



PRUDENTIAL FINANCIAL, INC. DEBT INVESTORS UPDATE

JUNE 2016



- ❑ Enterprise Overview
- ❑ U.S. and International Businesses Results and Key Drivers
- ❑ Capital & Liquidity
- ❑ Investment Portfolio

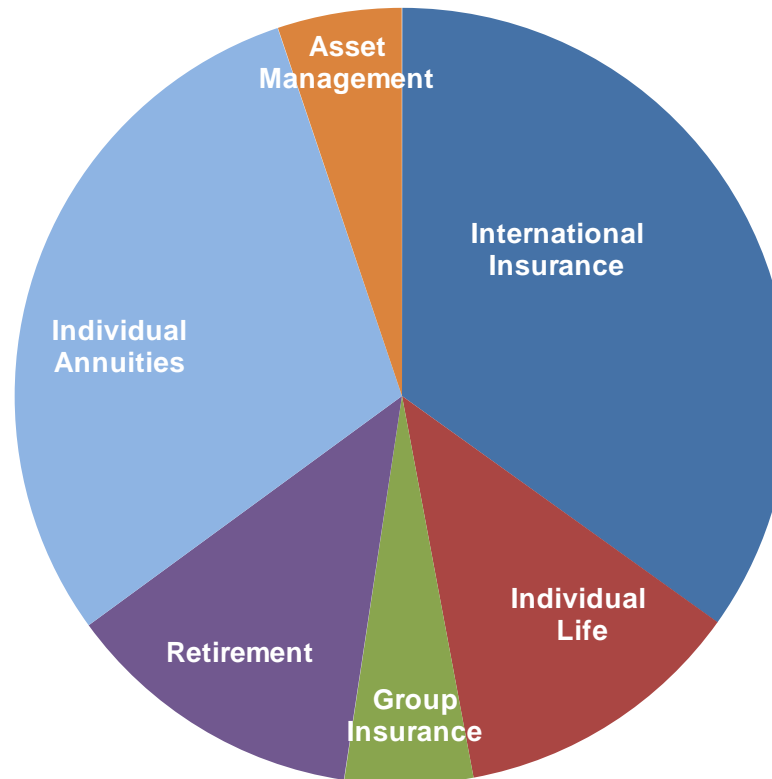


ENTERPRISE OVERVIEW

SUPERIOR MIX OF HIGH QUALITY BUSINESSES AND RISKS

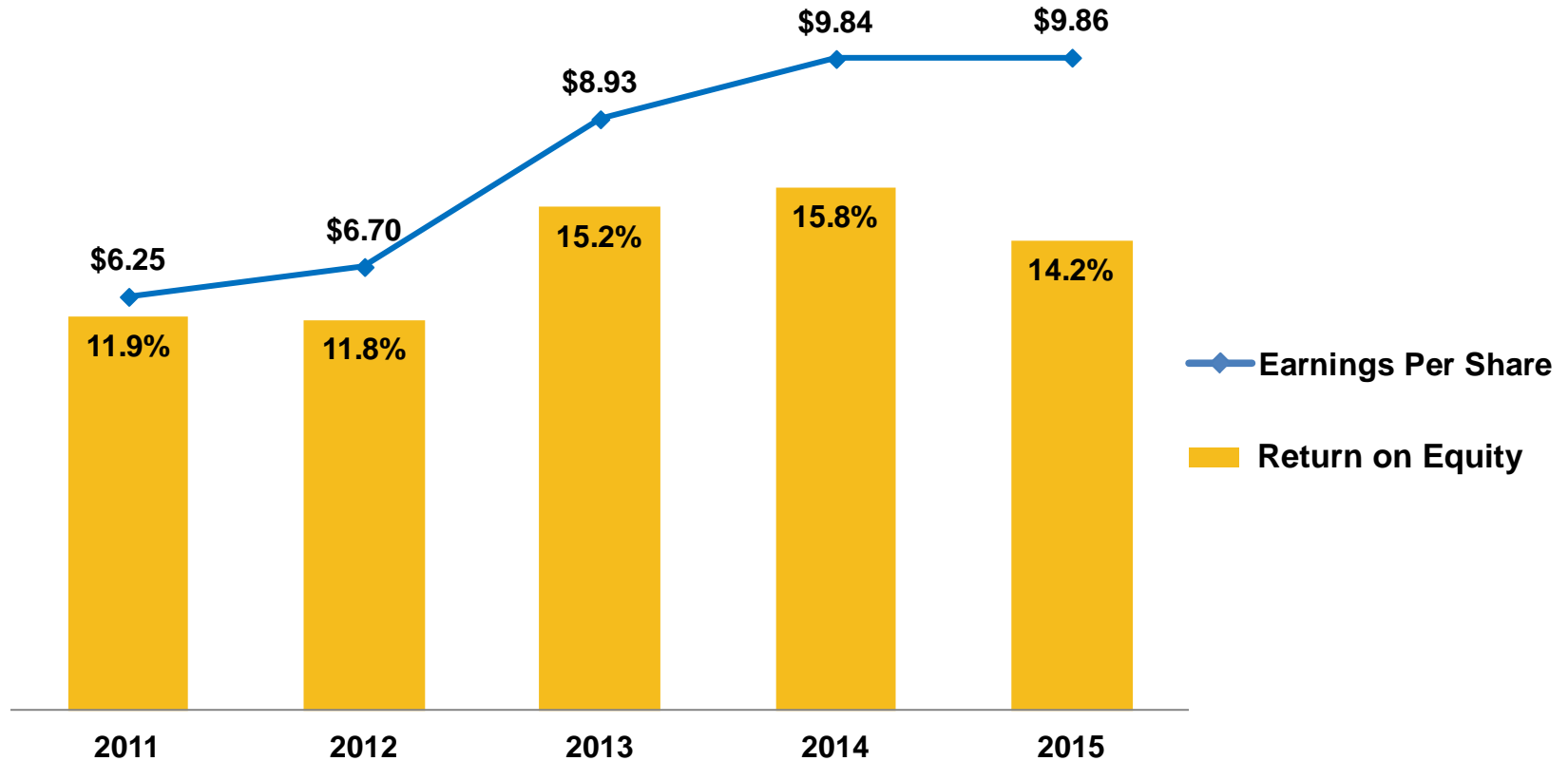


March 31, 2016
Attributed Equity
\$33.8 Billion⁽¹⁾



1) Attributed equity excluding accumulated other comprehensive income (AOCI) and impact of foreign currency exchange rate remeasurement, which is attributed to International Insurance; total includes attributed equity for Corporate and Other Operations of \$(876) million and Closed Block Division of \$(1,489) million, which are excluded from pie chart.

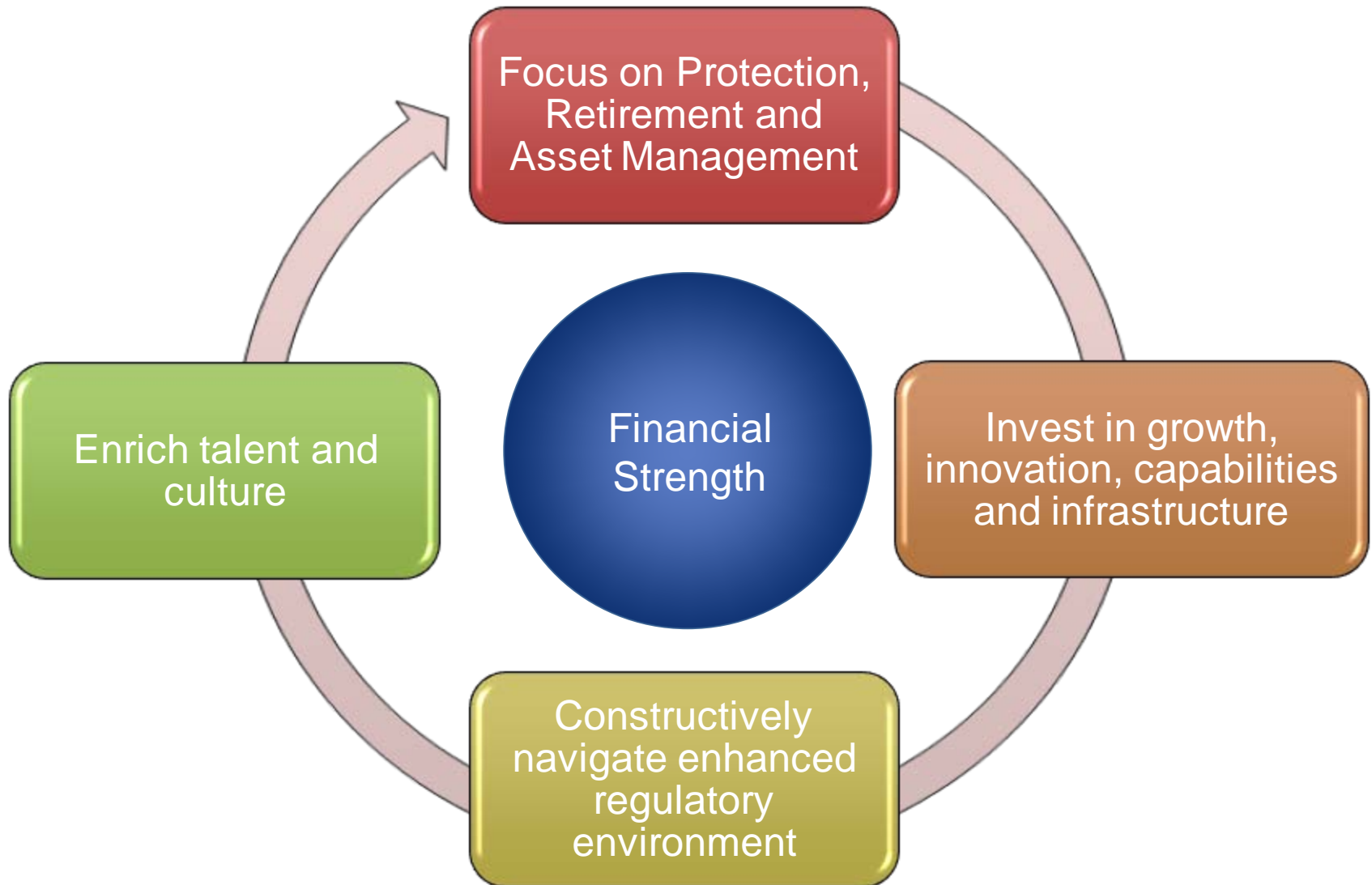
ROE AND EPS GROWTH⁽¹⁾⁽²⁾



1) Represents results of the former Financial Services Businesses (FSB) for periods prior to 2015.

2) EPS based on after-tax adjusted operating income (AOI) excluding market driven and discrete items as disclosed on page 42. ROE based on after-tax AOI excluding market driven and discrete items as disclosed on page 42; gives effect to direct equity adjustment for earnings per share calculation for periods prior to 2015. Based on average attributed equity excluding AOCI and adjusted to remove amount included for foreign currency exchange rate remeasurement.

