



3Q19 Earnings Call

November 5, 2019

Key Messages

Focused on accelerating strategy

Making lives better by solving financial challenges of the changing world

- Assurance IQ acquisition expands our distribution capabilities and broadens our product offering

Working to connect track record of business fundamentals with financial outcomes

- Reduced equity market sensitivity in Corporate & Other

On track to achieve \$50 million in run-rate margin expansion by the end of 2019 and \$500 million by the end of 2022

Business fundamentals drive attractive ROE and book value growth

Year-to-date adjusted operating return on equity of 13.0%

Record high adjusted book value per share of \$99.67

Record PGIM Assets Under Management, Retirement Institutional Investment Products Account Values, and Life Planner Count

Maintaining strong capital position

Distributed over \$1.4 billion to shareholders, including dividends with a 4% yield on adjusted book value

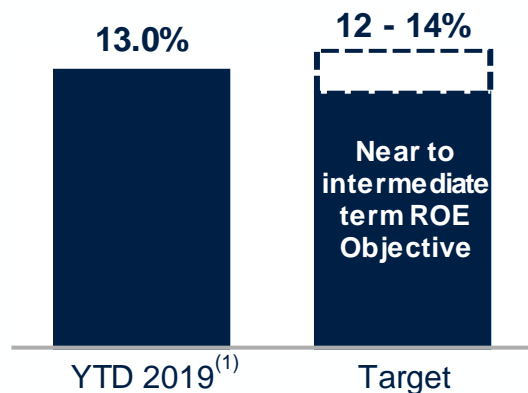
Continue to hold capital above AA level

Holding company highly liquid assets of \$4.4 billion, adjusted to reflect 4Q19 Assurance closing



Third Quarter Financial Highlights

Adjusted Operating Return on Equity



Financials

	3Q19	3Q18
<i>(\$ millions, except per share amounts)</i>		
GAAP Net Income	\$1,418	\$1,672
GAAP Net Income Per Share	\$3.44	\$3.90
Pre-tax Adjusted Operating Income ⁽²⁾	\$1,652	\$1,668
Adjusted Earnings Per Share ⁽²⁾	\$3.22	\$3.15
Adjusted Book Value Per Share ⁽²⁾	\$99.67	\$95.20

Financial Highlights

Adjusted Earnings Per Share up 2%

- Includes impact from more favorable variable investment income and share repurchases

Adjusted Book Value Per Share up 5%

- Includes the payment of \$3.90 per share of common stock dividends during the last four quarters

Business Highlights

U.S. Financial Wellness businesses:

- Retirement Institutional Investment Products record Account Values of \$218 billion, up 11%, including \$27 billion of PRT transactions over the last year
- Group Insurance total benefit ratio of 83.5%, better than target range
- Individual Annuities sales of \$2.7 billion, up 19%
- Individual Life sales of \$175 million, up 7%

PGIM:

- Record Assets Under Management of \$1.28 trillion and continued strong investment performance

International:

- Life Planner sales of \$323 million, up 8%, driven by record Life Planner count

(1) Based on year-to-date 2019 annualized 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.

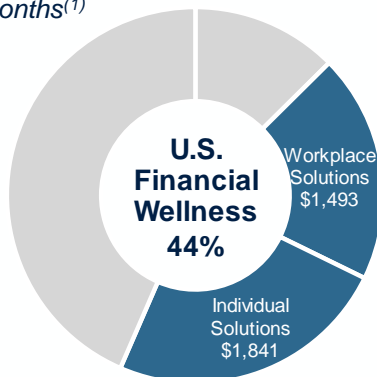


U.S. Financial Wellness

Expanding Addressable Market with Multi-Channel Product Offering and Broadening Distribution

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

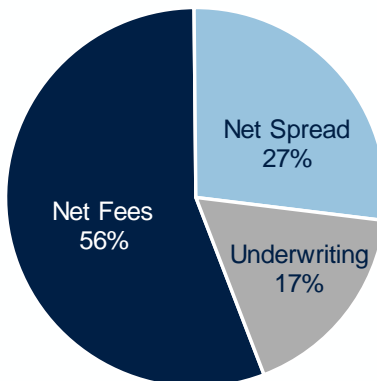


Key Priorities to Grow Earnings

- Drive institutional adoption of our differentiated financial wellness value proposition
- Engage and educate individuals about their workplace solutions to increase utilization of in-plan benefits
- Grow individual relationships and solutions that address broad financial wellness needs
- Accelerate the execution of growth initiatives

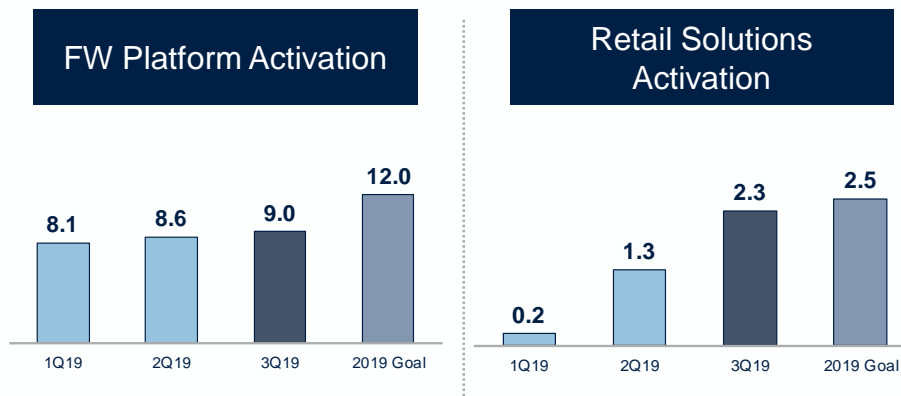
Diversified Sources of Earnings

Trailing twelve months⁽²⁾



Financial Wellness Metrics

(millions of people)



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 actuarial assumptions and other refinements and market experience updates.

