1Q23 Earnings Call

May 3, 2023

Expanding access to investing, insurance, and retirement security

Prudential

Key Messages

Transforming our business for sustainable growth

Navigating the macro environment with our rock solid balance sheet

Maintaining balanced and disciplined capital deployment

WE MAKE LIVES BETTER *by*

SOLVING *the* FINANCIAL CHALLENGES

of our CHANGING WORLD

Transforming Our Business for Sustainable Growth

Invested in Growth Markets and Businesses

- Announced agreement to acquire majority interest in Deerpath Capital, a private credit asset manager
- Record first quarter PRT sales and continued momentum in international longevity risk transactions
- Achieved double-digit sales growth in Prudential of Brazil

Expanded Solutions and Enhanced Customer Experience

- Expanded FlexGuard distribution and introduced product enhancements
- Diversified sales mix to meet customer needs in a higher interest rate environment
- Improved digital experience of sales, service, and claims platforms

Becoming a less market sensitive and higher growth company

Navigating the Macro Environment with our Rock Solid Balance Sheet

Executing robust capital and liquidity management

(1) Parent company 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.

Maintaining Balanced and Disciplined Capital Deployment

Investing in businesses for long-term, sustainable growth

Returned over $700 million to shareholders in 1Q23[1]

Increased quarterly dividend by 4% in 1Q23, 15th consecutive annual increase

Creating sustainable, profitable growth and shareholder returns

(1) Capital returned to shareholders in the first quarter of $718 million includes share repurchases of $250 million and dividends of $468 million.

First Quarter 2023 Highlights

Financial Highlights

($ millions, except per share amounts)

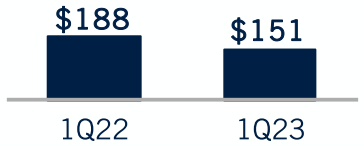
	1Q23
Pre-Tax Adjusted Operating Income[1]	$1,266
Adjusted Operating Income Per Share[1]	$2.66
GAAP Net Income Per Share[2]	$3.93
Adjusted Operating ROE[3]	11.2%
Adjusted Book Value Per Share[1]	$97.29

Earnings Drivers

($ millions, pre-tax adjusted operating income)

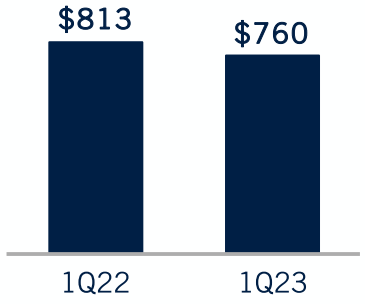
PGIM

- – Lower asset management fees
- + Higher Other Related Revenues



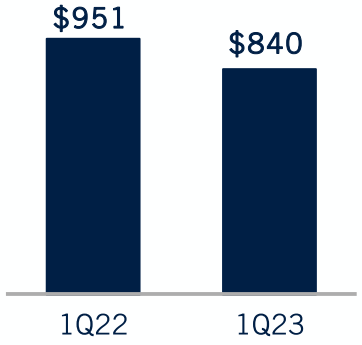
U.S. Businesses

- – Lower fee income
- – Lower variable investment income
- + More favorable underwriting



International Businesses

- – Lower variable investment income



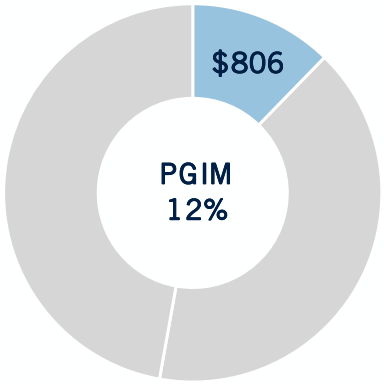
Note: See Appendix for segment results.
(1) See reconciliation in Appendix for non-GAAP measures Adjusted Operating Income, Adjusted Operating Income Per Share, and Adjusted Book Value Per Share.
(2) Includes impacts of realized investment gains, earnings from divested and run-off businesses, gains related to net change in value of market risk benefits, and favorable market experience updates.
(3) Based on 1Q23 after-tax Adjusted Operating Income and average Adjusted Book Value. See Appendix for more information.

PGIM

Active Global Investment Manager Across a Broad Range of Private and Public Asset Classes

Earnings Contribution to Prudential

Trailing twelve months[1]
($ millions)

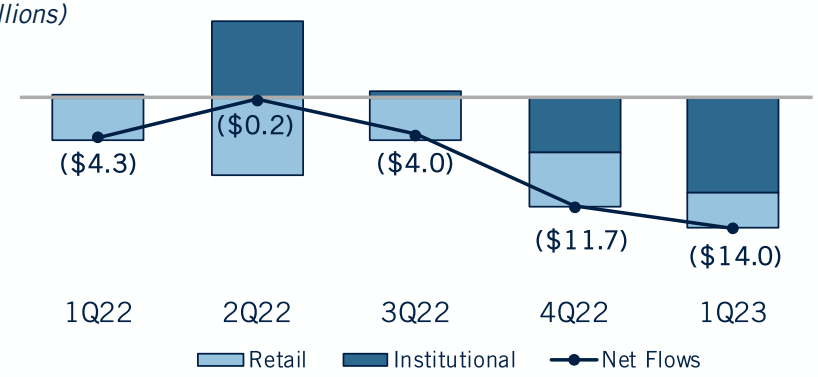


Key Priorities

- Maintain strong investment performance[2]
  - Percentage of AUM[3] outperforming public benchmarks: 3 Year: 85%, 5 Year: 80%, 10 Year: 93%
- Capture synergies with broader Prudential enterprise and leverage scale to drive operating leverage
- Globalize both product and client footprint and continue to add capabilities
- Grow in alternatives, including private credit, and other high margin areas
- Selectively acquire new capabilities through programmatic M&A

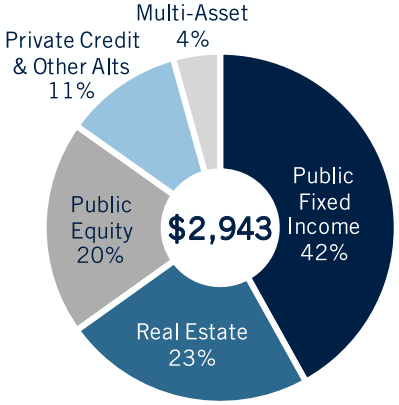
3rd Party Net Flows

($ billions)



