

21-Apr-2026

Prudential Financial, Inc. (PRU)

Business Update Call

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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by. Welcome to this evening's conference call. At this time, all participants are listen-only mode. Later, we'll conduct a question-and-answer session and instructions will be given at that time. [Operator Instructions] As a reminder, this conference is being recorded.

It is now my pleasure to turn the call over to Tina Madon. Please go ahead.

Tina Madon

Global Head-Investor Relations, Prudential Financial, Inc.

Thank you. Good evening, everyone, and thank you for joining us to discuss the Extension of the Sales Suspension at Prudential of Japan. Representing Prudential on tonight's call are Andy Sullivan, Chairman and Chief Executive Officer; and Yanela Frias, Chief Financial Officer. We will begin with prepared remarks from Andy and Yanela, and then we'll address your questions.

Before we begin, I want to remind you that tonight's discussion includes forward-looking statements and actual results may differ materially from those statements. In addition, remarks made on tonight's call and in the investor presentation on the sales suspension posted to our website at investor.prudential.com include references to non-GAAP measures. For a discussion of the factors that could cause actual results to differ materially from those in the forward-looking statements and the non-GAAP measures, please see the slides titled, Forward-Looking Statements and Non-GAAP measures in the Appendix to the investor presentation.

Please note that we will not be discussing our first quarter 2026 results or the Form 8-K we filed on April 14, which includes, among other things, information related to our resegmentation. Accordingly, we ask that you limit your questions to the topic of tonight's call, the sales suspension extension at Prudential of Japan.

With that, I'll turn the call over to Andy.

Andrew F. Sullivan

Chairman & Chief Executive Officer, Prudential Financial, Inc.

Good evening, everyone, and thank you for joining us. We are holding this call to update you on our decision to extend the voluntary sales suspension at Prudential of Japan, known also as POJ, by an additional 180 days, to discuss the estimated financial implications, and outline our current thinking on the path forward.

Since my first call with you as CEO a year ago, I have emphasized that you can expect transparency and candor from me. Given the importance of POJ and our Japan businesses to Prudential earnings profile and the trust we have built over decades with customers and society in Japan, we believe our extension decision warranted a dedicated call this evening.

It is clear to my leadership team and me that POJ requires meaningful transformation and further oversight. Through the reset now underway, we are addressing the issues we have identified so far and repositioning the business for the future. When we announced the initial voluntary 90-day suspension, I said that we would not resume new sales until we were comfortable that POJ's compliance and oversight environment supported doing so. That remains our standard.

As you know, following a review of the business and its leadership structure last fall, I appointed a new CEO to lead our Japan protection and retirement businesses, reporting directly to me, and we undertook a broader reset of the POJ leadership team. This new team brings deep expertise and has completed a rigorous internal assessment of the business against current market standards.

Based on that assessment, together with ongoing analysis we have conducted and other information learned to date, we concluded that the scope and complexity of the required changes within POJ are greater than we previously anticipated and will take additional time to design and implement. In parallel, we initiated an independent, third-party review of POJ's management system as part of our governance process. That review is ongoing and is expected to take several months to complete. Its findings will also inform any additional actions that we may need to take.

We therefore decided to extend the voluntary sales suspension by an additional 180 days through November 5. This reflects our current judgment of the time required for the operational, governance, organizational, and related changes necessary for POJ to resume sales. I will provide more color in a moment, but first, let me briefly address the estimated financial implications. We expect a \$525 million to \$575 million impact on 2026 pre-tax adjusted operating income, reflecting both the initial 90-day suspension and the 180-day extension. For context, this amount represents approximately 18% of the 2025 pre-tax adjusted operating income of our Japan business and roughly 8% of PFI's.

In 2027, we estimate a \$400 million to \$450 million impact on pre-tax adjusted operating income, primarily reflecting the annualized impact of surrenders and the suspension of new sales activity for most of 2026, as well as the cost of restarting new sales in 2027. While we expect the recovery of sales to take time as we reset the operating model, POJ has strong capabilities, a well-established brand, and a long-standing presence in the market. We believe the business will emerge better positioned to serve consumers over the long term. Yanela will

provide further details on these financial considerations in a moment, including how we are thinking about our intermediate-term EPS growth target.

