

# RECONCILIATIONS BETWEEN ADJUSTED OPERATING INCOME AND THE COMPARABLE GAAP MEASURE <sup>(1)</sup>



(\$ in millions, except per share data)

	Year Ended December 31,		Six Months Ended June 30,
	2012	2017	2018
<b>Net income attributable to Prudential Financial, Inc.</b>	\$ 479	\$ 7,863	\$ 1,560
Income attributable to noncontrolling interests	50	111	4
<b>Net income</b>	529	7,974	1,564
Less: Income from discontinued operations, net of taxes	17	-	-
<b>Income from continuing operations (after-tax)</b>	512	7,974	1,564
Less: Income attributable to noncontrolling interests	50	111	4
<b>Income from continuing operations attributable to Prudential Financial, Inc.</b>	462	7,863	1,560
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	10	(62)	37
<b>Income from continuing operations (after-tax) before equity in earnings of operating joint ventures</b>	452	7,925	1,523
Less: Reconciling items:			
Realized investment gains (losses), net, and related charges and adjustments	(2,809)	(58)	341
Investment gains (losses) on assets supporting experience rated contractholder liabilities, net	610	336	(596)
Change in experience-rated contractholder liabilities due to asset value changes	(540)	(151)	503
Divested businesses:			
Closed Block division	-	45	(40)
Other divested businesses	(615)	38	(1,598)
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(29)	33	(49)
Total reconciling items, before income taxes	(3,383)	243	(1,439)
Less: Income taxes, not applicable to adjusted operating income	(816)	(3,030)	(324)
Total reconciling items, after income taxes	(2,567)	3,273	(1,115)
<b>After-tax adjusted operating income</b>	3,019	4,652	2,638
Income taxes, applicable to adjusted operating income	1,008	1,592	744
<b>Adjusted operating income before income taxes</b>	\$ 4,027	\$ 6,244	\$ 3,382
<b>After-tax adjusted operating income per share</b>	\$ 6.40	\$ 10.58	\$ 6.10
<b>Adjusted Operating Return on Equity<sup>(2)</sup></b>	11.3%	12.9%	13.5%

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.