FORTIFYING OUR LEADERSHIP POSITION



FINANCIAL STRENGTH



- ❑ Diversified and complementary mix of insurance and market risks
- ❑ Strong balance sheet - capital, liquidity and leverage
- ❑ Target sustainable ROE of 13-14% over a market cycle
- ❑ Consistent cash flows from earnings supporting balanced capital deployment
- ❑ Growth in earnings and book value with reduced volatility

FINANCIAL PERFORMANCE



<i>Pre-Tax Reported AOI</i> (\$ in millions)	<u>Full Year</u>					<u>Quarter</u>	
	2011	2012	2013	2014	2015	1Q 2015	1Q 2016
Individual Annuities	\$ 662	\$ 1,039	\$ 2,085	\$ 1,467	\$ 1,797	\$ 529	\$ 328
Retirement	594	638	1,039	1,215	931	284	219
Asset Management	888	584	723	785	779	205	165
U.S. Retirement Solutions and Investment Management	2,144	2,261	3,847	3,467	3,507	1,018	712
Individual Life	482	384	583	498	635	116	120
Group Insurance	163	16	157	23	176	30	26
U.S. Individual Life and Group Insurance Division	645	400	740	521	811	146	146
Life Planner Operations	1,246	1,481	1,517	1,589	1,585	439	410
Gibraltar Life and Other Operations	1,017	1,223	1,635	1,663	1,641	395	369
International Insurance Division	2,263	2,704	3,152	3,252	3,226	834	779
Corporate and Other	(1,112)	(1,338)	(1,370)	(1,348)	(1,313)	(253)	(312)
Total AOI	3,940	4,027	6,369	5,892	6,231	1,745	1,325
Market driven and discrete items ⁽¹⁾	(209)	(211)	534	(452)	123	97	(53)
Results excluding market driven and discrete items	\$ 4,149	\$ 4,238	\$ 5,835	\$ 6,344	\$ 6,108	\$ 1,648	\$ 1,378

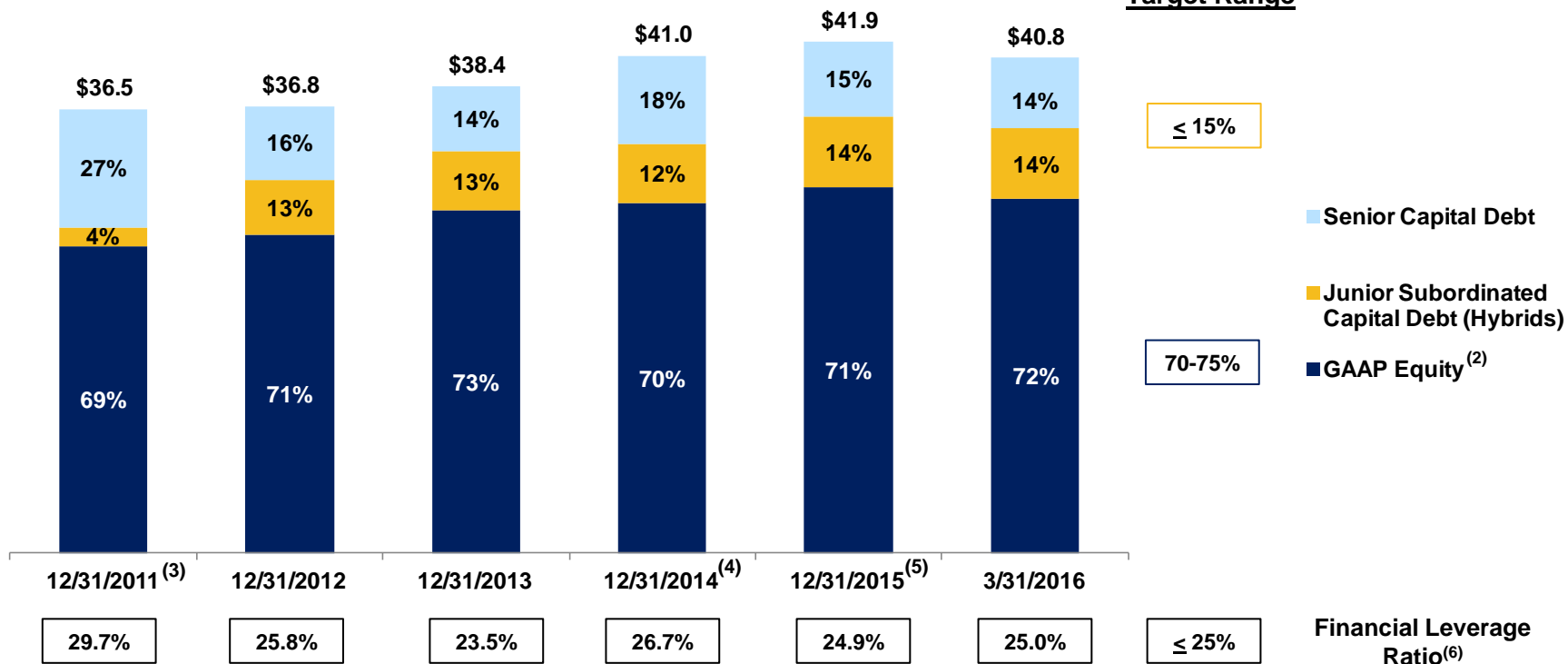
1) As disclosed on page 43

CAPITAL STRUCTURE



Composition of Outstanding Capital⁽¹⁾

(\$ billions)



1) Represents the former FSB for periods prior to 2015.

2) GAAP Equity represents total equity including non-controlling interest adjusted to exclude the impact of foreign currency exchange rate remeasurement, non-performance risk (NPR) net of deferred policy acquisition costs (DAC), and AOCI totaling \$7.9 billion, \$11.5 billion, \$6.3 billion, \$13.6 billion, and \$11.9 billion as of December 31, 2011, 2012, 2013, 2014, 2015, respectively, and \$20.1 billion as of March 31, 2016.

3) Reflects the retrospective adoption of amended accounting guidance for DAC effective 1/1/12, which reduced GAAP equity by \$2.8 billion. Also reflects a discretionary change in accounting principle related to the Company's pension plans.

4) 12/31/14 gives pro-forma effect to ultimate impact of Closed Block restructuring.

5) Revised to conform to current period presentation.

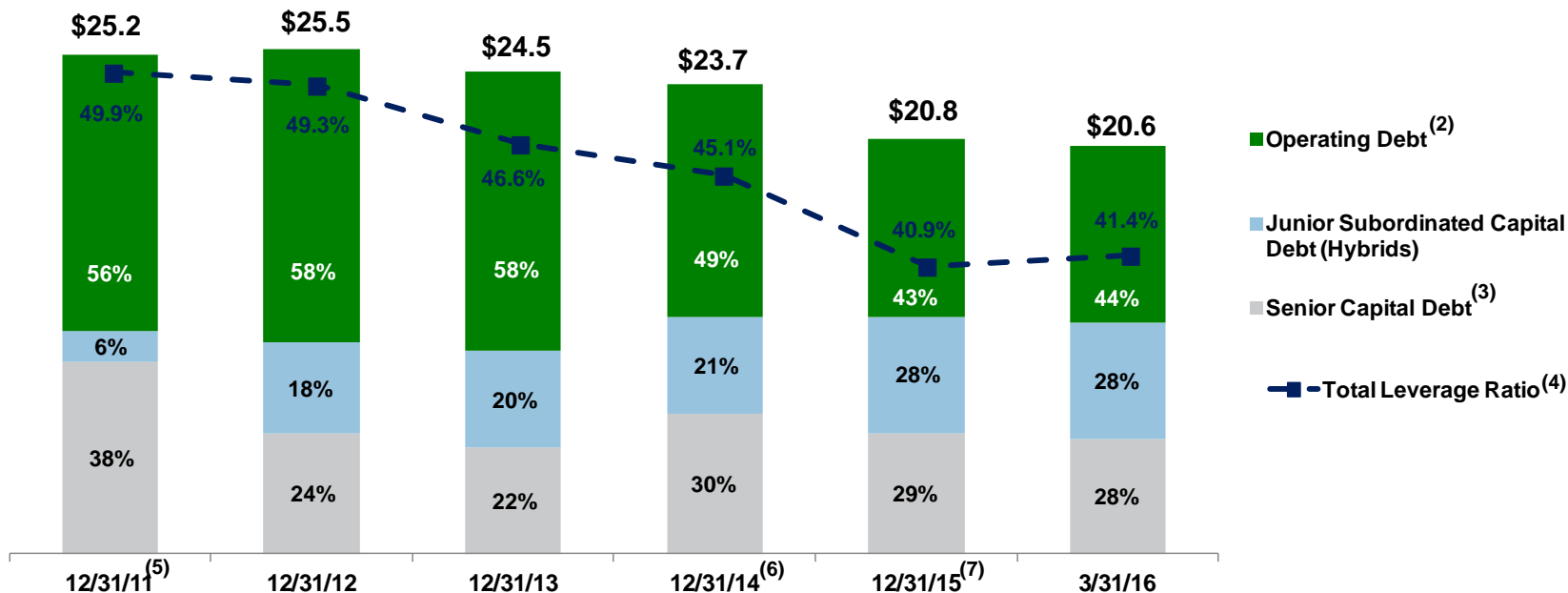
6) Defined as senior capital debt plus 75% hybrids divided by the senior capital debt plus 100% hybrids plus GAAP Equity as defined above.

REDUCTION IN TOTAL LEVERAGE



Composition of Outstanding Debt⁽¹⁾

(\$ billions)



1) Represents the former FSB for periods prior to 2015.

2) Operating debt is utilized to finance business funding needs for specific purposes tied to assets or revenue sources as well as to finance invested assets, proceeds of which will service the debt.

3) Senior capital debt is utilized to meet capital requirements of the Prudential businesses.

4) Defined as total debt divided by total debt plus total equity including non-controlling interest adjusted to exclude the impact of foreign currency exchange rate remeasurement, NPR (net of DAC), and AOCI totaling \$7.9 billion, \$11.5 billion, \$6.3 billion, \$13.6 billion, and \$11.9 billion as of December 31, 2011, 2012, 2013, 2014, 2015, respectively, and \$20.1 billion as of March 31, 2016.

5) Reflects the retrospective adoption of amended accounting guidance for DAC effective 1/1/12, which reduced GAAP equity by \$2.8 billion. Also reflects a discretionary change in accounting principle related to the Company's pension plans.

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7) Revised to conform to current period presentation.

FINANCIAL STRENGTH AND CREDIT RATINGS⁽¹⁾



	Prudential Financial, Inc.		Prudential Insurance Company of America		
	Long-Term Senior Debt	Short-Term Debt	Financial Strength	Short-Term Debt ⁽²⁾	Outlook
S&P	A	A-1	AA-	A-1+	Stable
Moody's	Baa1	P-2	A1	P-1	Stable
Fitch	BBB+	F2	A+	F1	Positive
A.M. Best	a-	AMB-1	A+	AMB-1	Stable

Note: As of May 4, 2016

1) Financial strength ratings represent the opinions of rating agencies regarding the financial ability of an insurance company to meet its obligations under an insurance policy. Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. The ratings set forth above reflect current opinions of each rating agency. Each rating should be evaluated independently of any other rating. These ratings are reviewed periodically and may be changed at any time by the rating agencies. As a result, there can be no assurance that we will maintain our current ratings in the future.

2) Ratings for Prudential Funding, LLC (PFLLC), a wholly owned subsidiary of The Prudential Insurance Company of America (PICA).