Let me now provide further context on why we made this decision. The extension is not simply a further pause in sales activity. It is more fundamental than that. It is a deliberate decision to prioritize the changes needed to critical elements of POJ's business model. This is being done to support long-term consumer outcomes and meet societal and regulatory expectations, as well as our own. The issues we are addressing stem from POJ's legacy management system and agency operating model. Since the initial suspension began, the Japan Leadership team has established a clear road map with defined milestones to support a comprehensive modernization of both these elements, covering how the business is governed, how incentives and compensation are designed, and how accountability is enforced.

We have already made tangible progress in support of these objectives. We launched the independent, third-party Customer Reimbursement Committee, and initial payments to impacted customers have already been made. We began implementing a new customer success model, and initiated the redesign of the Life Planner compensation structure to better align incentives and decision-making with customer interests. We expect to begin rolling out key components later this spring.

During the extended suspension period, our focus will be on sustained, measurable actions designed to improve customer outcomes. This includes strengthening POJ's oversight and governance, improving the transparency of sales activities, and enhancing protections around customer information. Supporting our Life Planner population through this transition will also be a critical focus as their engagement is essential to driving lasting cultural and structural change. Retention is also a priority given the importance of continuity and experience to customers and long-term franchise strength.

Let me be clear on how we are overseeing this work. We have moved decisively to strengthen enterprise-level engagement in Japan. PFI is now deeply embedded in the oversight of the work underway, and our Japan leadership team operates with clear, direct accountability to me. My leadership team and I are frequently on the ground in Tokyo, working with the Japan leadership and the local teams to drive execution, reinforce governance, and ensure the changes underway are comprehensive, durable, and fully aligned with our group-wide standards.

This is a hands on, high accountability approach, and it is intentional. From a leadership perspective, we are accountable for ensuring every one of our businesses operates in line with our standards and expectations. Therefore, we have undertaken a proactive review of our other Japan entities: PGFL, our bank channel; and Gibraltar, our Life Consultant and independent agency channel.

I'd like to close by putting all of this into perspective. POJ serves 2.2 million customers across life and annuities, supported by roughly 4,200 Life Planners across Japan. It is a large, diversified in-force book and remains a core component of Prudential's global footprint. While the suspension is clearly disruptive, the timing of the sales resumption will depend on progress against the actions underway and on our regulatory engagement.

That said, we believe the underlying fundamentals of the franchise, its customer base, its capabilities and our long-term market presence and commitment, remain intact. I am confident that we will return POJ to the market as a stronger, more resilient business with a modernized operating model that supports our customers over the long term.

With that, let me turn the call over to Yanela.

Yanela del Carmen Frias

Chief Financial Officer & Executive Vice President, Prudential Financial, Inc.

Thank you, Andy, and good evening, everyone. As Andy outlined, we are focused on taking decisive actions in Japan and being clear and transparent about what we know today. I will build on that by outlining the estimated financial impacts of the 180-day extension to the initial voluntary sales suspension announced in February. Specifically, I will cover the estimated aggregate impact to 2026 and 2027 adjusted operating income resulting from the full 270-day period of suspended sales; what this means for capital, ESR and cash flows; and our current thinking about the intermediate-term EPS growth target that we previously provided for PFI. As I cover the financial impacts, it may be helpful to follow along on slide 6 of the supplemental presentation posted to our Investor Relations website.

We currently believe that the aggregate impact to our 2026 pre-tax adjusted operating income will be approximately \$525 million to \$575 million. This amount includes the \$300 million to \$350 million that we shared in February related to the initial 90-day suspension. Let me break down what has changed and what hasn't. As we previously communicated, there were three elements to our initial \$300 million to \$350 million estimate tied to the 90-day sales suspension: first, \$150 million to \$180 million associated with sustaining the business; second, \$70 million of anticipated one-time costs primarily related to customer reimbursement; and third, \$80 million in estimated lower earnings attributable to the gradual ramp-up of new sales after the suspension period.

