

1Q23 Investor Update

Expanding access to investing, insurance, and retirement security



Prudential Investment Thesis

ROCK SOLID

Demonstrated financial strength

DIFFERENTIATED

Thoughtful strategies and business design produce differentiated outcomes

DISCIPLINED

Positioned for long-term growth

TRANSFORMING TO BECOME A HIGHER GROWTH, LESS MARKET SENSITIVE, MORE NIMBLE BUSINESS

145+ years

of service and commitment to providing insurance protection

\$1.4 trillion

in assets under management supporting diversified businesses⁽¹⁾

50 million

customers in over 50 countries

10%

5-yr Annual Dividends Per Share CAGR⁽²⁾

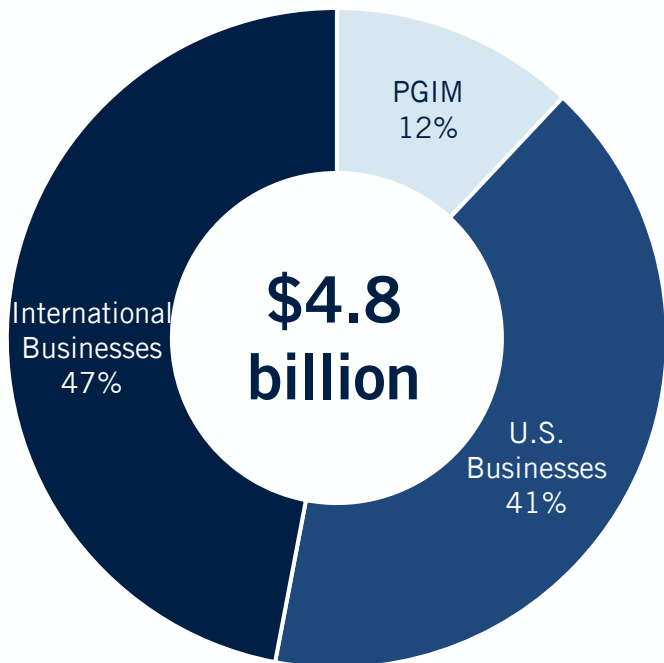
(1) As of March 31, 2023.

(2) From 2017 to 2022; based on annual dividend per share.



Complementary Businesses at Scale with Long-Term Growth Potential

Earnings Contribution⁽¹⁾



Key Statistics

Revenues ⁽²⁾ :	\$61B
Adjusted Book Value Per Share ⁽³⁾ :	\$97.29
Employees ⁽⁴⁾ :	Approx. 40,000
Adjusted Dividend Yield ⁽⁵⁾ :	5%

(1) Based on last twelve months of pre-tax adjusted operating income through 1Q23. Pie chart percentages exclude Corporate & Other operations loss of \$1,746 million. See reconciliation of non-GAAP measures in Appendix for more information.
(2) Based on last twelve months of revenue on a pre-tax adjusted operating income basis through 1Q23.
(3) As of March 31, 2023. See reconciliation of non-GAAP measures in Appendix for more information.
(4) As of December 31, 2022.
(5) Based on 1Q23 annualized dividend per share divided by adjusted book value per share.



Competitive Advantages Support Strategic Execution

Leverage our Strengths:

- Leading global asset manager
- Best-in-class liability origination
- Cross-business synergies
- Omni-channel distribution
- Strong brand reputation
- Track record of fulfilling promises



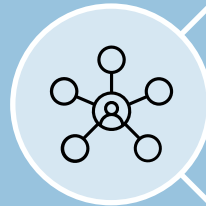
Execute on Strategic Priorities:



Invest in growth businesses and markets around the world



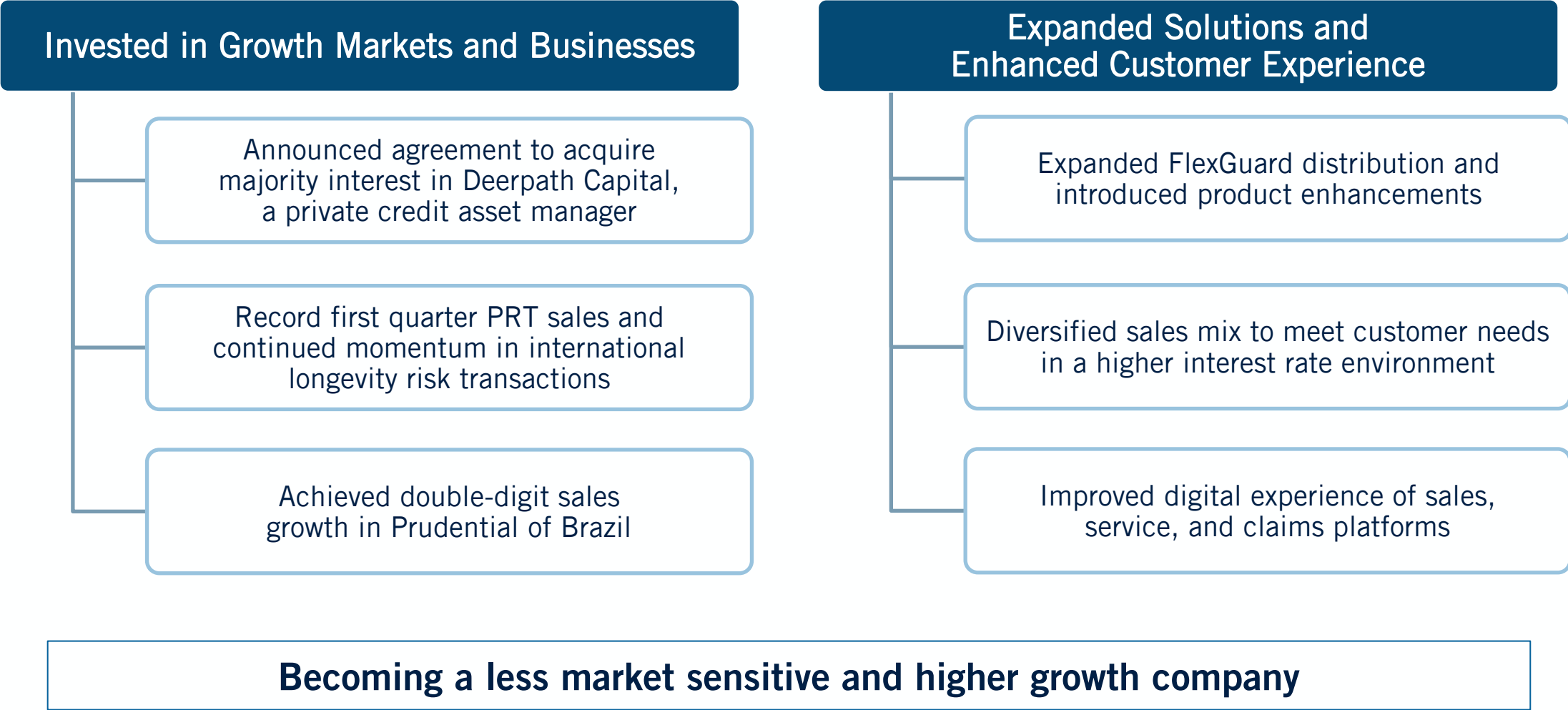
Deliver industry-leading customer and client experiences, blending human touch with advanced technology



Create the next generation of financial solutions to serve the diverse needs of a broader range of customers and clients



Transforming our Business for Sustainable Growth



Navigating the Macro Environment with our Rock Solid Balance Sheet



Executing robust capital and liquidity management

(1) Parent company 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.