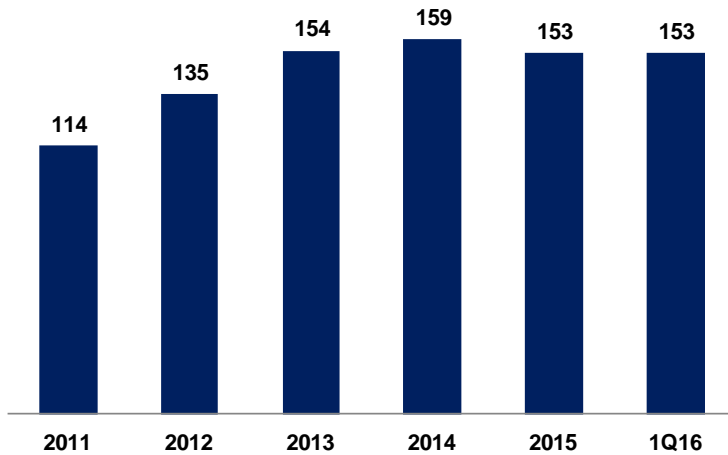


U.S. AND INTERNATIONAL BUSINESSES RESULTS AND KEY DRIVERS

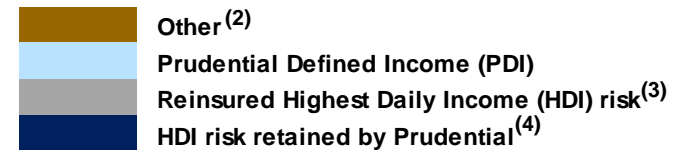
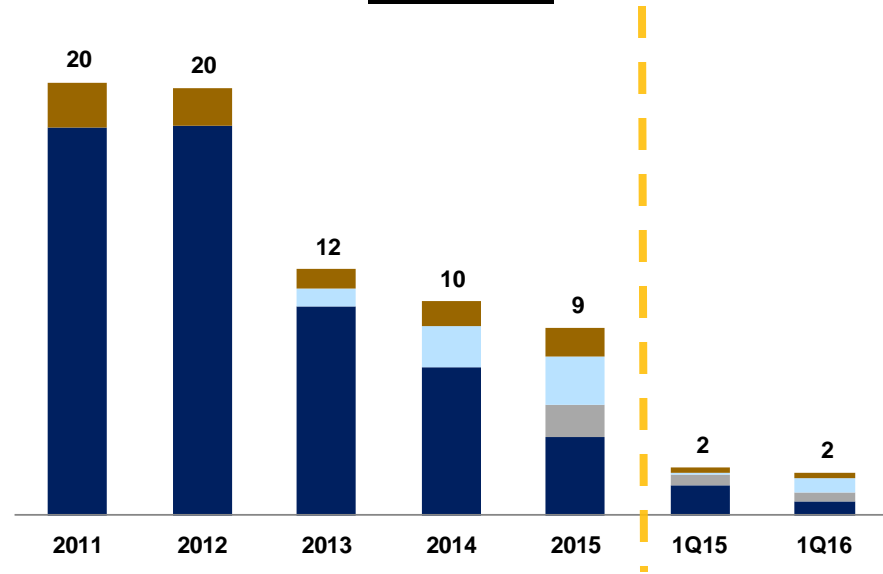
INDIVIDUAL ANNUITIES – ACCOUNT VALUE AND SALES TREND

(\$ billions)

Account Values⁽¹⁾

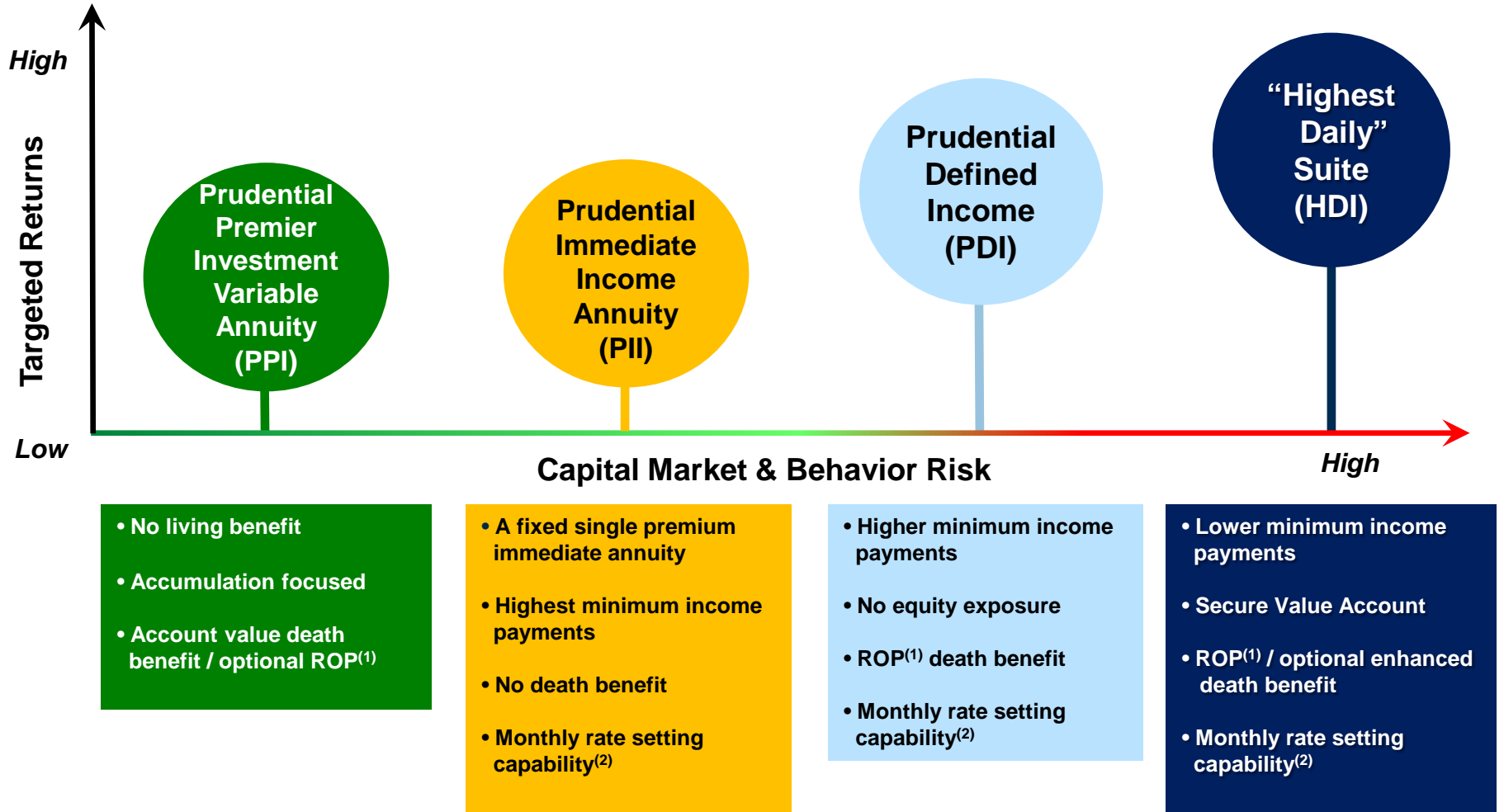


Gross Sales



- 1) Represents Individual Annuities total account values at end of period.
- 2) Includes Prudential Premier Investment contracts, and other annuities without optional living benefit guarantees.
- 3) Includes portion of account values for certain variable annuities for which living benefits are covered under an external reinsurance agreement, which became effective 4/1/2015.
- 4) Includes predecessor product optional living benefits.

PRODUCT PORTFOLIO – DIVERSIFYING RISK



1) Return of Premium (ROP) is a standard death benefit on variable annuity contracts. Optional ROP is available on PPI contracts for an extra charge.

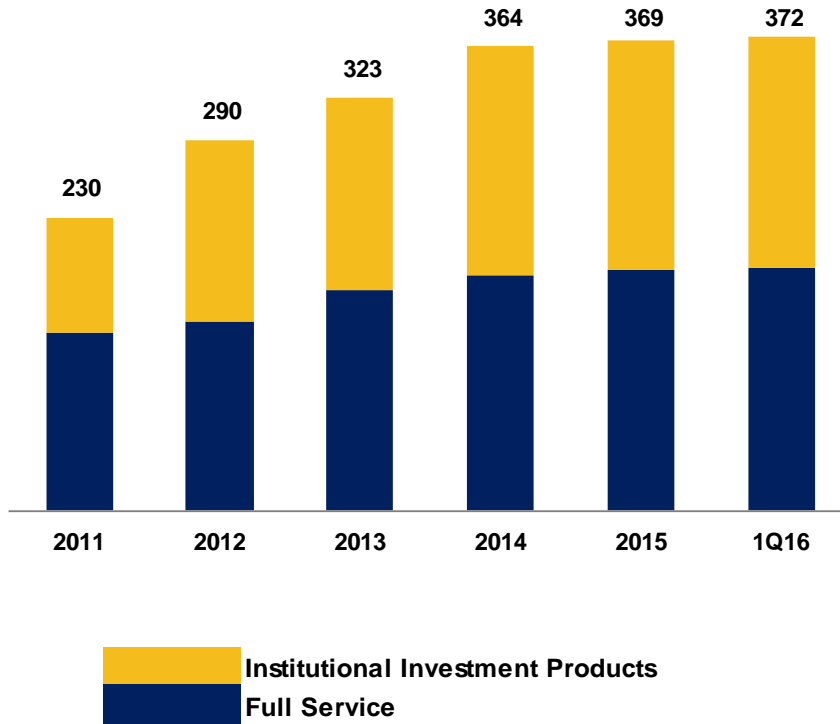
2) For new business.

RETIREMENT – ACCOUNT VALUES AND SALES TREND

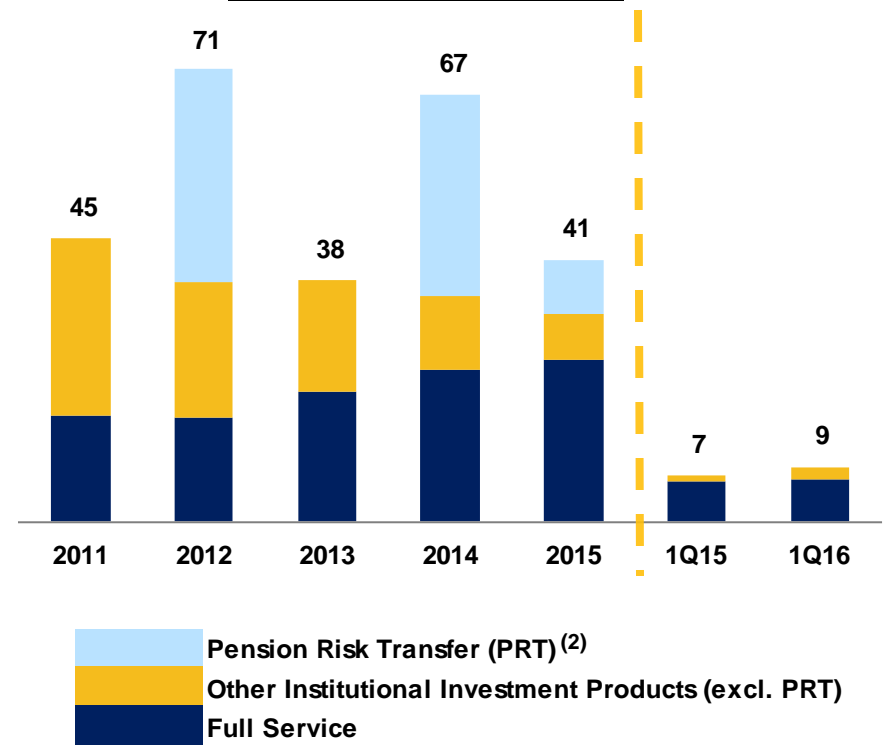


(\$ billions)

Account Values⁽¹⁾



Gross Deposits and Sales







1) At end of period.

2) Represents significant PRT transactions recorded in the fourth quarter of 2012, third and fourth quarters of 2014, and second and fourth quarters of 2015.

PRT MARKET IS LARGE AND GROWING



	U.K.	U.S.	Canada	World
				
Pension Assets	\$1.9 trillion ⁽¹⁾	\$3.0 trillion ⁽²⁾	\$1.5 trillion ⁽³⁾	>\$6.4 trillion
Number of Transactions Over \$1 billion	38	6	1	45
PRT Transactions Since 2007 ⁽⁴⁾	\$186 billion	\$71 billion	\$16 billion	>\$260 billion

1) Pension Protection Fund, estimated in U.S. dollars, as of 12/31/14.

2) Investment Company Institute, revised estimate as of 12/31/14.

3) Towers Watson Global Pension Assets Study 2015.

4) Through 9/30/15.

PRUDENTIAL'S PRT BUSINESS HAS EXPERIENCED SIGNIFICANT GROWTH OVER THE PAST FOUR YEARS⁽¹⁾



\$75 billion⁽²⁾

PENSION ACCOUNT VALUES

550,000

RETIREES

130+

PLANS IN U.S. & U.K.

