

Reconciliations between Adjusted Operating Income and the Comparable GAAP Measure

(\$ millions, except per share data)

	Full Year		Year-to-Date
	2020	2015	2021
Net income (loss) attributable to Prudential Financial, Inc.	\$ (374)	\$ 5,642	\$ 6,516
Income attributable to noncontrolling interests	228	70	36
Net income (loss)	(146)	5,712	6,552
Less: Earnings attributable to noncontrolling interests	228	70	36
Income (loss) attributable to Prudential Financial, Inc.	(374)	5,642	6,516
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	(132)	(55)	27
Income (loss) (after-tax) before equity in earnings of operating joint ventures	(242)	5,697	6,489
Less: Reconciling Items:			
Realized investment gains (losses), net, and related charges and adjustments ⁽¹⁾	(4,300)	1,497	1,511
Market experience updates	(640)	-	330
Divested and Run-off Businesses:			
Closed Block division	(24)	58	92
Other Divested and Run-off Businesses	(450)	194	432
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	90	58	(53)
Other adjustments ⁽²⁾	51	-	(35)
Total reconciling items, before income taxes	(5,273)	1,807	2,277
Less: Income taxes, not applicable to adjusted operating income	(1,118)	551	333
Total reconciling items, after income taxes	(4,155)	1,256	1,944
After-tax adjusted operating income	3,913	4,441	4,545
Income taxes, applicable to adjusted operating income	1,037	1,521	1,171
Adjusted operating income before income taxes	\$ 4,950	\$ 5,962	\$ 5,716
After-tax adjusted operating income per share	\$ 9.72	\$ 9.59	\$ 11.38
Net Income Return on Equity	-0.6%	13.3%	13.9%
Adjusted Operating Return on Equity ⁽³⁾	10.1%	13.8%	15.1%

Note: Year-to-date 2021 and Full Year 2020 restated for reclassification of results of Full Service Retirement. Adjusted operating income reflects the reclassification of results of Full Service Retirement from the Retirement business to Divested and Run-off Businesses in Corporate & Other. Full Service results are excluded from adjusted operating income as a result of the operation being held-for-sale.

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

(2) Represents adjustments not included in 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 the associated 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

(\$ millions, except per share data)

	December 31,		September 30,
	2020	2015	2021
GAAP book value	\$ 67,425	\$ 41,890	\$ 61,887
Less: Accumulated other comprehensive income (AOCI)	30,738	12,285	21,836
GAAP book value excluding AOCI	36,687	29,605	40,051
Less: Cumulative effect of remeasurement of foreign currency	(1,399)	(3,747)	(1,205)
Adjusted book value	<u>\$ 38,086</u>	<u>\$ 33,352</u>	<u>\$ 41,256</u>
Number of diluted shares	401.8	453.2	386.1
GAAP book value per Common share - diluted	\$ 167.81	\$ 92.39	\$ 160.29
GAAP book value excluding AOCI per Common share - diluted	\$ 91.31	\$ 65.32	\$ 103.73
Adjusted book value per Common share - diluted	\$ 94.79	\$ 73.59	\$ 106.85

