



1Q20 Investor Update



Prudential
Bring Your Challenges®

Forward-Looking Statements and Non-GAAP Measures

Certain of the statements included in this presentation, including those relating to Prudential Financial, Inc.'s and its subsidiaries' financial strength, long-term growth prospects, ability to manage risk associated with equity market decline, pandemic insurance shock, interest rate shock, credit shock or currency shock, capital allocation strategy (including the payment of dividends, acquisitions, and repurchase of shares), and expected cost savings, 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 strength, long-term growth prospects, ability to manage risk associated with equity market decline, pandemic insurance shock, interest rate shock, credit shock or currency shock, capital allocation strategy (including the payment of dividends, acquisitions, and repurchase of shares), and expected cost savings are subject to the risk that we will be unable to execute our strategy because of economic, market, or competitive conditions or other factors, including the impact of the COVID-19 pandemic. 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 reconciliations of adjusted operating income, adjusted book value, and adjusted operating return on equity to the comparable GAAP measures, please refer to the Appendix.

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



Prudential Investment Thesis

ROCK SOLID

Demonstrated
financial strength

DIFFERENTIATED

Thoughtful strategies
and business design
produce differentiated
outcomes

DISCIPLINED

Positioned for
long-term growth

DRIVING SUSTAINABLE LONG-TERM VALUE FOR OUR STAKEHOLDERS

12.1%

Adjusted Operating ROE⁽¹⁾

13%

5-yr Annual Dividends Per Share CAGR⁽²⁾

9%

5-yr Adjusted BVPS CAGR⁽³⁾

(1) Based on 2019 annualized after-tax adjusted operating income and average adjusted book value. See reconciliation in Appendix for more information.

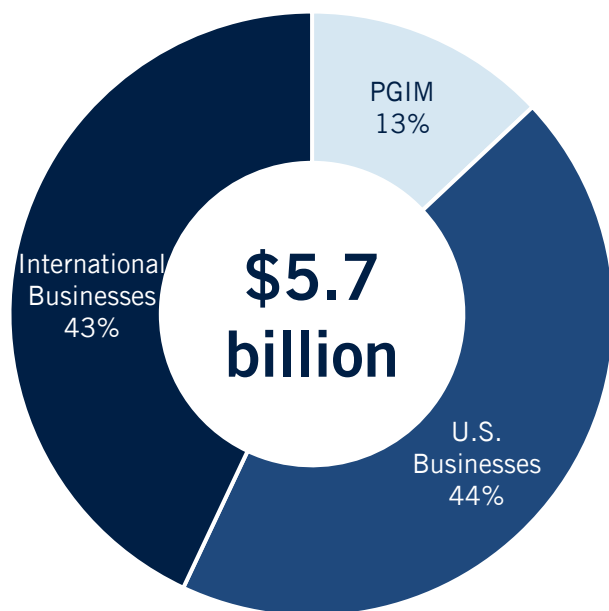
(2) From 2014 to 2019; based on annual dividend per share.

(3) From 2014 to 2019; based on adjusted book value. See reconciliation in Appendix for more information.



Complementary Businesses at Scale with Long-Term Growth Potential

Earnings Contribution⁽¹⁾



Key Statistics

Revenues⁽²⁾: ~\$58B

Adjusted Book Value Per Share⁽³⁾: \$99.71

Employees: ~50,000

Adjusted Dividend Yield⁽⁴⁾: ~4%

(1) Based on last twelve months of pre-tax adjusted operating income through 1Q20. Pie chart excludes Corporate & Other operations loss of \$1,696 million.

(2) Based on last twelve months of revenue through 1Q20.

(3) As of March 31, 2020. See reconciliation in Appendix for more information.

(4) Based on 1Q20 annualized dividend per share divided by adjusted book value per share.



Committed to Promoting Long-Term Sustainability

Purpose Driven

- We make lives better by solving the financial challenges of our changing world

Multi-Stakeholder

- Shareholders
- Employees
- Customers
- Society

Investment Strategy

- Global Environmental Commitment
- Investing to Mitigate Climate Change
- ESG-focused Investment Philosophy
- U.N. Principles for Responsible Investing

Governance & Transparency

- Task Force on Climate-related Financial Disclosures
- Sustainability Accounting Standards Board

First U.S. life insurer to issue green bond



A nighttime photograph of Rockefeller Center in New York City. The image shows the iconic Art Deco architecture of the buildings, with many windows illuminated. In the foreground, there is a large, circular plaza with a fountain. The sky is a deep blue, and the overall scene is lit up by the city lights.

ROCK SOLID

Demonstrated financial strength



Prudential
Bring Your Challenges®

Robust Approach to Capital & Liquidity Management

Financial Strength

“AA” standards
for capital

Liquidity

Significant resources
available

Risk Appetite Framework

Capitalized to remain
competitive under
stress scenarios



Demonstrated Financial Strength

Capital Position		Sources of Funding	
<ul style="list-style-type: none">• Parent company liquid assets > 3x annual fixed charges• Financial Leverage ratio at 25%⁽¹⁾• PICA RBC ratio > 375%• Japan solvency margin ratios > 700%		<ul style="list-style-type: none">• Parent company highly liquid assets of \$5.3 billion⁽²⁾• POK net sales proceeds of \$1.7 billion in 2H20⁽³⁾• Free cash flow⁽⁴⁾ ~65% of earnings	
Off-Balance Sheet Resources			
Credit Facility		<ul style="list-style-type: none">• Capacity: \$4.0B• Maturity Date: July 2022	
Contingent Capital		<ul style="list-style-type: none">• Capacity: \$1.5B• Maturity Date: November 2023	
Prudential Holdings of Japan Facility		<ul style="list-style-type: none">• Capacity: ¥100B• Maturity Date: September 2024	

As of March 31, 2020.

(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.

(3) Net proceeds primarily include the impact of intercompany loan settlements and other estimated closing costs.

(4) Management view of free cash flow as a percentage of after-tax adjusted operating income includes dividends and returns of capital, net receipts from capital related intercompany loans, capital contributions to subsidiaries, and adjustments for M&A funding.