Maintaining Balanced and Disciplined Capital Deployment



Creating sustainable, profitable growth and shareholder returns

(1) Capital returned to shareholders in the first quarter of \$718 million includes share repurchases of \$250 million and dividends of \$468 million.



Continued Commitment to Long-Term Sustainability

ENVIRONMENTAL	SOCIAL	GOVERNANCE	
<div><div>2050 Net Zero⁽¹⁾</div><div>emissions across primary global operations expands and accelerates climate actions</div></div> <div><div>Thermal Coal Restriction⁽⁴⁾</div><div>on new direct investments by the General Account in companies that derive 25% or more of revenues from thermal coal</div></div>	<div><div>Over \$1B Donated⁽²⁾</div><div>by The Prudential Foundation to eliminate barriers for underserved and underrepresented populations</div></div> <div><div>\$1.2B AUM</div><div>for impact investing on behalf of the General Account dedicated to projects and partners that tackle pressing societal issues</div></div>	<div><div>78%⁽³⁾</div><div>of Independent Directors are diverse which enhances collaboration and results in varied points of view</div></div> <div><div>Annual Employee Training</div><div>on cybersecurity, privacy, and information security is conducted to help promote the protection of sensitive customer information</div></div>	
<div>Fortune® World's Most Admired Companies™ 2023⁽⁵⁾ “Insurance: Life and Health” category</div>	<div>Ethisphere World's Most Ethical Companies® 2023⁽⁶⁾ for 9 consecutive years</div>	<div>JUST Capital Workforce Equity and Mobility Ranking ranked 40th across all industries</div>	<div>FTSE4GOOD Index Series for 12 consecutive years</div>

(1) Net Zero refers to Scope 1 and 2 emissions across a set of home office properties, data centers, and garages in the United States, Japan, and Brazil, our three largest markets.

(2) First grant in 1978.

(3) As of March 31, 2023.

(4) Exceptions may apply for issuers with a low carbon transition strategy and green bonds of restricted issuers.

(5) In a survey conducted from October 4 to November 18, 2022, Fortune® ranked Prudential on "The World's Most Admired Companies™" list, published February 2023. No compensation or submission was involved in these rankings. © 2023 Fortune Media IP Limited. Fortune® and "The World's Most Admired Companies™" are registered trademarks of Fortune Media IP Limited and are used under license. Fortune Media IP Limited is not affiliated with, and does not endorse products or services of, Prudential Financial.

(6) As of February 2023. "Ethisphere" names and marks are registered trademarks of Ethisphere LLC.





ROCK SOLID

Demonstrated financial strength

Expanding access to investing, insurance, and retirement security



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 at the high end of \$3 to \$5 billion liquidity target range• PICA RBC ratio > 375%• Japan solvency margin ratios > 700%	<ul style="list-style-type: none">• Parent company highly liquid assets of \$4.6 billion⁽¹⁾• Free cash flow⁽²⁾ ~65% of earnings over time	
Off-Balance Sheet Resources		
Resource	Capacity	Maturity Date
Sustainability-Linked Credit Facility	\$4.0 billion	July 2026
Contingent Capital	\$1.5 billion \$1.5 billion \$1.5 billion	November 2023 May 2030 February 2033 and 2053
Prudential Holdings of Japan Facility	¥100 billion	September 2024

As of March 31, 2023.

(1) 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.

(2) Free cash flow ratio includes dividends and returns of capital from subsidiaries, net receipts from capital related intercompany loans, capital contributions to subsidiaries, adjustments for M&A funding, and after-tax net interest expense, as a percentage of after-tax adjusted operating income. Percentage is not intended to report results over any given time period.



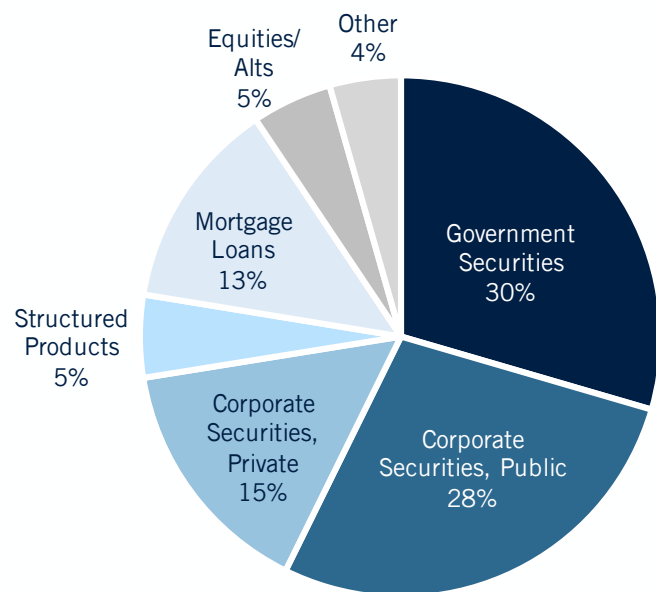
Preserving Balance Sheet Strength, as We Have Done for 145+ Years

Stress Parameters	Our Toolbox	Outcomes
Equity Market Decline	<ul style="list-style-type: none">• Disciplined ALM and hedging• On balance sheet capital capacity• Off-balance sheet resources<ul style="list-style-type: none">– Credit facilities– Contingent capital• Shift in our product mix• Ability to adjust product pricing• Affiliated and external reinsurance• Prudent management	<ul style="list-style-type: none">• Maintain appropriate and competitive regulatory capital levels at insurance companies• Maintain adequate cash position at parent company• Relatively resilient to equity market and interest rate declines• Highly effective variable annuity hedging program
Pandemic Insurance Shock		
Interest Rate Shock		
Credit Shock		
Currency Shock		



Broadly Diversified, High Quality Investment Portfolio

Portfolio Composition⁽¹⁾ \$373 billion



Highlights:

- Broadly diversified, high quality portfolio with strong Asset Liability Management
 - High allocation to government securities (mostly U.S. and Japan)
 - Significant protections with private credit
- Benefits from PGIM's expertise and direct origination capabilities
- Disciplined framework for credit management

(1) General Account excluding the Closed Block Division and assets supporting experience-related contractholder liabilities (ASCL) as of March 31, 2023, on a U.S. GAAP carrying value basis. Mortgage loans include commercial, agricultural, residential, and other loans. Structured products include commercial and residential mortgage-backed securities, collateralized loan obligations, and other asset-backed securities. Alts include investments in LPs/LLCs, and real estate held through direct ownership. Other includes policy loans, fixed maturities - trading, short-term investments, derivatives, and other miscellaneous assets.