As you will recall, the \$150 million to \$180 million range for sustaining the business included the estimated impact of Life Planner compensation, lost sales, and higher surrenders, all of which are currently tracking within this range. As a result of the additional 180-day voluntary suspension, we now estimate a total impact of sustaining the business of approximately \$450 million to \$500 million. The overall mix of these components remains the same.

Now turning to the estimated \$70 million of one-time costs, as we noted in February, approximately 70% of this amount relates to customer reimbursement. This estimate remains unchanged and will be reflected in our first quarter results. And the third component was roughly \$80 million in estimated lower earnings from lost sales during the gradual ramp-up throughout the year following the end of the initial 90-day suspension. Now, with the extension continuing through November 5, this ramp-up effect will be pushed predominantly into 2027.

As Andy mentioned, to put all this into perspective, the midpoint of the estimated total 2026 impact of \$525 million to \$575 million is approximately 18% of total 2025 Japan pre-tax adjusted operating income and roughly 8% of PFI's.

Now turning to the 2027 financial impacts of the suspension extension, we currently anticipate the aggregate impact to our 2027 pre-tax adjusted operating income will be approximately \$400 million to \$450 million. This estimate primarily reflects the annualized impact of surrenders and suspended new sales activity in 2026, together with restarting and ramping up new sales in 2027. Life Planner compensation also factors into this range, but is a smaller contributor.

While it is difficult to estimate how long it will take to restore sales, we expect a gradual and consistent ramp-up period toward a steady-state level. As a result, POJ's in-force earnings base is expected to decline by about 10% by year-end 2026 relative to year-end 2025, and 15% by year-end 2027 also relative to year-end 2025.

To reiterate a point that Andy made, we believe POJ will emerge as a stronger, more resilient business that is better positioned to serve consumers over the long term. That said, we expect the recovery to take time as we reset the business model. We feel confident that the actions underway, rooted in appropriate oversight, incentives

and organizational structure, will reposition POJ for long-term success. We believe that the financial impacts outlined today represent a reasonable base case estimate of the costs related to the sales suspension and repositioning at POJ.

Now to provide a sensitivity, if sales were to resume later than November 6, we estimate that each additional month of delay would increase the 2027 impact by approximately \$50 million to \$60 million. It is important to note that over 90% of POJ's pre-tax adjusted operating income is driven by its in-force business, both retirement & savings and protection products, which will help stabilize the trajectory of its earnings over a multi-year period.

Now turning to capital, ESR and cash flows, we currently do not anticipate that the suspension of sales will have a material impact to our capital, ESR, or solvency ratios. Likewise, based on the financial implications I just outlined, we do not expect PFI cash flows to be materially impacted over 2026 and 2027.

Finally, an update on PFI's intermediate-term EPS growth target. As I mentioned on our fourth quarter call, if changes to the magnitude and/or duration of the POJ issue differed from what we understood at the time, we may not hit the low end of our EPS growth target range by the end of 2027. Given the increased estimated financial impact of the sales suspension and the related inherent uncertainties, we are withdrawing our previously communicated 5% to 8% EPS growth target. Our decision to communicate this today reflects our commitment to ongoing transparency. This does not reflect a change in our confidence in the long-term earnings power or fundamentals of the franchise or in our long-term value creation framework.

To close, we are focused on restoring the trust of our consumers and society in Japan through sustained, measurable change. Japan is an important market for Prudential, and we are determined to regain the confidence built over decades. We will continue to monitor the key drivers of POJ's financial results and will provide relevant updates as we make progress on the repositioning of POJ's operating model.

With that, we are ready to open the line for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. We'll now be conducting a question-and-answer session. [Operator Instructions] We ask you please ask one question and one follow-up then return to the queue. Our first question today is coming from Suneet Kamath from Jefferies. Your line is now live.

Suneet Kamath

Analyst, Jefferies LLC

Q

Hi. Thank you. Wanted to start with Gibraltar. I guess the press release says that there – you wouldn't expect an impact on Gibraltar from the sales suspension extension. But there was some media reports overnight that suggested some issues and you had mentioned on the last call that Gibraltar was going through a review, so just want to level set where we sit with respect to that review and could we see another type of sales suspension issue at Gibraltar if some issues are uncovered? Thanks.