Asset Management Fees

Trailing twelve months
($ millions)



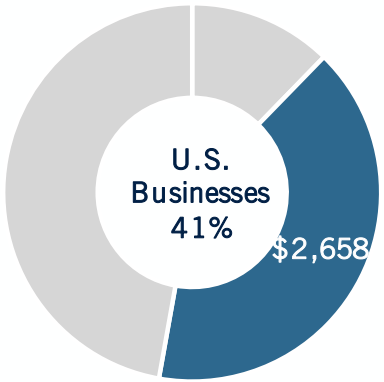
(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.
(2) PGIM calculations as of March 31, 2023 for $733 billion of third-party AUM managed against public benchmarks. Past performance is not a guarantee or reliable indicator of future results. All investments involve 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 (74% of total third-party AUM is benchmarked over 3 years, 66% over 5 years, and 46% over 10 years). 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, PGIM Quantitative Solutions, PGIM Real Estate, PGIM Private Capital, PGIM Global Partners, and PGIM Real Estate Finance.

U.S. Businesses

Diversified Portfolio with Expanding Market Opportunities and Improving Risk Profile

Earnings Contribution to Prudential

Trailing twelve months[1]
($ millions)

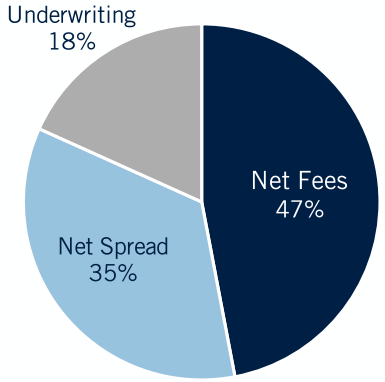


Key Priorities

- Create higher value, higher growth, and less market sensitive sources of earnings
- Transform our capabilities to improve customer experiences
- Expand our addressable market with new financial solutions leveraging the capabilities across Prudential

Diversified Sources of Earnings

Trailing twelve months[2]



Quarterly Performance Highlights

- Robust Institutional Retirement Strategies sales, including a jumbo Funded PRT transaction
- Continued success of Individual Retirement Strategies' FlexGuard products and increased fixed annuity sales
- Favorable Individual Life sales mix, with variable products representing approximately 70% of sales
- Strong Group Insurance sales reflect diversification strategy, with growth in supplemental health and disability products, driving 25% growth in the Premier segment from prior year

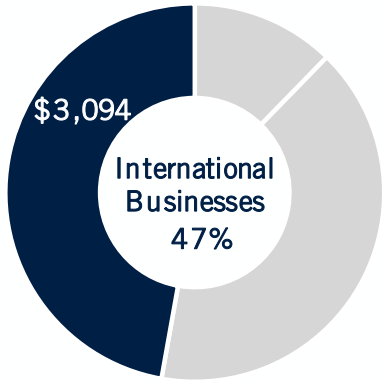
Note: See Appendix for segment results.
(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations. U.S. Businesses include Retirement Strategies, Group Insurance, and Individual Life.
(2) Based on net fee income, net spread income, and underwriting margin and claims experience gross of expenses. Excludes assumption updates and other refinements. Prior periods do not reflect the impact of restatements related to LDTI/resegmentation.

International Businesses

Market Leader in Japan with Expanding Presence in Growth Markets

Earnings Contribution to Prudential

Trailing twelve months[1]
($ millions)

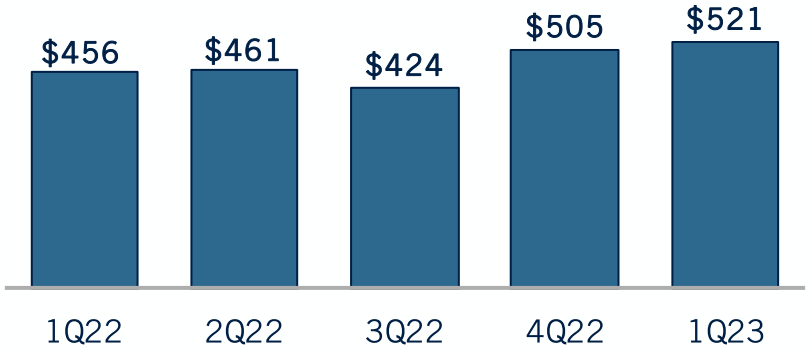


Key Priorities

- Continue to address the insurance and retirement security needs of customers through differentiated distribution and operational efficiency
- Enhance customer experience and distribution through digital tools
- Expand in select high growth emerging markets through investments in organic growth and programmatic M&A

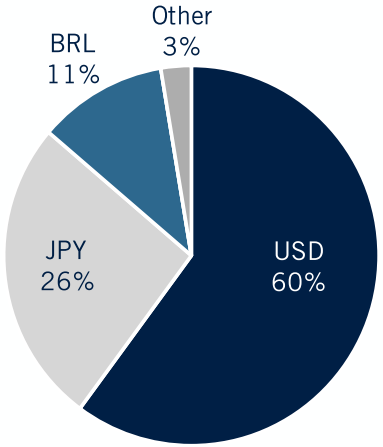
Sales[2]

($ millions)



Sales – Currency Mix[2]

Trailing twelve months

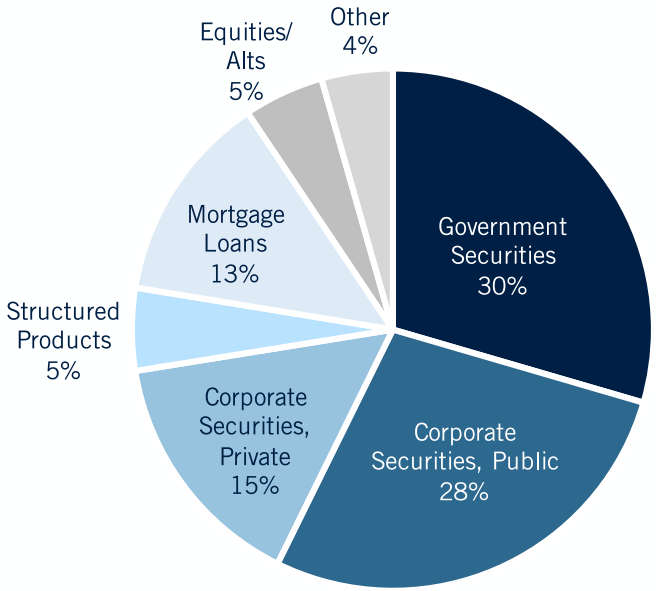


(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.
(2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 110 per USD and Brazilian Real (BRL) 6.1 per USD. USD-denominated activity is included based on the amounts as transacted in USD. Sales represented by annualized new business premiums.