Balanced Approach to Capital Allocation

1. Maintain Strong Capital Position

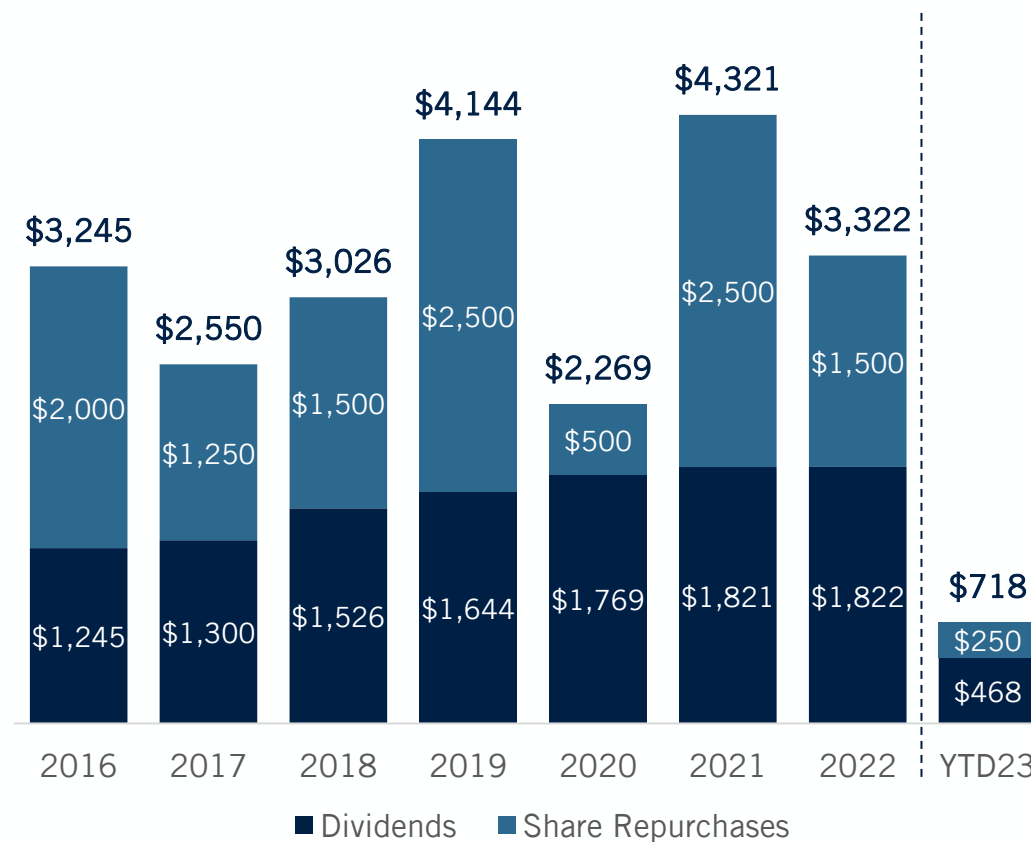
2. Organic Growth at Attractive Returns

3. Sustainable and Growing Dividends

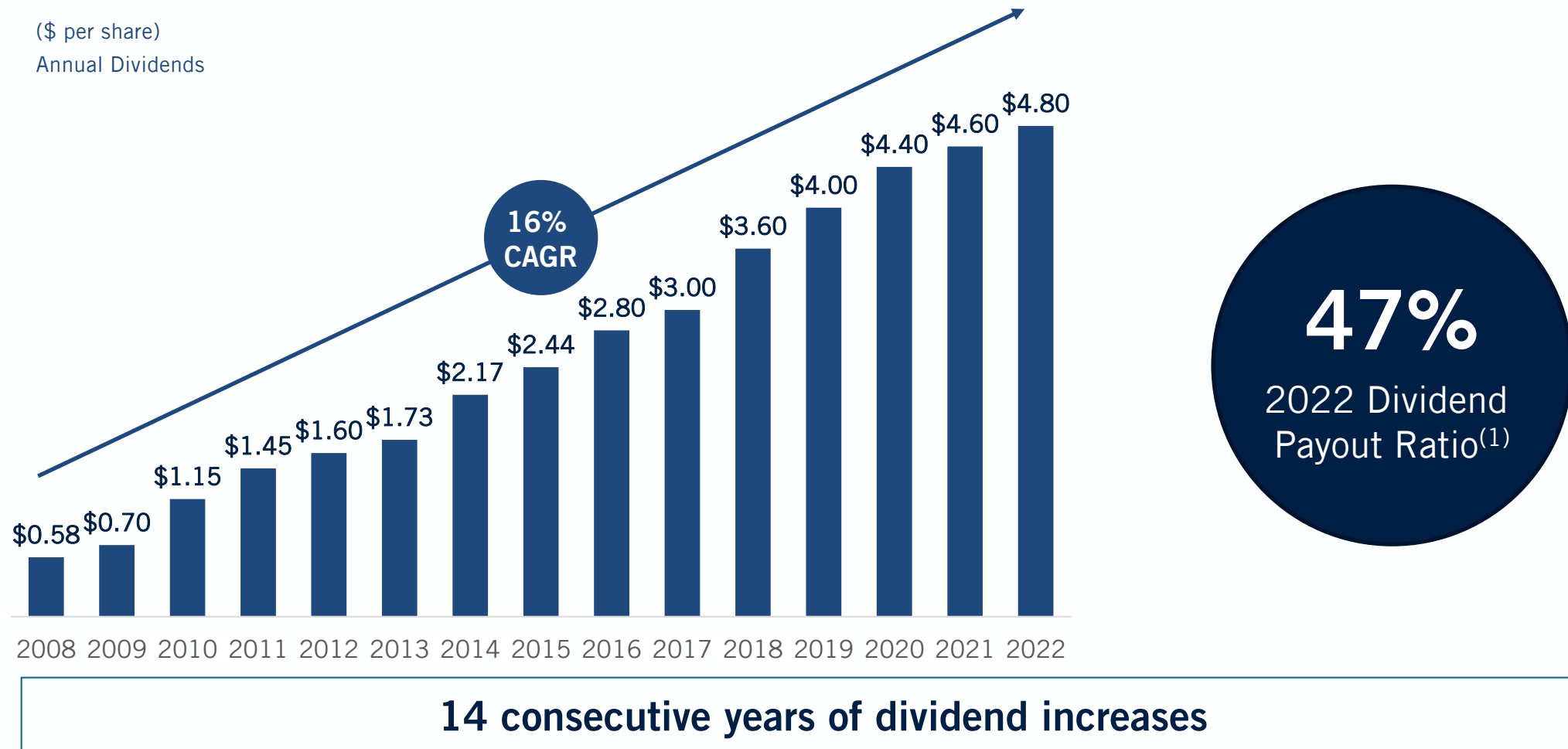
4. Acquisitions

5. Share Repurchases

Shareholder Distributions
(\$ millions)



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



(1) Based on annual dividend per share divided by annual after-tax adjusted operating income per share. See reconciliation of non-GAAP measures in Appendix for more information.





DIFFERENTIATED

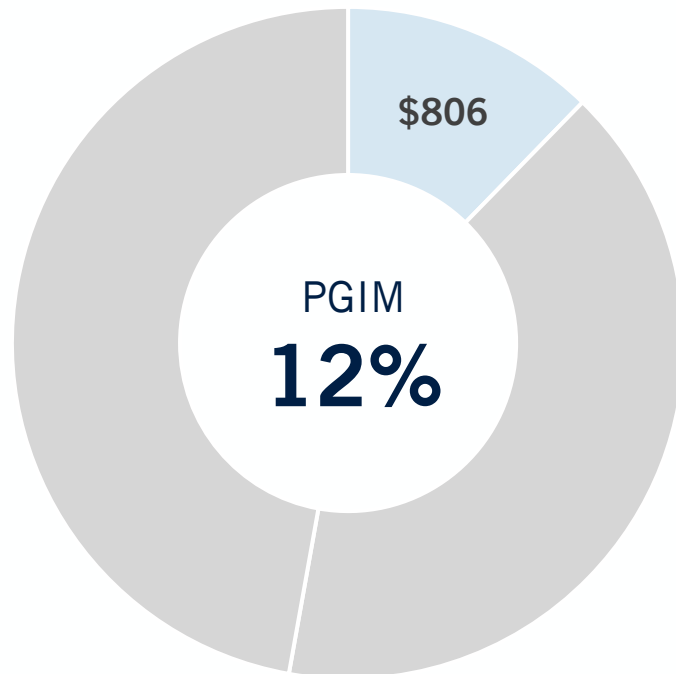
Thoughtful strategies and business design
produce differentiated outcomes

