Prudential

PRUDENTIAL FINANCIAL, INC.

FOURTH QUARTER 2018
EARNINGS CONFERENCE CALL PRESENTATION

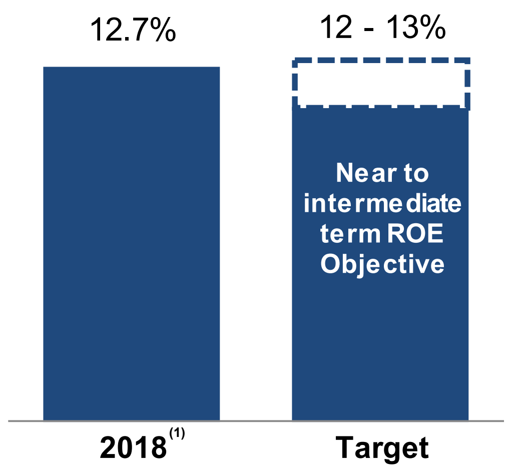
FEBRUARY 7, 2019

4Q18 Earnings Call Key Messages

Bringing financial opportunity to more customers	• Continue to attract U.S. customers to our integrated financial wellness solutions • PGIM provides solutions for third-parties and differentiation for Prudential's other businesses • Provide international customers with protection and retirement solutions
Generating strong financial performance	• 2018 adjusted operating return on equity of 12.7% • 8.3% growth in adjusted book value per share • Solid business fundamentals
Maintaining strong capital position	• Distributed $3 billion to shareholders in 2018 • Continue to hold capital above AA level • Hedging continues to be highly effective

Financial Highlights and Business Drivers

Adjusted Operating Return on Equity



Financials	4Q18	4Q17	2018	2017
$ in millions except per share amounts				
GAAP Net Income	$842	$3,765	$4,074	$7,863
GAAP Net Income Per Share	$1.99	$8.61	$9.50	$17.86
Pre-tax Adjusted Operating Income[2]	$1,318	$1,572	$6,368	$6,244
Adjusted Earnings Per Share[2]	$2.44	$2.69	$11.69	$10.58

Financial Highlights

2018 Adjusted Earnings Per Share up 10.5%

- Includes business growth and the impact of tax reform

Adjusted Book Value Per Share[2] of $96.06, up 8.3%

- Includes the payment of $3.60 per share of common stock dividends during 2018

4Q18 Adjusted Earnings Per Share down 9.3%

- Primarily driven by equity market impacts

Business Drivers

U.S. Financial Wellness:

- Retirement net flows of $12.6 billion for the year including $16 billion of PRT deals and record Full Service plan sales
  - Record Institutional Investment Products account values in 4Q18, reflecting $7.5 billion of PRT deals
- Group Insurance sales of $559 million for the year, up 27%
- Annuities sales of $8.3 billion for the year, up 40%
  - Annuities dividends to the holding company consistent throughout year, totaling $1.2 billion

PGIM:

- 16th consecutive year of positive institutional third-party net flows

International:

- In-force growth steady with high persistency
- Record Life Planner count in 4Q18

1) Based on 2018 after-tax Adjusted Operating Income and average Adjusted Book Value. See appendix for more information.
2) See reconciliation in appendix for Adjusted Operating Income, Adjusted Earnings Per Share, and Adjusted Book Value Per Share.

Executing on our Purpose

Financial Wellness

Help people adopt behaviors to achieve fundamental elements of financial security

Global

Doing business in the 5 largest countries in the world(1)

Reach

Institutions, Intermediaries, and Individuals

Our purpose

WE MAKE LIVES BETTER *by*
SOLVING *the* FINANCIAL CHALLENGES
***of our* CHANGING WORLD**

FORTUNE®

Named to 2018 Change The World® List

FORTUNE®

Named to 2019 World's Most Admired® List

4th Year as #1 in Sector

Forbes & JUST Capital

2019 America's JUST 100 Companies

Sector Leader

DiversityInc

Top 50 Companies for Diversity 2018

17 Years Running

Note: From FORTUNE, September 1, 2018 ©2018 Time Inc. Used under license. FORTUNE and Time Inc. are not affiliated with, and do not endorse products or services of Prudential Financial.
1) Per the Central Intelligence Agency World Factbook.

U.S. Financial Wellness Experience

Access & Engagement

- Reaching 20 million individuals in the workplace
- Serving 5 million people through Individual Solutions
- Increasing engagement (Pathways + Digital Financial Wellness + LINK)

Multiple Channels

Simplified Solutions

- Savings
- Retirement
- Guaranteed Income
- Investments

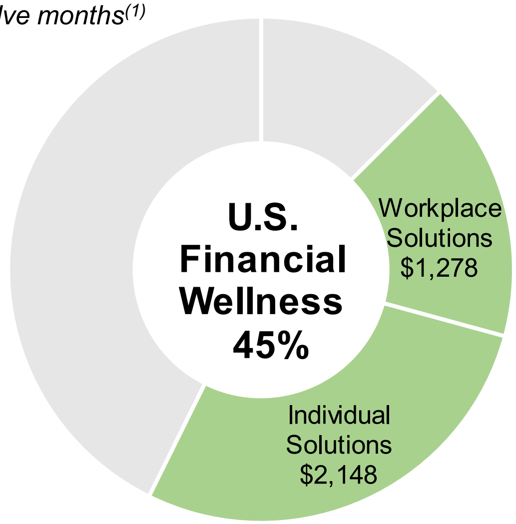
Delivering better outcomes for individuals and employers

Reduced Financial Stress | **Financial Security** | **Increased Productivity**

U.S. FINANCIAL WELLNESS – ENGAGING MILLIONS OF INDIVIDUALS WITH A MULTI-CHANNEL OFFERING

Earnings Contribution to Prudential

Trailing twelve months[(1)]
$ in millions

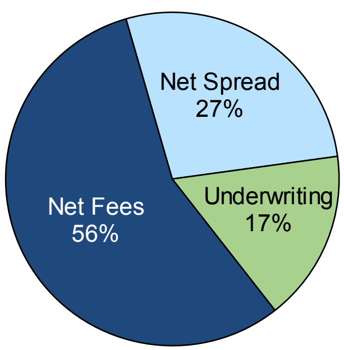


Key Priorities to Grow Earnings

- Develop solutions to address customer's financial needs, leveraging technology
- Increase workplace clients as value proposition continues to resonate
- Develop new retail relationships through integrated advice platform and solutions
- Enable our intermediary partners to improve Financial Wellness in America

Diversified Sources of Earnings

Trailing twelve months[(2)]



Prudential and the Wellness Effect

Nearly 500 employers have adopted Prudential PATHWAYS A Financial Wellness Series

Digital Financial Wellness platform has been deployed to **over 3,000 employers** reaching **over 5 million individuals**

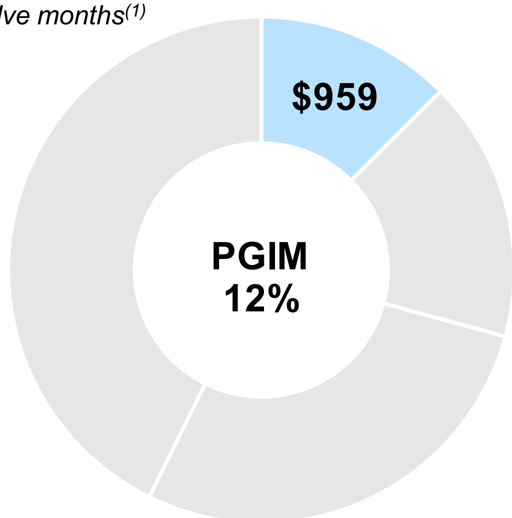
Personalized online experience to help individuals visualize goals and connect them with solutions LINK by Prudential

Note: See Appendix for segment results
1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.
2) Based on net fee income, net spread income, and underwriting margin and claims experience gross of expenses; excludes notable items.