Andrew F. Sullivan

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

So good evening, Suneet, it's Andy. First, let me just reiterate so we're clear that the sales suspension does apply only to POJ. We received a few questions and saw a few questions on that, it does not apply to the other OpCos. That said and as we talked about, we have undertaken a proactive review of Gibraltar. In essence, we think it's really important that we apply the cross learnings and drive consistency in compliance across our various operations.

From a leadership perspective, we're – as I said at the upfront, we're accountable to make sure that every one of our businesses operates within our group-wide standards. So just as an example of what we've been doing there, so we talked about the Customer Reimbursement Committee in the past that we implemented for POJ. We extended that and implemented that across for Gibraltar as a good practice.

Some of the news reports that you're referring to, we've received around 70 inquiries, 7-0, that the independent committee that we've established is reviewing. To be clear, those are inbound inquiries, they're not confirmed cases of misconduct, and just to put that in perspective, Gibraltar is a business with 3 million customers. So based on what we know today, we do not believe that we have systemic issues in Gibraltar, and Gibraltar, specifically, is a business that over the last several years, we worked very hard to enhance our Life Consultant controls and supervision in.

Suneet Kamath

Analyst, Jefferies LLC

Q

Okay. And then I guess for Yanela on the cash flows, I'm just trying to understand, it looks like over the two years, the financial impact is going to be close to \$1 billion, right, \$975 million, if I'm doing the math. And I guess given that order of magnitude, why is it that we're not seeing any impact on free cash flow? I would expect it given that size, there would be something, but you're saying there's nothing.

Yanela del Carmen Frias

Chief Financial Officer & Executive Vice President, Prudential Financial, Inc.

A

Yes, Suneet, hi. So let me emphasize just a couple of very key points here. First of all, our cash flows from the Japan business are generated from multiple sources and legal entities, including the three Japan entities, POJ,

Gibraltar and PGFL, as well as PICA, which is our statutory entity, which has historically reinsured a meaningful portion of Japan's US dollar business; and Gibraltar Re, our Bermuda entity, which also reinsurers Japan business.

So to provide context, as of 1Q 2026, over 40% of the Japan business is reinsured out of Japan. So a key point here is that we are not overly reliant on any single vehicle to deliver cash flows to PFI, either in Japan or across the broader enterprise. But to go maybe a little bit deeper, a second point I would provide, it is important to note that there are differences between the AOI impacts and how they present in statutory earnings, which is what drives cash flows and capital. So at the risk of getting really technical, let me walk through that.

The AOI impacts that we shared are on a pre-tax basis and they are anchored in US GAAP. However, our cash flows and capital, i.e., ESR, are impacted by after-tax local statutory earnings. So JGAAP for the business in the Japan operating entities and US GAAP for the businesses reinsured to PICA. So in the near term, there is a dynamic where the expenses resulting from the sales suspension are largely offset by lower new business strain. Also, reserve releases due to surrenders tend to be in excess of surrender value, so this limits the impact on statutory earnings in the near term and therefore limits the impact on capital. Over the longer horizon, obviously, the loss of profitable business does create some headwinds on local statutory earnings, but these should emerge gradually over time and we believe these headwinds remain manageable.

So, again, let me just summarize, three things. One, we are a large, diversified company with multiple businesses and multiple sources of cash flow; two, we're not overly reliant on any single vehicle to deliver cash flow to PFI, either in Japan or throughout the enterprise; and third, there are differences between the AOI impacts that we're sharing and the statutory impacts of the cost of the suspension, and that is what drives cash flows and capital.

Suneet Kamath

Analyst, Jefferies LLC

Okay. Thanks.

Q

Operator: Thank you. Next question today is coming from Tom Gallagher from Evercore ISI. Your line is now live.

Thomas Gallagher

Analyst, Evercore ISI

Thanks. So the first question is the annual impacts you're given after 2026 and 2027, should we assume the 2026 drag continues into 2027 and so 2027 is on top of the 2026 drag, so it is kind of a cumulative impact, or should earnings recover somewhat in 2027 versus 2026? I just want to make sure I'm kind of level set on how to think about the sequencing of this.

Q

Yanela del Carmen Frias

Chief Financial Officer & Executive Vice President, Prudential Financial, Inc.