Expanding access to investing, insurance, and retirement security



A Leading Global Investment Manager Across a Broad Range of Private and Public Asset Classes

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

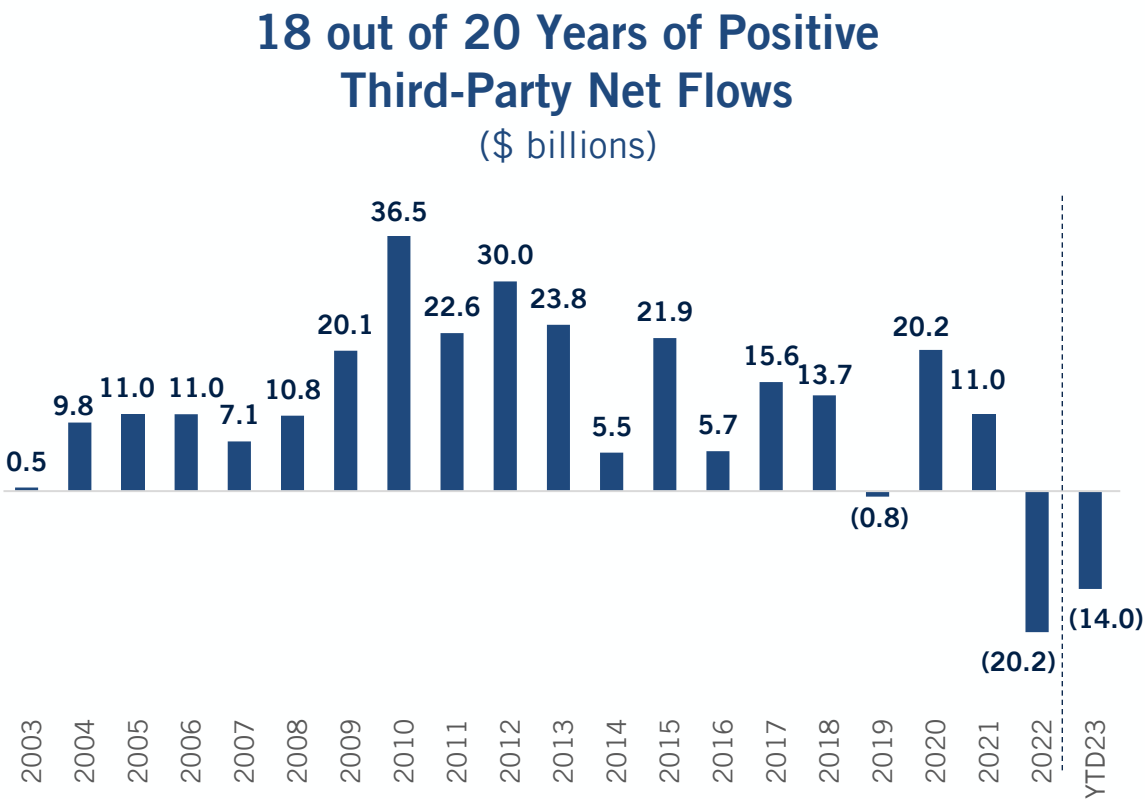
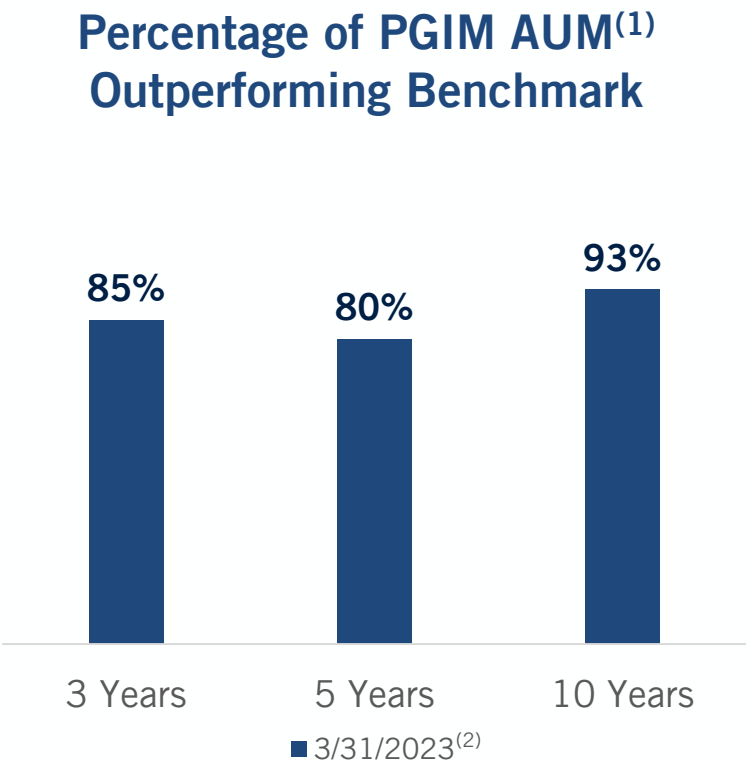
**Disciplined approach to growth to
manage margins through the cycle**

(1) Based on last twelve months of pre-tax adjusted operating income through 1Q23 excluding Corporate & Other operations.



PGIM

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



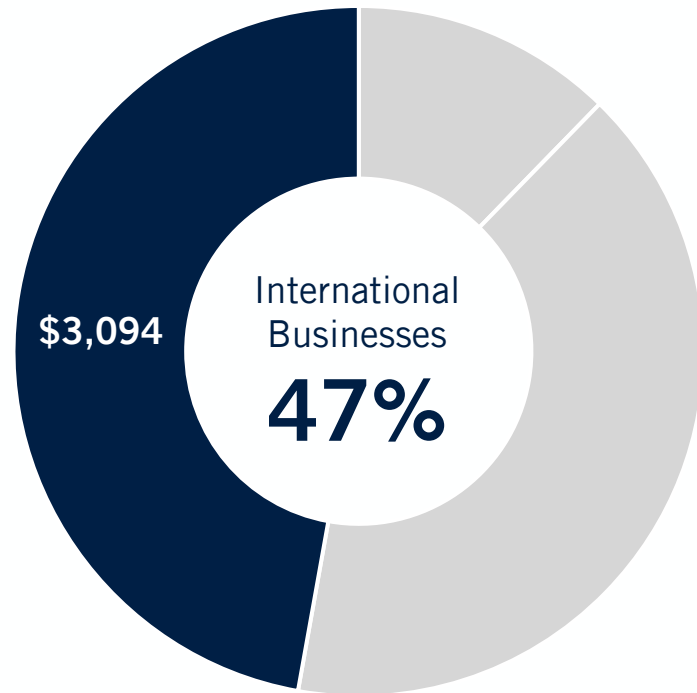
(1) Represents PGIM’s benchmarked AUM (74% of total third-party AUM is benchmarked over 3 years, 66% over 5 years, and 46% over 10 years). This calculation does not include non-benchmarked assets (including general account assets and assets not managed by PGIM). Returns are calculated gross of investment 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, PGIM Quantitative Solutions, PGIM Real Estate, PGIM Private Capital, PGIM Global Partners, and PGIM Real Estate Finance.