Investment Portfolio

Portfolio Composition[1]

$373 billion



Highlights

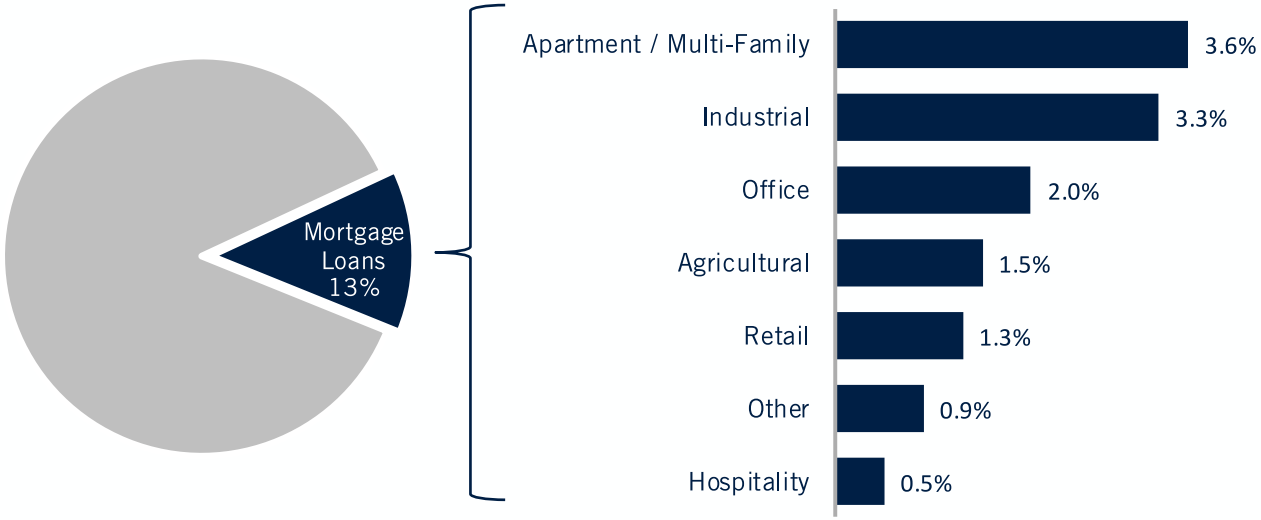
- Broadly diversified, high quality portfolio with strong Asset Liability Management
  - High allocation to government securities (mostly U.S. and Japan)
  - Significant protections with private credit
- Benefits from PGIM's expertise and direct origination capabilities
- Disciplined framework for credit management

(1) General Account excluding the Closed Block Division and assets supporting experience-related contractholder liabilities (ASCL) as of March 31, 2023, on a U.S. GAAP carrying value basis. Mortgage loans include commercial, agricultural, residential, and other loans. Structured products include commercial and residential mortgage-backed securities, collateralized loan obligations, and other asset-backed securities. Alts include investments in LPs/LLCs, and real estate held through direct ownership. Other includes policy loans, fixed maturities - trading, short-term investments, derivatives, and other miscellaneous assets.

Mortgage Loan Portfolio

- Conservative underwriting with a weighted average loan-to-value (LTV) of 57% and debt service coverage ratio (DSCR) of 2.41x as well as a prudent loan monitoring process with loan evaluations occurring at least annually
  - 60% rated CM1 and 30% rated CM2
- Office represents 2% of invested assets with LTVs and DSCRs in-line with the overall portfolio
  - 76% of office properties are Class A and 24% are Class B

$49 billion or 13% of Invested Assets[1]



($ millions)		Debt Service Coverage Ratio			
		≥ 1.2x	1.0x to < 1.2x	< 1.0x	Total
Loan-to-Value	0% - 59.99%	$25,171	$1,403	$625	$27,199
	60% - 69.99%	12,660	950	938	14,548
	70% - 79.99%	4,096	749	346	5,191
	80% or greater	908	166	316	1,390
	Total[2]	$42,835	$3,268	$2,225	$48,328

Loans with LTV ≥ 70% and DSCR < 1.2x are only 3% of the mortgage portfolio

Note: See Appendix for Additional Commercial Real Estate Details.
(1) General Account excluding the Closed Block Division and assets supporting experience-related contractholder liabilities (ASCL) as of March 31, 2023, on a U.S. GAAP carrying value basis.
(2) On a U.S. GAAP carrying value basis gross of allowance for credit losses. Excludes $601M of uncollateralized, residential, and other collateralized loans.

Adjusted Operating Income & EPS Considerations

($ millions, except per share amounts)		Adjusted Operating Income Pre-Tax	Adjusted Operating Income Per Share After-Tax
1Q23 Reported[1]		**$1,266**	**$2.66**
Variable Investment Income	• Assumes a normalized level	150	0.31
Underwriting	• Normalized for 1Q23 experience	85	0.18
Expenses & Other	• Net earnings impacts from certain segments	25	0.05
2Q23 Baseline[2]		**$1,526**	**$3.20**

2Q23 baseline includes items specific to the second quarter that reduce EPS by $0.09[3]

Note: See Appendix for segment detail.
(1) See reconciliation in Appendix for non-GAAP measures, Adjusted Operating Income, and Adjusted Operating Income Per Share.
(2) EPS rollforward list of considerations not intended to be exhaustive and rollforward is not a projection of 2Q23 results. Does not consider future items such as, among other things, share repurchases, business growth, market impacts, and the impact of expected 2Q23 assumption updates.
(3) Items specific to the second quarter include seasonality impacts. See Appendix for details.