General Motors

Verizon

Motorola

**Bristol-Myers
Squibb**

Rothesay Life

Timken

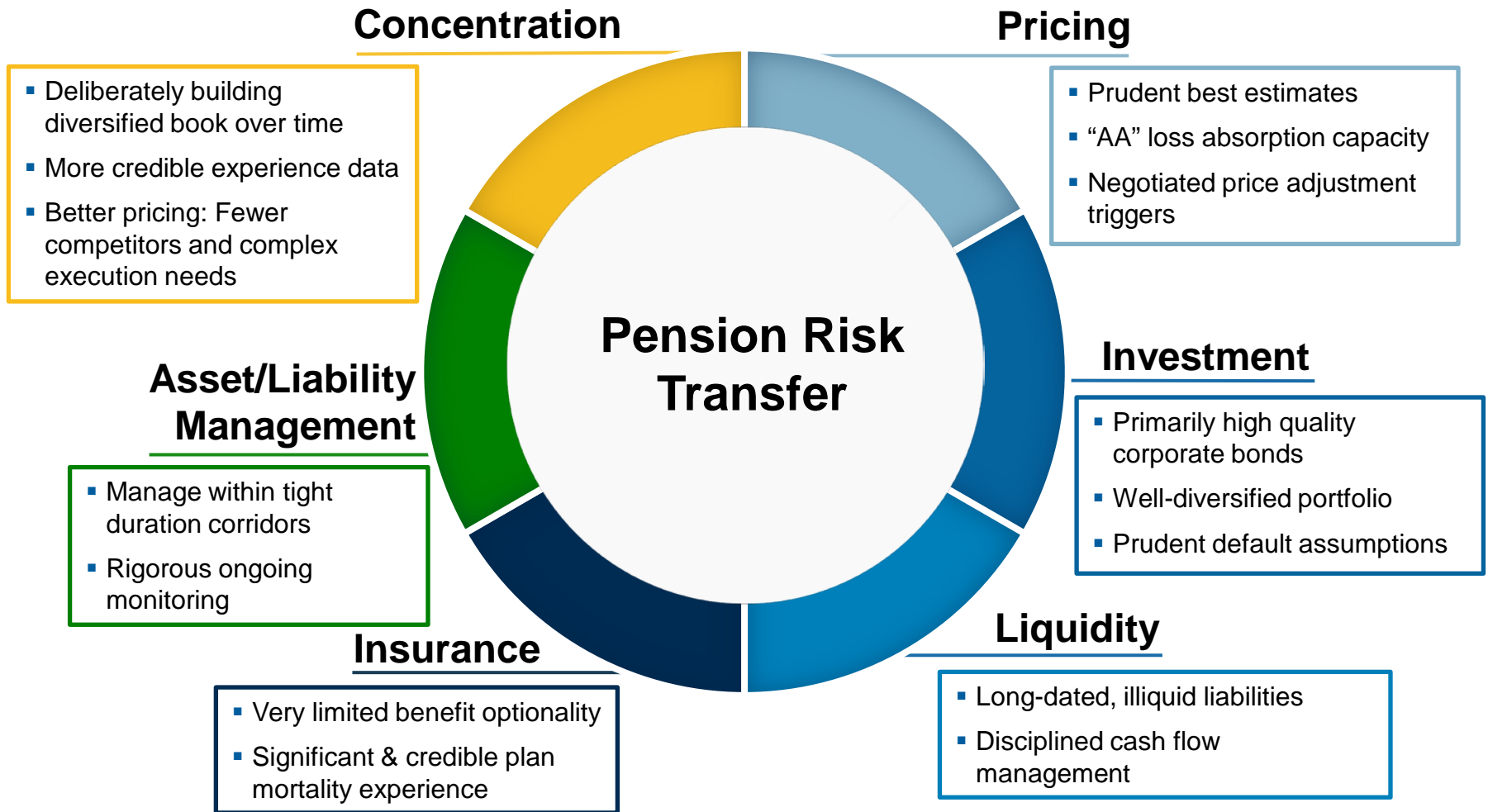
**British Telecom
Pension Scheme**

Kimberly-Clark

1) Through 3/31/15.

2) Includes ~\$35 billion of longevity reinsurance.

CRITICAL SUCCESS FACTORS

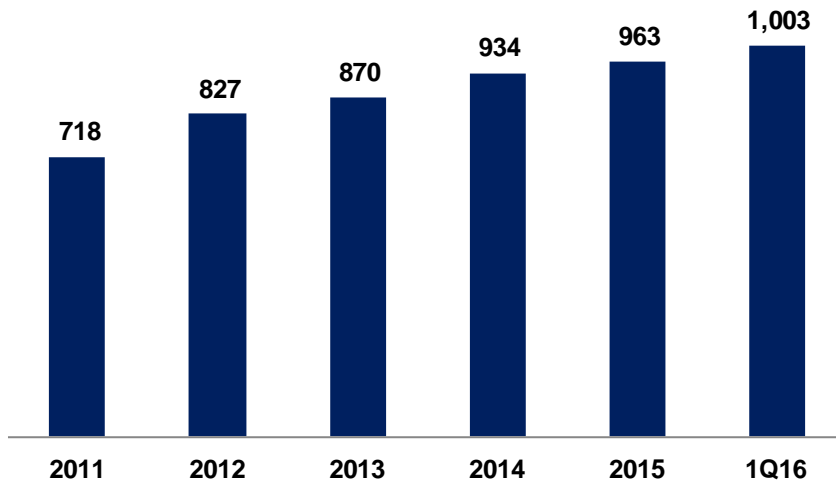


ASSET MANAGEMENT – AUM AND NET FLOWS

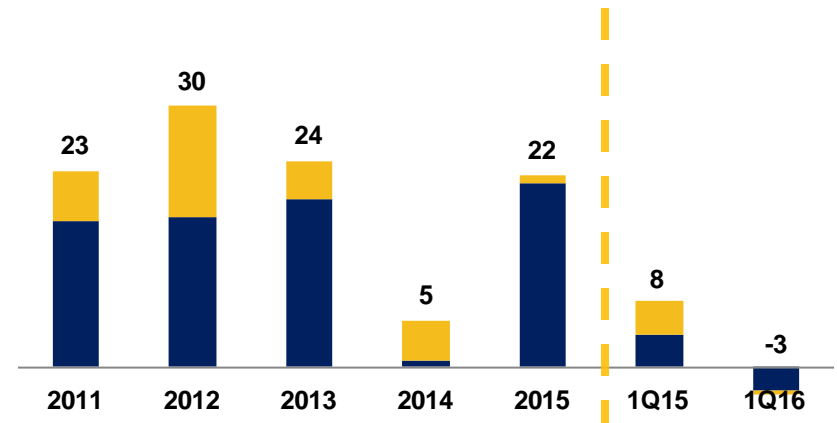


(\$ billions)

Assets Under Management⁽¹⁾



Institutional and Retail Customers Net Flows⁽²⁾



1) At end of period, includes general account.

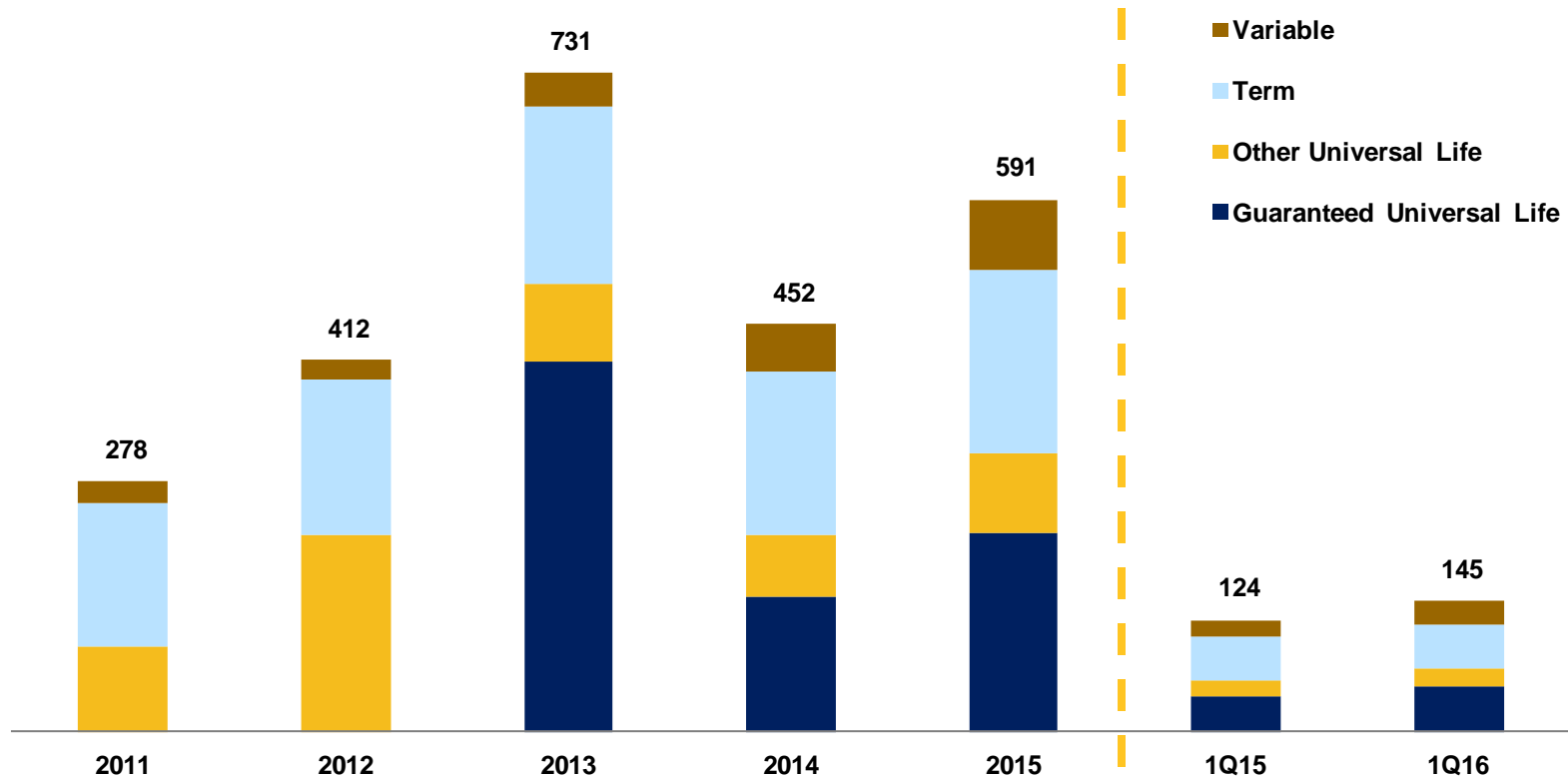
2) Excludes money market activity and affiliated net flows.

INDIVIDUAL LIFE – SALES TREND



(\$ millions)