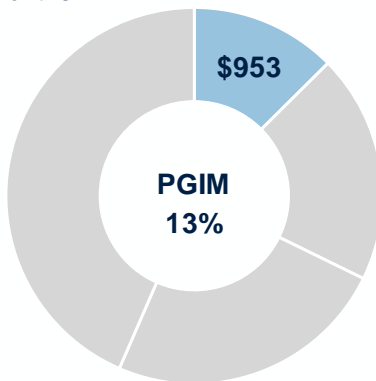


PGIM

Diversified Global Active Asset Manager with a Multi-Manager Model

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

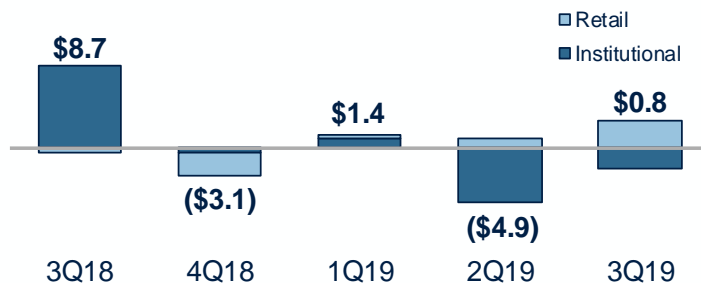


Key Priorities to Grow Earnings

- Maintain strong investment performance⁽²⁾
 - Percentage of AUM⁽³⁾ outperforming benchmark: 3 Year: 79%, 5 Year: 88%, 10 Year: 83%
- 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

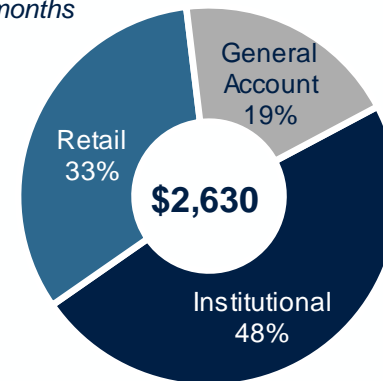
3rd Party Net Flows

(\$ billions)



Asset Management Fees

Trailing twelve months
(\$ millions)



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

(2) PGIM calculations as of September 30, 2019. Past performance is not a guarantee or reliable indicator of future results. All investments involve risk, including the possible loss of capital. Performance is defined as outperformance (gross of fees) relative to each individual strategy's respective benchmark(s).

(3) Represents PGIM's benchmarked AUM (77% of total third-party AUM is benchmarked over 3 years, 66% over 5 years, and 41% over 10 years respectively). This calculation does not include non-benchmarked assets (including general account assets and assets not managed by PGIM). Returns are calculated gross of investment management fees, which would reduce an investor's net return. Excess performance is based on all actively managed Fixed Income, Equity and Real Estate AUM for Jennison Associates, PGIM Fixed Income, Quantitative Management Associates, PGIM Real Estate, Prudential Private Capital, PGIM Global Partners and PGIM Real Estate Finance.

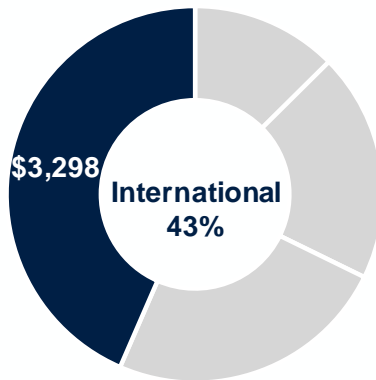


International

High Quality Distribution and Presence in Markets with Large Opportunities

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

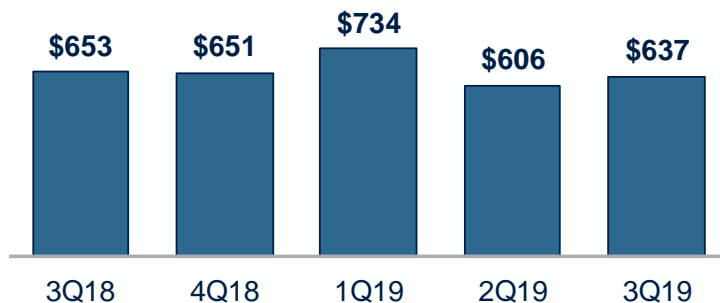


Key Priorities to Grow Earnings

- Grow high quality proprietary distribution
- 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

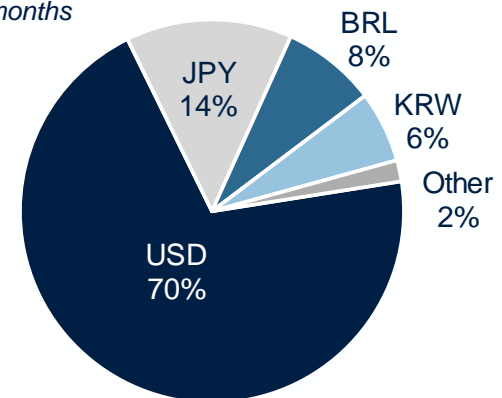
Sales⁽²⁾

(\$ millions)



Sales – Currency Mix⁽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) 105 per U.S. Dollar, Korean Won (KRW) 1,110 per U.S. Dollar, and Brazilian Real (BRL) 3.7 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.