Significant Capital Position

Capital Position

- Parent company liquid assets at the high end of $3 to $5 billion liquidity target range
- PICA RBC ratio > 375%
- Japan solvency margin ratios > 700%

Sources of Funding

- Parent company highly liquid assets of $4.6 billion[1]
- Free cash flow[2] ~65% of earnings over time

Off-Balance Sheet Resources

Resource	Capacity	Maturity Date
Sustainability-Linked Credit Facility	$4.0 billion	July 2026
Contingent Capital	$1.5 billion $1.5 billion $1.5 billion	November 2023 May 2030 February 2033 and 2053
Prudential Holdings of Japan Facility	¥100 billion	September 2024

As of March 31, 2023.

(1) 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.

(2) Free cash flow ratio includes dividends and returns of capital from subsidiaries, net receipts from capital related intercompany loans, capital contributions to subsidiaries, adjustments for M&A funding, and after-tax net interest expense, as a percentage of after-tax adjusted operating income. Percentage is not intended to report results over any given time period.

Key Messages

Transforming our business for sustainable growth

Navigating the macro environment with our rock solid balance sheet

Maintaining balanced and disciplined capital deployment

WE MAKE LIVES BETTER *by*

SOLVING *the* FINANCIAL CHALLENGES

of our CHANGING WORLD

Appendix

Expanding access to investing, insurance, and retirement security

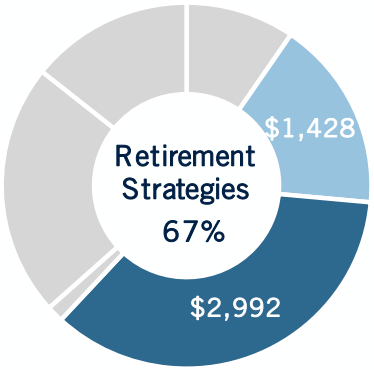
Prudential

Retirement Strategies

Delivering Value by Protecting Customer and Client Outcomes

Earnings Contribution to Prudential

Trailing twelve months[1]
($ millions)



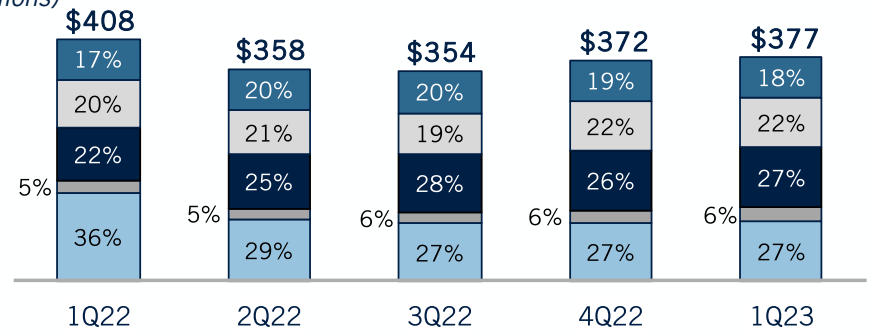
Institutional Retirement Strategies Individual Retirement Strategies

Key Priorities

- Expand access to retirement security, broadening distribution through new relationships, platforms, and advisors
- Deliver industry-leading strategies for growth and protection that create stakeholder value across all economic environments
- Simplify the customer and advisor experience using technology to improve ease of doing business

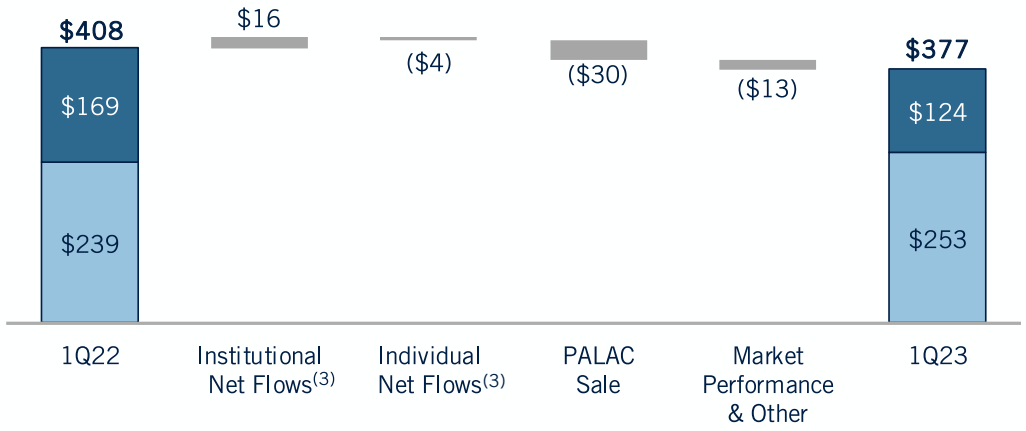
Account Value – Product Mix

($ billions)



Institutional - Stable Value
Institutional - International Reinsurance
Institutional - Group Annuities & Other Products
Individual - Protected Investment & Income[2]
Individual - Discontinued VA & GLB Block

Account Value and Trailing 12 Month Net Flows



Institutional Retirement Strategies Individual Retirement Strategies

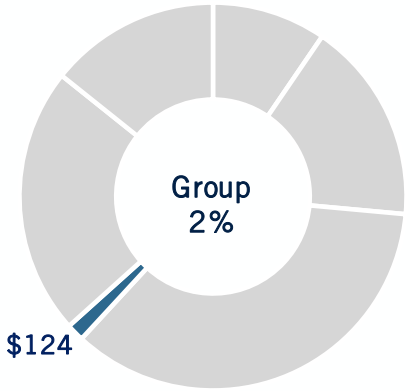
(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.
(2) Includes fixed annuities, our FlexGuard buffered annuity, and other variable annuities without guaranteed living benefits (GLB) and excludes Highest Daily Suite, Prudential Defined Income, and legacy variable annuities.
(3) Institutional net flows include sales of $33B and outflows of ($17B). Individual net flows include Protected Investment and Income inflows of $5B offset by outflows of ($9B) from Discontinued VA & GLB Block.

