

of the underlying mutual fund investments. This data does not reflect the impacts of reinsurance in place as of December 31, 2012 nor the reinsurance placed on February 4, 2013.

<i>(Dollars in millions, excludes impact of reinsurance ceded)</i>	2012	2011
Highest anniversary annuity value		
Account value	\$ 10,485	\$ 10,801
Net amount at risk	\$ 3,303	\$ 4,487
Average attained age of contractholders (weighted by exposure)	72	71
Anniversary value reset		
Account value	\$ 1,183	\$ 1,184
Net amount at risk	\$ 22	\$ 56
Average attained age of contractholders (weighted by exposure)	65	63
Other		
Account value	\$ 1,635	\$ 1,768
Net amount at risk	\$ 693	\$ 834
Average attained age of contractholders (weighted by exposure)	71	70
Total		
Account value	\$ 13,303	\$ 13,753
Net amount at risk	\$ 4,018	\$ 5,377
Average attained age of contractholders (weighted by exposure)	72	71
Number of contractholders (approx.)	435,000	480,000

The Company has also written reinsurance contracts with issuers of variable annuity contracts that provide annuitants with certain guarantees related to minimum income benefits. All reinsured GMIB

policies also have a GMDB benefit reinsured by the Company. See Note 11 for further information.

NOTE 8 Reinsurance

The Company's insurance subsidiaries enter into agreements with other insurance companies to assume and cede reinsurance. Reinsurance is ceded primarily to limit losses from large exposures and to permit recovery of a portion of direct losses. Reinsurance is also used in acquisition and disposition transactions where the underwriting company is not being acquired. Reinsurance does not relieve the originating insurer of liability. The Company regularly evaluates the financial condition of its reinsurers and monitors its concentrations of credit risk.

Supplemental benefits business. The Company had reinsurance recoverables of approximately \$402 million as of December 31, 2012 from Great American Life Insurance Company. The life insurance and annuity lines of business written by the acquired legal entities were fully reinsured by the seller prior to the acquisition of their supplemental benefits business by the Company on August 31, 2012. The resulting reinsurance recoverables are secured primarily by fixed maturities whose book value is equal to or greater than 100% of the reinsured policy liabilities. These fixed maturities are held in a trust established for the benefit of the Company.

Retirement benefits business. The Company had reinsurance recoverables of \$1.3 billion as of December 31, 2012, and \$1.6 billion as of December 31, 2011 from Prudential Retirement Insurance and Annuity Company resulting from the 2004 sale of the retirement benefits business, that was primarily in the form of a reinsurance arrangement. The reinsurance recoverable, that is reduced as the Company's reinsured liabilities are paid or directly assumed by the reinsurer, is secured primarily by fixed maturities equal to or greater than 100% of the reinsured liabilities. These fixed maturities are held in a trust established for the benefit of the Company. As of

December 31, 2012, the fair value of trust assets exceeded the reinsurance recoverable.

Individual life and annuity reinsurance. The Company had reinsurance recoverables of \$4.0 billion as of December 31, 2012 and \$4.2 billion as of December 31, 2011 from The Lincoln National Life Insurance Company and Lincoln Life & Annuity of New York resulting from the 1998 sale of the Company's individual life insurance and annuity business through indemnity reinsurance arrangements. The Lincoln National Life Insurance Company and Lincoln Life & Annuity of New York must maintain a specified minimum credit or claims paying rating or they will be required to fully secure the outstanding recoverable balance. As of December 31, 2012, both companies had ratings sufficient to avoid triggering a contractual obligation.

Other Ceded and Assumed Reinsurance

Ceded Reinsurance: Ongoing operations. The Company's insurance subsidiaries have reinsurance recoverables from various reinsurance arrangements in the ordinary course of business for its Global Health Care, Group Disability and Life, and Global Supplemental Benefits segments as well as the corporate-owned life insurance business. Reinsurance recoverables are \$345 million as of December 31, 2012, with 16% of the recoverable balance protected by collateral.

The Company reviews its reinsurance arrangements and establishes reserves against the recoverables in the event that recovery is not considered probable. As of December 31, 2012, the Company's recoverables related to these segments were net of a reserve of \$4 million.