Annualized New Business Premiums⁽¹⁾



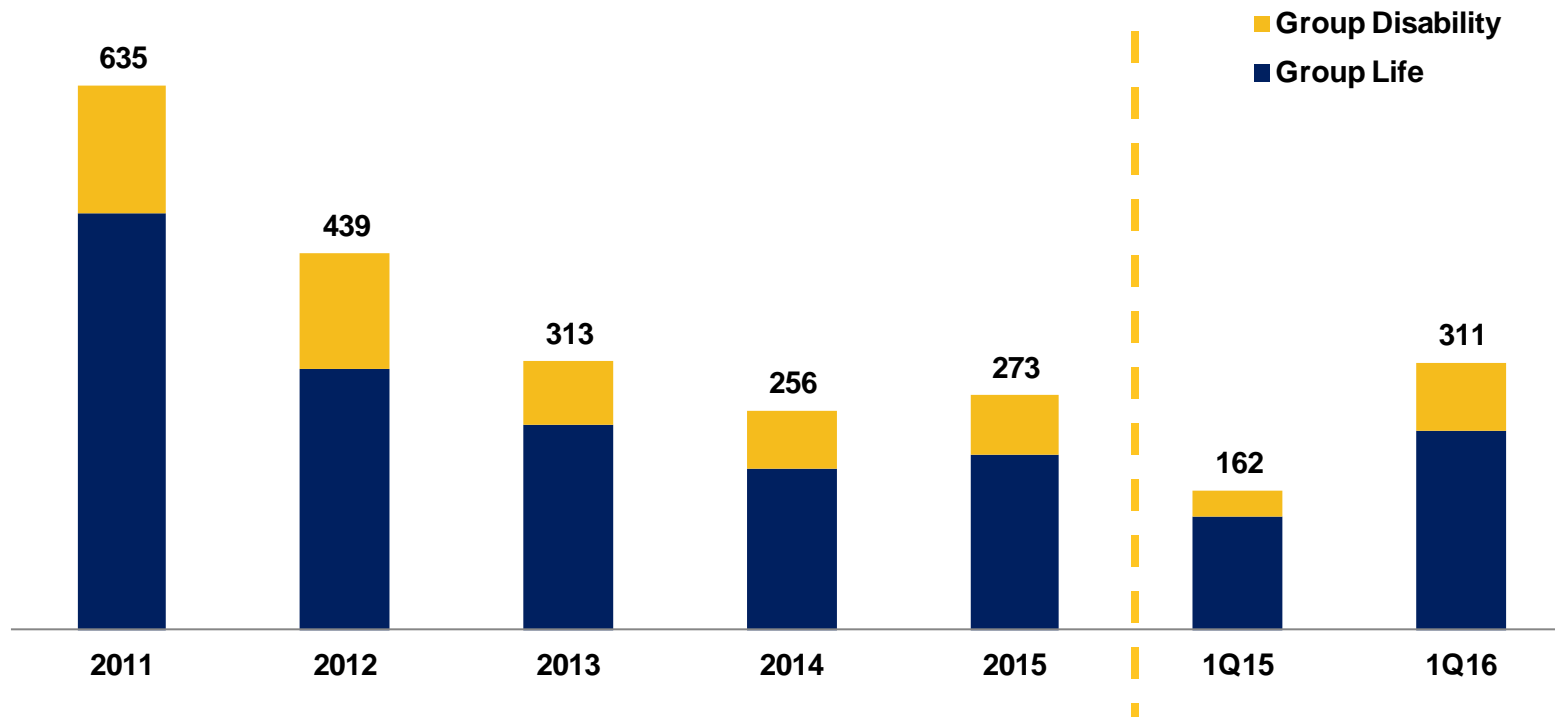
1) Excludes corporate-owned life insurance. Beginning in 2013, includes new business premiums from the Hartford acquisition as well as the portion of new business premiums attributable to guaranteed universal life products.

GROUP INSURANCE – SALES TREND



(\$ millions)

Annualized New Business Premiums

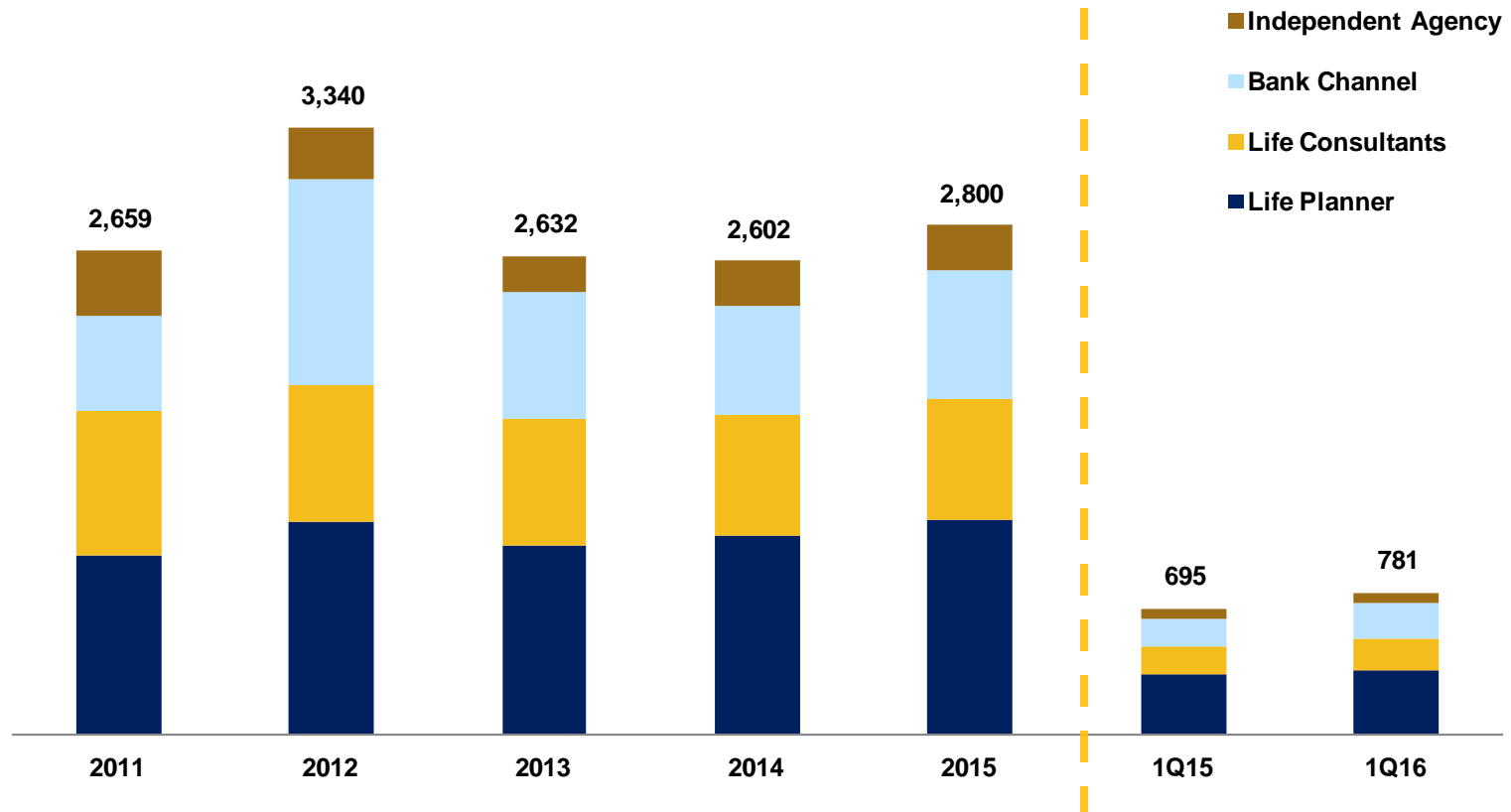


INTERNATIONAL INSURANCE – SALES TREND



(\$ millions)

Annualized New Business Premiums by Distribution Channel⁽¹⁾



1) Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 106 per U.S. dollar and Korean won 1,100 per U.S. dollar. U.S. dollar-denominated activity is included based on the amounts as transacted in U.S. dollars.



CAPITAL & LIQUIDITY

APPROACH TO CAPITAL & LIQUIDITY MANAGEMENT



Financial Strength

“AA” standards for capital and leverage

Liquidity

Diverse sources provide significant financial flexibility

Capital Protection Framework

Competitive levels of capital under stress scenarios

FINANCIAL STRENGTH AND FLEXIBILITY HIGHLIGHTS

INSURANCE OPERATIONS



Risk Based Capital Ratio (RBC) ⁽¹⁾	Target	December 31, 2015
		484%
Prudential Insurance	400%	Estimated March 31, 2016
		Well Above Target

Solvency Margin Ratio	Target	March 31, 2016
Prudential of Japan ⁽²⁾	700%	801%
Gibraltar Life ⁽²⁾⁽³⁾	700%	928%

1) The inclusion of RBC measures is intended solely for the information of investors and is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities. Indicated target is for purposes of evaluating on balance sheet capital capacity.

2) Based on Japanese statutory accounting and risk measurement standards applicable to regulatory filings.

3) Gibraltar consolidated basis.

LIQUIDITY, LEVERAGE, AND CAPITAL DEPLOYMENT



Liquidity Position⁽¹⁾

- Parent company cash, short term investments, and U.S. Treasury fixed maturities, \$4.1 billion⁽²⁾

Leverage Ratios⁽¹⁾

- Financial leverage ratio 25.0%, total leverage ratio 41.4%, each within our targets⁽³⁾

Capital Deployment⁽⁴⁾ Highlights

- Quarterly common stock dividends, \$316 million
- Share repurchases, \$375 million
- Other significant capital deployment, ~\$800 million⁽⁵⁾

1) As of March 31, 2016.

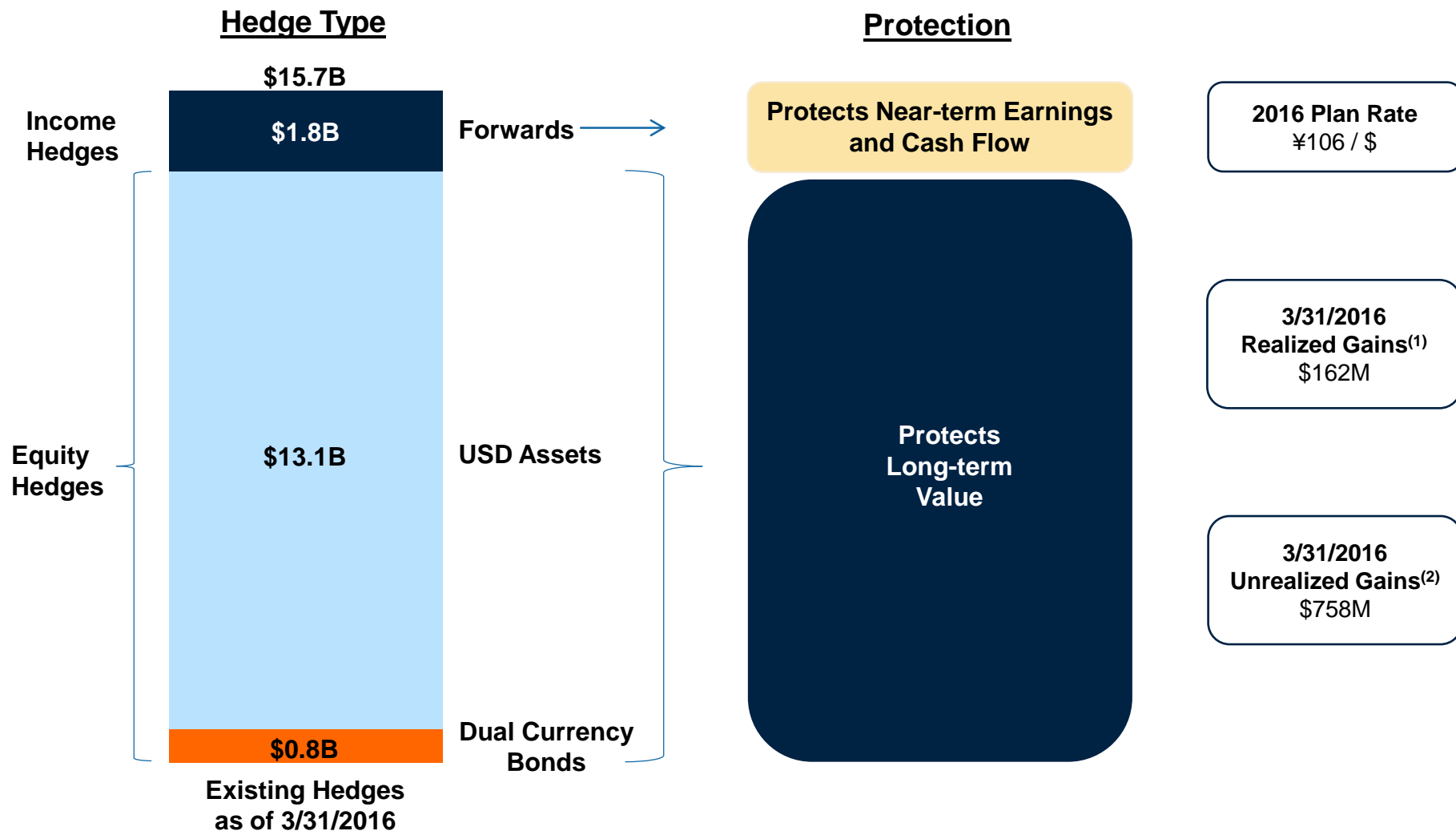
2) Net of outstanding commercial paper and cash held in an intra-company liquidity account at parent company.

3) 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. Total leverage ratio represents total debt divided by sum of total debt and equity. Equity in each calculation includes non-controlling interest and excludes AOCI, impact of foreign currency exchange rate remeasurement, and non-performance risk adjustment, net of deferred policy acquisition costs.