Group Insurance

Leading Group Benefits Provider with Opportunity to Further Diversify

Earnings Contribution to Prudential

Trailing twelve months[1]
($ millions)

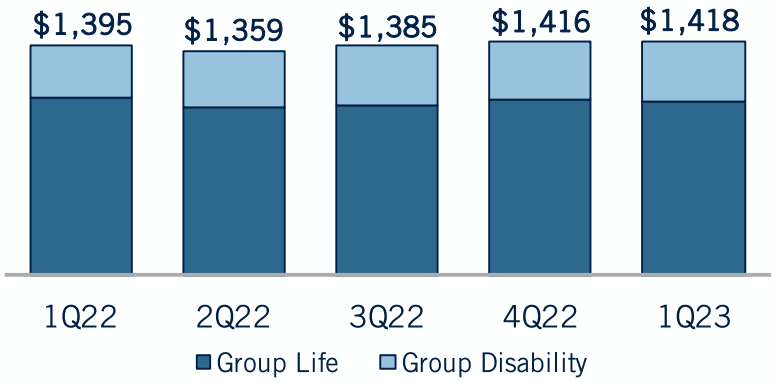


Key Priorities

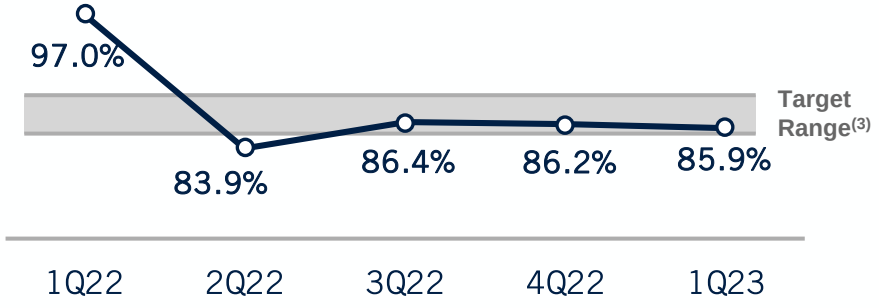
- Execute on diversification strategy while maintaining pricing discipline
  - Maintain National segment share (>5,000 lives) and grow both Premier segment (100 to 5,000 lives) and Association
  - Diversify further into voluntary products
- Deepen employer and participant relationships with holistic wellness programs
- Improve organizational and process efficiencies

Earned Premiums & Fees

($ millions)



Total Group Insurance Benefits Ratio[2]



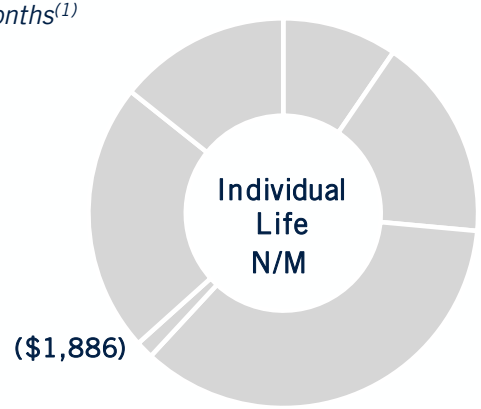
(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.
(2) Benefits ratios excluding the impact of assumption updates and other refinements.
(3) Targeted total benefits ratio range of 85% - 89%.

Individual Life

Broad Product Portfolio and Multi-Channel Distribution

Earnings Contribution to Prudential

Trailing twelve months[1]
($ millions)

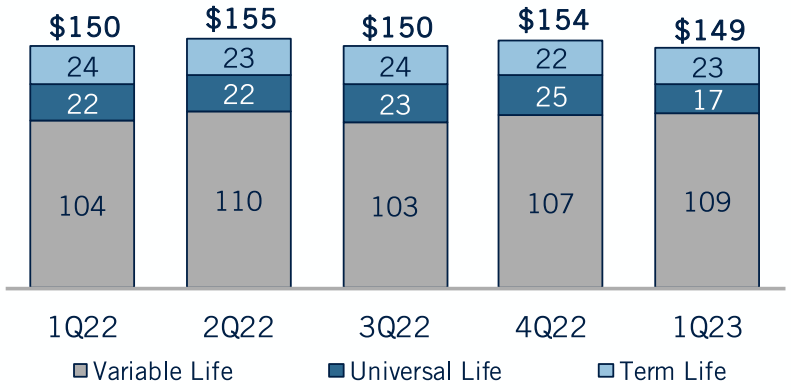


Key Priorities

- Continue growth of simplified term protection solutions that expand our addressable market and achieve lower risk financial profiles
- Improve profitability through disciplined pricing and expense management
- Expand digital capabilities to drive operating efficiencies and deepen distribution relationships

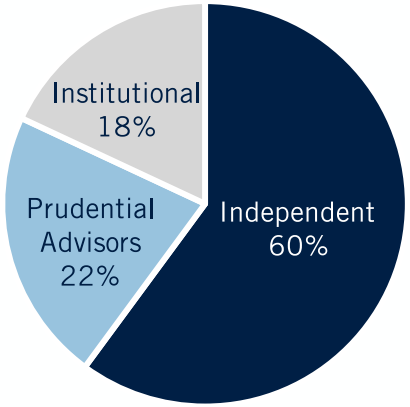
Sales[2] – Product Mix

($ millions)



Sales[2] – Distribution Mix

Trailing twelve months



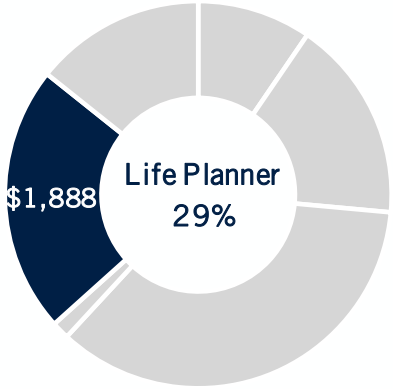
(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.
(2) Sales represented by annualized new business premiums.