Yeah, no, Tom, they are not additive. So the 2026 impact is for 2026, the 2027 is separate and it is a continuation of some of the items. So the way to think about it is in 2027, the \$290 million to \$340 million is mainly due to the lost sales and the impact of surrenders, and that's about 40% each of that total. And then the third component is Life Planner compensation, which is about 20% because that is ramping down as we restart sales. And then you see the other \$60 million, which is due to operating costs related to the new operating model and \$50 million of lost earnings due to the ramp-up during the sales ramp-up in 2027. But these are not additive. 2026 impact is impact on 2026 and 2027 is the impact on 2027.

A

Thomas Gallagher

Analyst, Evercore ISI

Q

Got you, Yanela. Yeah, I was – I just saw the in-force 10% moving to 15% impact and I was – I just wanted to be clear that we shouldn't expect there to be this sort of growing impact.

[indiscernible] (00:40:49)

Thomas Gallagher

Analyst, Evercore ISI

Q

But those should be taken separately?

Yanela del Carmen Frias

Chief Financial Officer & Executive Vice President, Prudential Financial, Inc.

A

They're separately and they're obviously diminishing over time.

Thomas Gallagher

Analyst, Evercore ISI

Q

Got you. My follow-up is just on how big of a change in compensation will it be for the POJ life planners to align better with customer interest? Is it a meaningful change? Is it moving a lot more to fixed compensations versus variable comp? Like what exactly is happening there, and what's your level of confidence that you'll be able to retain some of your highest producing life planners in light of these changes?

Andrew F. Sullivan

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

Yeah, Tom, thank you. So because this is one of the most important changes that we're making, and you can think of it this way. We're moving away from a new business-centric model. That model, the deeper we dug into it, some of the things we didn't like about it, it drove short-term behaviors and it produced income instability in the field force. Our new framework has four key elements to it. First, it establishes a minimum base pay; second, extends commission payments so that we're paying over multiple years; third, it adds a stronger component for persistency of business; and fourth, and obviously an important component is it strengthens the compliance-related accountabilities.

To your question, we really think this is a winning structure for everybody, for our employees, for our company, for the customers. You shouldn't imply that it's a meaningful change necessarily in the sort of total level of compensation, but it certainly is a major change in the way that we incentivize our life planners. We believe and I am confident that we're going to be very successful at both retaining life planners over the long term and having a higher-quality distribution force. The fact is we have incredible loyalty from our life planners. This is a business that's been there for 40 years, and our life planners like doing well and doing right by our customers. So we're working with them as we're making these changes and we know that they'll be successful as we go forward.

Thomas Gallagher

Analyst, Evercore ISI

Q

Okay. Thanks, Andy.

Operator: Thank you. Next question today is coming from Ryan Krueger from KBW. Your line is now live.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Hey, thanks. My first question was, can you just give us the rough amount of sales for POJ you did assume occur in 2027 relative to your, I guess, 2025 baseline?

Yanela del Carmen Frias

Chief Financial Officer & Executive Vice President, Prudential Financial, Inc.

A

So, Ryan, I think when you think about the components of 2027, we have an assumption of lost sales that happened in 2026 and that's what's driving the lower earnings in 2027. The amount of lost sales in 2027, they start ramping up in 2027 because the suspension ends in November. We don't expect we immediately go up to 100%, but they ramp up throughout the year.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Okay. Thanks. And then just one more in Gibraltar. It sounded like you don't think there's any systemic issues there, but when would you expect that review to be fully complete and, I guess, fully confident that, that will be the case?

Andrew F. Sullivan

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

So, thanks, Ryan. Our best estimate of the review will be sometime in the summer that it would come to conclusion. And as always, as we're evaluating this, we're assessing the facts as they materialize, but as I said, we don't believe – we're not seeing evidence that we have anything systemic in Gibraltar. And as I just reiterate, Gibraltar happens to be the operating company where we did the most work over the last five years at really working to strengthen our controls.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Great. Thank you.

Operator: Thank you. Next question today is coming from Wes Carmichael from Wells Fargo. Your line is now live.