PGIM - Diversified Global Active Asset Manager with a Multi-Manager Model

Earnings Contribution to Prudential

Trailing twelve months[1]
$ in millions

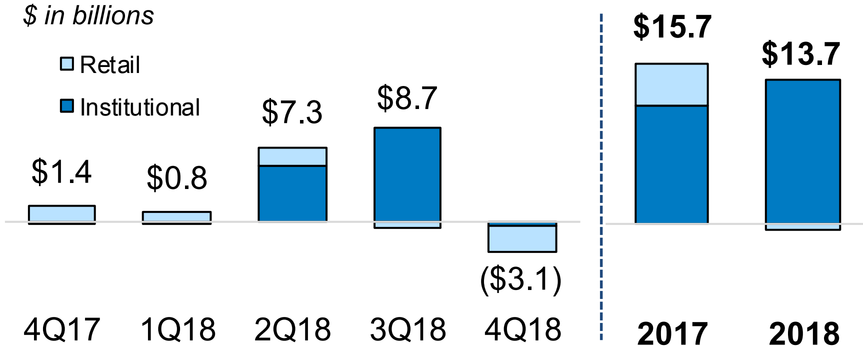


Key Priorities to Grow Earnings

- Maintain strong investment performance[2]
  - Percentage of AUM[3] outperforming benchmark[4]: 3 Year: 79%, 5 Year: 97%, 10 Year: 89%
- Leverage scale of $1+ trillion multi-manager model and Prudential enterprise relationship
- Expand global footprint
- Continue to diversify products into high margin areas
- Selectively acquire new capabilities

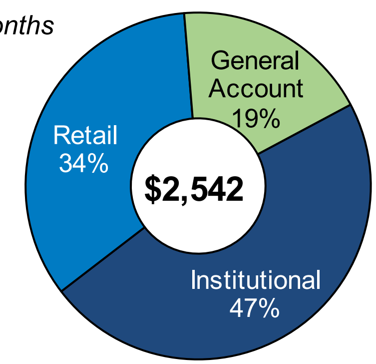
3rd Party Net Flows

$ in billions



Asset Management Fees

Trailing twelve months
$ in millions

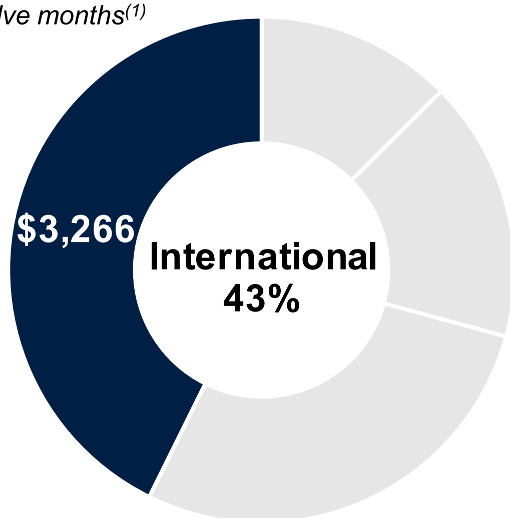


1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.
2) Performance shown represents each individual AUMs respective fund or strategies benchmark as reported in eVestment. Past performance is not a guarantee or reliable indicator of future results.
3) Represents PGIM's benchmarked AUM as listed in eVestment (data provided by PGIM). 89% of total third-party AUM is benchmarked over 3 years, 88% over 5 years, and 65% over 10 years. This calculation does not include private assets that are not benchmarked or general account assets.
4) Performance as of December 31, 2018. Represents excess performance gross of fees, based on all actively managed Fixed Income and Equity AUM reported in eVestment for Jennison Associates, PGIM Fixed Income, Quantitative Management Associates, and PGIM Real Estate. Composite assets reported in eVestment assumed to represent full strategy AUM. Based on performance, net of fees, the percentage of AUM outperforming benchmarks would be 68%, 92%, and 85% over 3, 5, and 10 years respectively.

INTERNATIONAL – DIFFERENTIATED BUSINESS LEADING TO STEADY GROWTH, ATTRACTIVE RETURNS, AND SIGNIFICANT CAPITAL GENERATION

Earnings Contribution to Prudential

Trailing twelve months[1]
$ in millions

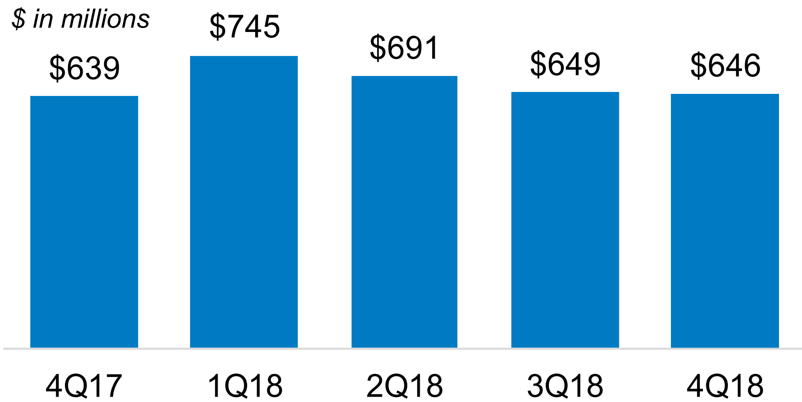


Key Priorities to Grow Earnings

- Lead with protection solutions and innovate as client needs evolve
- Expand third-party distribution channels
- Build digital, mobile, and data analytics capabilities
- Further penetrate existing markets and complement with selective M&A opportunities

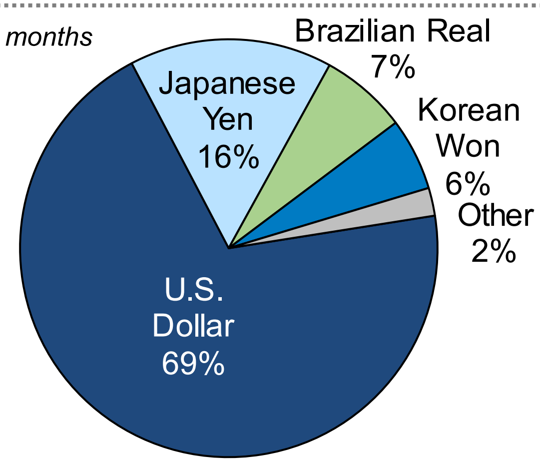
Sales[2]

$ in millions



Sales Mix By Currency[2]

Trailing twelve months



Note: See Appendix for Life Planner Operations and Gibraltar Life and Other Operations results.
1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.
2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 111 per U.S. Dollar, Korean Won (KRW) 1,150 per U.S. Dollar., and Brazilian Real (BRL) 3.6 per U.S. Dollar. U.S. Dollar-denominated activity is included based on the amounts as transacted in U.S. Dollars. Sales represented by annualized new business premiums.