Life Planner

Highly Productive Proprietary Distribution with Steady Long-Term Growth Potential

Earnings Contribution to Prudential

Trailing twelve months[1]
($ millions)

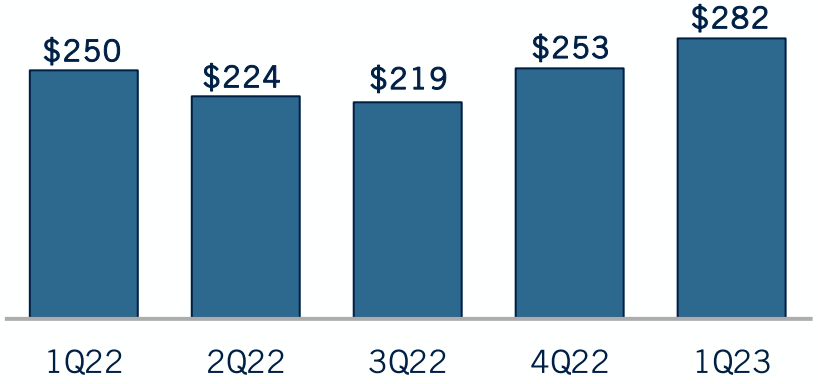


Key Priorities

- Lead with protection solutions while expanding product and business capabilities to meet customers' evolving needs
- Nurture and grow Life Planners
- Enhance client experience and distribution support through digital tools
- Expand existing emerging market platforms including through selective programmatic M&A opportunities

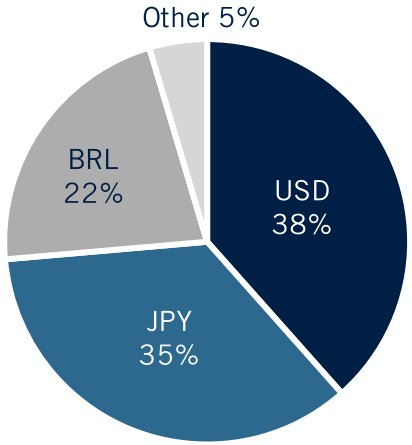
Sales[2]

($ millions)



Sales – Currency Mix[2]

Trailing twelve months



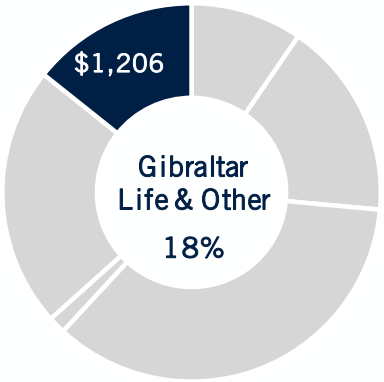
(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.
(2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 110 per USD and Brazilian Real (BRL) 6.1 per USD. USD-denominated activity is included based on the amounts as transacted in USD. Sales represented by annualized new business premiums.

Gibraltar Life & Other

Meeting Client Needs via Multiple Channels

Earnings Contribution to Prudential

Trailing twelve months[1]
($ millions)

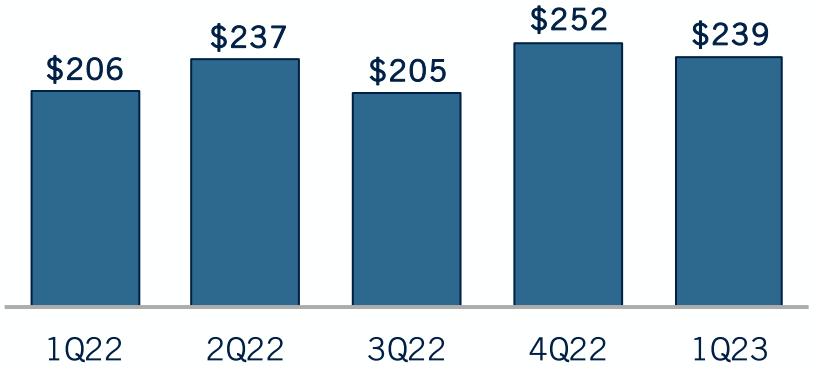


Key Priorities

- Lead with protection solutions while expanding product and business capabilities to meet customers' evolving needs
- Optimize Life Consultants and strategically expand in third-party channels
- Enhance client experience and distribution support through digital tools
- Expand existing emerging market platforms including through selective programmatic M&A opportunities

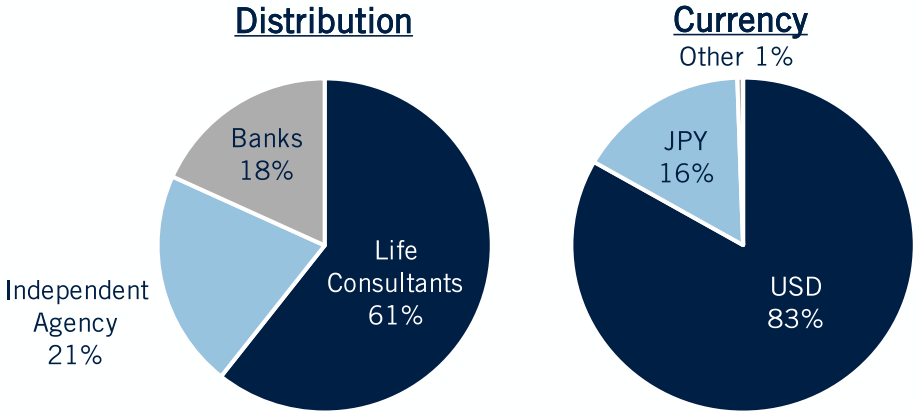
Sales[2]

($ millions)



Sales Mix[2]

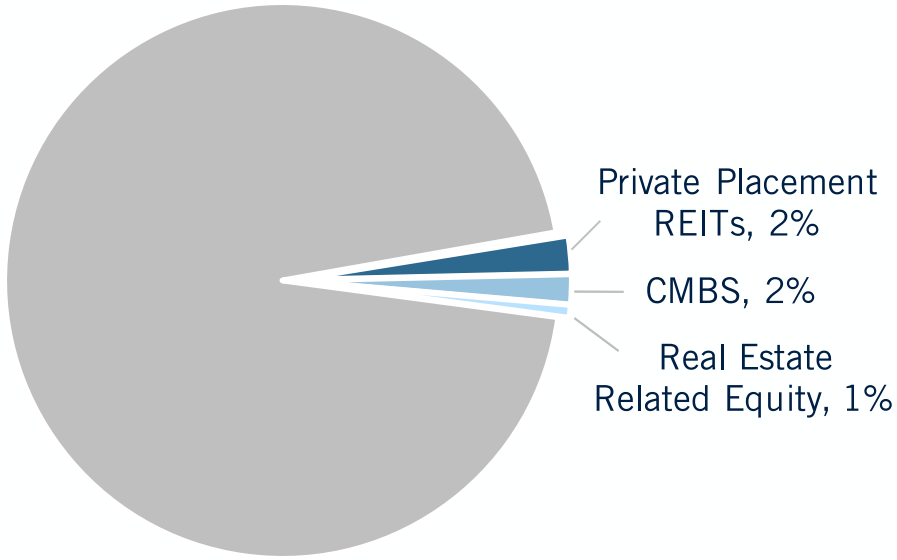
Trailing twelve months



(1) Based on pre-tax adjusted operating income excluding Corporate & 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) 110 per USD. USD-denominated activity is included based on the amounts as transacted in USD. Sales represented by annualized new business premiums.

