

RECONCILIATIONS BETWEEN ADJUSTED OPERATING INCOME AND THE COMPARABLE GAAP MEASURE ⁽¹⁾



(\$ in millions)

	2012	2017	Nine Months Ended September 30, 2018
Net income attributable to Prudential Financial, Inc.	\$ 479	\$ 7,863	\$ 3,232
Income attributable to noncontrolling interests	50	111	7
Net income	529	7,974	3,239
Less: Income from discontinued operations, net of taxes	17	-	-
Income from continuing operations (after-tax)	512	7,974	3,239
Less: Income attributable to noncontrolling interests	50	111	7
Income from continuing operations attributable to Prudential Financial, Inc.	462	7,863	3,232
Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	10	(62)	55
Income from continuing operations (after-tax) before equity in earnings of operating joint ventures	452	7,925	3,177
Reconciling items:			
Realized investment gains (losses), net, and related charges and adjustments	(2,809)	(58)	518
Investment gains (losses) on assets supporting experience-rated contractholder liabilities, net	610	336	(586)
Change in experience-rated contractholder liabilities due to asset value changes	(540)	(151)	482
Divested businesses:			
Closed Block division	-	45	(22)
Other divested businesses	(615)	38	(1,586)
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(29)	33	(75)
Total reconciling items, before income taxes	(3,383)	243	(1,269)
Income taxes, not applicable to adjusted operating income	(816)	(3,030)	(462)
Total reconciling items, after income taxes	(2,567)	3,273	(807)
After-tax adjusted operating income	3,019	4,652	3,984
Income taxes, applicable to adjusted operating income	1,008	1,592	1,066
Adjusted operating income before income taxes	\$ 4,027	\$ 6,244	\$ 5,050
After-tax adjusted operating income per share	\$ 6.40	\$ 10.58	\$ 9.24

1) Represents results of the former Financial Services Business (FSB) for 2012.

2) Adjusted operating return on equity is based on year-to-date annualized after-tax adjusted operating income and average adjusted book value.