Preserving Balance Sheet Strength, as We Have Done for 140+ Years

Stress Parameters

Equity Market Decline

Pandemic Insurance Shock

Interest Rate Shock

Credit Shock

Currency Shock

Our Toolbox

- Disciplined ALM and hedging
- On balance sheet capital capacity
- Off-balance sheet resources
 - Credit facilities
 - Contingent capital
- Shift in our product mix
- Ability to adjust product pricing
- Reinsurance
- Prudent management

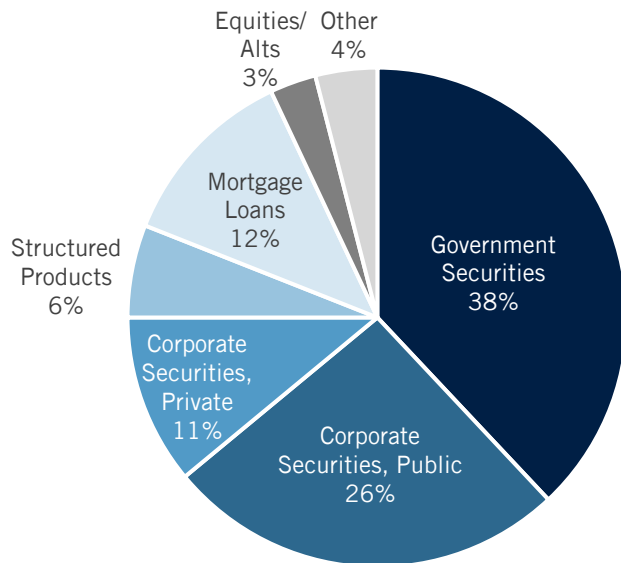
Outcomes

- Maintain appropriate and competitive regulatory capital levels at insurance companies
- Opportunistically pre-funded \$1.5 billion of 2020 and 2021 debt maturities
- Maintain adequate cash position at parent company
- Relatively resilient to equity market and interest rates declines
- Highly effective variable annuity hedging program



Broadly Diversified, High Quality Investment Portfolio

Portfolio Composition⁽¹⁾ \$436 billion



Highlights:

- High quality, defensively positioned portfolio with disciplined Asset Liability Management
 - High allocation to government securities (mostly U.S. and Japan)
 - Significant protections with private credit
 - Well protected mortgages, underweight office and retail with low LTVs
 - Low exposure to vulnerable sectors (Energy, Retail, Other “At Risk” Corporates)
- Favorable credit loss experience relative to peers
 - Outperformed in 2008 / 2009 and through cycle ending in 2019
- Benefits of PGIM’s expertise and direct origination capabilities
- Credit asset leverage lower than peer average at 6.2x⁽²⁾

(1) General Account excluding the Closed Block Division and assets supporting experience-related contractholder liabilities (ASCL) as of March 31, 2020, on a U.S. GAAP carrying value basis. ASCL represents investment results that generally accrue to contractholders. Equities/Alts include equity securities, investments in LPs/LLCs, and real estate held through direct ownership. Structured products include commercial and residential mortgage-backed securities, collateralized loan obligations, and other asset-backed securities. Other includes policy loans, fixed maturities - trading, short-term investments, derivatives, and other miscellaneous assets.

(2) Asset leverage defined as (a) invested assets adjusted to isolate credit risk by including only Credit Bonds (fixed maturities including mortgage loans less government bonds), excluding the Closed Block Division and ASCL, divided by (b) equity excluding the portion of AOCI attributable to FX remeasurement and goodwill. Peer average includes AFL, AEL, AMP, ATH, BHF, CNO, EQH, LNC, MET, PFG, RGA, UNM, and VOYA. As of December 31, 2019 and sourced from Company Form 10-K filings or quarterly financial supplements.