Additional Commercial Real Estate Details

$18 billion or 5% of Invested Assets[1]



REIT Debt

- 97% investment grade with a BBB+ average portfolio rating
- Well diversified by geography and property type with structural covenants

Commercial Mortgage-Backed Securities (CMBS)

- High quality portfolio with 100% AAA rated holdings and ~20% government guaranteed
- Well diversified with an average credit enhancement of ~40%

Real Estate Related Equity

(real estate funds, equity REITs, and directly held real estate)

- Largely invested in stabilized, lower-leveraged properties that generate consistent net operating income

(1) General Account excluding the Closed Block Division and assets supporting experience-related contractholder liabilities (ASCL) as of March 31, 2023, on a U.S. GAAP carrying value basis. Real Estate shown here is included within Corporate Securities, Private, Structured Products, and Equities/Alts on slide 10.

Adjusted Operating Income Rollforward by Business

($ millions, pre-tax)	1Q23 Reported	1Q23			2Q23	2Q23 Baseline[4]
		VII	Underwriting	Expenses & Other[2]	Expenses & Other[3]	
PGIM	$151	-	-	55	-	$206
Institutional Retirement Strategies	$396	45	(10)	-	-	$431
Individual Retirement Strategies	$441	20	-	-	-	$461
Group Insurance	$25	5	-	5	-	$35
Individual Life	($102)	20	90	-	-	$8
Life Planner	$522	20	5	(60)	(30)	$457
Gibraltar Life & Other	$318	35	-	(25)	(15)	$313
Corporate & Other	($485)	5	-	95	-	($385)
Prudential Financial, Inc.[1]	$1,266	$150	$85	$70	($45)	$1,526

Includes items specific to the second quarter totaling ($0.09)

(1) See reconciliation for non-GAAP measures Adjusted Operating Income on slide 27.
(2) PGIM and Corporate & Other reflect expected long-term compensation expense for retiree eligible employees. PGIM also includes Other Related Revenues below a normalized quarterly level. Group and Corporate & Other also include higher than typical expenses. Life Planner and Gibraltar Life & Other reflect seasonally high annual premiums.
(3) Life Planner and Gibralter Life & Other expect seasonally low annual premiums.
(4) List of considerations not intended to be exhaustive and rollforward is not a projection of 2Q23 results. Does not consider future items such as, among other things, share repurchases, business growth, market impacts, and the impact of expected 2Q23 assumption updates.

Seasonality of Key Financial Items

($ millions, pre-tax adjusted operating income)	2Q23	3Q23	4Q23	1Q24
PGIM			Other Related Revenues tend to be higher driven by Incentive & Agency Fees	($40) Higher compensation expense[2]
Individual Life		$20 Highest underwriting gains		($25) Lowest underwriting gains
Life Planner	($30) Lowest premiums		($30) Lowest premiums	$60 Highest premiums
Gibraltar Life & Other	($15) Lowest premiums		($10) Lower premiums	$25 Highest premiums
Corporate & Other			($75) Higher expenses[1] Higher Assurance IQ revenue (annual Medicare enrollment)	($30) Higher compensation expense[2]

(1) Total company expenses are typically higher than the quarterly average in the fourth quarter by $125-175 million.
(2) Long-term compensation expense for retiree eligible employees is recognized when awards are granted, typically in the first quarter of each year.

Forward-Looking Statements

Certain of the statements included in this presentation, including those regarding our plans to reposition our business and become a higher growth, less market sensitive company, our plans relating to share repurchases and dividends, our agreement to acquire a majority interest in Deerpath Capital and the expected impact of that planned acquisition, and those under the headings "Key Priorities," "Adjusted Operating Income & EPS Considerations," "Adjusted Operating Income Rollforward by Business," 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. Each of our forward-looking statements contained herein is subject to the risk that we will be unable to execute our strategy and other risks. In addition, our statements under the heading "Seasonality of Key Financial Items" are subject to the risk that different earnings and expense patterns will emerge. Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in this presentation.

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

Non-GAAP Measures

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, adjusted book value, and adjusted operating return on equity 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 investor.prudential.com. Reconciliations are also included as part of this presentation.

Our 2Q23 earnings rollforward is based on 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.

We believe that our use of these non-GAAP measures helps investors understand and evaluate the Company's performance and financial position. The presentation of adjusted operating income as we measure it for management purposes enhances the understanding of the results of operations by highlighting the results from ongoing operations and the underlying profitability of our businesses. Trends in the underlying profitability of our businesses can be more clearly identified without the fluctuating effects of the items described below. Adjusted book value augments the understanding of our financial position by providing a measure of net worth that is primarily attributable to our business operations separate from the portion that is affected by capital and currency market conditions, and by isolating the accounting impact associated with insurance liabilities that are generally not marked to market and the supporting investments that are marked to market through accumulated other comprehensive income under GAAP. However, these non-GAAP measures are not substitutes for income and equity determined in accordance with GAAP, and the adjustments made to derive these measures are important to an understanding of our overall results of operations and financial position. The schedules accompanying this release provide reconciliations of non-GAAP measures with the corresponding measures calculated using GAAP. Additional historic information relating to our financial performance is located on our website at investor.prudential.com.

Adjusted operating income is a non-GAAP measure used by the Company to evaluate segment performance and to allocate resources. Adjusted operating income excludes "Realized investment gains (losses), net, and related charges and adjustments". A significant element of realized investment gains and losses are impairments and credit-related and interest rate-related gains and losses. Impairments and losses from sales of credit-impaired securities, the timing of which depends largely on market credit cycles, can vary considerably across periods. The timing of other sales that would result in gains or losses, such as interest rate-related gains or losses, is largely subject to our discretion and influenced by market opportunities as well as our tax and capital profile.