Adjusted Operating Income & EPS Considerations

(\$ millions, except per share amounts)

		Adjusted Operating Income Pre-Tax	Adjusted Earnings Per Share After-Tax
3Q19 Reported⁽¹⁾		\$1,652	\$3.22
Variable Investment Income⁽²⁾	<ul style="list-style-type: none"> Assumes a normalized level 	(65)	(0.12)
Higher Seasonal Expenses and Implementation Costs⁽³⁾	<ul style="list-style-type: none"> Corporate & Other expected loss of \$475 - \$500 million and other seasonal expenses in 4Q19 Voluntary Separation Program launched in October 2019; results to be known by year-end 	(280)	(0.54)
Other⁽⁴⁾	<ul style="list-style-type: none"> Net earnings impacts for certain segments 	(25)	(0.04)
Interest Rates⁽⁵⁾	<ul style="list-style-type: none"> 4Q19 quarterly reduction in net investment income from portfolio reinvestment 	(10)	(0.02)
4Q19 Baseline⁽⁶⁾		\$1,272	\$2.50

(1) See reconciliation in appendix for Adjusted Operating Income and Adjusted Earnings Per Share.

(2) Reflects 3Q19 variable investment income above / (below) expectations of \$35 million in Retirement, \$10 million in Group Insurance, \$10 million in Individual Life, \$25 million in Life Planner, and (\$15) million in Gibraltar Life & Other.

(3) Includes 4Q19 seasonal expenses across business units and Corporate & Other and implementation costs to accelerate our Financial Wellness strategy as highlighted during our June Investor Day. 4Q19 excludes the \$20 million favorable 3Q19 market impact benefit on long-term and deferred compensation expense.

(4) Reflects net favorable underwriting experience above expectations in 3Q19 and less favorable experience expected in 4Q19 due to seasonality. Other Related Revenues return to a normalized quarterly level in PGIM in 4Q19. 4Q19 includes a quarter over quarter net benefit of expenses in the International businesses. See appendix slide 17 for additional details by business.

(5) Impact of low interest rate environment may not be linear and may vary from indicated sensitivities at thresholds greater than those indicated. Assumes 7% annual turnover on ~\$370 billion fixed income portfolio reinvested at new money yields consistent with 3Q19, 65 basis points below disposition yields on average. The earnings impact is split approximately 50% to our U.S. businesses and 50% to our International businesses. A +/- 50 basis point change in interest rates would cause an incremental impact of +/- \$0.02 each quarter and approximately \$0.30 for a full year, assuming all reinvestment occurs immediately.

(6) EPS rollforward list of considerations not intended to be exhaustive and rollforward is not a projection of 4Q19 results. Does not consider future items such as share repurchases, business growth, and market impacts.



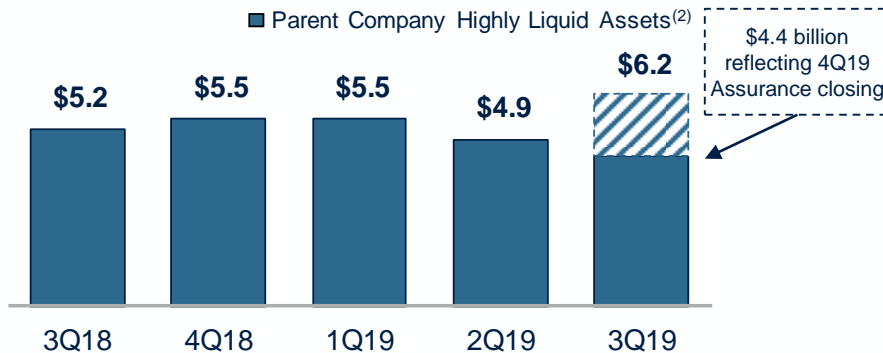
Robust Capital Position Supports Strong Distributions to Shareholders

Capital Position

Capital Deployment	<ul style="list-style-type: none"> Capital returned: \$1.4 billion (Share repurchases of \$1 billion and dividends of \$412 million) <ul style="list-style-type: none"> – \$1.00 dividend per share, a 4% yield on adjusted book value
Capital Level	<ul style="list-style-type: none"> Continue to hold capital above our AA financial strength levels
Leverage ⁽¹⁾	<ul style="list-style-type: none"> Financial leverage ratio less than 25%

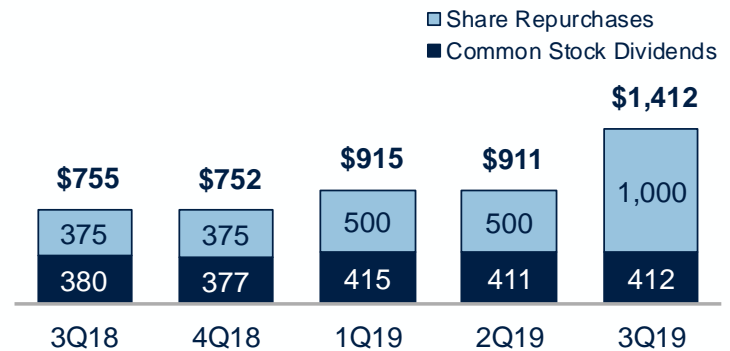
Liquidity Position

(\$ billions)



Shareholder Distributions

(\$ millions)



(1) 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.
 (2) 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.