Wes Carmichael

Analyst, Wells Fargo

Q

Hey, thank you. Good afternoon. Could you maybe just talk about the Japan, the FSA's involvement with the process so far? And I guess relatedly, are there any potential fines or penalties that are contemplated in your updated estimated financial impacts?

Andrew F. Sullivan

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

Yeah, Wes, thanks for the question. As you would expect, we're working with the FSA as the local regulator on the issues that we've had and on our remediation plans. The FSA has a very important job to do, which we respect greatly, and we're working hard to fulfill our role and to drive what we need to drive. We appreciate though

your understanding that we're prohibited from commenting on the details of the interaction and I would not conjecture on what that might look like.

Wes Carmichael

Analyst, Wells Fargo

Q

Got it. Thanks, Andy. And just on the withdrawal of the EPS target, I think, Yanela, you mentioned this, too, the slide mentions related inherent uncertainties. I realize there's probably a lot of uncertainties here, but are there any other kind of big potential developments that you're monitoring that may exacerbate the financial impacts?

Yanela del Carmen Frias

Chief Financial Officer & Executive Vice President, Prudential Financial, Inc.

A

Yeah. So two things. One, I wanted to get to your other question, are there any fines embedded in the financial impacts? The answer is no, and you could see the components of the financial impacts on page 6. Sorry, can you repeat your question again, your second question?

Wes Carmichael

Analyst, Wells Fargo

Q

Yeah, of course. So on the EPS guidance, I think right there on that slide, it says there's related inherent uncertainties. I just want to make sure, are there any other kind of big developments you're monitoring that we should be on the lookout for?

Yanela del Carmen Frias

Chief Financial Officer & Executive Vice President, Prudential Financial, Inc.

A

There are no new developments that we're monitoring. Obviously, the one thing I would highlight is that we cannot provide assurance at this time that we will be able to resume sales in early November. We're executing our plan. We want to be transparent about that the timing could be not within our control and influenced by the completion of the readiness criteria and external consideration. So that's the point there with regards to the other uncertainties. There's nothing tangible that we're monitoring at this time.

Wes Carmichael

Analyst, Wells Fargo

Q

Thank you.

Operator: Thank you. Next question is coming from Michael Ward from UBS. Your line is now live.

Michael Ward

Analyst, UBS

Q

Thank you. I was wondering if you could speak to at all the surrender or lapse activity that you have seen across the Japan business just because I believe that is an important component for the ESR.

Yanela del Carmen Frias

Chief Financial Officer & Executive Vice President, Prudential Financial, Inc.

A

Yeah. So, Michael, we do continue to monitor surrenders very closely. As I mentioned in our prepared remarks, we are trending. As of now, everything we've seen is trending with the initial 90-day period estimates that was provided in February. And when you think about the revised or the estimates that we've just provided, the

estimated impacts for 2026 and 2027 do assume a continued level of elevated surrenders above pre-suspension levels.

Michael Ward*Analyst, UBS*

Q

Okay. And then I guess maybe regardless of the new growth level for the business after the sales pause whenever it concludes, is there anything you can say with respect to like a change in the margin profile for the Japan business?

Andrew F. Sullivan*Chairman & Chief Executive Officer, Prudential Financial, Inc.*

A

So, Mike, it's Andy. So, obviously, when we emerge and begin selling again, we've always had a very strong, all-weather product portfolio and our intentions are to continue selling that product portfolio. While we will be adding some additional support resources from a customer support model, there's obviously other things we're doing within the business to take efficiencies out, for lack of a better term, so we don't expect any sort of a material change in our margin profiles on what we're selling.

Michael Ward*Analyst, UBS*

Q

Thanks, guys.

Operator: Thank you. Next question is coming from Alex Scott from Barclays. Your line is now live.

Alex Scott*Analyst, Barclays Capital, Inc.*

Q

Hey, thanks for taking the questions. First one is, could you give us an update on any attrition you've seen with the Life Planner force so far through the process, and what are you anticipating that gets to?