Fourth Quarter 2018 Notable Items

	$ in Millions Pre-tax	Per share After-tax	Primary Drivers
Adjusted Operating Income	**$1,318**	**$2.44**	
Notable Items[1]			
• Updated estimates of profitability driven by market performance versus assumptions	(109)	(0.20)	Equity markets
• Returns on non-coupon investments and prepayment fees above / (below) average expectations	(140)	(0.26)	Equity markets
• Underwriting experience above / (below) average expected gains	(10)	(0.02)	Generally offsetting experience
• (Higher) / lower than typical expenses	(30)	(0.06)	Legal costs
Total Notable Items included in Adjusted Operating Income	**$(289)**	**$(0.54)**	

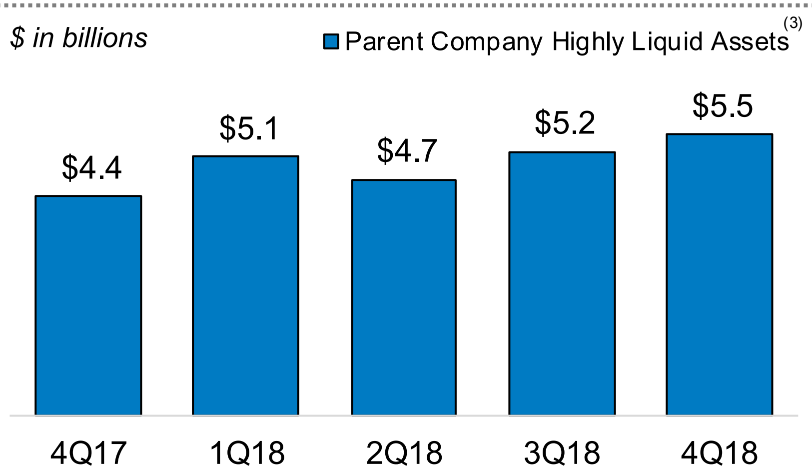
1) Notable Items represent the impact on results from our annual reviews and update of assumptions and other refinements, the quarterly updated estimate of profitability driven by market performance versus assumptions, and the approximate impact attributable to variances from the Company's expectations. The Company chooses to highlight the impact of these items because it believes their contribution to results in a given period may not be indicative of future performance. These notable items do not include seasonality impacts on quarterly revenue or expense patterns and may not encompass all items that could affect earnings trends. Average expectations used for comparison herein are those in effect for the respective periods shown at the time of original reporting and are not adjusted for subsequent changes in the Company's expectations. These items, where significant, are individually identified for the respective periods in the Company's earnings releases, available at www.investor.prudential.com and in the appendix. Notable Items after-tax are based on application of 21% tax rate.

Robust Capital Position Supports Strong Distributions to Shareholders

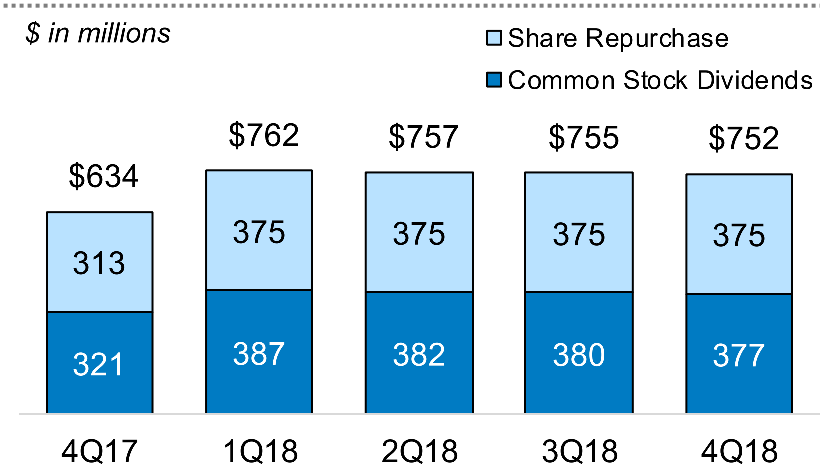
Capital Position

Capital Deployment	• $3 billion of shareholder distributions through share repurchases and dividends in 2018 • Share repurchase authorization of $2.0 billion for 2019, a 33% increase from 2018 • Quarterly Common Stock Dividend increase of 11% in 1Q19[1]
Capital Level	• Continue to hold capital above our AA financial strength levels
Leverage[2]	• Financial leverage ratio less than 25%

Liquidity Position



Shareholder Distributions



1) $1.00 per share of Common Stock payable on March 14, 2019 to shareholders of record as of February 20, 2019.
2) Financial leverage ratio represents capital debt divided by sum of capital debt and equity. Junior subordinated debt treated as 25% equity, 75% capital debt for purposes of calculation. Equity excludes non-controlling interest, AOCI (except for pension and postretirement unrecognized costs), and the impact of foreign currency exchange rate remeasurement.
3) Highly liquid assets predominantly include cash, short-term investments, U.S. Treasury securities, obligations of other U.S. government authorities and agencies, and/or foreign government bonds.

4Q18 Earnings Call Key Messages

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Generating strong financial performance	• 2018 adjusted operating return on equity of 12.7% • 8.3% growth in adjusted book value per share • Solid business fundamentals
Maintaining strong capital position	• Distributed $3 billion to shareholders in 2018 • Continue to hold capital above AA level • Hedging continues to be highly effective

PRUDENTIAL FINANCIAL, INC.