4) For the three months ended March 31, 2016.

5) Funding of Chilean investment; capital debt repayment.

YEN HEDGING STRATEGY – MITIGATES ROE DILUTION



1) Represents cash settlements from equity hedges received for the quarter ended March 31, 2016.

2) Represents fair value of equity hedges as of March 31, 2016.

CAPITAL PROTECTION FRAMEWORK



Stress Parameters⁽¹⁾

Equity Market
Decline

Interest Rate
Shock

Credit Shock

Currency Shock

Our Toolbox

On Balance Sheet
Capital Capacity

Derivatives /
Hedging

Credit Facilities

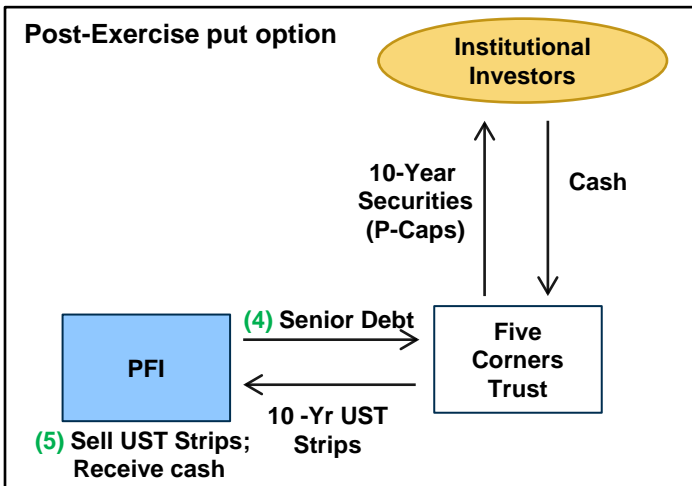
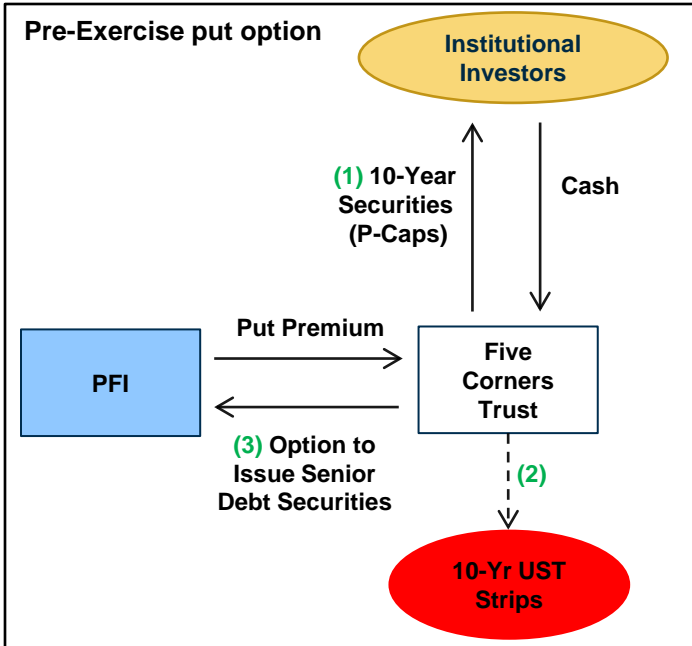
Contingent
Capital

Expected Outcome

- Maintain adequate and competitive regulatory capital position at insurance companies
- Temporary increase in Financial Leverage Ratio
- Maintain adequate cash position at parent company

1) Stress parameters assume immediate shock.

CONTINGENT CAPITAL FACILITY



In November 2013, we created a \$1.5 billion fixed income contingent capital facility as part of our Capital Protection Framework

1. A newly created Delaware trust issues 10-year 144A trust securities to Institutional investors
2. Proceeds from issuance are invested by Trust in Eligible Assets (10 year UST via Treasury Strips)
3. Trust grants a Put Option to PFI, giving PFI the right to deliver newly issued 10-year PFI senior debt securities at a rate preset upon inception to the Trust in exchange for Treasury Strips
 - a) Put is exercisable at any time by PFI
 - b) Also subject to certain mandatory draw requirements
4. Upon exercise of the option, PFI issues Senior Debt to the trust in exchange for Treasury Strips
5. Treasury Strips may be sold for cash proceeds

LIQUIDITY MANAGEMENT PHILOSOPHY

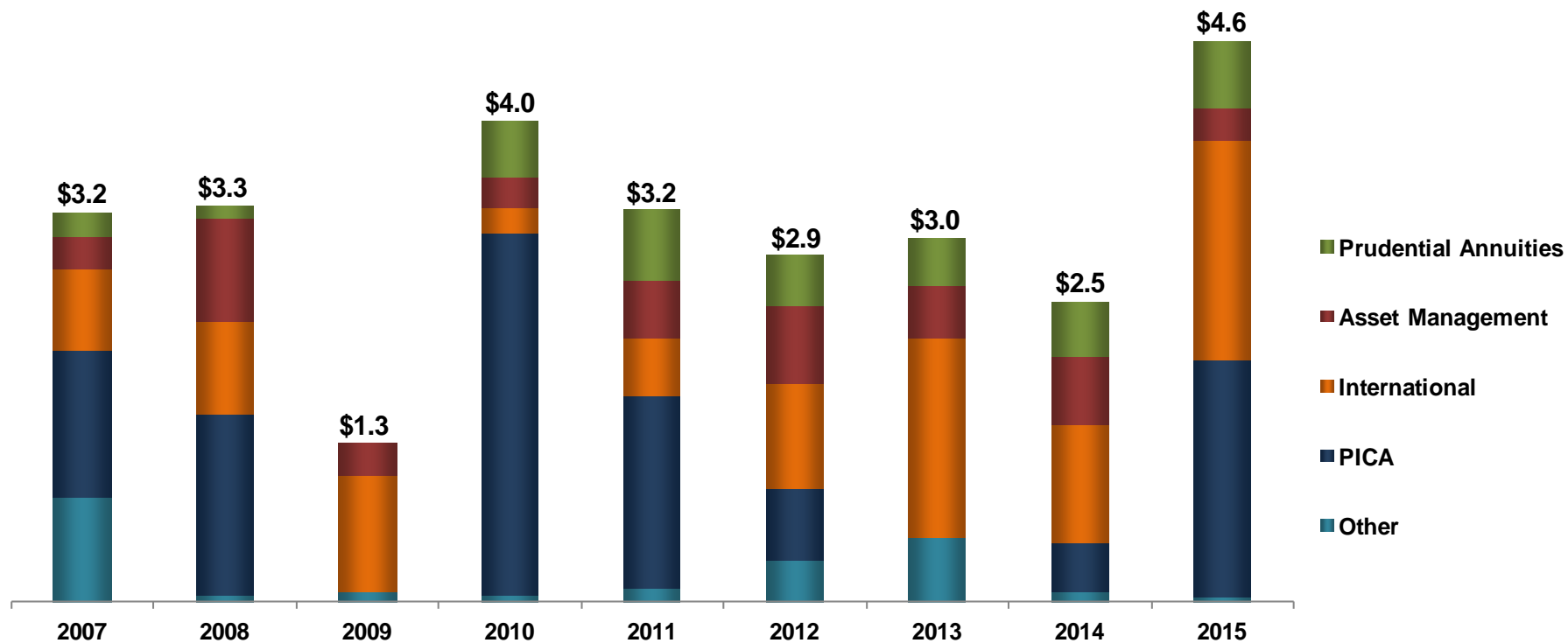


- ❑ Liquidity is managed for each legal entity separately with a robust asset/liability management discipline
- ❑ We manage holding company cash to a Board-approved minimum balance of \$1.3 billion
- ❑ We have access to significant alternative liquidity sources
- ❑ We strive to maintain commercial paper issuance at modest levels
- ❑ We opportunistically pre-fund our debt maturities

CASH FLOWS FROM SUBSIDIARIES⁽¹⁾



(\$ billions)

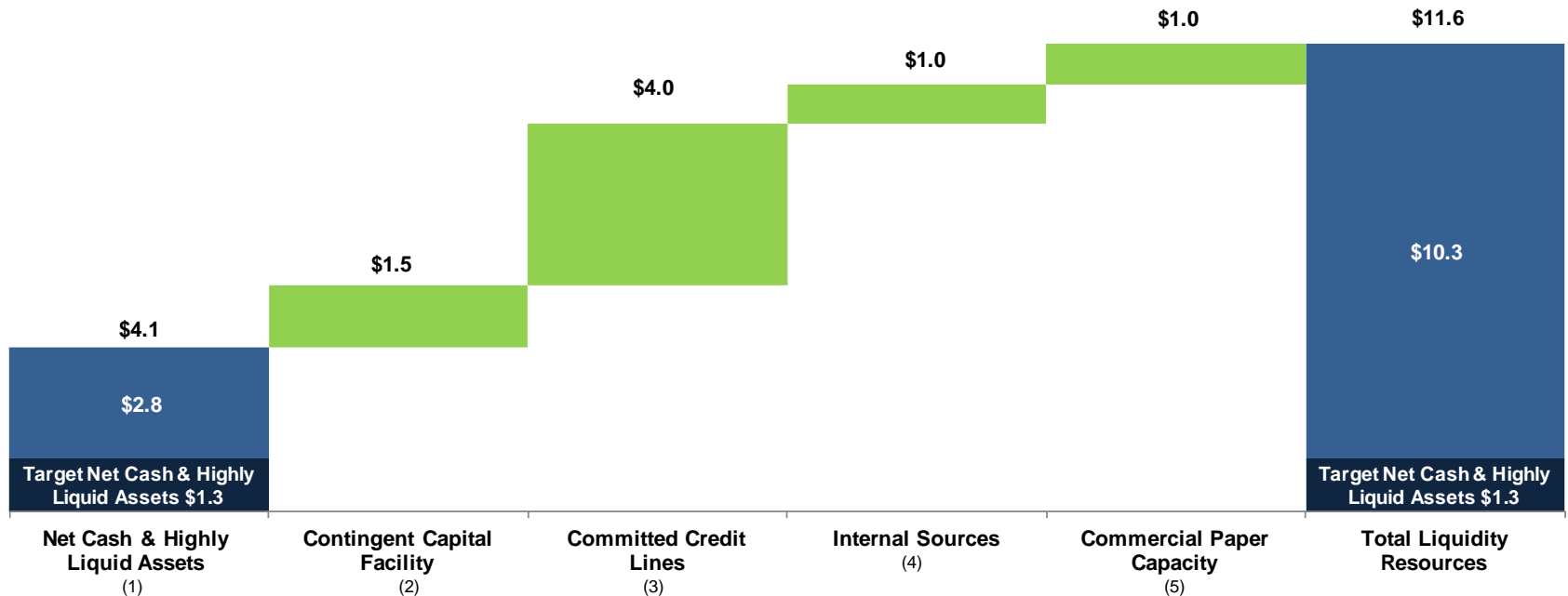


1) Reflects dividends and/or returns of capital to PFI.