Andrew F. Sullivan*Chairman & Chief Executive Officer, Prudential Financial, Inc.*

A

Yeah, Alex, Life Planner head count remained relatively flat during the first quarter, and specifically, it was down less than 1%. Since the start of the year, the rate of LP resignations has been at a similar level compared to last year. Clearly though, as you point out, as we go into this extended 180 days, there is a risk of losing life planners, but we're doing a lot to make sure that we mitigate that effect. We're providing material financial support, we're obviously improving our training for them, and we're doing a lot of work to clarify what the future vision of this business is, all in the name of – so that the life planners see a sustainable career path in front of them.

So while things have gone very, very well in this first 90 days, it is reasonable to expect that we'll see higher resignations. And I would just remind you that we're also not recruiting during this period when we have suspension. So the exact impact is hard to predict, but we've certainly had good success thus far and we're working very hard to mitigate any impacts.

Alex Scott*Analyst, Barclays Capital, Inc.*

Q

Got it. That's all helpful. Then the second question I had is sort of more big picture and strategic around this business. I mean, it seems like it's been difficult to manage just culturally from the United States. I mean, is there

anything that you're considering or looking at that from a strategy standpoint could change and shape the business in a different way?

Andrew F. Sullivan

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

So, Alex, what I would say is simply state that we're very committed to this market. So more dramatic strategic changes around Japan. This is a market we've been in for 40 years. It's been a market that's been very successful, we intend to be in this market for decades to come, and that's because we believe the fundamentals of the Japan market remain very strong. It's one of the top insurance markets in the world, it's going to stay that way. It's a market that's shifting towards retirement and savings where we have a great amount of capability. So there's real opportunity in this market, we're still very committed to it.

As far as changes, we've put in an entirely new leadership team, both at the holding company level as well as in – at the operating company level for the CEOs, and we did that so that we could come out higher quality and better controlled, but so that we could keep attacking this marketplace because it is a very good market that has a lot of needs.

Alex Scott

Analyst, Barclays Capital, Inc.

Q

Got it. That's helpful. Thank you.

Operator: Thank you. Next question is coming from Tracy Benguigui from Wolfe Research. Your line is now live.

Tracy Benguigui

Analyst, Wolfe Research LLC

Q

Thank you. Just one for me. Your first suspension was 90 days and now you're doubling it for another 180 days. I'm just curious how you arrived at that number and why you think that might be sufficient.

Andrew F. Sullivan

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

Tracy, let me just kind of refresh. At this point, we've reached out to all of our 2.2 million POJ customers, literally every single customer, and we finished a thorough internal review and we've launched the independent external review. We know what we believe needs to be done to properly resume sales and what the bodies of work are around that, and those bodies of work are well underway. On each of those areas, we have detailed plans and detailed milestones and a real deep cadence where we're closely monitoring execution, so based on that work, we fully believe we'll be in a place to resume sales on November 6.

Tracy Benguigui

Analyst, Wolfe Research LLC

Q

Thank you.

Operator: Thank you. Next question today is coming from Pablo Singzon from JPMorgan. Your line is now live.

Pablo S. Singzon

Analyst, JPMorgan Securities LLC

Q

Hi. Thanks for taking my question. I was wondering if you could quantify how much of POJ sales are from – new business sales, right, are from existing customers or net new customers, and what are the sort of parameters that constrict the activities of the life planners? I assume they're not allowed to solicit new business, but for existing customers, are they still allowed to sort of like keep those relationships warm? Thanks.

Andrew F. Sullivan

Chairman & Chief Executive Officer, Prudential Financial, Inc.

A

So, Pablo, let me answer the question. So our life planners are currently not – we're not allowing them to seek out new customers. However, we feel it's very, very important to service existing customers, and we're actually enhancing our ability to do that. As far as the specific percentages of what comes from existing business and what comes from new business, we don't disclose that, but what I would say is I'd go back to what I said earlier. The system was, I'll use the words overly rotated to focusing on finding new customers and not enough focused on, how do we work with existing customers to more holistically care for their needs over their lifetime? So while we don't disclose that, I fully expect that, that ratio is going to shift towards existing customers and have less emphasis on new.

Pablo S. Singzon

Analyst, JPMorgan Securities LLC

Q

Thank you.

Operator: Thank you. We've reached the end of our question-and-answer session. And, ladies and gentlemen, that does conclude today's teleconference and webcast. You may disconnect your lines at this time and have a wonderful day. We thank you for your participation today.

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