Key Messages

Focused on accelerating strategy

Making lives better by solving financial challenges of the changing world

- Assurance IQ acquisition expands our distribution capabilities and broadens our product offering

Working to connect track record of business fundamentals with financial outcomes

- Reduced equity market sensitivity in Corporate & Other

On track to achieve \$50 million in run-rate margin expansion by the end of 2019 and \$500 million by the end of 2022

Business fundamentals drive attractive ROE and book value growth

Year-to-date adjusted operating return on equity of 13.0%

Record high adjusted book value per share of \$99.67

Record PGIM Assets Under Management, Retirement Institutional Investment Products Account Values, and Life Planner Count

Maintaining strong capital position

Distributed over \$1.4 billion to shareholders, including dividends with a 4% yield on adjusted book value

Continue to hold capital above AA level

Holding company highly liquid assets of \$4.4 billion, adjusted to reflect 4Q19 Assurance closing





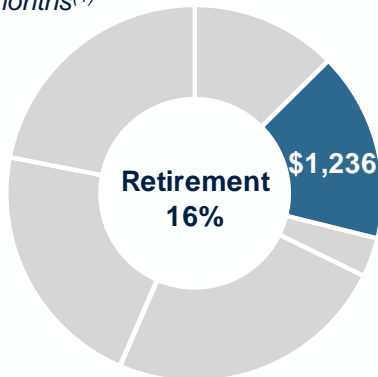
Appendix

Retirement

Differentiated Capabilities Drive Growth in PRT, Full Service, and Stable Value

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

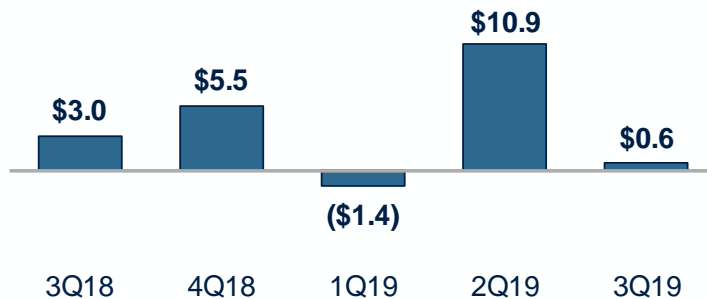


Key Priorities to Grow Earnings

- 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

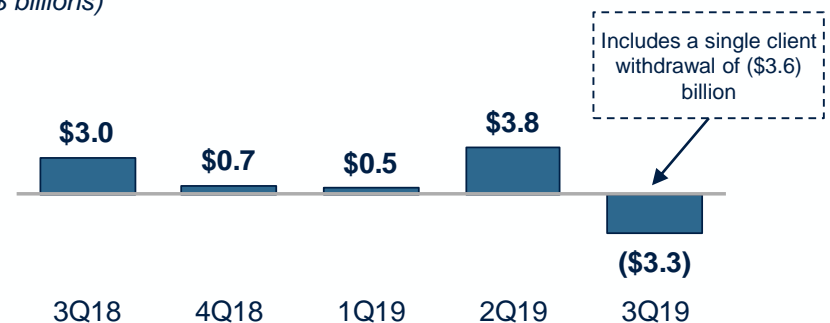
Institutional Investment Products Net Flows

(\$ billions)



Full Service Net Flows

(\$ billions)