Balanced Approach to Capital Allocation

1. Maintain Strong Capital Position

2. Organic Growth at Attractive Returns

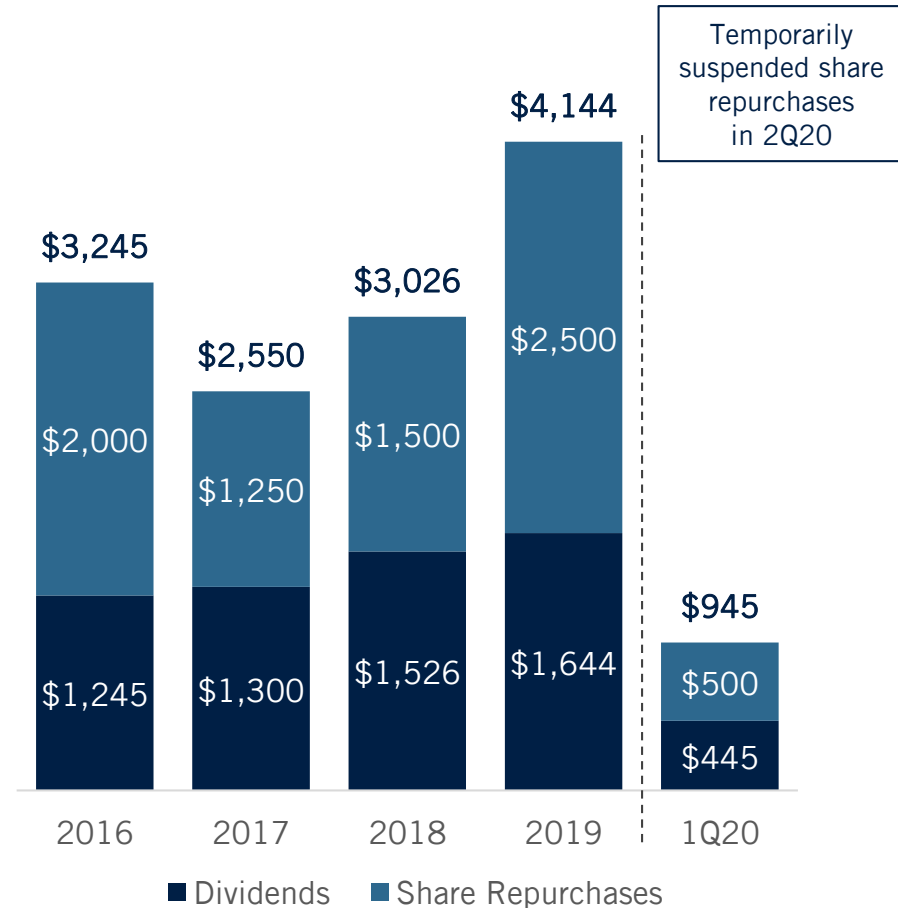
3. Sustainable and Growing Dividends

4. Acquisitions

5. Share Repurchases

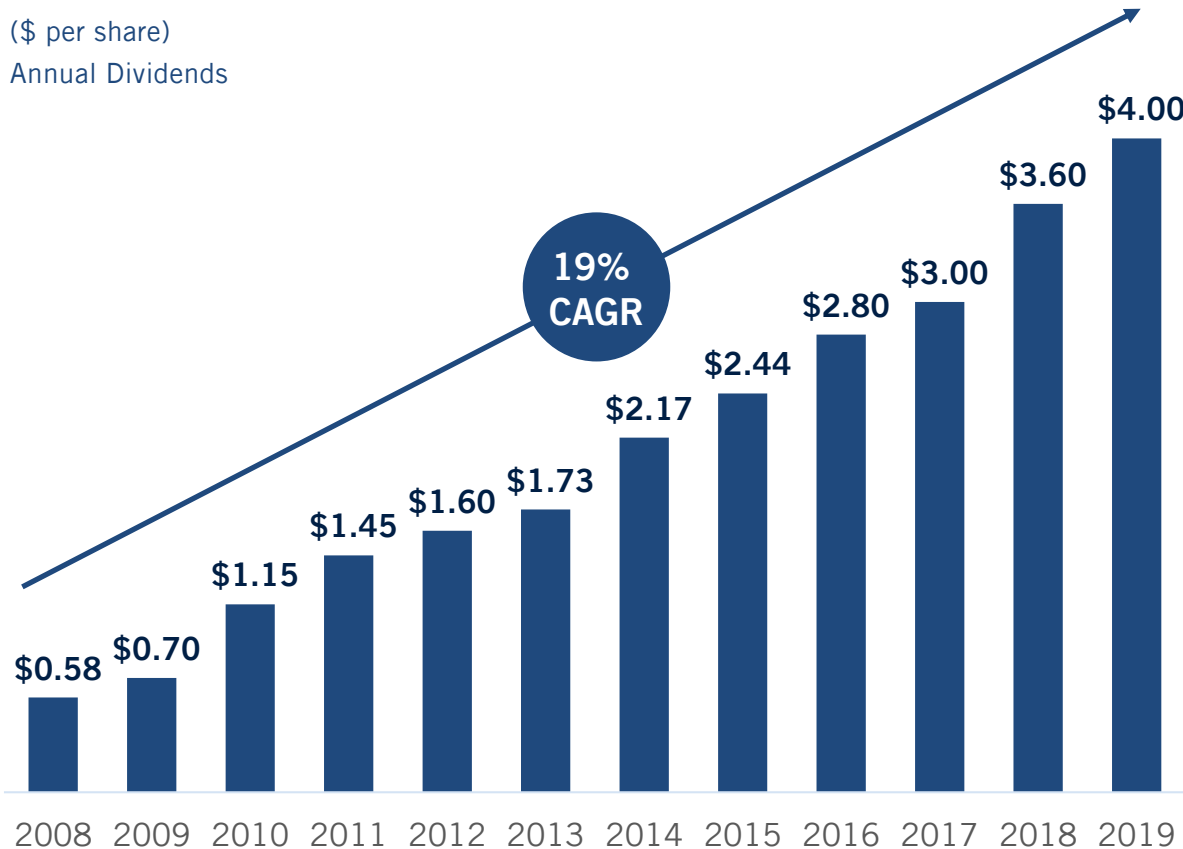
Shareholder Distributions

(\$ millions)



Double-Digit Dividend Growth Supported by Strong Earnings and Cash Flow Coverage

(\$ per share)
Annual Dividends



34%
2019 Dividend
Payout Ratio⁽¹⁾

(1) Based on annual dividend per share divided by annual after-tax adjusted operating income per share.





DIFFERENTIATED

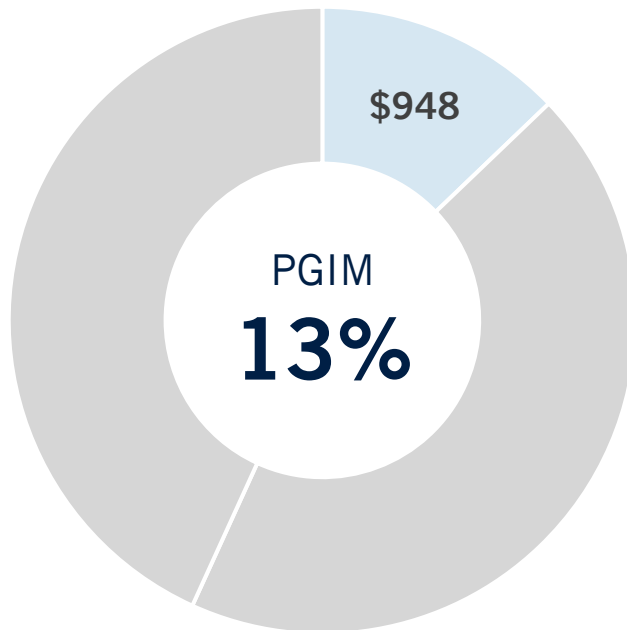
Thoughtful strategies and business design
produce differentiated outcomes



Prudential
Bring Your Challenges®

Diversified Top 10 Global Asset Manager with a Differentiated Active Multi-Manager Model

Earnings Contribution⁽¹⁾ (\$ millions)



Business Highlights:

- Diverse offering with scale – Attractive asset classes, client segments, and worldwide geographic presence
- Proven ability to capture industry flows and market share while preserving fee levels
- Alignment of incentive – Pay for performance model

Stable earnings, strong operating margin, and sustained cash flows to PFI

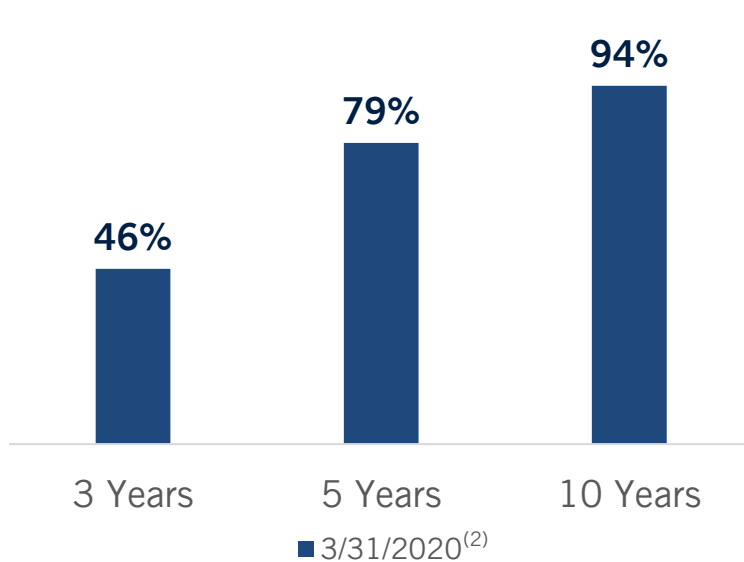
Note: See Appendix for sources of rankings.

(1) Based on last twelve months of pre-tax adjusted operating income through 1Q20 excluding Corporate & Other operations.

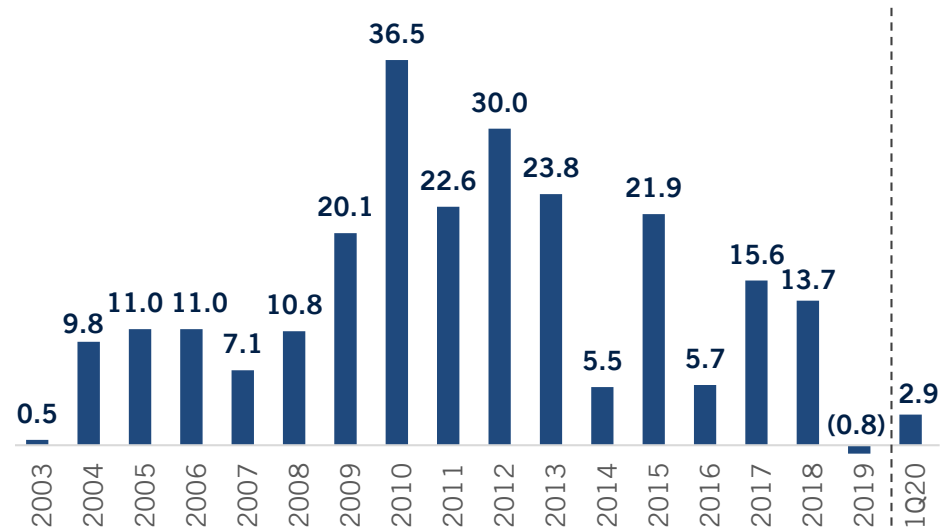


Strong Investment Performance Across Attractive Asset Classes Leads to Significant Organic Growth