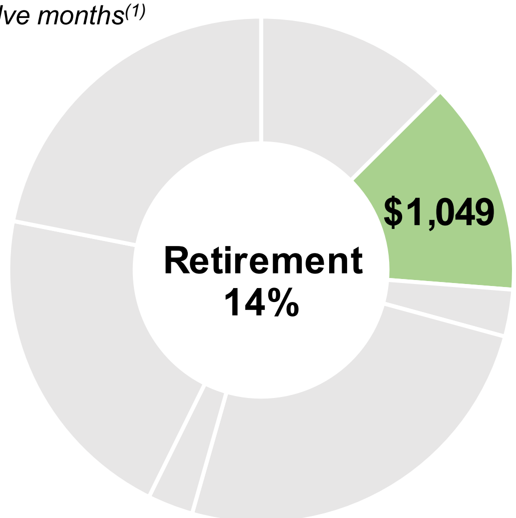
APPENDIX

FEBRUARY 7, 2019

Retirement - Differentiated Capabilities to Drive Growth in Pension Risk Transfer, Full Service, and Stable Value Markets

Earnings Contribution to Prudential

Trailing twelve months[(1)]

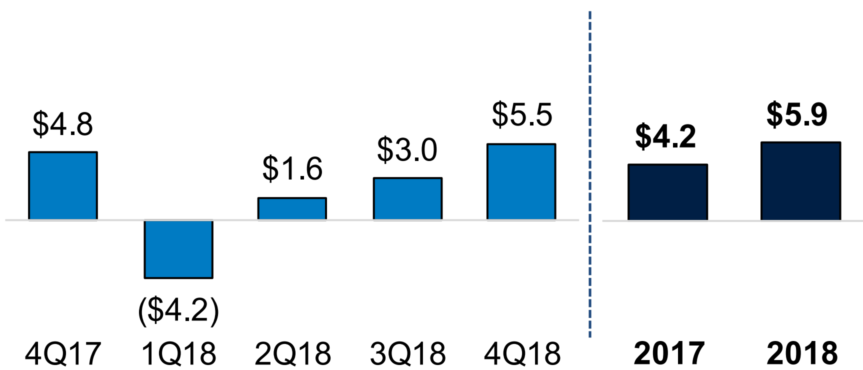


Key Priorities to Grow Earnings

- Leverage Prudential's broad capabilities to expand customer solutions, including financial wellness programs
- Grow in targeted Full Service retirement markets
- Continue to grow Institutional Investment Products through market leadership, innovation, and expansion into adjacent products and markets

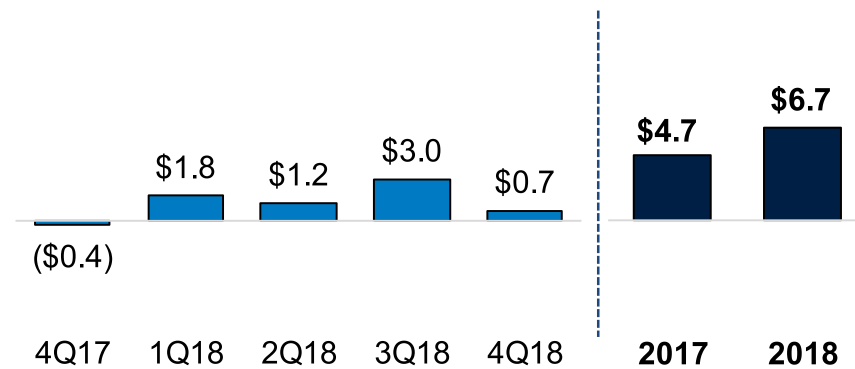
Institutional Investment Products Net Flows

$ in billions



Full Service Net Flows

$ in billions

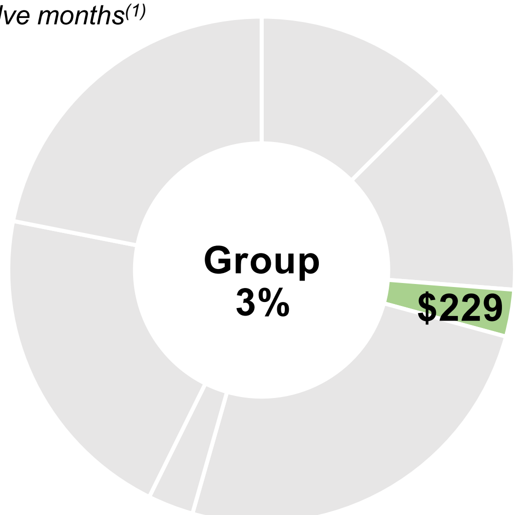


1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.

Group Insurance - Leading Group Benefits Provider with Success in Financial Wellness

Earnings Contribution to Prudential

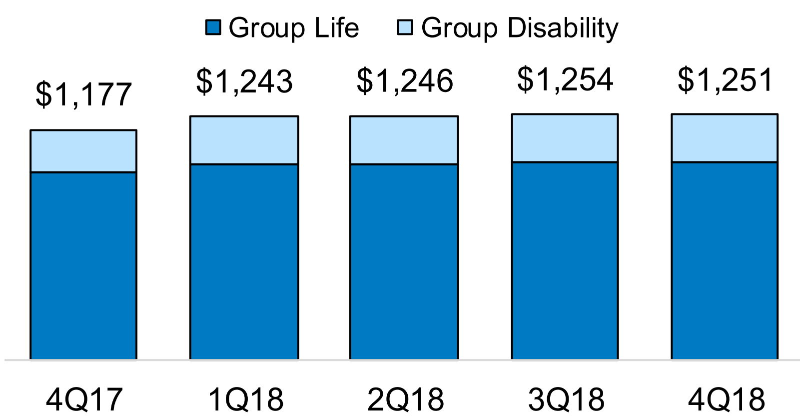
Trailing twelve months[(1)]



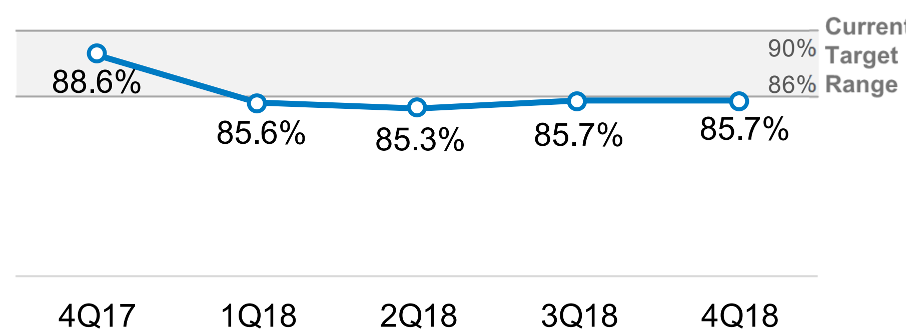
Key Priorities to Grow Earnings

- Deepen employer and participant relationships with financial wellness programs
- Execute on diversification strategy while maintaining pricing discipline
  - Maintain National segment share (>5,000 lives) and grow in Premier segment (100 to 5,000 employees)
  - Diversify further into Group Disability
- Improve organizational and process efficiencies

Earned Premiums & Fees



Total Group Insurance Benefits Ratio[(2)]

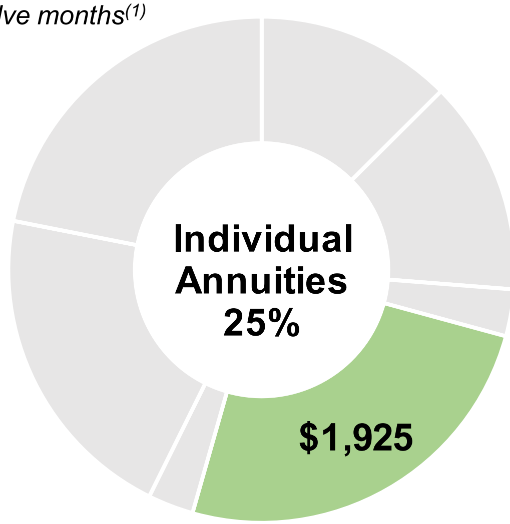


1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.
2) Benefits ratios excluding the impact of the annual assumption update and other refinements.