(2) PGIM calculations as of March 31, 2023 for \$733 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).



Market Leader in Japan with Expanding Presence in Growth Markets

Earnings Contribution⁽¹⁾ (\$ millions)



Business Highlights:

- Best in class, profitable Japanese franchise consistently maintaining market leadership position
- Expand in select, high growth emerging markets through investments in organic growth and programmatic M&A
- Synergies with PGIM's investment expertise

**Consistent earnings contribution
and cash flow to PFI**

Note: See Appendix for earnings by business.

(1) Based on last twelve months of pre-tax adjusted operating income through 1Q23 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

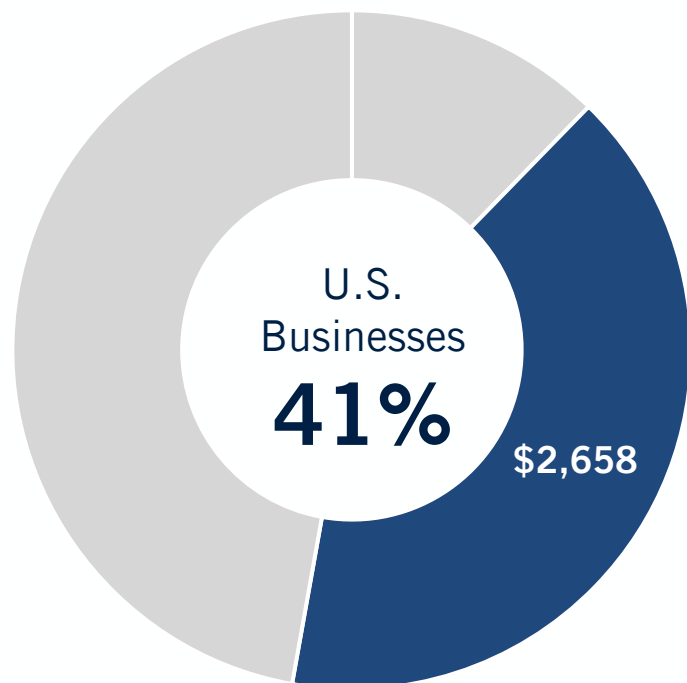
Emerging Markets

- 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



Broad Business Portfolio with Robust Liability Origination Capabilities

Earnings Contribution⁽¹⁾ (\$ millions)



Business Highlights:

- Diverse customer base with further growth potential across demographics
- Complementary solutions across businesses
- Strong multi-channel distribution
- Synergies with PGIM's investment expertise

**Scaled businesses with improved
risk profile and growth potential**

Note: See Appendix for earnings by business.

(1) Based on last twelve months of pre-tax adjusted operating income through 1Q23 excluding Corporate & Other operations. U.S. Businesses include Retirement Strategies, Group Insurance, and Individual Life.



Leading Distribution Model with End-to-End Customer Engagement

Distribution through a wide range of channels

Individuals

- Financial Professionals
- Direct-to-consumer

Institutions

- Pension Plan sponsors
- Reinsurers
- Brokers

Workplace

- Employers
- Associations

Ability to meet customers where and how they want

In Person



Hybrid



Digital



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





DISCIPLINED

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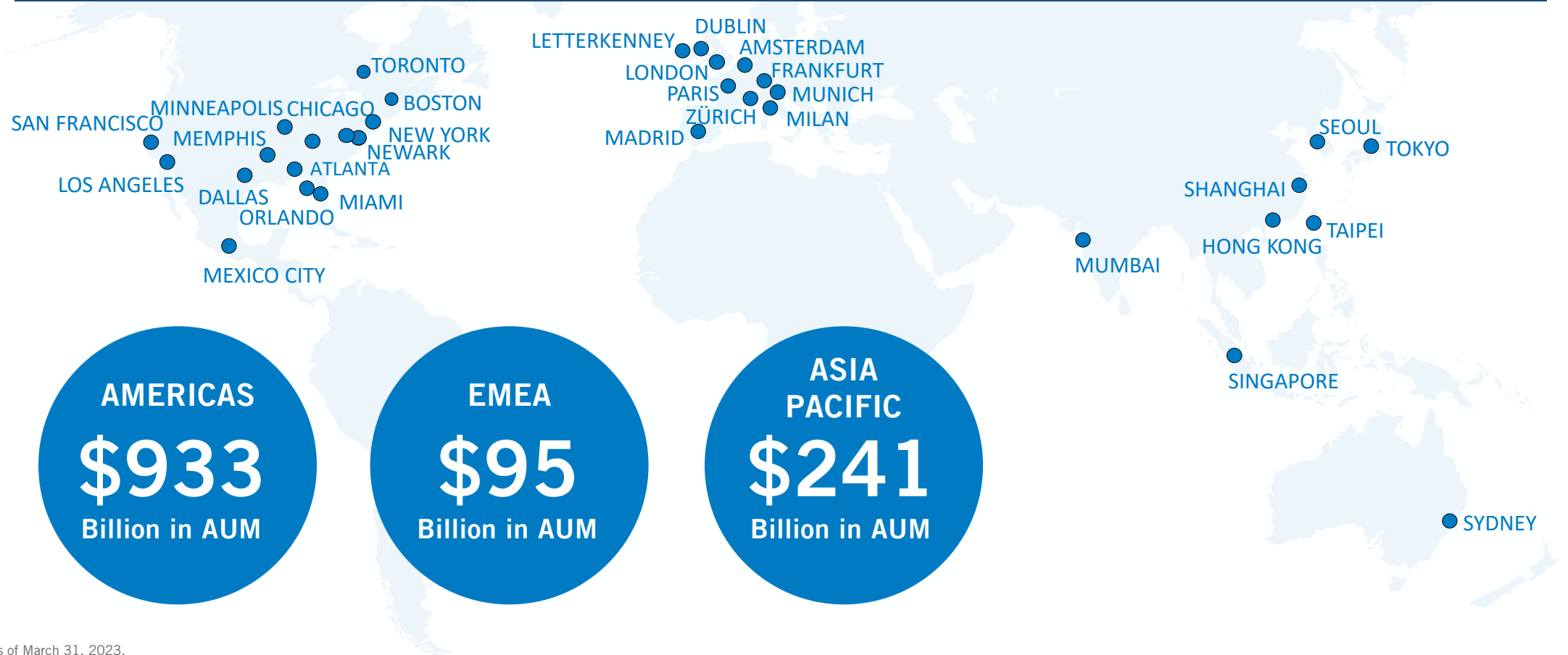
Execution on Strategy Driving Growth

Growth opportunities from:



Broad Geographic Presence in Key Markets

With 1,400+ investment professionals located across 46 offices in 18 countries, our experts are present in key financial centers around the world.



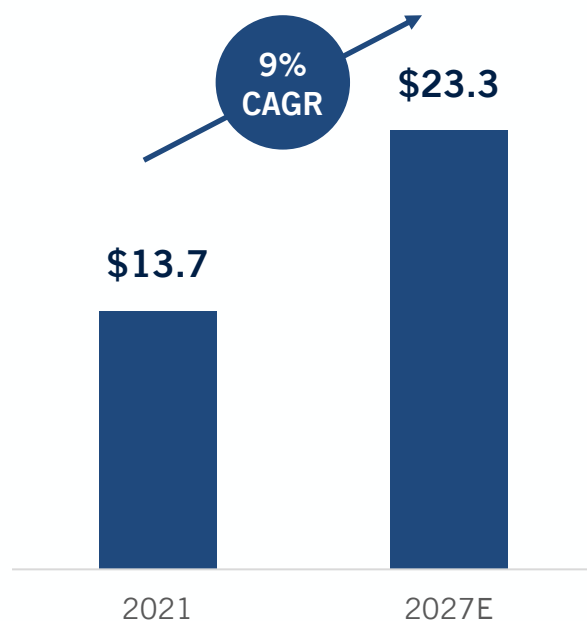
Data as of March 31, 2023.