HOLDING COMPANY LIQUIDITY



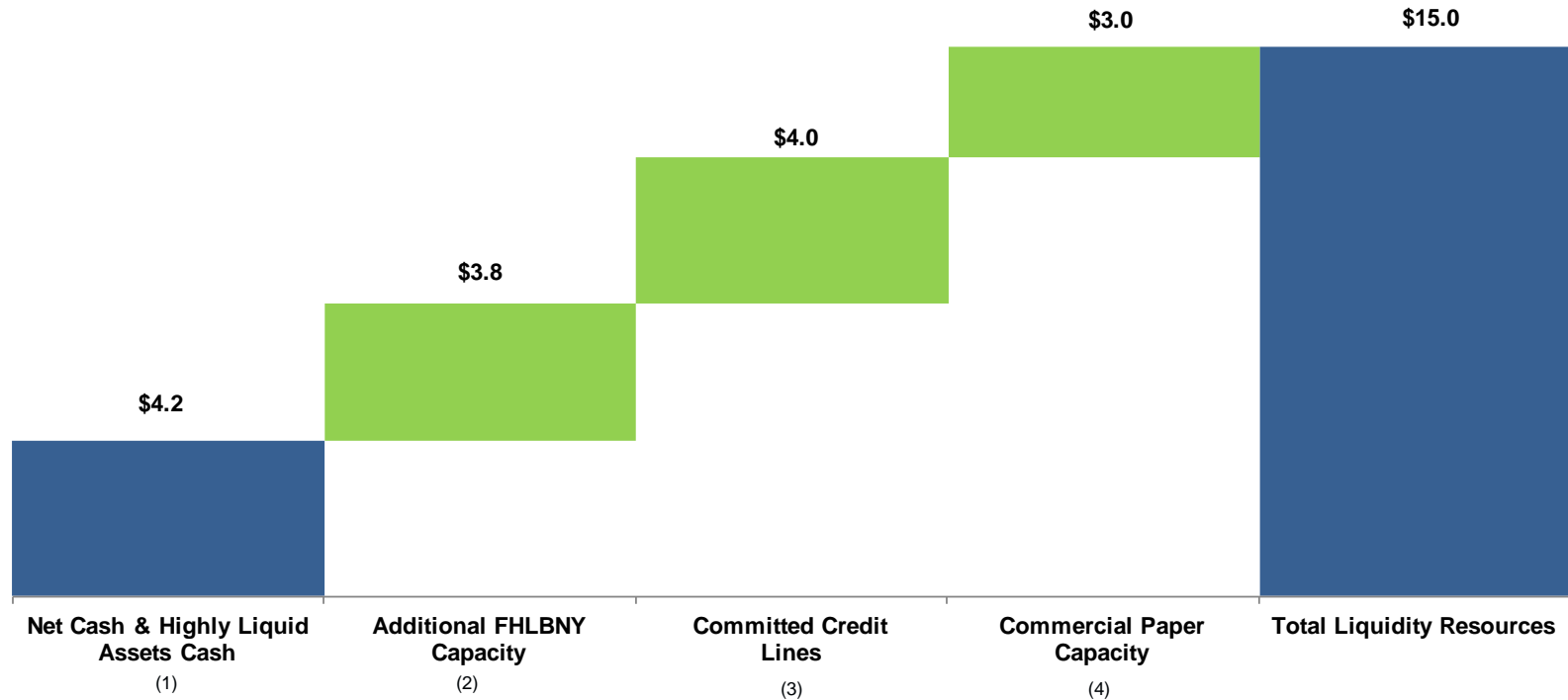
PFI Alternate Sources of Liquidity As of March 31, 2016 (\$ in Billions)



- 1) PFI cash, cash equivalents and short-term investments, less short-term intercompany borrowings and commercial paper.
- 2) PFI has access to liquid assets through a 10-year contingent funding facility, established in November 2013, that can be used to meet liquidity needs and/or to downstream as capital to operating subsidiaries.
- 3) Represents a \$4 billion 5-year committed credit facility shared by PFI and PFLLC.
- 4) Primarily includes ELA.
- 5) Represents estimated total capacity. \$72 million of PFI commercial paper was outstanding as of March 31, 2016.



PICA Alternate Sources of Liquidity As of March 31, 2016 (\$ in Billions)



1) Represents cash, cash equivalents and short-term investments.

2) Represents estimated incremental capacity, less 4.5% activity-based stock, from the Federal Home Loan Bank of New York (FHLBNY) based on regulatory limitation. As of March 31, 2016, \$1 billion of advances and funding agreements with the FHLBNY were outstanding. Borrowings are subject to the availability of qualifying assets at PICA.

3) Represents a \$4 billion 5-year committed credit facility shared by PFI and PFLLC.

4) Represents estimated total capacity. \$397million of PFLLC commercial paper was outstanding as of March 31, 2016.



INVESTMENT PORTFOLIO

WHAT DIFFERENTIATES PRUDENTIAL?



Investment Management is a Core Competency

- Asset Management is a business within Prudential
- \$1 Trillion Managed⁽¹⁾
- Best in class Privates and Mortgages
- Dedicated teams allow us to underwrite much of our credit exposure – a competitive advantage

Distinct Asset-Liability Management Team

- Portfolio Managers work closely with the businesses to gain deep understanding of product liabilities
- Portfolio Managers located within business units

High Quality Well-Matched Portfolio

- Liability Driven
- Well Diversified by
 - Asset Class
 - Industry Sector
 - Geographic Region
 - Issuer
 - Maturity
- Key Rate Duration (KRD) targets by sector

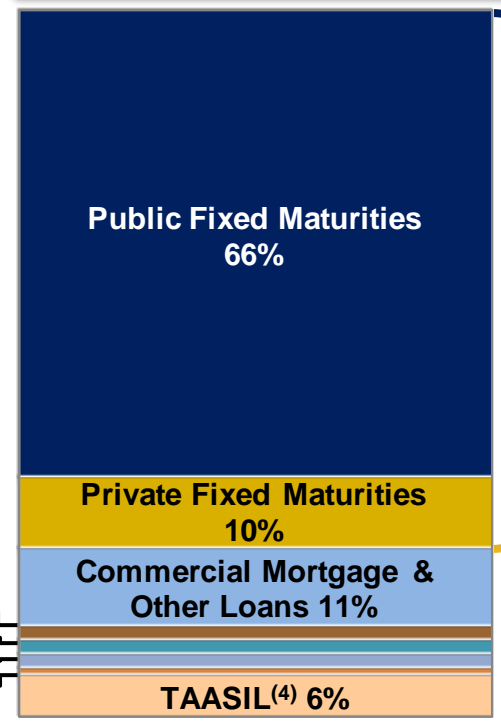
1) Assets managed by Investment Management and Advisory Services as of March 31, 2016.

BROAD DIVERSIFICATION

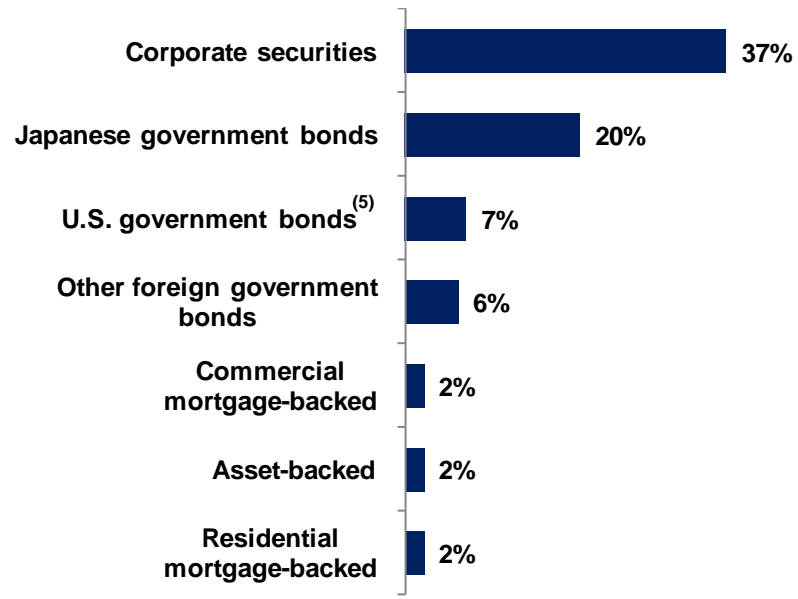


**PFI GA ex. CBD⁽¹⁾
Investment Portfolio
\$365 Billion⁽²⁾**

**PFI GA ex. CBD⁽¹⁾
Fixed Maturities
\$277 Billion⁽²⁾**



76%



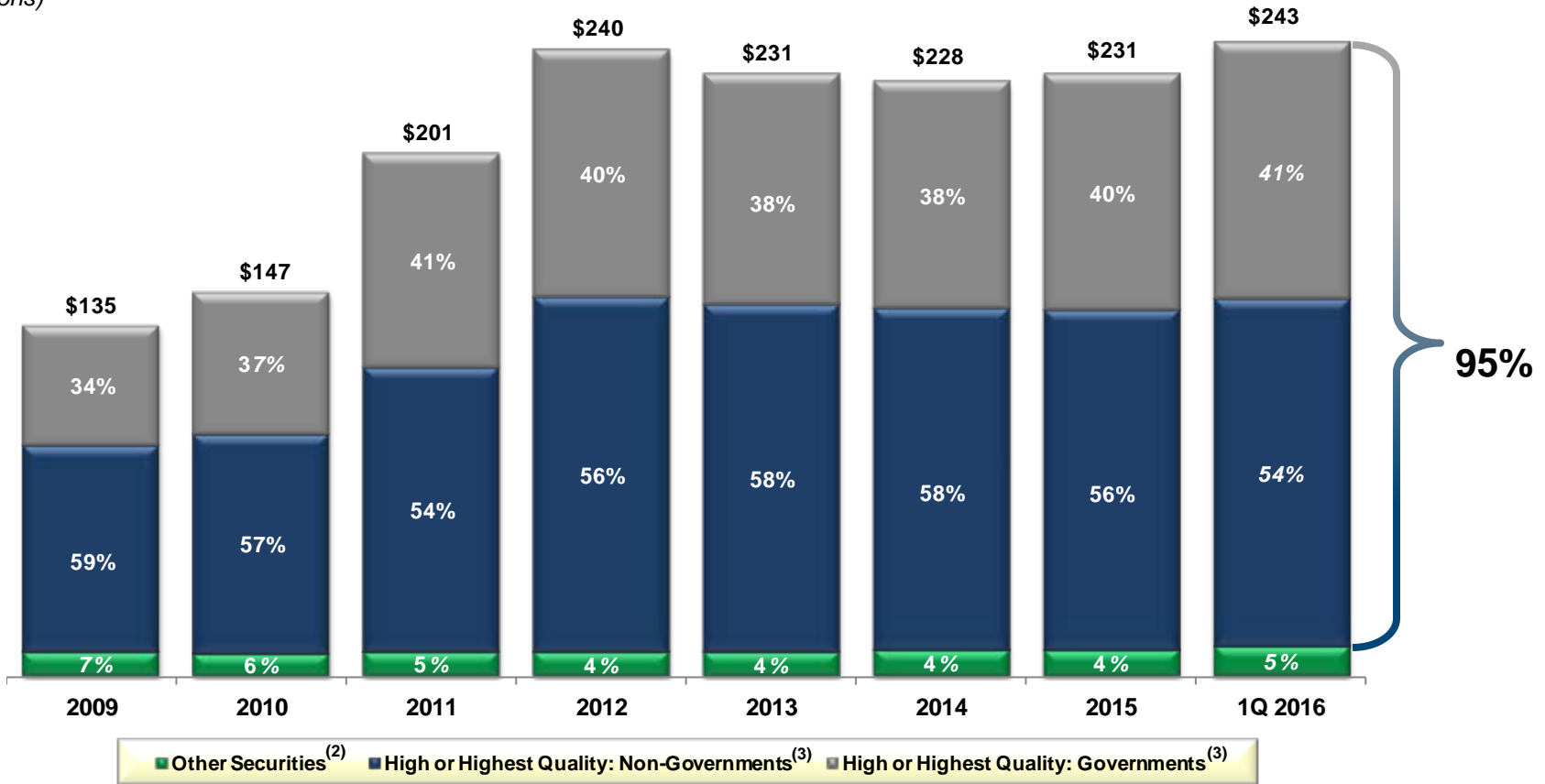
- 1) Represents the General Account (GA) for PFI excluding the Closed Block Division (CBD).
- 2) As of 3/31/16 at balance sheet carrying amount.
- 3) Real estate and non-real estate related investments in JVs/partnerships, investment real estate held through direct ownership and other miscellaneous investments.
- 4) Trading Account Assets Supporting Insurance Liabilities (investment results expected to ultimately accrue to contract holders).
- 5) Includes state and municipal securities, and securities related to the Build America Bonds program.

ASSET SELECTION – FOCUS ON QUALITY



PFI GA ex. CBD – Fixed Maturity Portfolio⁽¹⁾

(\$ billions)



1) As of 3/31/2016 at amortized cost. Reflects equivalent ratings for investments in international insurance operations.