INDIVIDUAL ANNUITIES - STEADY FREE CASH FLOW GENERATION AND ATTRACTIVE RETURNS

Earnings Contribution to Prudential

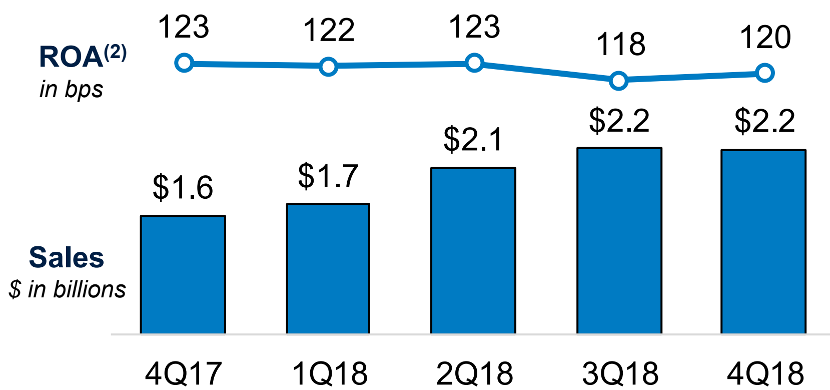
Trailing twelve months[1]



Key Priorities to Grow Earnings

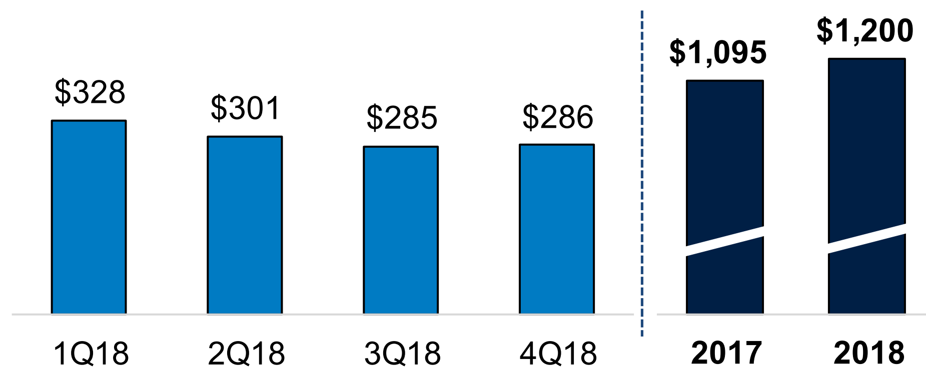
- Generate steady free cash flow and attractive returns
- Continue to grow sales and diversify mix
- Engage a larger addressable market via additional distribution channels
- Extend secure retirement income to workplace relationships

Sales & Return on Assets (ROA)



Prudential Annuities Life Assurance Co. Dividends to PFI[3]

$ in millions

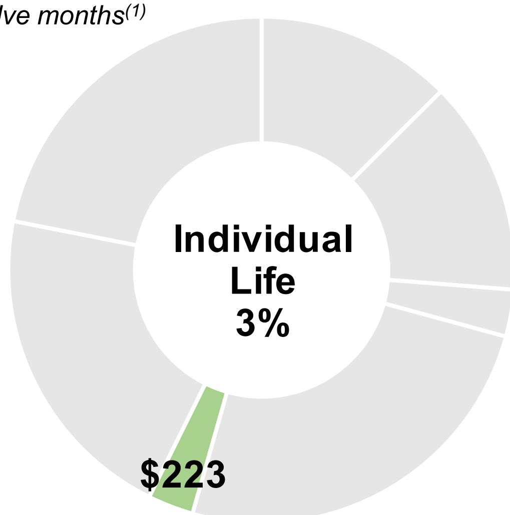


1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.
2) Annualized pre-tax AOI excluding notable items divided by average daily separate account values.
3) Dividends include Prudential Annuities Holding Co.

Individual Life - Broad Product Portfolio and Multi-Channel Distribution

Earnings Contribution to Prudential

Trailing twelve months[(1)]

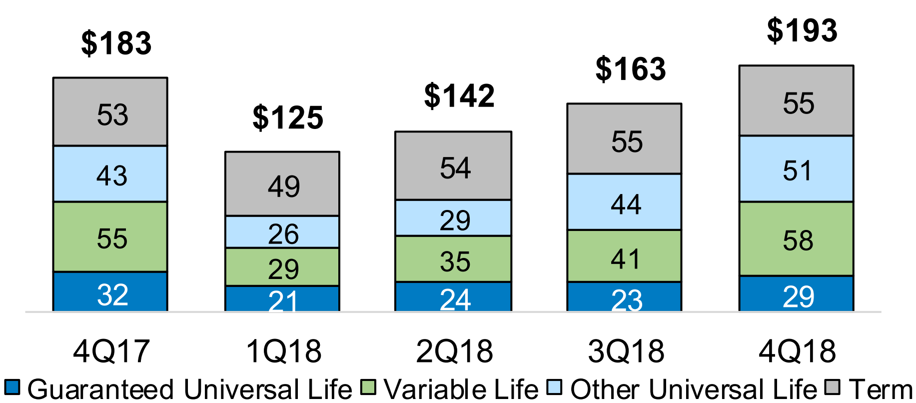


Key Priorities to Grow Earnings

- Deepen existing distribution relationships and add new relationships
- Streamline underwriting process and enhance customer experience
- Extend retail education and solutions to workplace relationships

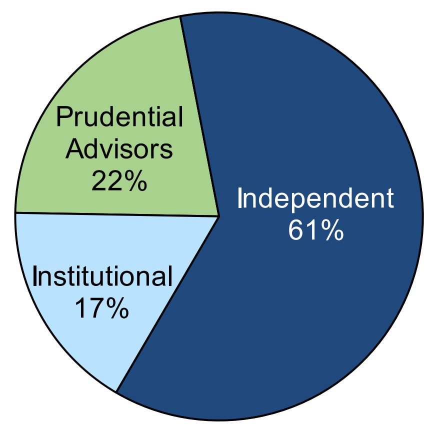
Sales[(2)] – Product Mix

$ in millions



Sales[(2)] – Distribution Mix

Trailing twelve months

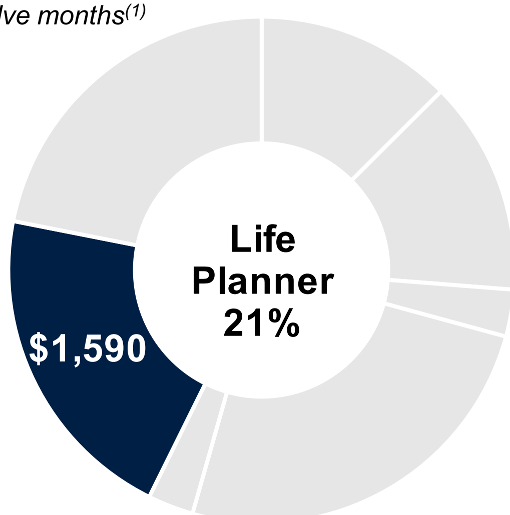


1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.
2) Sales represented by annualized new business premiums.