Percentage of PGIM AUM⁽¹⁾ Outperforming Benchmark



Successful History with 16 out of 17 Years of Positive Third-Party Net Flows (\$ billions)



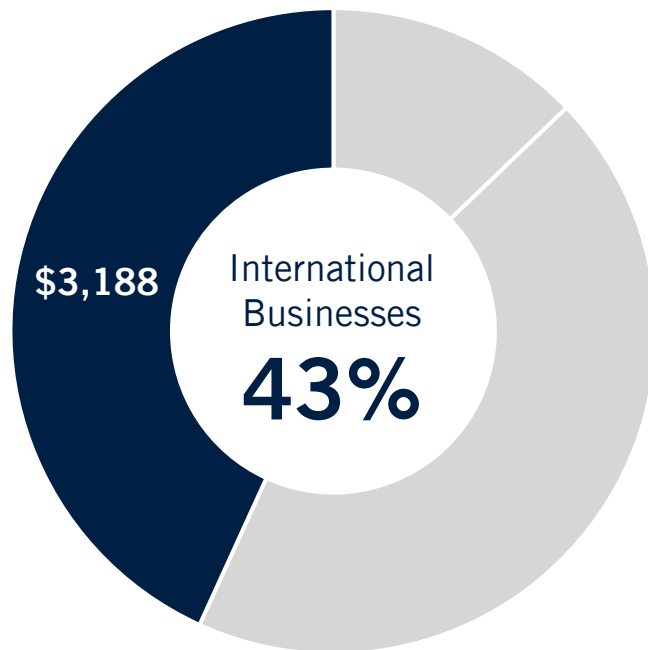
(1) Represents PGIM's benchmarked AUM (77% of total third-party AUM is benchmarked over 3 years, 67% over 5 years, and 44% over 10 years respectively). This calculation does not include non-benchmarked assets (including general account assets and assets not managed by PGIM). Returns are calculated gross 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 (QMA), PGIM Real Estate, PGIM Private Capital, PGIM Global Partners, and PGIM Real Estate Finance.

(2) PGIM calculations as of March 31, 2020 for \$709 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).



Highly Productive, Elite Proprietary Distribution and Expanding Presence in Growth Markets

Earnings Contribution⁽¹⁾
(\$ millions)



Business Highlights:

- Best in class, profitable Japanese franchise consistently taking market share
- Continuing rotation from mature to developing markets with greater growth prospects and favorable demographic trends
- Synergies with PGIM's investment expertise

**Stable earnings, high returns,
and sustained cash flows to PFI**

Note: See Appendix for earnings by business.

(1) Based on last twelve months of pre-tax adjusted operating income through 1Q20 excluding Corporate & Other operations.



Attractive Mix of Developed and Emerging Markets Provide Long-term Growth

Developed: Japan

- Highly productive distribution system; world class captive agents, complemented by third-party channels
- Aging population provides opportunity for expanding product solutions
- Wealthy households with significant investable assets

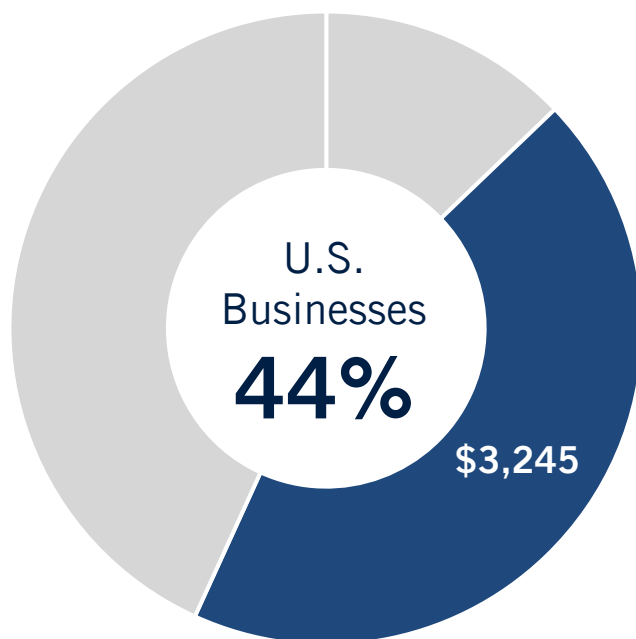
Emerging Markets

- Expanding economies and rising affluent and middle class: Latin America, China, Southeast Asia, Africa
- Low insurance penetration with growing demand for protection and savings products
- Thoughtful ownership approaches and business models tailored to local market dynamics and opportunities



Diversified Business Portfolio with Expanding Market Opportunities

Earnings Contribution⁽¹⁾
(\$ millions)



Business Highlights:

- Diversified customer base
- Broad set of complementary solutions
- Strong multi-channel distribution
- Synergies with PGIM's investment expertise

**Scaled and diversified businesses
with runway for growth**

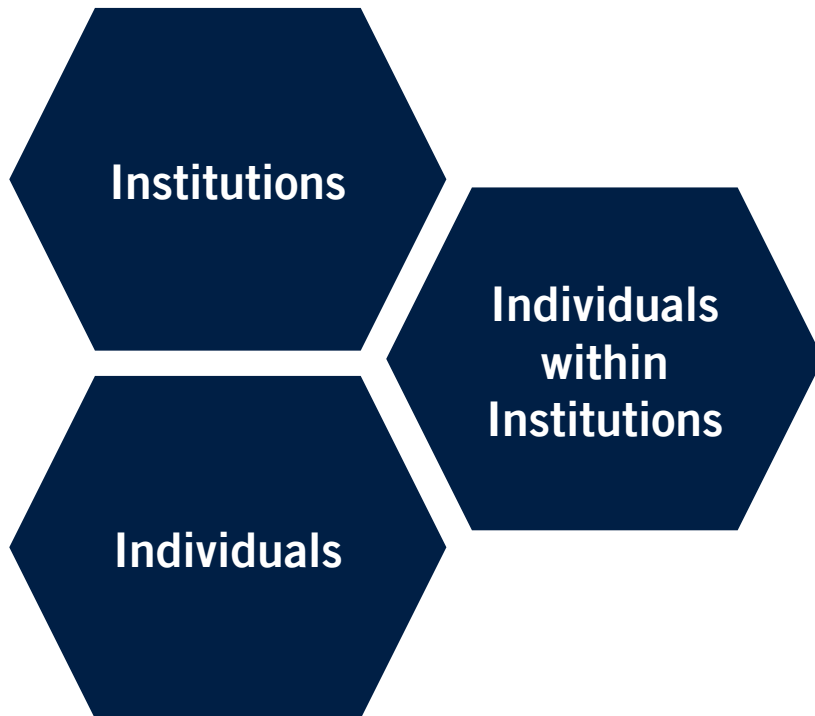
Note: See Appendix for earnings by business.

