Customers will receive a communication about the transaction after closing.

None of Prudential’s current communications relating to the transaction constitute an offer of transfer or exchange with respect to any insurance policies or contracts. Any offer of transfer will not be presented to customers of traditional variable annuities in the PALAC block, which are excluded from the reinsurance arrangement described above.

**12. Which customers will receive the Transfer Offer package?**

Subject to regulatory approvals, all PALAC clients who own a contract with one of the following products will receive the Transfer Offer package: FlexGuard, FlexGuard Income, Prudential Fixed Annuity with Daily Advantage Income Benefit, Fixed Annuity with Daily Advantage Income Select Benefit, PruSecure, PruSecure Advisor, PruSecure Select, PruSecure, SurePath and SurePath Income.

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**13. How does a customer accept or reject the Transfer Offer, can they do it over the phone?**

Customers may choose to consent to or reject the Transfer Offer by signing and returning the pre-addressed, postage-paid response card included in the notice or by writing to us at:

- Annuities Service Center, P.O. Box 7960, Philadelphia, PA 19176

A fax copy of the response card or letter from customer will be accepted. We will not accept any responses over the phone or via email. Customers in Affirmative Consent States will remain with PALAC if no response received within 90 days of the first notice.

- Fax Delivery: (800) 576-1217 – ATTN: Contract Maintenance

**14. How much time do customers have to accept or reject the Transfer Offer?**

All response cards must be received by Prudential no later than 90 days from the date of the initial notice.

**15. What happens if a customer changes their mind about transferring the contract after the allowable time frame has passed?**

Customers should contact the Annuity Service Center (800-879-7012) if they change their mind about transferring their contract, each case will be reviewed individually.

**16. What happens if a customer rejects the Transfer Offer?**

If a customer chooses not to accept the Transfer Offer, PALAC, as a subsidiary of Fortitude Re, will continue to remain directly liable for all policyholder obligations. Regardless of whether or not the contract is transferred, a Prudential entity will continue to service and administer all contracts in the PALAC block, to ensure a consistent experience for customers.

**17. What if customers do nothing with the Transfer Offer during the 90-day offer period?**

If a response is not received within 90 days of the initial offer, depending on state rules as described in the materials sent to the customers, the customer's contract will either remain with PALAC or transfer to PLAZ.

- Contracts in Affirmative Consent States will remain with PALAC (owned by Fortitude Re) if no response is received within 90-days of the initial offer.
- Contracts in Deemed Consent States will be transferred to PLAZ (owned by Prudential) if no response is received within 90-days of the initial offer.

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**18. Were there versions of Highest Daily benefits that were sold on PLAZ products or were they exclusive to PALAC?**

All of the Highest Daily benefits listed were available for issue out of both PLAZ and PALAC. Variable annuity contracts issued through PALAC are in scope for the transaction, including the original Highest Daily product suite (HD5, HD7, HD7+ and HD6+), Lifetime Five (LT5), Guaranteed Return Options (GRO) and optional enhanced death benefits. There were versions of some of these products issued through PLAZ, PALAC and other Prudential subsidiaries at different points in time and in different states.

**19. If a customer wants to add money to a PALAC contract how will that process need to be initiated going forward?**

Contract terms for products issued by PALAC do not change as the result of this transaction. Therefore, all current sub-pay rules and restrictions will remain unchanged.

**20. How will financial professionals and customers be notified of subaccount changes or changes to benefits?**

A Prudential entity will continue to service and administer all contracts in the PALAC block, including, but not limited to, communication of any changes to the annuity contract. The existing process for communicating changes to the client will remain unchanged.

The existing processes for management and oversight of AST investment funds and other portfolios of applicable PALAC issued contracts will also remain unchanged.

Customers will continue to receive product prospectuses and supplements.

**21. Should financial professionals expect any changes to how they access client contract information on PruXpress?**

There are no plans currently to change the way financial professionals access customer contract information on PruXpress.

**22. Who should customers call to service their account?**

Prudential will continue to service and administer all contracts in the PALAC block following the transaction. Customers can contact their financial professional, access their account online or contact Prudential's customer service department with further questions.

For questions about specific customer contracts, please refer financial professionals to customer service at 800 879 7012 – Fortitude Contracts (Prudential contact center).

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**23. Are there likely to be job impacts or layoffs as a result of this transaction?**

We do not expect there to be any direct impact to employee headcount because of the transaction. This means that there will not be any Prudential employees transferring to Fortitude Re as part of the agreement, nor will any jobs be eliminated as part of the transaction.

That said, Prudential regularly reviews organizational structure and resources on an ongoing basis and makes the changes necessary to ensure continued alignment to our purpose and strategy. It is always possible that roles could be eliminated or adjusted or that new roles could be created at some point in the future.

**24. Where can I find more information about this transaction?**

Additional info can be found on the transaction microsite at [www.prudential.com/annuities-transaction](http://www.prudential.com/annuities-transaction) and the Prudential newsroom at <https://news.prudential.com/prudential/news/>.

Insurance and Annuities are issued by The Prudential Insurance Company of America, Pruco Life Insurance Company (in New York, by Pruco Life Insurance Company of New Jersey), located in Newark, NJ (main office). Variable annuities are distributed by Prudential Annuities Distributors, Inc. (“PAD”), Shelton, CT. All are Prudential Financial Inc. (“PFI”) companies, and each is solely responsible for its own financial condition and contractual obligations. Prudential Retirement Strategies is a business of Prudential Financial, Inc.

Prudential Annuities Life Assurance Corporation (to be renamed Fortitude Life Insurance & Annuity Company) (“PALAC”), Shelton, CT (main office) was acquired on April 1, 2022 by Fortitude Group Holdings, LLC, the parent company of Bermuda’s largest multi-line reinsurer (“Fortitude Re”). As a result of the acquisition by Fortitude Re, PALAC is not affiliated with PFI or any of its subsidiaries. A Prudential entity will continue to service and administer all PALAC contracts. PALAC variable annuities are distributed by PAD, Shelton, CT. PAD is wholly owned by PFI; PALAC is wholly owned by Fortitude Re; each is solely responsible for its own financial condition and contractual obligations.

PALAC is not licensed to do business in New York, effective December 31, 2015, which had no impact on existing annuity contracts sold through PALAC.