Life Planner Operations - Differentiated Distribution with Steady Long-term Growth Potential

Earnings Contribution to Prudential

Trailing twelve months[1]

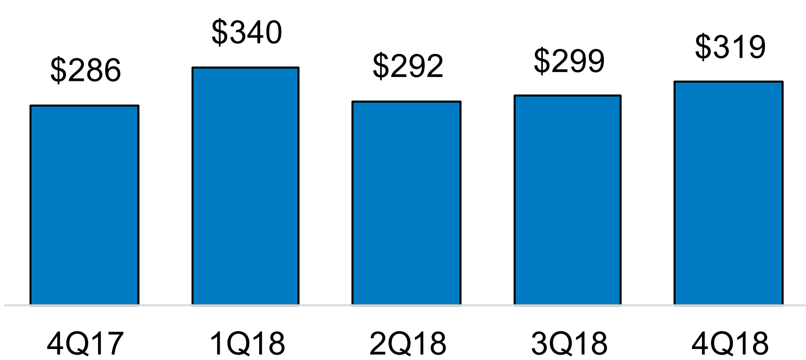


Key Priorities to Grow Earnings

- Lead with protection solutions and innovate as client needs evolve
- Grow Life Planners
- Build digital, mobile, and data analytics capabilities

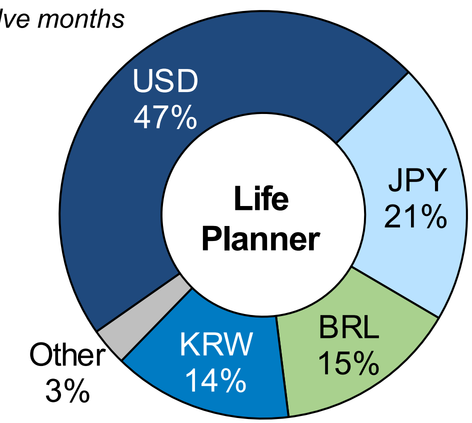
Sales[2]

$ in millions



Sales Mix by Currency[2]

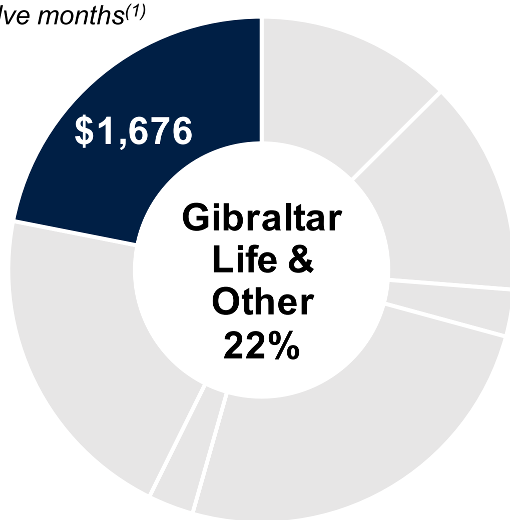
Trailing twelve months



1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.
2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 111 per U.S. Dollar, Korean Won (KRW) 1,150 per U.S. Dollar., and Brazilian Real (BRL) 3.6 per U.S. Dollar. U.S. Dollar-denominated activity is included based on the amounts as transacted in U.S. Dollars. Sales represented by annualized new business premiums.

Earnings Contribution to Prudential

Trailing twelve months[(1)]

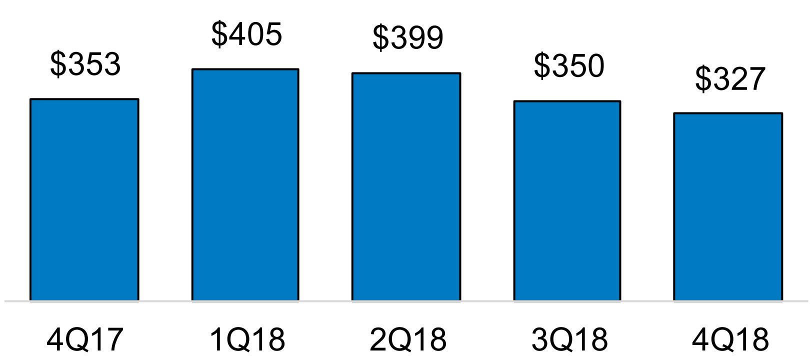


Key Priorities to Grow Earnings

- Lead with protection solutions and innovate as client needs evolve
- Optimize Life Consultant force through quality and productivity
- Strategically expand in Bank and Independent Agency channels
- Build digital, mobile, and data analytics capabilities

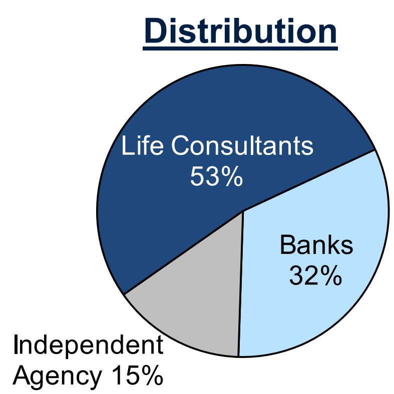
Sales[(2)]

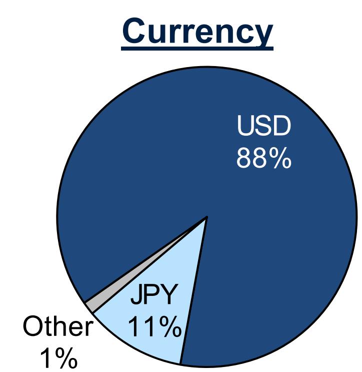
$ in millions



Sales Mix[(2)]

Trailing twelve months





1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.
2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 111 per U.S. Dollar. U.S. Dollar-denominated activity is included based on the amounts as transacted in U.S. Dollars. Sales represented by annualized new business premiums.

4Q18 Business Segment Notable Items

$ in millions (pre-tax)	Pre-tax Adjusted Operating Income	Notable Items: Updated estimates of profitability driven by market performance versus assumptions	Returns on non-coupon investments and prepayment fees above / (below) average expectations	Underwriting experience above / (below) average expected gains	Other
PGIM	$243	-	-	-	-
Retirement	$216	-	$(65)	$5	-
Group Insurance	$33	-	$(10)	$5	-
Individual Annuities	$445	$(22)	$(10)	-	-
Individual Life	$(26)	$(62)	$(10)	$(25)[1]	$(30) higher than typical expenses
Life Planner	$349	$(25)	$(20)	$(5)	-
Gibraltar Life & Other	$387	-	$(25)	$10	-
Corporate & Other	$(329)	-	-	-	-

1) Primarily a result of a single case.