(1) Based on last twelve months of pre-tax adjusted operating income through 1Q20 excluding Corporate & Other operations. U.S. Businesses include Retirement, Group Insurance, Individual Annuities, Individual Life, and Assurance IQ.

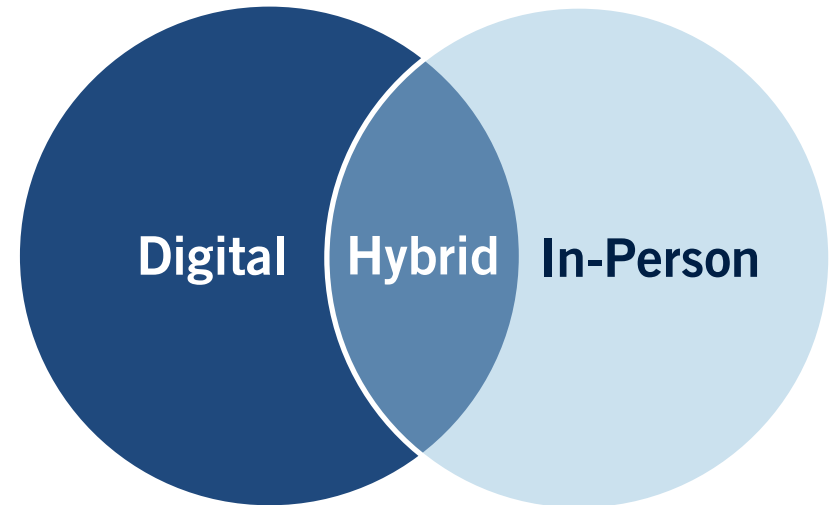


Broad, End-to-End Engagement Model

We Can Meet Customers...



... How and When They Want



Complementary Businesses Amplify Growth and Mitigate Risk

Competitive Synergies

- PGIM is the “investment engine” of Prudential – generates higher returning assets that enhance the competitiveness of U.S. and International Businesses
- U.S. and International Businesses significantly increase PGIM’s scale
- Individual businesses enhance Workplace value proposition

Risk Mitigation Synergies

- Diversification of earnings, capital, and risks
- Natural hedging
 - Mortality / Longevity
 - Offsetting equity exposure across businesses

← **Global Intelligence** — **Idea Sharing** — **Common Purpose** →





DISCIPLINED
Positioned for long-term growth



Prudential
Bring Your Challenges®

2020: Focus on Execution

**Enhance
Customer
Experience and
Realize Cost
Savings**

**Rotate
International
Earnings Mix to
Growth Markets**

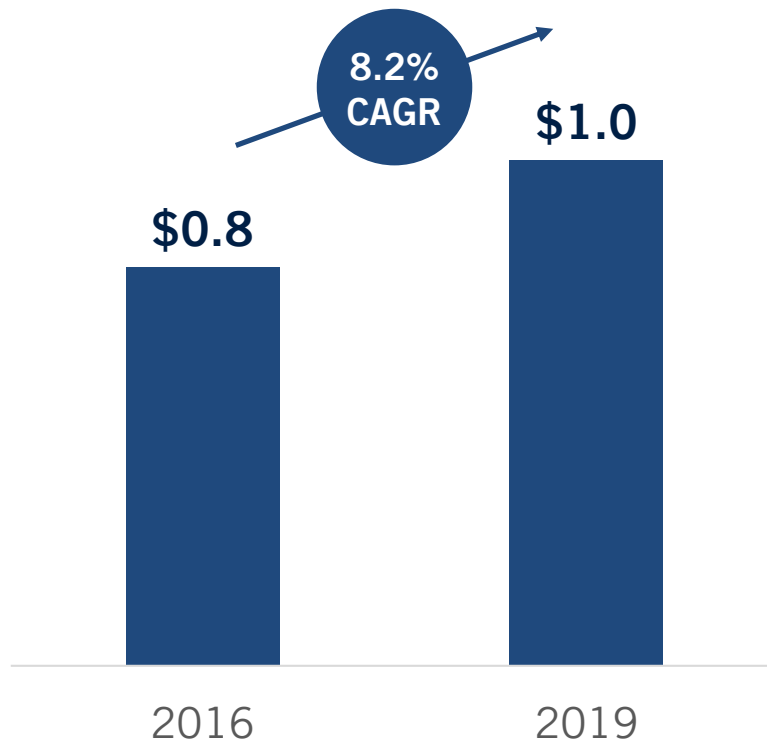
**Mitigate
Effect of Low
Interest Rates**



Earnings and Margin Continue to Expand

(\$ billions)
Pre-tax AOI

Earnings



Growth opportunities from:

- Alternatives
- International
- Retail

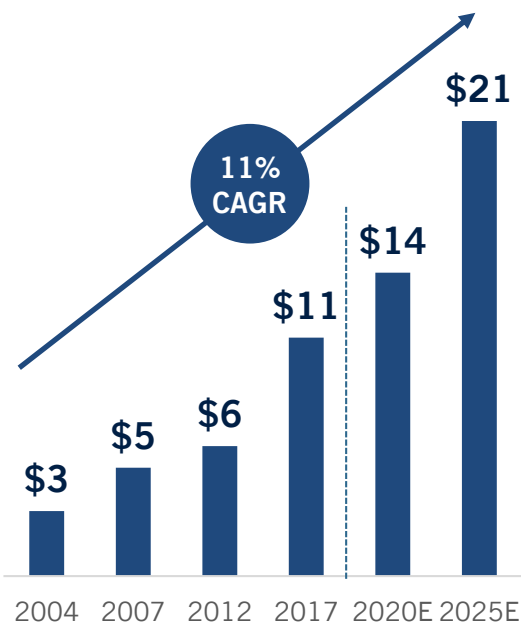
**Margin expansion from
positive operating leverage**



Growth in Alternatives

Market Opportunity⁽¹⁾

(\$ trillions)



PGIM's Positioning

Alternatives⁽²⁾ **\$235B** **Top 3**

Real Estate⁽²⁾ **\$179B** **Top 3**

Private Credit⁽²⁾ **\$91B** **Top 3**

Investments for Future Growth

- Building out private credit capabilities (e.g. mezzanine, direct lending)
- Entering the Private Equity Secondaries space
- Further scaling and broadening PGIM Fixed Income's suite of hedge funds
- Driving growth of QMA's global macro and managed futures strategies

Note: See Appendix for sources of rankings.

(1) PwC Asset & Wealth Management Revolution, published 2018.

(2) Data reflects AUM as of March 31, 2020. Alternatives AUM represents hedge fund, mezzanine and other private credit, real asset, and infrastructure products across all PGIM businesses.