2) NAIC 3-6.

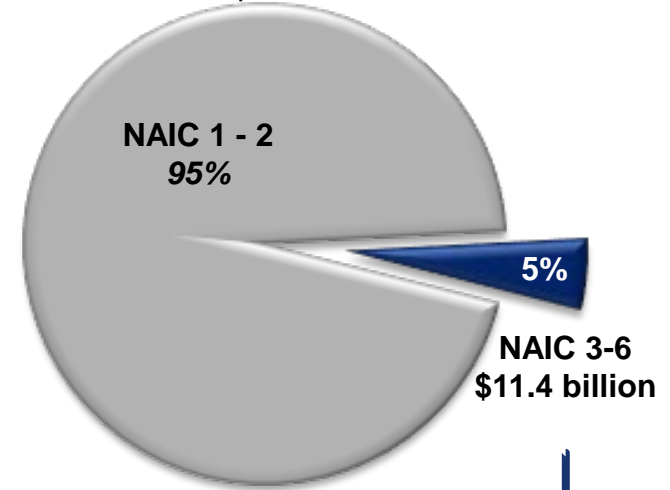
3) NAIC 1-2.

MODEST EXPOSURE TO NAIC 3-6

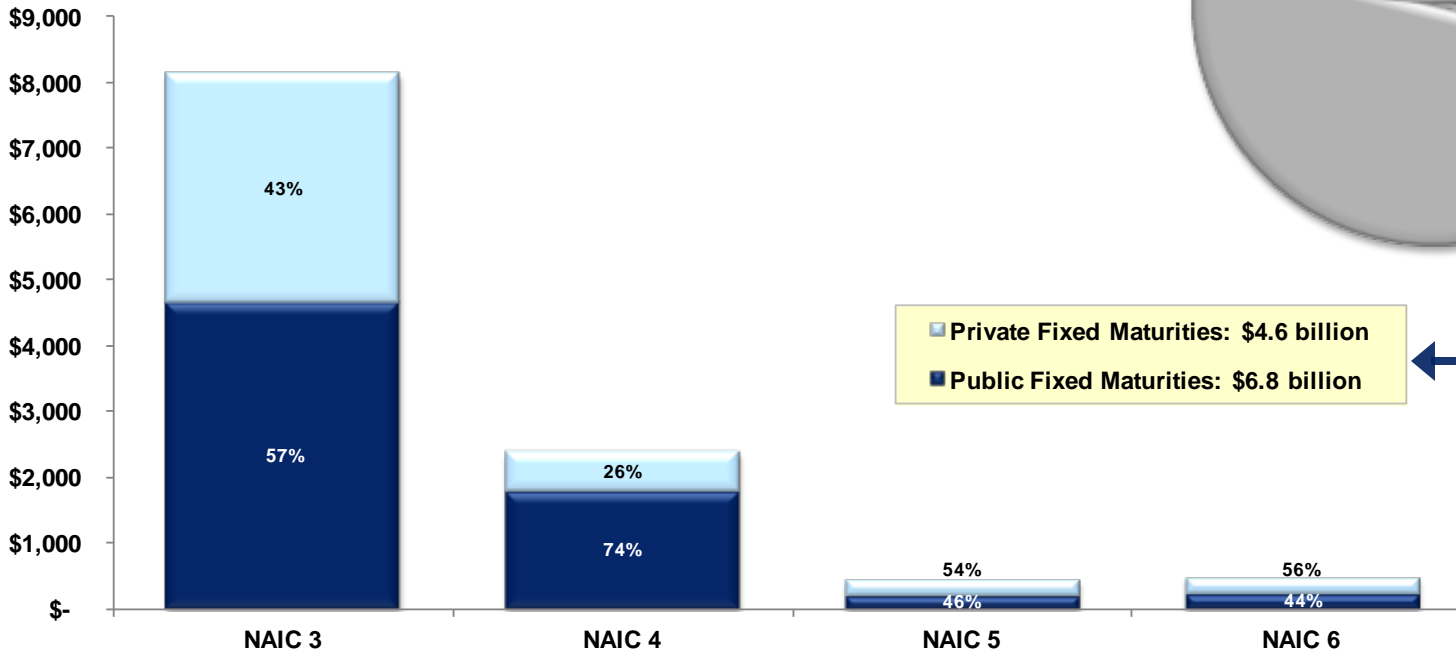


- High Yield exposure⁽¹⁾ comprises 5% of the PFI GA ex. CBD fixed maturity Portfolio:
 - Weighted towards higher quality (NAIC 3).
 - Significant allocations to Private Placements with strong covenant packages and ability to restructure.

**PFI GA ex. CBD
Fixed Maturity Portfolio
100% = \$243 billion⁽²⁾**



(\$ millions)



■ Private Fixed Maturities: \$4.6 billion
■ Public Fixed Maturities: \$6.8 billion

1) High Yield exposure reflects securities with NAIC ratings 3-6.

2) As of 3/31/16 at amortized cost. Reflects equivalent ratings for investments in international insurance operations.



DISCLOSURES

FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURE



Certain of the statements included in this presentation 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. There can be no assurance that future developments affecting Prudential Financial, Inc. and its subsidiaries will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties. 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” section included in Prudential Financial, Inc.’s Annual Report on Form 10-K for the year ended December 31, 2015. Prudential Financial, Inc. does not intend, and is under no obligation, to update any particular forward-looking statement included in this presentation.

This presentation also includes references to “adjusted operating income” and return on equity, which is based on adjusted operating income. Adjusted operating income is a measure of performance that is not calculated based on accounting principles generally accepted in the United States of America (GAAP). For additional information about adjusted operating income and the comparable GAAP measure, including a reconciliation between the two, please refer to our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, which are available on our Web site at www.investor.prudential.com. A reconciliation is also included as part of this presentation.

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

RECONCILIATION BETWEEN ADJUSTED OPERATING INCOME AND THE COMPARABLE GAAP MEASURE



(\$ millions)

	2011	2012	2013	2014	2015	1Q' 15	1Q' 16
After-tax adjusted operating income⁽¹⁾	\$2,917	\$3,019	\$4,586	\$4,355	\$4,649	\$1,298	\$997
Reconciling items:							
Realized investment gains (losses), net, and related charges and adjustments	847	(2,809)	(8,149)	(4,130)	1,579	1,051	338
Investment gains (losses) on trading account assets supporting insurance liabilities, net	223	610	(250)	339	(524)	83	216
Change in experience-rated contractholder liabilities due to asset value changes	(123)	(540)	227	(294)	433	(197)	(130)
Divested businesses:							
Closed Block division	-	-	-	-	58	(22)	(73)
Other divested businesses	90	(615)	29	167	(66)	75	31
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(227)	(29)	28	44	58	13	25
Total reconciling items, before income taxes	810	(3,383)	(8,115)	(3,874)	1,538	1,003	407
Income taxes, not applicable to adjusted operating income	424	(816)	(2,857)	(1,082)	490	252	40
Total reconciling items, after income taxes	386	(2,567)	(5,258)	(2,792)	1,048	751	367
Income (loss) from continuing operations (after-tax)							
before equity in earnings of operating joint ventures ⁽¹⁾	3,303	452	(672)	1,563	5,697	2,049	1,364
Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	148	10	(48)	(41)	(55)	(13)	(28)
Income (loss) from continuing operations attributable to Prudential Financial, Inc.⁽¹⁾	3,451	462	(720)	1,522	5,642	2,036	1,336
Earnings attributable to noncontrolling interests	34	50	107	57	70	10	33
Income (loss) from continuing operations (after-tax)⁽¹⁾	3,485	512	(613)	1,579	5,712	2,046	1,369
Income (loss) from discontinued operations, net of taxes	35	17	7	11	-	-	-
Net income (loss)⁽¹⁾	3,520	529	(606)	1,590	5,712	2,046	1,369
Less: Income attributable to noncontrolling interests	34	50	107	57	70	10	33
Net income (loss) attributable to Prudential Financial, Inc.⁽¹⁾	\$3,486	\$479	\$ (713)	\$1,533	\$5,642	\$2,036	\$1,336

1) Represents results of the former FSB for periods prior to 2015.

RECONCILIATION FOR EARNINGS PER SHARE EXCLUDING MARKET DRIVEN AND DISCRETE ITEMS⁽¹⁾



After-tax adjusted operating income basis:

Earnings Per Share⁽²⁾

	2011	2012	2013	2014	2015
	\$ 5.97	\$ 6.40	\$ 9.67	\$ 9.21	\$ 10.04
Reconciling items:					
Unlocks and experience true-ups ⁽³⁾	(0.27)	(0.03)	0.77	(0.59)	0.31
Gains on sale of businesses/investments ⁽⁴⁾	0.53	0.15	0.09	-	-
Integration costs ⁽⁵⁾	(0.29)	(0.21)	(0.09)	(0.04)	(0.02)
Write off of bond issues costs	-	(0.04)	(0.03)	-	-
Impact of earthquake in Japan	(0.09)	-	-	-	-
Other ⁽⁶⁾	(0.16)	(0.17)	-	-	(0.11)
Sub-total	(0.28)	(0.30)	0.74	(0.63)	0.18
Earnings Per Share - excluding market driven and discrete items	\$ 6.25	\$ 6.70	\$ 8.93	\$ 9.84	\$ 9.86

1) As disclosed in company earnings conference call presentations and earnings releases available at www.investor.prudential.com.

2) Represents results of the former FSB for periods prior to 2015.

3) Includes adjustments to reflect updated estimates of profitability based on market performance in relation to our assumptions in each period, as well as annual reviews of actuarial assumptions and refinements of reserves, and amortization of DAC and other costs. Includes charge for potential contract cancellations in 2015.

4) Includes gains on sales of investment in China Pacific, Afore XXI, as well as impairments and gains on certain investments.

5) Includes acquisition and integration expenses related to Star and Edison, and the acquired in force from The Hartford Life.

6) Includes charge related to the administration of certain separate account investments, true ups for legal reserves, employee benefit accruals, impairments and write offs of intangible assets, and contribution to insurance industry insolvency fund.

RECONCILIATION FOR PRE-TAX ADJUSTED OPERATING INCOME EXCLUDING MARKET DRIVEN AND DISCRETE ITEMS⁽¹⁾



(\$ millions)

	2011	2012	2013	2014	2015	1Q' 15	1Q' 16
Pre-tax adjusted operating income⁽²⁾	\$ 3,940	\$ 4,027	\$ 6,369	\$ 5,892	\$ 6,231	\$ 1,745	\$ 1,325
Reconciling items:							
Unlockings and experience true-ups ⁽³⁾	(202)	(10)	574	(420)	220	106	(53)
Gains on sales of businesses/investments ⁽⁴⁾	394	26	66	-	-	-	-
Integration costs ⁽⁵⁾	(213)	(153)	(79)	(32)	(17)	(9)	-
Write off of bond issue costs	-	(31)	(27)	-	-	-	-
Impact of earthquake in Japan	(69)	-	-	-	-	-	-
Other ⁽⁶⁾	(119)	(43)	-	-	(80)	-	-
Sub-total	(209)	(211)	534	(452)	123	97	(53)
Pre-tax adjusted operating income excluding market driven and discrete items	\$ 4,149	\$ 4,238	\$ 5,835	\$ 6,344	\$ 6,108	\$1,648	\$1,378

1) As disclosed in company earnings conference call presentations and earnings releases available at www.investor.prudential.com.

2) Represents results of the former FSB for periods prior to 2015.

3) Includes adjustments to reflect updated estimates of profitability based on market performance in relation to our assumptions in each period, as well as annual reviews of actuarial assumptions and refinements of reserves, and amortization of DAC and other costs. Includes charge for potential contract cancellations in 2015.

4) Includes gains on sales of investment in China Pacific, Afore XXI, as well as impairments and gains on certain investments.

5) Includes acquisition and integration expenses related to Star and Edison, and the acquired in force from The Hartford Life.

6) Includes charge related to the administration of certain separate account investments, true ups for legal reserves, employee benefit accruals, impairments and write offs of intangible assets, and contribution to insurance industry insolvency fund.