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

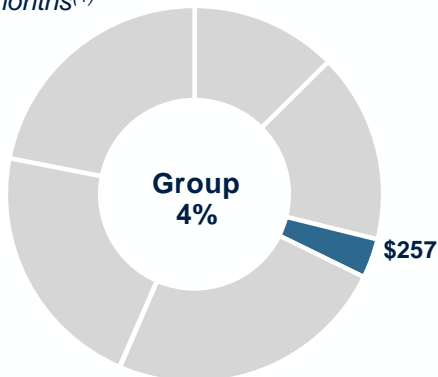


Group Insurance

Leading Group Benefits Provider with Opportunity to Further Diversify

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

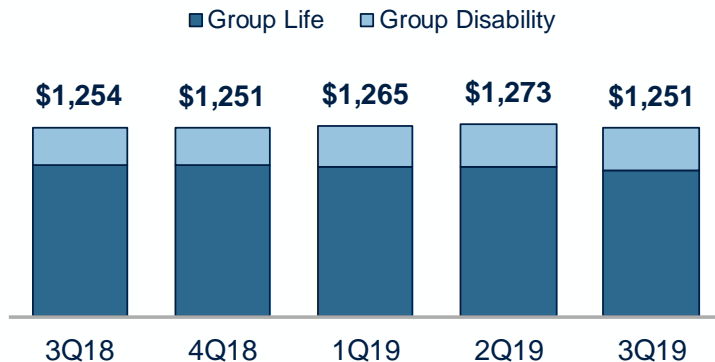


Key Priorities to Grow Earnings

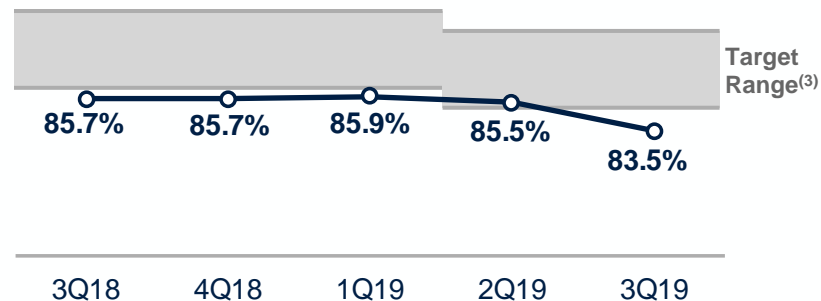
- Deepen employer and participant relationships with Financial Wellness programs
- Execute on diversification strategy while maintaining pricing discipline
 - Maintain National segment share (>5,000 lives) and grow in Premier segment (100 to 5,000 employees)
 - Diversify further into Group Disability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

Earned Premiums & Fees

(\$ millions)



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.
 (3) Lowered targeted total benefit ratio range from 86% - 90% to 85% - 89% in 1Q19.

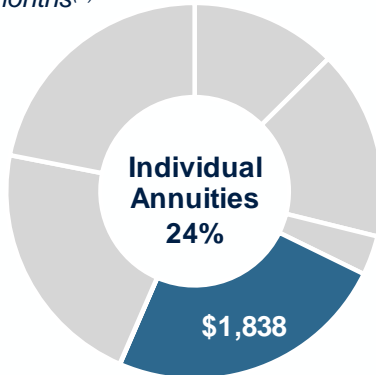


Individual Annuities

Steady Free Cash Flow Generation and Attractive Returns

Earnings Contribution to Prudential

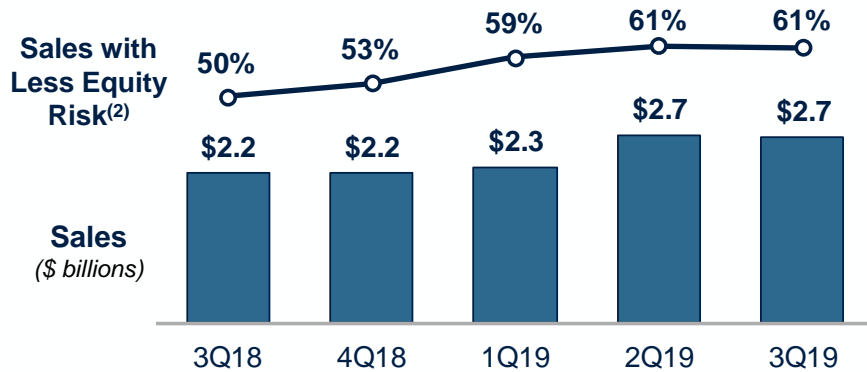
Trailing twelve months⁽¹⁾
(\$ millions)



Key Priorities to Grow Earnings

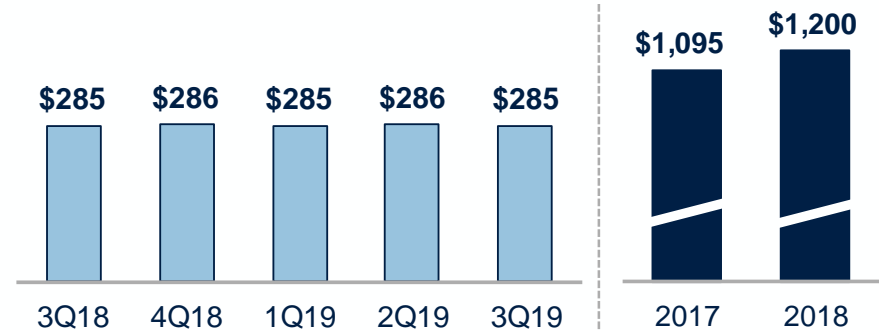
- Continue to grow sales and diversify mix
- Engage a larger addressable market via additional distribution channels
- Extend secure retirement income through Financial Wellness to workplace relationships

Sales



Prudential Annuities Life Assurance Co. Dividends to PFI⁽³⁾

(\$ millions)



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

(2) Includes fixed annuities and other variable annuities. Excludes Highest Daily Suite.

(3) Dividends include Prudential Annuities Holding Co. but does not include Prudential Insurance Company of America.