Growth in Alternatives

Market Opportunity⁽¹⁾

(\$ trillions)



PGIM's Positioning

Alternatives⁽²⁾ **\$268B**

Top 3 in Real Estate⁽³⁾ **\$210B**

Private Credit **\$99B**

Investments for Future Growth

- Acquired Montana Capital Partners, a ~\$3B AUM Private Equity Secondaries manager
- Signed definitive agreement to acquire Deerpath, a ~\$5B AUM Private Credit manager
- Further scaling and broadening PGIM Fixed Income's suite of hedge funds
- Driving growth of PGIM Quantitative Solutions' global macro and managed futures strategies

Note: See Appendix for sources of rankings. Data as of March 31, 2023, unless otherwise stated.

(1) Alternatives AUM from Preqin the Future of Alternatives in 2027 report, published 2022. Includes private equity, private debt, hedge funds, real estate, infrastructure, and natural resources.

(2) Alternatives AUM represents hedge fund, mezzanine and other private credit, real asset, and infrastructure products across all PGIM businesses.

(3) Real Estate represents gross AUM and AUA of \$161B and \$49B, respectively; net AUM is \$134B.



Significant Opportunity Outside the U.S.

Japan

~\$207B in Assets

- **Top 3** foreign manager of Japanese Institutional assets
- Increased appetite for non-Japan assets

Europe

~\$75B in Assets

- AUM from European clients grew 21% over the past five years
- Significantly increased sales and marketing footprint in Europe across institutional and retail channels

Emerging Markets

~\$39B in Assets

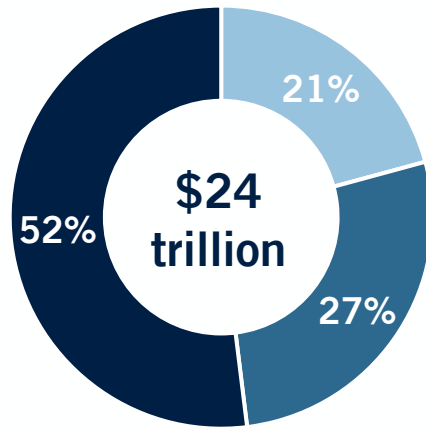
- China: **\$16B AUM JV** up from **\$5B** in 2010; deepening local coverage of top institutions
- Leading manager of active EM strategies across public debt and equities

Note: See Appendix for sources of rankings. Data as of March 31, 2023.



Momentum in U.S. Retail

Market Opportunity⁽¹⁾



- Passive MFs
- Passive ETFs
- Active MFs and ETFs

PGIM's Positioning

- 13 out of 14 years of positive mutual fund net flows⁽²⁾
- 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 with key intermediaries
- Scale up suite of active ETFs and retail separate accounts

Note: See Appendix for sources of rankings.

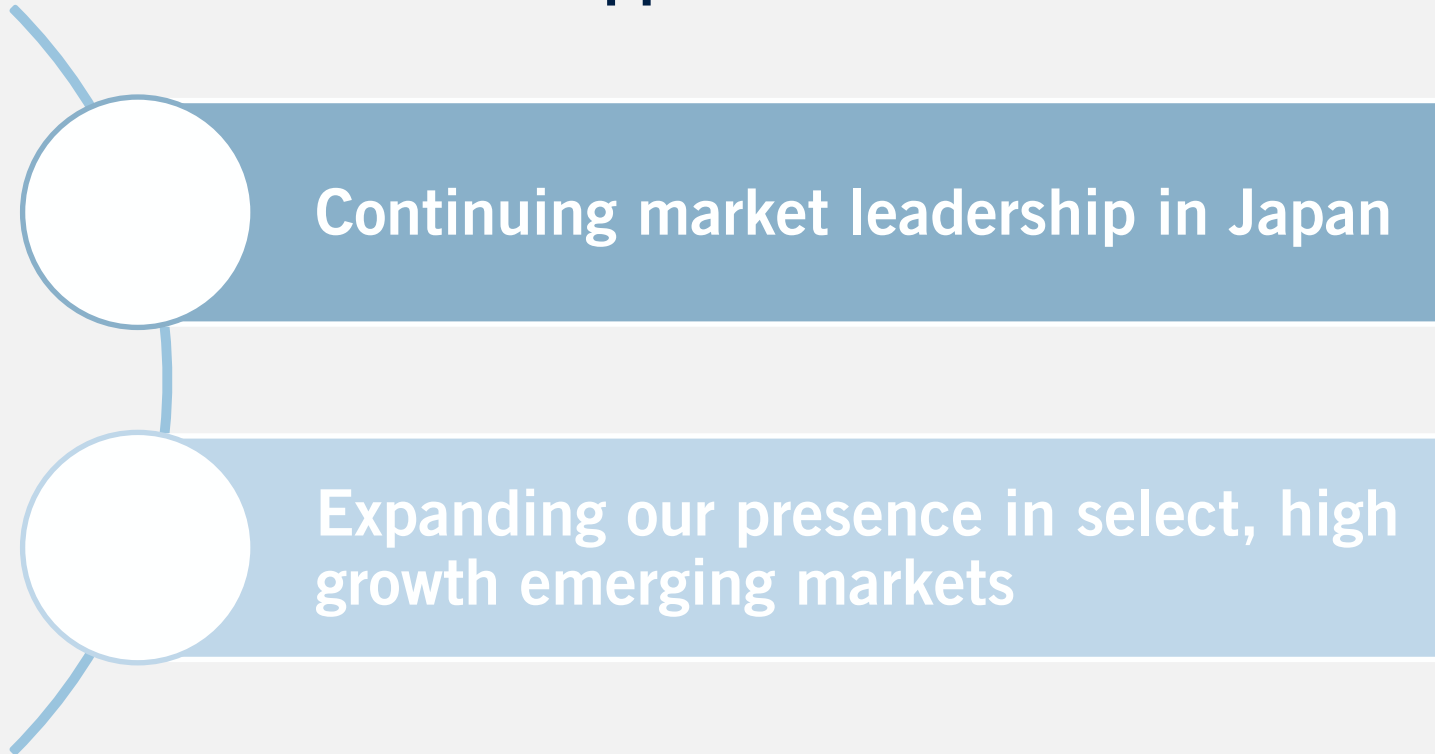
(1) Morningstar data as of March 31, 2023 (excludes money market funds and fund of funds).

(2) Based on net flows for long-term mutual funds as of year-to-date December 31, 2022.