Significant Opportunity Outside the U.S.

Japan

~\$250B in Assets⁽¹⁾

- **Top 3** foreign manager of Japanese Institutional assets
- Generated a total of ~**\$40B** in third-party net flows over the last 5 years
- Increased appetite for non-Japan assets

Europe

~\$67B in Assets⁽¹⁾

- AUM from European clients grew by **8% CAGR** over the last 5 years
- ~30 sales professionals covering EU institutions and intermediaries, tripled since 2013
- Entering Retail market

Emerging Markets

~\$31B in Assets⁽¹⁾

- China: **\$17B AUM JV⁽¹⁾** up from **\$5B** in 2010; deepening local coverage of top institutions
- Top 10 EM active manager with **\$49B⁽²⁾** across public debt and equities strategies

Note: See Appendix for sources of rankings.

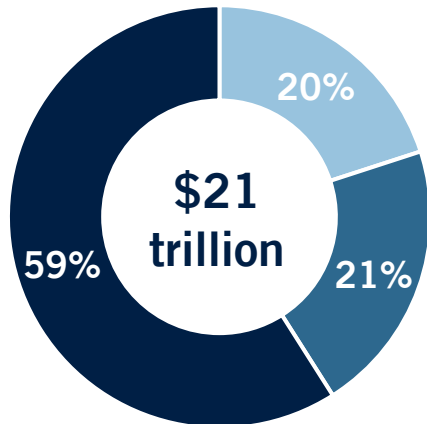
(1) As of March 31, 2020.

(2) As of December 31, 2019.



Momentum in U.S. Retail

Market Opportunity⁽¹⁾



- Passive MFs
- Passive ETFs
- Active MFs and ETFs

PGIM's Positioning

- Ranked **#7** by flows
- Institutional approach to serving retail intermediaries
- Leading Fixed Income franchise meets investors' demand for yield

Investments for Future Growth

- Continue to build on strategic partner status (e.g. Edward Jones)
- Scale up suite of active ETFs and Retail Separate Accounts

Note: See Appendix for sources of rankings.

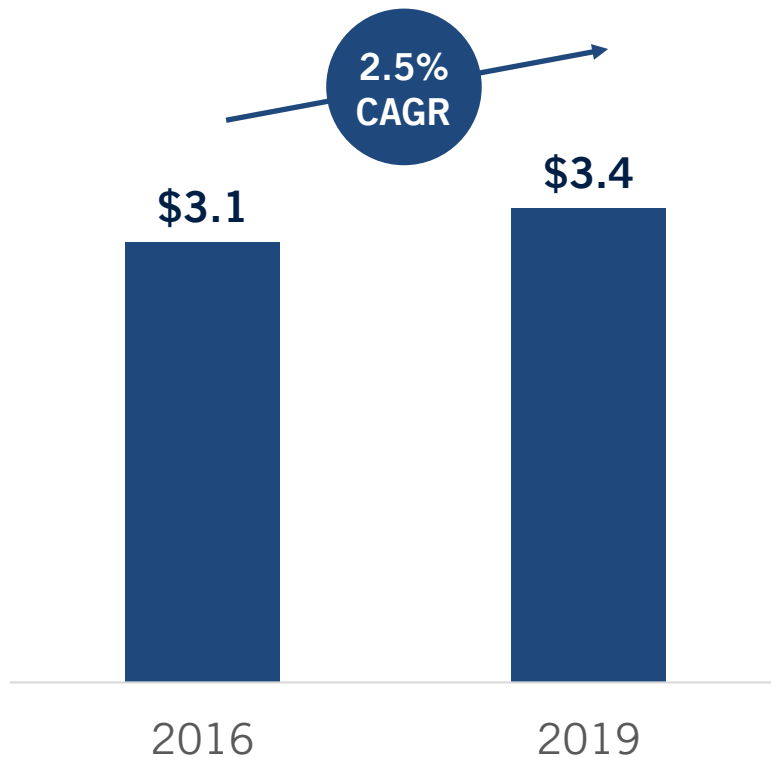
(1) Morningstar data as of year ended December 31, 2019 (excludes money market funds).



Earnings Expansion with Stable Margins

(\$ billions)
Pre-tax AOI

Earnings



Growth opportunities from:

- Continuing to outpace the market in Japan
- Expanding our presence in emerging markets

Note: See Appendix for earnings by business.



Well Positioned for Continued Outperformance in Japan

**Market
Penetration
Beyond Tokyo**

**Highly Skilled
Distribution**

**Adept at
Product
Evolution**



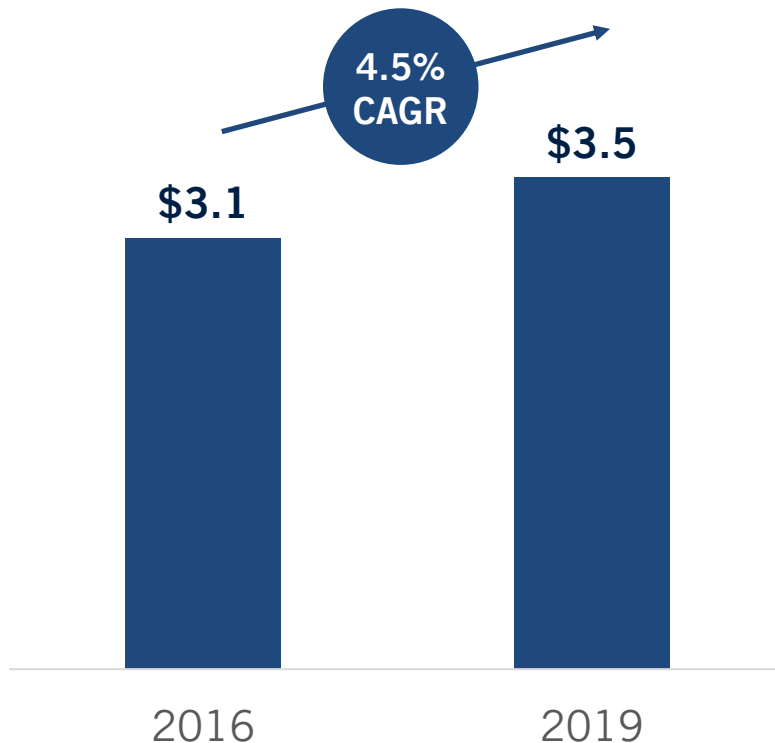
Delivering on Our Strategic Imperatives to Capture Growth in Emerging Markets



Executing Against Three Strategic Pillars

(\$ billions)
Pre-tax AOI

Earnings



Growth opportunities from:

- Strengthening our foundational businesses
- Transforming capabilities and efficiency
- Expanding addressable markets to accelerate growth

Note: See Appendix for earnings by business.