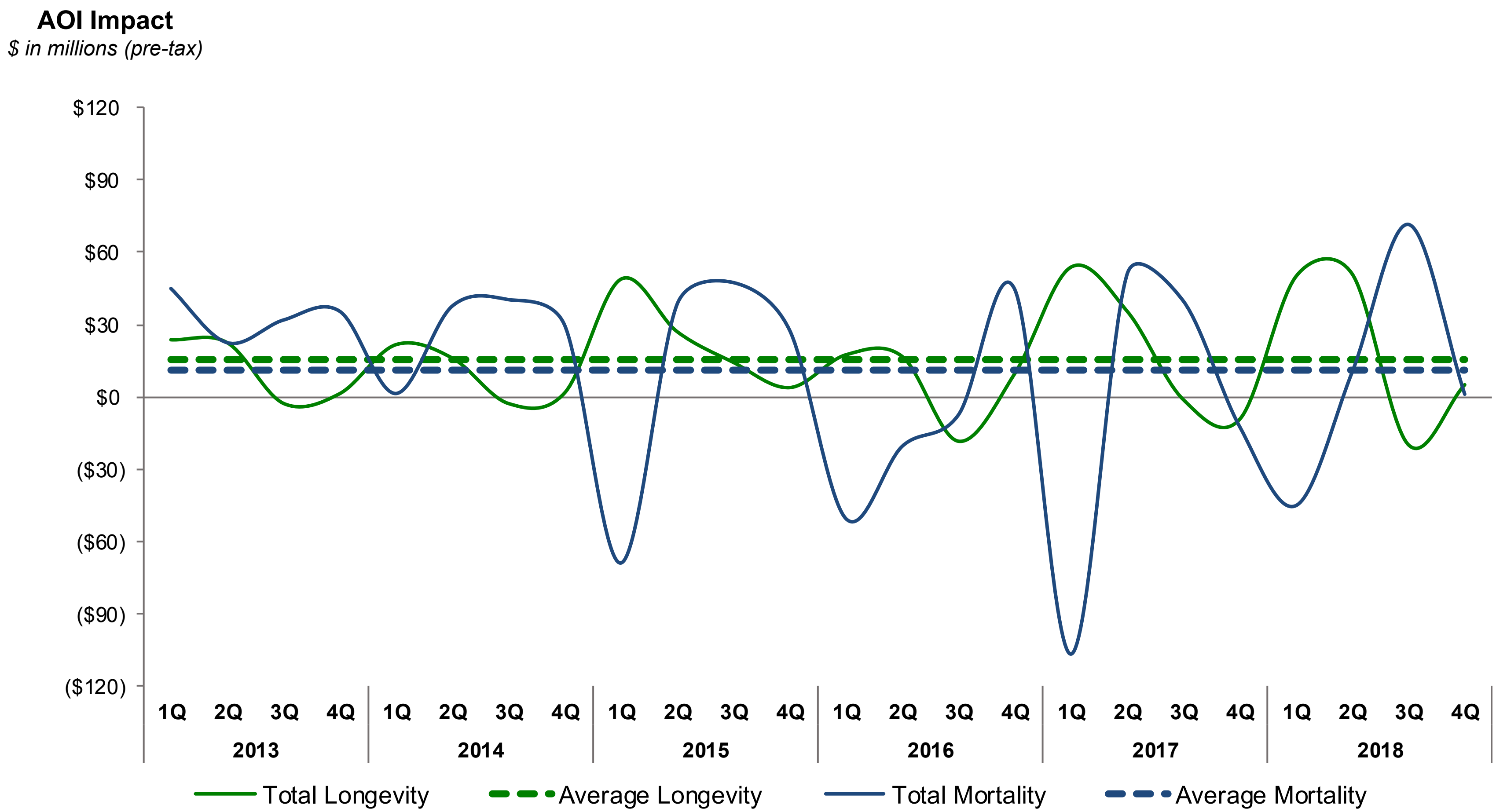
4Q17 Business Segment Notable Items

$ in millions (pre-tax)	Pre-tax Adjusted Operating Income	Notable Items: Updated estimates of profitability driven by market performance versus assumptions	Notable Items: Returns on non-coupon investments and prepayment fees above / (below) average expectations	Notable Items: Underwriting experience above / (below) average expected gains	Notable Items: Other
PGIM	$306	-	-	-	-
Retirement	$291	-	$50	$(10)	-
Group Insurance	$22	-	$10	$(10)	-
Individual Annuities	$541	$16	$10	-	-
Individual Life	$98	-	$5	$(25)	-
Life Planner	$383	-	$15	-	-
Gibraltar Life & Other	$394	-	-	-	-
Corporate & Other	$(463)	-	-	-	$(12) higher than typical expenses

SEASONALITY OF KEY FINANCIAL ITEMS

	1Q	2Q	3Q	4Q
PGIM				Other related revenues tend to be highest
Retirement	Reserve gains tend to be highest		PRT sales are episodic and tend to be highest in 3Q and 4Q	
Group Insurance	Mortality tends to be unfavorable Sales tend to be highest			
Individual Annuities				
Individual Life	Mortality tends to be unfavorable			Sales tend to be highest
Life Planner	Earnings tend to be highest due to higher annual premiums			
Gibraltar Life & Other	Earnings tend to be highest due to higher annual premiums			
Corporate & Other	Long-term and deferred compensation expenses tend to fluctuate with equity markets and Prudential stock price			
All Businesses		Impact of annual assumption update		Expenses tend to be highest

OFFSETTING EXPOSURES BETWEEN MORTALITY[1] AND LONGEVITY[2] BASED BUSINESSES



1) Mortality experience compared to expectations generated by Individual Life, Group Life and International Insurance businesses.
2) Longevity experience compared to expectations generated by Retirement and Annuities.

CLO Portfolio – Investments Are High Quality, with Significant Structural Protections

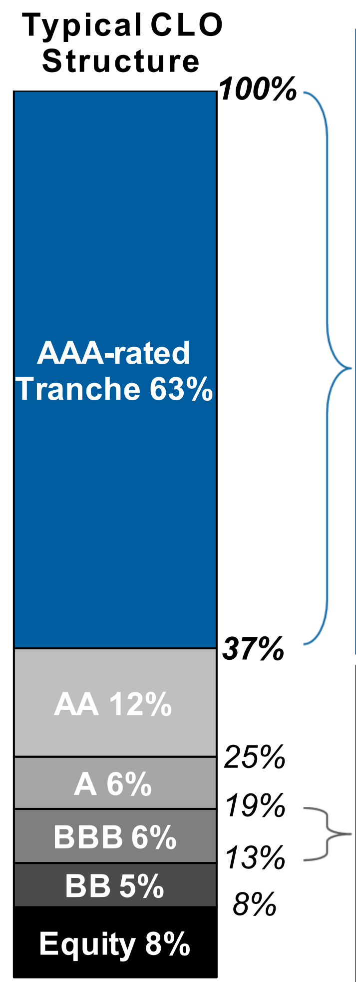
Key Characteristics

100%
Rated NAIC 1

100%
Rated AAA externally(1)

- Portfolio size is ~$7.4 billion(2)
- Investments are in the most senior tranche
  - Strongest structural protections in each transaction
  - Credit enhancement level (loss protection) is very high and improved since the Financial Crisis, despite zero losses to AAA CLOs with previously lower levels (~23%)
  - Underlying collateral are broadly syndicated loans; avoid middle market loan collateral due to weaker borrowers and more lenient CLO debt covenants

Structural Protections



AAA Tranche:
- Senior to lower tranches, which absorb collateral (loan level) losses totaling **37%** first
- Collateral losses would have to reach **100%** to have a complete loss to AAA Tranche
- Ongoing collateral tests can trigger redirection of lower tranches' cashflows to the AAA Tranche

BBB Tranche:
- Begins incurring loss at **13%** collateral loss
- Complete principal loss at **19%** collateral loss, while AAA is unharmed

1) Nationally recognized Rating Agencies.
2) Amortized Cost, as of 12/31/2018. Excludes Closed Block division, Assets Supporting Experience-Rated Contractholder Liabilities, and securities held outside the general account.

FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES

Certain of the statements included in this presentation, including those under the headings “Key Priorities to Grow Earnings” and “Seasonality Of Key Financial Items” constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as “expects,” “believes,” “anticipates,” “includes,” “plans,” “assumes,” “estimates,” “projects,” “intends,” “should,” “will,” “shall,” or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management’s current expectations and beliefs concerning future developments and their potential effects upon Prudential Financial, Inc. and its subsidiaries. Prudential Financial, Inc.’s actual results may differ, possibly materially, from expectations or estimates reflected in such forward-looking statements. Certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements can be found in the “Risk Factors” and “Forward-Looking Statements” sections included in Prudential Financial, Inc.’s Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. “Key Priorities to Grow Earnings” are subject to the risk that we will be unable to execute our strategy, and “Seasonality of Key Financial Items” are subject to the risk that different earnings and expense patterns will emerge, in each case, because of market or competitive conditions or other factors. Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in this presentation.

This presentation also includes references to adjusted operating income, adjusted book value and adjusted operating return on equity, which is based on adjusted operating income and adjusted book value. Consolidated adjusted operating income and adjusted book value are not calculated based on accounting principles generally accepted in the United States of America (GAAP). For additional information about adjusted operating income, adjusted book value and adjusted operating return on equity and the comparable GAAP measures, including reconciliations between the comparable measures, please refer to our quarterly results news releases, which are available on our Web site at www.investor.prudential.com. Reconciliations are also included as part of this presentation.

Prudential Financial, Inc. of the United States is not affiliated with Prudential plc which is headquartered in the United Kingdom.

Reconciliations between Adjusted Operating Income and the Comparable GAAP Measure

$ in millions	Fourth Quarter 2018	Fourth Quarter 2017	Year to Date 2018	Year to Date 2017
Net income attributable to Prudential Financial, Inc.	$ 842	$ 3,765	$ 4,074	$ 7,863
Income attributable to noncontrolling interests	7	100	14	111
Net income	849	3,865	4,088	7,974
Less: Earnings attributable to noncontrolling interests	7	100	14	111
Income attributable to Prudential Financial, Inc.	842	3,765	4,074	7,863
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	7	(109)	62	(62)
Income (after-tax) before equity in earnings of operating joint ventures	835	3,874	4,012	7,925
Less: Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	(215)	(581)	303	(58)
Investment gains (losses) on assets supporting experience-rated contractholder liabilities, net	(277)	6	(863)	336
Change in experience-rated contractholder liabilities due to asset value changes	228	37	710	(151)
Divested and Run-off Businesses:				
Closed Block Division	(40)	(4)	(62)	45
Other Divested and Run-off Businesses	51	(13)	(1,535)	38
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(12)	99	(87)	33
Total reconciling items, before income taxes	(265)	(456)	(1,534)	243
Less: Income taxes, not applicable to adjusted operating income	(65)	(3,157)	(527)	(3,030)
Total reconciling items, after income taxes	(200)	2,701	(1,007)	3,273
After-tax adjusted operating income	1,035	1,173	5,019	4,652
Income taxes, applicable to adjusted operating income	283	399	1,349	1,592
Adjusted operating income before income taxes	$ 1,318	$ 1,572	$ 6,368	$ 6,244
Net Income Return on Equity[1]			8.2%	
Adjusted Operating Return on Equity[1]			12.7%	

1) Net income return on equity based on year-to-date annualized after-tax net income and average GAAP equity of $49,928. Adjusted operating return on equity based on year-to-date annualized after-tax adjusted operating income and average adjusted book value of $39,492.

Reconciliations between Adjusted Operating Income Per Share and the Comparable GAAP Measure

	Fourth Quarter 2018	Fourth Quarter 2017	Year to Date 2018	Year to Date 2017
Net income attributable to Prudential Financial, Inc.	$ 1.99	$ 8.61	$ 9.50	$ 17.86
Less: Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	(0.51)	(1.34)	0.71	(0.13)
Investment gains (losses) on assets supporting experience-rated contractholder liabilities, net	(0.66)	0.01	(2.02)	0.77
Change in experience-rated contractholder liabilities due to asset value changes	0.54	0.09	1.67	(0.35)
Divested and Run-off Businesses:				
Closed Block Division	(0.09)	(0.01)	(0.15)	0.10
Other Divested and Run-off Businesses	0.12	(0.03)	(3.60)	0.09
Difference in earnings allocated to participating unvested share-based payment awards	0.01	(0.07)	0.03	(0.09)
Total reconciling items, before income taxes	(0.59)	(1.35)	(3.36)	0.39
Less: Income taxes, not applicable to adjusted operating income	(0.14)	(7.27)	(1.17)	(6.89)
Total reconciling items, after income taxes	(0.45)	5.92	(2.19)	7.28
After-tax adjusted operating income	$ 2.44	$ 2.69	$ 11.69	$ 10.58

Reconciliations between Adjusted Book Value and the Comparable GAAP Measure

$ in millions, except per share values

	December 31, 2018	December 31, 2017
GAAP book value	$ 48,617	$ 54,236
Less: Accumulated other comprehensive income (AOCI)	10,906	17,074
GAAP book value excluding AOCI	37,711	37,162
Less: Cumulative effect of remeasurement of foreign currency and certain deferred taxes(1)	(2,344)	(969)
Adjusted book value	$ 40,055	$ 38,131
Number of diluted shares	422.2	435.7
GAAP book value per Common share - diluted(2)	$ 116.34	$ 125.63
GAAP book value excluding AOCI per Common share - diluted(2)	$ 90.50	$ 86.44
Adjusted book value per Common share - diluted(2)	$ 96.06	$ 88.67

1) Includes $1,678 million impact reported in net income for the fourth quarter of 2017 from the remeasurement of deferred tax assets and liabilities originally established through accumulated other comprehensive income, related to the enactment of the Tax Cuts and Jobs Act on December 22, 2017.
2) As of the fourth quarter of 2018, exchangeable surplus notes are dilutive when book value per share is greater than $82.16 (equivalent to an additional 6.09 million in diluted shares and an increase of $500 million in equity). As of the fourth quarter of 2017, exchangeable surplus notes are dilutive when book value per share is greater than $85.00 (equivalent to an additional 5.88 million in diluted shares and an increase of $500 million in equity).