Expanding Market Share

Growth opportunities from:



Well Positioned for Continued Outperformance in Japan

**Market
Penetration
Beyond Tokyo**

**Highly Skilled
Distribution**

**Adept at
Product
Evolution**



Leverage our Partnerships with Market-Leading Companies for Future Growth in Emerging Markets

Latin America

Brazil



Largest private sector bank in Brazil and a leading financial institution in Latin America

>50 million retail clients

Chile, Peru, Colombia



Leading pension provider with business across Chile, Peru, and Colombia

#1 in Chile by AUM⁽¹⁾

#2 in Latin America by AUM⁽²⁾

Brazil, Argentina, Mexico



Mercado Pago is the fintech branch of Mercado Libre, the largest online commerce & payment ecosystem in LatAm



Potential to reach ~30M Mercado Pago users & ~80M Mercado Libre users across the ecosystem

Africa

South Africa



Leading provider of integrated independent advice together with retirement, investment, health and wealth management solutions

#1 multi-manager⁽³⁾

#1 retirement fund administrator⁽³⁾

Ghana



Financial services provider with multiline presence

#1 in life insurance⁽⁴⁾

#1 in general insurance⁽⁴⁾

#2 in pensions⁽⁵⁾

Kenya



Financial services provider with multiline presence

#2 in life insurance⁽⁶⁾

#1 in pension administration⁽⁶⁾

Asia

China



Global innovation-driven consumer group creating high-quality products and services in health, happiness, wealth, and intelligent manufacturing sectors

India



Global business conglomerate with diverse interests in pharma, financial services, and real estate

Offices in over 30 countries and brand presence in over 100 markets

Indonesia



Leading consumer-centric diversified group & ecosystem with businesses across several industries, including financial services

>200 million customers and users

(1) Superintendencia de Pensiones (Chilean Pension Regulator). As of March 31, 2023.

(2) Superintendencia de Pensiones (Pension Regulator) of each country. As of March 31, 2023.

(3) Alexander Forbes Investments survey, FSCA member data, Alexforbes management analysis. As of December 31, 2022.

(4) Ghanaian National Insurance Commission. Based on gross premiums as of December 31, 2022.

(5) National Pensions Regulatory Authority (NPRA). Based on AUM as of year-end 2021.

(6) Kenya Insurance Regulatory Authority (IRA), 4Q22 insurance industry statistics.



Building on a Strong Core

Growth opportunities from:



Strengthening Our Foundational Businesses

Retirement Strategies

- Expanding access to retirement security, broadening distribution through new relationships, platforms, and advisors
- Delivering industry-leading strategies for growth and protection that create stakeholder value across all economic environments

Group Insurance

- Expanding in target customer segments and enhancing voluntary platform and products
- Deepening employer and participant relationships with holistic wellness programs

Individual Life

- Unlocking growth in the mass affluent and middle markets by creating simplified solutions that fit customers' needs
- Expanding and deepening our distribution relationships to drive continued growth



Enhancing Capabilities to Simplify Customer and Advisor Experiences

Building a culture of continuous improvement...

Process
Simplification and
Automation

Customer
Onboarding
Optimization

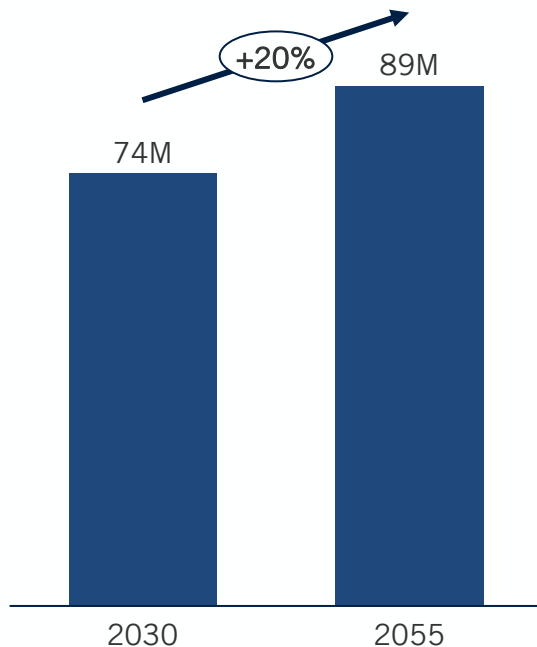
Digital
Enablement

...to drive enhancements for customers and
advisors while realizing cost savings



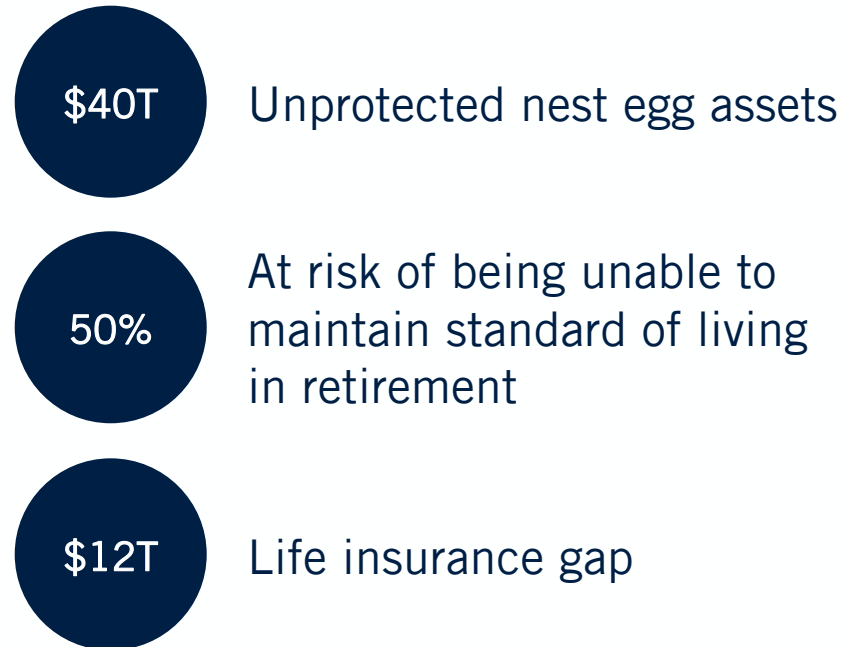
Expanding in our Chosen Markets to Accelerate Growth

As more individuals
near retirement...



Sources: Cerulli, LIMRA

...many are financially unprepared



How we solve it and grow:

- Simplified and affordable products
- Complementary distribution channels that meet diverse customer needs
 - Prudential Advisors
 - Digital & Hybrid Advice
 - Assurance IQ
 - Workplace holistic wellness
 - Institutional relationships
- Extensive market expertise



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Positioned for long-term growth

TRANSFORMING TO BECOME A HIGHER GROWTH, LESS MARKET SENSITIVE, MORE NIMBLE BUSINESS

145+ years

of service and commitment to providing insurance protection

\$1.4 trillion

in assets under management supporting diversified businesses⁽¹⁾

50 million

customers in over 50 countries

10%

5-yr Annual Dividends Per Share CAGR⁽²⁾

⁽¹⁾ As of March 31, 2023.

⁽²⁾ From 2017 to 2022; based on annual dividend per share.





APPENDIX

Expanding access to investing, insurance, and retirement security



Sources of Rankings

Business	Market Position	Source
PGIM	Top 3 Real Estate Manager	Pensions & Investments Top Real Estate Managers list, published October 3, 2022. AUM as of June 30, 2022.
	Top 3 Foreign Manager of Japanese Institutional Assets	PGIM Japan, based on the total AUM for discretionary managed accounts as of the end of Dec, 2022 provided by R&I's Nenkin Joho #912.
	13 out of 14 years of positive mutual fund net flows	Strategic Insight/Simfund as of December 31, 2022. Ranking only references net flows for 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).