Strengthening Our Foundational Businesses

Retirement

- Enhance Full Service platform customer experience and competitiveness
 - Pursue disciplined growth in PRT
-

Group Insurance

- Expand in target customer segments
 - Enhance voluntary platform and products
-

Individual Annuities & Individual Life

- Expand in target distribution and customer segments
- Further diversify product mix to mitigate interest rate sensitivity



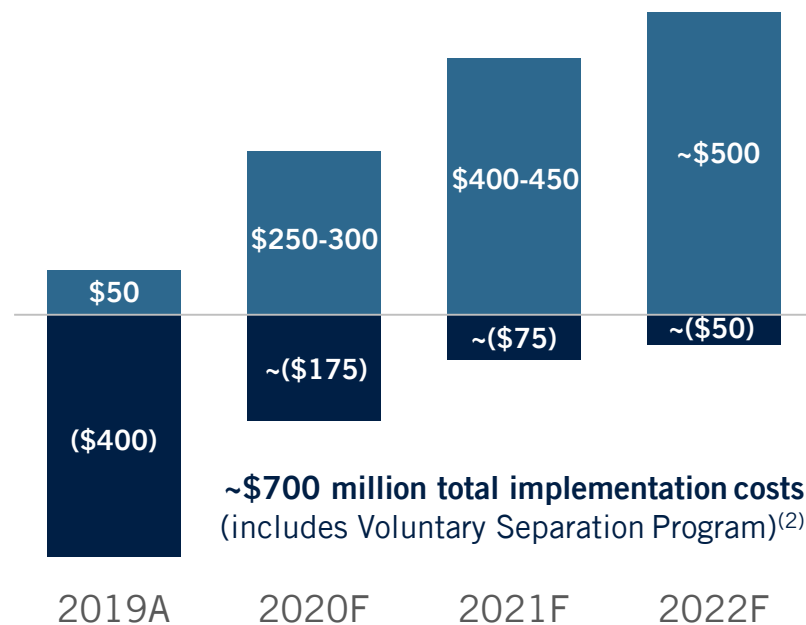
Transforming Capabilities and Efficiency

Changing the way we work to improve the customer experience:

- Call Center Optimization
- Process Automation
- Technology Enablement (Digital, Mobile)

Resulting in ~\$500 million of annual run-rate cost savings⁽¹⁾

(by year-end 2022)



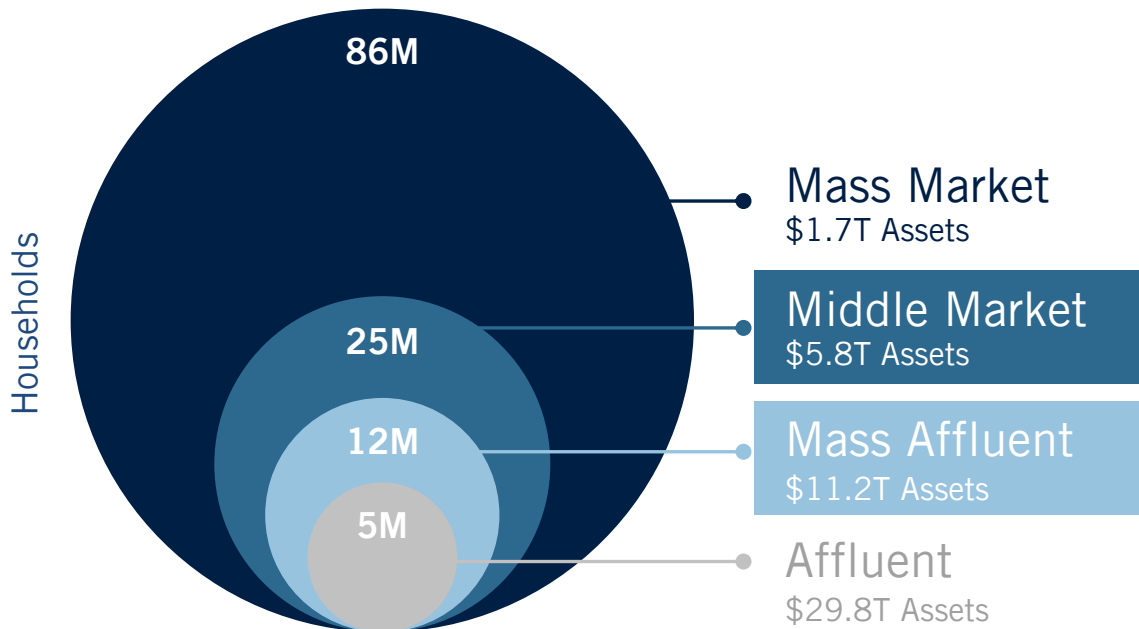
(1) Run-rate at the end of the year. Earnings impact includes U.S. Businesses, PGIM, and Corporate & Other and is subject to timing.

(2) Includes technology, systems, severance, reskilling, and other one-time costs.



Expanding Addressable Markets to Accelerate Growth

Opportunity to Accelerate Growth in Mass Affluent and Middle Market



Significant opportunity to expand and grow:

- Underserved markets with significant gaps for protection and retirement

How we make it happen:

- Simplified and affordable products
- Alternative distribution channels
 - Workplace Financial Wellness
 - Prudential Advisors
 - LINK/Hybrid Advisors
 - Assurance IQ

Sources: Cerulli 2018 Retail Asset Management Report; Prudential 2018 Financial Wellness Survey.



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Adjusted Operating ROE⁽¹⁾

13%

5-yr Annual Dividends Per Share CAGR⁽²⁾

9%

5-yr Adjusted BVPS CAGR⁽³⁾

(1) Based on 2019 annualized after-tax adjusted operating income and average adjusted book value. See reconciliation in Appendix for more information.

(2) From 2014 to 2019; based on annual dividend per share.

(3) From 2014 to 2019; based on adjusted book value. See reconciliation in Appendix for more information.





APPENDIX



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Investment Portfolio – Exposures in Focus

Areas of Exposure	Amount ⁽¹⁾	% of Portfolio ⁽¹⁾	Commentary	
BBB Corporates	\$65B	15%	<ul style="list-style-type: none"> Lower allocation vs. peers⁽²⁾ Nearly half are privates 	<ul style="list-style-type: none"> Lower exposure to BBB-, predominately in private credit with historically more favorable recoveries
Commercial Mortgages	\$54B	12%	<ul style="list-style-type: none"> Overweight more defensive sectors (Industrial and Multi-Family) Underweight Office and Retail 	<ul style="list-style-type: none"> Well protected with weighted average LTV of 56% and DSCR of 2.47x Benefits from PGIM's direct origination
Structured Securities	\$25B	6%	<ul style="list-style-type: none"> Well balanced, high quality with 99% rated AAA-AA CLOs are 100% AAA rated, with ~35% credit enhancement 	<ul style="list-style-type: none"> CMBS are highly diversified collateral pools with no Single Asset Single Borrower exposure
Below Investment Grade Corporates	\$15B	3%	<ul style="list-style-type: none"> 45% are privates 	<ul style="list-style-type: none"> Heavily weighted towards higher quality
Equity & Alternative Investments	\$13B	3%	<ul style="list-style-type: none"> Lower allocation than peers⁽²⁾ (Pru ~3% vs. peers ~5%) Broadly diversified by strategy, manager, and vintage years 	<ul style="list-style-type: none"> Returns have exceeded expectations over time
Energy Corporates	\$11B	3%	<ul style="list-style-type: none"> Lower allocation vs. peers⁽²⁾ 82% rated investment grade 30% are privates 	<ul style="list-style-type: none"> Primarily concentrated in regulated midstream (40%) and major producers (integrated energy, 24%) \$0.4 billion below investment grade publics in riskier sectors⁽³⁾
Retail Corporates ⁽⁴⁾	\$5B	1%	<ul style="list-style-type: none"> 90% are investment grade 	<ul style="list-style-type: none"> Significant portion of investments (65% of total exposure in 10 companies) in large, essential retailers
Other "At Risk" Corporates	\$5B	1%	<ul style="list-style-type: none"> 80% are investment grade 	<ul style="list-style-type: none"> Includes Automotive, Restaurants, Gaming, Leisure, Lodging, and Airlines