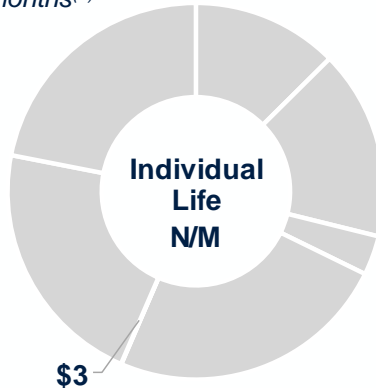


Individual Life

Broad Product Portfolio and Multi-Channel Distribution

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

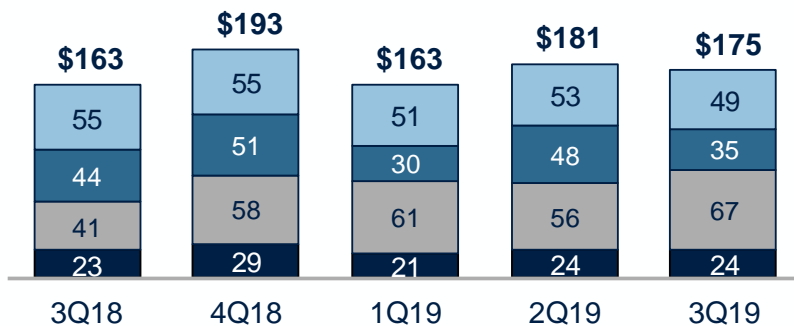


Key Priorities to Grow Earnings

- Explore opportunities to leverage Assurance’s digital distribution and data science capabilities to distribute product and create expense savings
- Improve profitability through operating model transformation and continued expense discipline
- Optimize new business and inforce reinsurance coverage, balancing profitability with volatility and risk
- Deepen existing distribution relationships and deliver products to the marketplace in an innovative and cost efficient manner

Sales⁽²⁾ – Product Mix

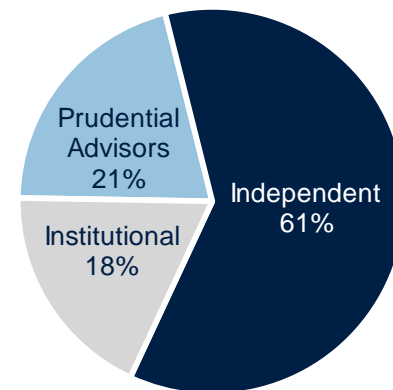
(\$ millions)



■ Guaranteed Universal Life ■ Variable Life ■ Other Universal Life ■ Term

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.

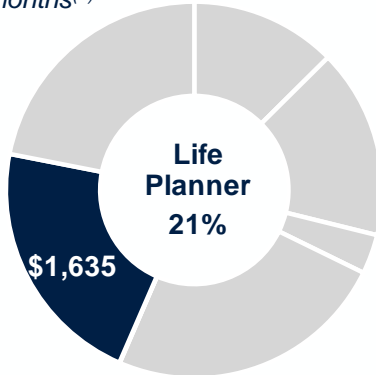


Life Planner Operations

High Quality Proprietary Distribution with Steady Long-term Growth Potential

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

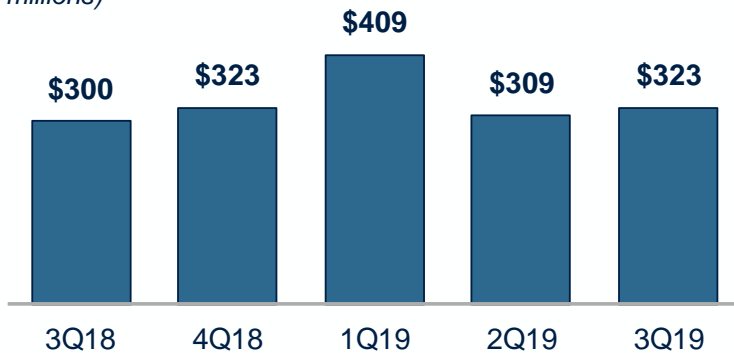


Key Priorities to Grow Earnings

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

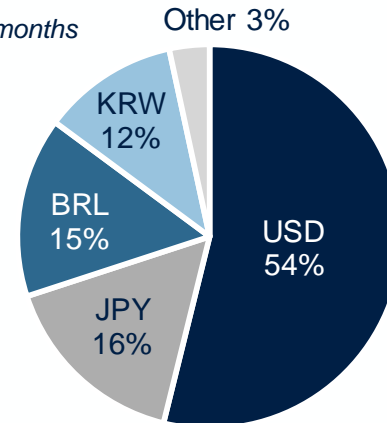
Sales⁽²⁾

(\$ millions)



Sales – Currency 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) 105 per U.S. Dollar, Korean Won (KRW) 1,110 per U.S. Dollar, and Brazilian Real (BRL) 3.7 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.