Non-GAAP Measures (Continued)

Realized investment gains (losses) within certain businesses for which such gains (losses) are a principal source of earnings, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments, are included in adjusted operating income. Adjusted operating income generally excludes realized investment gains and losses from products that contain embedded derivatives, and from associated derivative portfolios that are part of an asset-liability management program related to the risk of those products. Adjusted operating income also excludes gains and losses from changes in value of certain assets and liabilities relating to foreign currency exchange movements that have been economically hedged or considered part of our capital funding strategies for our international subsidiaries, as well as gains and losses on certain investments that are designated as trading. Adjusted operating income also excludes investment gains and losses on assets supporting experience-rated contractholder liabilities and changes in experience-rated contractholder liabilities due to asset value changes, because these recorded changes in asset and liability values are expected to ultimately accrue to contractholders. Additionally, adjusted operating income excludes the changes in fair value of equity securities that are recorded in net income.

Adjusted operating income excludes "Change in value of market risk benefits, net of related hedging gains (losses)", which reflects the impact from changes in current market conditions, and market experience updates, reflecting the immediate impacts in current period results from changes in current market conditions on estimates of profitability, which we believe enhances the understanding of underlying performance trends. Adjusted operating income also excludes the results of Divested and Run-off Businesses, which are not relevant to our ongoing operations, and discontinued operations and earnings attributable to noncontrolling interests, each of which is presented as a separate component of net income under GAAP. Additionally, adjusted operating income excludes other items, such as certain components of the consideration for acquisitions, which are recognized as compensation expense over the requisite service periods, and goodwill impairments. Earnings attributable to noncontrolling interests is presented as a separate component of net income under GAAP and excluded from adjusted operating income. The tax effect associated with pre-tax adjusted operating income is based on applicable IRS and foreign tax regulations inclusive of pertinent adjustments.

Adjusted operating income does not equate to "Net income" as determined in accordance with U.S. GAAP. Adjusted operating income is not a substitute for income determined in accordance with U.S. GAAP, and our definition of adjusted operating income may differ from that used by other companies. The items above are important to an understanding of our overall results of operations. However, we believe that the presentation of adjusted operating income as we measure it for management purposes enhances the understanding of our results of operations by highlighting the results from ongoing operations and the underlying profitability of our businesses. Trends in the underlying profitability of our businesses can be more clearly identified without the fluctuating effects of the items described above.

Adjusted book value is calculated as total equity (GAAP book value) excluding accumulated other comprehensive income (loss) and the cumulative effect of foreign currency exchange rate remeasurements and currency translation adjustments corresponding to realized investment gains and losses. These items are excluded in order to highlight the book value attributable to our core business operations separate from the portion attributable to external and potentially volatile capital and currency market conditions.

Reconciliations between Adjusted Operating Income and the Comparable GAAP Measure

($ millions)	First Quarter 2023	First Quarter 2022
Net income (loss) attributable to Prudential Financial, Inc.	$ 1,462	$ (493)
Income (loss) attributable to noncontrolling interests	15	(13)
Net income (loss)	1,477	(506)
Less: Earnings attributable to noncontrolling interests	15	(13)
Income (loss) attributable to Prudential Financial, Inc.	1,462	(493)
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	(3)	21
Income (loss) (after-tax) before equity in earnings of operating joint ventures	1,465	(514)
Less: Reconciling Items:		
Realized investment gains (losses), net, and related charges and adjustments	$ 369	$ (1,721)
Change in value of market risk benefits, net of related hedging gains (losses)	75	(304)
Market experience updates	48	121
Divested and Run-off Businesses:		
Closed Block Division	(4)	27
Other Divested and Run-off Businesses	107	(271)
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(5)	(29)
Other adjustments[1]	(9)	(17)
Total reconciling items, before income taxes	581	(2,194)
Less: Income taxes, not applicable to adjusted operating income	106	(489)
Total reconciling items, after income taxes	475	(1,705)
After-tax adjusted operating income	990	1,191
Income taxes, applicable to adjusted operating income	276	345
Adjusted operating income before income taxes	$ 1,266	$ 1,536
Net Income (loss) Return on Equity	18.9%	-6.7%
Adjusted Operating Return on Equity[2]	11.2%	12.0%

(1) Represents adjustments not included in the above reconciling items, including certain components of consideration for business acquisitions, which are recognized as compensation expense over the requisite service periods.
(2) 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

	First Quarter	
	2023	2022
Net income (loss) per share attributable to Prudential Financial, Inc.	$ 3.93	$ (1.33)
Less: Reconciling Items:		
Realized investment gains (losses), net, and related charges and adjustments	1.00	(4.54)
Change in value of market risk benefits, net of related hedging gains (losses)	0.20	(0.80)
Market experience updates	0.13	0.32
Divested and Run-off Businesses:		
Closed Block Division	(0.01)	0.07
Other Divested and Run-off Businesses	0.29	(0.71)
Difference in earnings allocated to participating unvested share-based payment awards	(0.01)	0.03
Other adjustments[1]	(0.02)	(0.04)
Total reconciling items, before income taxes	1.58	(5.67)
Less: Income taxes, not applicable to adjusted operating income	0.31	(1.24)
Total reconciling items, after income taxes	1.27	(4.43)
After-tax adjusted operating income per share	$ 2.66	$ 3.10

(1) Represents adjustments not included in the above reconciling items, including certain components of consideration for business acquisitions, which are recognized as compensation expense over the requisite service periods.

Reconciliation between Adjusted Book Value and the Comparable GAAP Measure

($ millions, except per share data)	March 31, 2023
GAAP book value	$ 31,385
Less: Accumulated other comprehensive income (AOCI)	(3,825)
GAAP book value excluding AOCI	35,210
Less: Cumulative effect of remeasurement of foreign currency	(575)
Adjusted book value	$ 35,785
Number of diluted shares	367.8
GAAP book value per Common share - diluted	$ 85.33
GAAP book value excluding AOCI per Common share - diluted	$ 95.73
Adjusted book value per Common share - diluted	$ 97.29