(1) General Account excluding the Closed Block Division and assets supporting experience-related contractholder liabilities as of March 31, 2020, on a U.S. GAAP carrying value basis.

(2) Peer average includes ATH, BHF, LNC, MET, and PFG. As of December 31, 2019 and sourced from Company Form 10-K filings or Statutory filings.

(3) Independent Energy and Oil Field Services.

(4) Includes real estate investment trusts.



Sources of Rankings

Business	Market Position	Source
PGIM	Top 10 Global Asset Manager	Pensions & Investments Top Money Manager's list, May 27, 2019. AUM as of December 31, 2018.
	Top 3 Alternatives Asset Manager	Based on Willis Towers Watson Global Alternatives Survey, July 2017. AUM as of December 2016.
	Top 3 Real Estate Manager	IPE Real Assets, Real Estate Managers by Worldwide AUM as of June 30, 2018. Publication as of November/December 2018 issue.
	Top 3 Assets in Investment Grade Credit Strategies	Investment Grade Credit Manager Survey, IPE International Publishers Limited, March 2019. AUM as of December 31, 2018.
	Top 3 Foreign Manager of Japanese Institutional Assets	Nenkin Joho by R&I. AUM as of December 31, 2018. AUM ranking pertains to separate accounts and does not include AUM for institutional funds.
	Top 10 EM Active Manager	Based on eVestment data as of December 31, 2019.
	#7 Flows	Strategic Insight/Simfund FY 2019. Ranking only references long-term mutual funds and excludes ETF and money markets. Results may differ from PGIM Investments (Strategic Insight/Simfund excludes Day One and private funds).



Earnings by Business

(\$ millions)

	Full Year		Twelve Months Ended
	2019	2016	3/31/2020
Adjusted operating income (loss) before income taxes			
PGIM	\$ 998	\$ 787	\$ 948
U.S. Businesses:			
Retirement	1,301	1,012	1,295
Group Insurance	285	220	276
Individual Annuities	1,843	1,765	1,744
Individual Life	87	79	(38)
Assurance IQ	(9)	-	(32)
Total U.S. Businesses	3,507	3,076	3,245
International Businesses:			
Life Planner	1,680	1,539	1,616
Gibraltar Life & Other	1,679	1,578	1,572
Total International Businesses	3,359	3,117	3,188
Corporate & Other	(1,766)	(1,581)	(1,696)
Total adjusted operating income before income taxes	6,098	5,399	5,685
Income taxes, applicable to adjusted operating income	1,253	1,292	1,160
After-tax adjusted operating income	<u>\$ 4,845</u>	<u>\$ 4,107</u>	<u>\$ 4,525</u>



Reconciliations between Adjusted Operating Income and the Comparable GAAP Measure

(\$ millions, except per share data)

Net income (loss) attributable to Prudential Financial, Inc.

Income attributable to noncontrolling interests

Net income (loss)

Less: Earnings attributable to noncontrolling interests

Income (loss) attributable to Prudential Financial, Inc.

Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests

Income (loss) (after-tax) before equity in earnings of operating joint ventures

Less: Reconciling Items:

Realized investment gains (losses), net, and related charges and adjustments⁽¹⁾

Market experience updates

Divested and Run-off Businesses:

Closed Block division

Other Divested and Run-off Businesses

Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests

Other adjustments⁽²⁾

Total reconciling items, before income taxes

Less: Income taxes, not applicable to adjusted operating income

Total reconciling items, after income taxes

After-tax adjusted operating income

Income taxes, applicable to adjusted operating income

Adjusted operating income before income taxes

After-tax adjusted operating income per share

Net Income Return on Equity

Adjusted Operating Return on Equity⁽³⁾

Full Year		Twelve
2019	2016	Months Ended
		3/31/2020
\$ 4,186	\$ 4,368	\$ 2,983
52	51	48
4,238	4,419	3,031
52	51	48
4,186	4,368	2,983
48	(2)	33
4,138	4,370	2,950
(889)	527	(1,000)
(462)	-	(1,409)
36	(132)	54
452	(84)	358
(103)	(5)	(79)
(47)	-	(2)
(1,013)	306	(2,078)
(306)	43	(503)
(707)	263	(1,575)
4,845	4,107	4,525
1,253	1,292	1,160
<u>\$ 6,098</u>	<u>\$ 5,399</u>	<u>\$ 5,685</u>
\$ 11.69	\$ 9.13	
7.1%	8.8%	
12.1%	12.0%	

(1) Prior period amounts have been updated to conform to current period presentation.

(2) Represents adjustments not included in the above reconciling items. "Other adjustments" include certain components of the consideration for the Assurance IQ acquisition, which are recognized as compensation expense over the requisite service periods, as well as changes in the fair value of contingent consideration.

(3) 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 Book Value and the Comparable GAAP Measure⁽¹⁾

(\$ millions, except per share data)

GAAP book value

Less: Accumulated other comprehensive income (AOCI)

GAAP book value excluding AOCI

Less: Cumulative effect of remeasurement of foreign currency

Adjusted book value

Number of diluted shares

GAAP book value per Common share - diluted⁽¹⁾

GAAP book value excluding AOCI per Common share - diluted⁽¹⁾

Adjusted book value per Common share - diluted⁽¹⁾

	December 31,		March 31,
	2019	2014	2020
\$	63,115	\$ 40,981	\$ 60,447
	24,039	15,882	22,600
	39,076	25,099	37,847
	(1,835)	(4,783)	(1,687)
\$	40,911	\$ 29,882	\$ 39,534
	404.9	461.5	396.5
\$	155.88	\$ 88.80	\$ 152.45
\$	96.51	\$ 54.39	\$ 95.45
\$	101.04	\$ 64.75	\$ 99.71

(1) Represents results of Financial Services Businesses for 2014. The \$500 million of exchangeable surplus notes were converted into 6.2 million shares of Common Stock in the third quarter of 2019. Book value per share as of December 31, 2014 excludes the impact of exchangeable surplus notes due to the anti-dilutive impact of conversion.