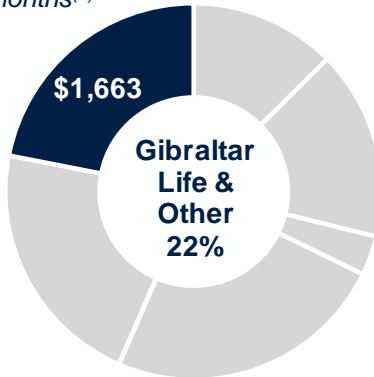


Gibraltar Life and Other

Meeting Client Needs Via Multiple Channels

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

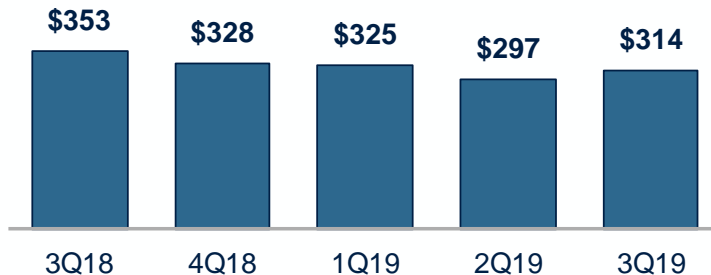


Key Priorities to Grow Earnings

- 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

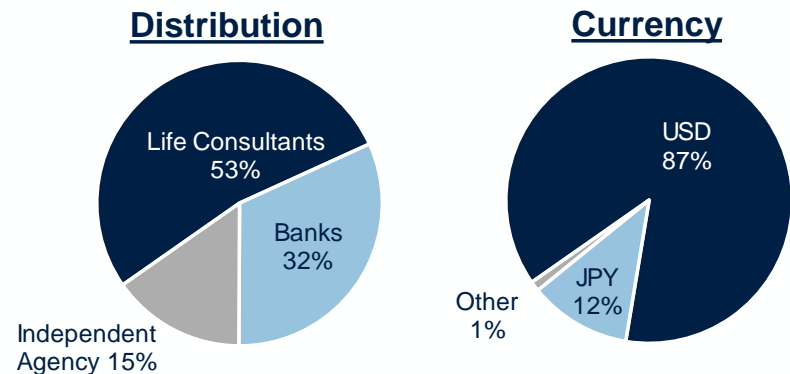
Sales⁽²⁾

(\$ 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) 105 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.



Seasonality of Key Financial Items

↑↓ Indicates quarterly AOI results that are likely to be higher or lower than the average of the range

(\$ millions) (pre-tax range)	Baseline Range ⁽¹⁾⁽²⁾	4Q19	1Q20	2Q20	3Q20
PGIM	\$215 - \$265	↑ - Other Related Revenues tend to be higher driven by Incentive & Agency Fees ⁽³⁾	↓ - Higher compensation expense ⁽⁵⁾ - Wells Fargo fees end (\$15M per quarter) ⁽⁶⁾		
Retirement	\$265 - \$300	↓ - Reserve gains lower	↑ - Reserve gains higher	↑ - Reserve gains higher	↓ - Reserve gains lower
Group Insurance	\$40 - \$80		↓ - Lowest underwriting gains		
Individual Annuities	\$460 - \$480				
Individual Life	\$50 - \$80		↓ - Lowest underwriting gains		↑ - Highest underwriting gains
Assurance	N/A	↑ - Higher revenue driven by annual medicare enrollment	↓ - Lowest revenue		
Life Planner	\$340 - \$485		↑ - Highest premiums ⁽⁷⁾	↓ - Lowest premiums	
Gibraltar Life & Other	\$400 - \$460		↑ - Highest premiums ⁽⁷⁾	↓ - Lowest premiums	
Corporate & Other	(\$300) - (\$400)	↓ - Higher expenses ⁽⁴⁾	↓ - Higher compensation expense ⁽⁵⁾		

- Baseline range represents trailing four quarters of AOI excluding assumption updates, market experience updates, variable investment income above / (below) expectations, and other items.
- 3Q19 underwriting experience was above / (below) expectations by \$25 million in Group Insurance, \$10 million in Life Planner, \$10 million in Gibraltar Life & Other, and (\$30 million) in Individual Life. \$30 million of less favorable seasonal mortality experience is expected in Retirement in 4Q19.
- 4Q19 Other Related Revenues are expected to be in line with a normalized quarterly level, \$30 million higher than 3Q19.
- Total company expenses are typically higher than the quarterly average in the fourth quarter by \$125 - \$175 million. Approximately 50% of these seasonally higher expenses occur in Corporate & Other Operations with the remaining expenses incurred within the other business units. Life Planner has higher than typical expenses of \$90 million in 3Q19 and \$55 million in 4Q19. Gibraltar & Other has \$45 million of primarily lower than typical expenses in 3Q19. 4Q19 includes expected implementation costs for Financial Wellness of \$95 million.
- Long-term compensation expense for retiree eligible employees is recognized when awards are granted, typically in the first quarter of each year. Expect \$35 million of expense in both Corporate & Other and PGIM in 1Q20.
- Represents the impact to PGIM's AOI subsequent to the termination of Wells Fargo fees effective 1/1/2020.
- Estimated concentration of annual premiums in 1Q20 will result in a benefit of ~\$30 million above average in our International Insurance businesses with about two-thirds in Life Planner and one-third in Gibraltar Life & Other.



Net Mortality is a Small Percentage of AOI

1.64%

Cumulative Net
Mortality⁽¹⁾ as % of AOI
(2013 – YTD 2019)

- Annual net mortality impact on AOI is minimal, ranging from (0.2%) to 2.8%
- Net mortality was a positive contributor to AOI in six out of last seven years

(1) Mortality experience compared to expectations includes Individual Life, Group Life and International Insurance businesses. Longevity experience compared to expectations includes Retirement and Individual Annuities.



Sensitivity of New Business Returns by Product to Changes in Interest Rates⁽¹⁾

	Products	Sensitivity	Actions to Mitigate the Effect of Low Interest Rates
Retirement	<ul style="list-style-type: none"> • PRT • Full Service 	(M)	<ul style="list-style-type: none"> • Regularly adjust pricing and crediting rates • Change product benefit features • Shift product sales mix
Group	<ul style="list-style-type: none"> • Group Life & Disability 	(M)	
Individual Annuities	<ul style="list-style-type: none"> • Variable Annuities • Fixed Index Annuities 	(H)	
Individual Life	<ul style="list-style-type: none"> • UL/Guaranteed Products • Term/VUL 	(H) (L)	
International	<ul style="list-style-type: none"> • Single Premium • Recurring Premium 	(M)	

(1) Does not include segments with minimal impacts associated with interest rates (PGIM and Assurance).



Forward-Looking Statements and Non-GAAP Measures

Certain of the statements included in this presentation, including those regarding our financial targets and Financial Wellness goals, and under the headings “Key Priorities to Grow Earnings,” “Adjusted Operating Income & EPS Considerations,” 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. Our financial targets and Financial Wellness goals, and “Key Priorities to Grow Earnings” and “Adjusted Operating Income & EPS Considerations” are subject to the risk that we will be unable to execute our strategy, and “Seasonality of Key Financial Items” is subject to the risk that different earnings and expense patterns will emerge, in each case, because of economic, 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 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 website at www.investor.prudential.com. Reconciliations are also included as part of this presentation.

Our 4Q19 earnings rollforward is based on after-tax adjusted operating income. Due to the inherent difficulty in reliably quantifying future realized investment gains/losses and changes in asset and liability values given their unknown timing and potential significance, we cannot, without unreasonable effort, provide rollforward based on income from continuing operations, which is the GAAP measure most comparable to adjusted operating income.

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

(\$ millions)

	Third Quarter		Year to Date	
	2019	2018	2019	2018
Net income attributable to Prudential Financial, Inc.	\$ 1,418	\$ 1,672	\$ 3,058	\$ 3,232
Income attributable to noncontrolling interests	7	3	42	7
Net income	1,425	1,675	3,100	3,239
Less: Earnings attributable to noncontrolling interests	7	3	42	7
Income attributable to Prudential Financial, Inc.	1,418	1,672	3,058	3,232
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	25	18	43	55
Income (after-tax) before equity in earnings of operating joint ventures	1,393	1,654	3,015	3,177
Less: Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	290	177	(978)	518
Market experience updates	(314)	-	(522)	-
Investment gains (losses) on assets supporting experience-rated contractholder liabilities, net	91	10	832	(586)
Change in experience-rated contractholder liabilities due to asset value changes	(160)	(21)	(876)	482
Divested and Run-off Businesses:				
Closed Block Division	45	18	5	(22)
Other Divested and Run-off Businesses	155	12	441	(1,586)
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(34)	(26)	(71)	(75)
Total reconciling items, before income taxes	73	170	(1,169)	(1,269)
Less: Income taxes, not applicable to adjusted operating income	9	(138)	(289)	(462)
Total reconciling items, after income taxes	64	308	(880)	(807)
After-tax adjusted operating income	1,329	1,346	3,895	3,984
Income taxes, applicable to adjusted operating income	323	322	1,015	1,066
Adjusted operating income before income taxes	\$ 1,652	\$ 1,668	\$ 4,910	\$ 5,050
Net Income Return on Equity			7.1%	8.6%
Adjusted Operating Return on Equity ⁽¹⁾			13.0%	13.5%

(1) Represents adjusted operating income after-tax, annualized for interim periods, divided by average Prudential Financial, Inc. equity excluding accumulated other comprehensive income and adjusted to remove amounts included for foreign currency exchange rate remeasurement.



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

	Third Quarter		Year to Date	
	2019	2018	2019	2018
Net income per share attributable to Prudential Financial, Inc.	\$ 3.44	\$ 3.90	\$ 7.35	\$ 7.51
Less: Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	0.71	0.42	(2.37)	1.21
Market experience updates	(0.77)	0.00	(1.26)	0.00
Investment gains (losses) on assets supporting experience-rated contractholder liabilities, net	0.22	0.02	2.01	(1.37)
Change in experience-rated contractholder liabilities due to asset value changes	(0.39)	(0.05)	(2.12)	1.13
Divested and Run-off Businesses:				
Closed Block Division	0.11	0.04	0.01	(0.05)
Other Divested and Run-off Businesses	0.38	0.03	1.07	(3.71)
Difference in earnings allocated to participating unvested share-based payment awards	0.00	(0.01)	0.02	0.02
Total reconciling items, before income taxes	0.26	0.45	(2.64)	(2.77)
Less: Income taxes, not applicable to adjusted operating income	0.04	(0.30)	(0.64)	(1.04)
Total reconciling items, after income taxes	0.22	0.75	(2.00)	(1.73)
After-tax adjusted operating income per share	\$ 3.22	\$ 3.15	\$ 9.35	\$ 9.24



Reconciliations between Adjusted Book Value and the Comparable GAAP Measure

(\$ millions, except per share data)

	<u>September 30, 2019</u>	<u>September 30, 2018</u>
GAAP book value	\$ 65,798	\$ 46,725
Less: Accumulated other comprehensive income (AOCI)	<u>27,558</u>	<u>9,150</u>
GAAP book value excluding AOCI	38,240	37,575
Less: Cumulative effect of remeasurement of foreign currency	<u>(1,946)</u>	<u>(2,509)</u>
Adjusted book value	<u>\$ 40,186</u>	<u>\$ 40,084</u>
Number of diluted shares	<u>403.2</u>	<u>426.3</u>
GAAP book value per Common share - diluted ⁽¹⁾	\$ 163.19	\$ 110.78
GAAP book value excluding AOCI per Common share - diluted ⁽¹⁾	\$ 94.84	\$ 89.32
Adjusted book value per Common share - diluted ⁽¹⁾	\$ 99.67	\$ 95.20

(1) As of the third quarter of 2018, book value per share of Common Stock includes a \$500 million increase in equity and a 5.9 million increase in diluted shares, reflecting the dilutive impact of exchangeable surplus notes when book value per share is greater than \$85.00. The \$500 million of exchangeable surplus notes were converted into 6.2 million shares of Common Stock in the third quarter of 2019.