Forward-Looking Statements

Certain of the statements included in this presentation, including those relating to Prudential Financial, Inc.'s and its subsidiaries' financial strength, strategy, growth prospects and market opportunities, our plans to reposition our business and become a higher growth, less market sensitive company, our agreement to acquire a majority interest in Deerpath Capital and the expected impact of that planned acquisition, run-rate cost savings, 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), our goals related to long-term sustainability, and planned acquisitions 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. Each of our forward-looking statements contained herein is subject to the risk that we will be unable to execute our strategy and other risks. Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in this presentation.

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



Non-GAAP Measures

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, adjusted book value, and adjusted operating return on equity are not calculated based on accounting principles generally accepted in the United States of America (GAAP). For additional information about adjusted operating income, adjusted book value, and adjusted operating return on equity and the comparable GAAP measures, including reconciliations between the comparable measures, please refer to our quarterly results news releases, which are available on our website at investor.prudential.com. Reconciliations are also included as part of this presentation.

We believe that our use of these non-GAAP measures helps investors understand and evaluate the Company's performance and financial position. The presentation of adjusted operating income as we measure it for management purposes enhances the understanding of the results of operations by highlighting the results from ongoing operations and the underlying profitability of our businesses. Trends in the underlying profitability of our businesses can be more clearly identified without the fluctuating effects of the items described below. Adjusted book value augments the understanding of our financial position by providing a measure of net worth that is primarily attributable to our business operations separate from the portion that is affected by capital and currency market conditions, and by isolating the accounting impact associated with insurance liabilities that are generally not marked to market and the supporting investments that are marked to market through accumulated other comprehensive income under GAAP. However, these non-GAAP measures are not substitutes for income and equity determined in accordance with GAAP, and the adjustments made to derive these measures are important to an understanding of our overall results of operations and financial position. The schedules accompanying this release provide reconciliations of non-GAAP measures with the corresponding measures calculated using GAAP. Additional historic information relating to our financial performance is located on our website at investor.prudential.com.

Adjusted operating income is a non-GAAP measure used by the Company to evaluate segment performance and to allocate resources. Adjusted operating income excludes "Realized investment gains (losses), net, and related charges and adjustments". A significant element of realized investment gains and losses are impairments and credit-related and interest rate-related gains and losses. Impairments and losses from sales of credit-impaired securities, the timing of which depends largely on market credit cycles, can vary considerably across periods. The timing of other sales that would result in gains or losses, such as interest rate-related gains or losses, is largely subject to our discretion and influenced by market opportunities as well as our tax and capital profile.



Non-GAAP Measures (Continued)

Realized investment gains (losses) within certain businesses for which such gains (losses) are a principal source of earnings, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments, are included in adjusted operating income. Adjusted operating income generally excludes realized investment gains and losses from products that contain embedded derivatives, and from associated derivative portfolios that are part of an asset-liability management program related to the risk of those products. Adjusted operating income also excludes gains and losses from changes in value of certain assets and liabilities relating to foreign currency exchange movements that have been economically hedged or considered part of our capital funding strategies for our international subsidiaries, as well as gains and losses on certain investments that are designated as trading. Adjusted operating income also excludes investment gains and losses on assets supporting experience-rated contractholder liabilities and changes in experience-rated contractholder liabilities due to asset value changes, because these recorded changes in asset and liability values are expected to ultimately accrue to contractholders. Additionally, adjusted operating income excludes the changes in fair value of equity securities that are recorded in net income.

Adjusted operating income excludes “Change in value of market risk benefits, net of related hedging gains (losses)”, which reflects the impact from changes in current market conditions, and market experience updates, reflecting the immediate impacts in current period results from changes in current market conditions on estimates of profitability, which we believe enhances the understanding of underlying performance trends. Adjusted operating income also excludes the results of Divested and Run-off Businesses, which are not relevant to our ongoing operations, and discontinued operations and earnings attributable to noncontrolling interests, each of which is presented as a separate component of net income under GAAP. Additionally, adjusted operating income excludes other items, such as certain components of the consideration for acquisitions, which are recognized as compensation expense over the requisite service periods, and goodwill impairments. Earnings attributable to noncontrolling interests is presented as a separate component of net income under GAAP and excluded from adjusted operating income. The tax effect associated with pre-tax adjusted operating income is based on applicable IRS and foreign tax regulations inclusive of pertinent adjustments.

Adjusted operating income does not equate to “Net income” as determined in accordance with U.S. GAAP. Adjusted operating income is not a substitute for income determined in accordance with U.S. GAAP, and our definition of adjusted operating income may differ from that used by other companies. The items above are important to an understanding of our overall results of operations. However, we believe that the presentation of adjusted operating income as we measure it for management purposes enhances the understanding of our results of operations by highlighting the results from ongoing operations and the underlying profitability of our businesses. Trends in the underlying profitability of our businesses can be more clearly identified without the fluctuating effects of the items described above.

Adjusted book value is calculated as total equity (GAAP book value) excluding accumulated other comprehensive income (loss) and the cumulative effect of foreign currency exchange rate remeasurements and currency translation adjustments corresponding to realized investment gains and losses. These items are excluded in order to highlight the book value attributable to our core business operations separate from the portion attributable to external and potentially volatile capital and currency market conditions.



Earnings by Business

(\$ millions)	Twelve Months Ended 3/31/2023
Adjusted operating income (loss) before income taxes	
PGIM	\$ 806
U.S. Businesses:	
Institutional Retirement Strategies	1,428
Individual Retirement Strategies	2,992
Group Insurance	124
Individual Life	(1,886)
Total U.S. Businesses	2,658
International Businesses:	
Life Planner	1,888
Gibraltar Life & Other	1,206
Total International Businesses	3,094
Corporate & Other	(1,746)
Total adjusted operating income before income taxes	4,812
Income taxes, applicable to adjusted operating income	1,099
After-tax adjusted operating income	\$ 3,713



Reconciliations between Adjusted Operating Income and the Comparable GAAP Measure

(\$ millions, except per share data)

	Full Year 2022	Twelve Months Ended 3/31/2023
Net income (loss) attributable to Prudential Financial, Inc.	\$ (1,647)	\$ 308
Income (loss) attributable to noncontrolling interests	(28)	-
Net income (loss)	(1,675)	308
Less: Earnings attributable to noncontrolling interests	(28)	-
Income (loss) attributable to Prudential Financial, Inc.	(1,647)	308
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	(34)	(58)
Income (loss) (after-tax) before equity in earnings of operating joint ventures	(1,613)	366
Less: Reconciling Items:		
Realized investment gains (losses), net, and related charges and adjustments	(6,326)	(4,236)
Change in value of market risk benefits, net of related hedging gains (losses)	(443)	(64)
Market experience updates	642	569
Divested and Run-off Businesses:		
Closed Block division	(18)	(49)
Other Divested and Run-off Businesses	146	524
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(36)	(12)
Other adjustments ⁽¹⁾	(939)	(931)
Total reconciling items, before income taxes	(6,974)	(4,199)
Less: Income taxes, not applicable to adjusted operating income	(1,447)	(852)
Total reconciling items, after income taxes	(5,527)	(3,347)
After-tax adjusted operating income	3,914	3,713
Income taxes, applicable to adjusted operating income	1,168	1,099
Adjusted operating income before income taxes	<u>\$ 5,082</u>	<u>\$ 4,812</u>
After-tax adjusted operating income per share	\$ 10.30	\$ 9.86

(1) Represents adjustments not included in the above reconciling items, including a goodwill impairment related to Assurance IQ that resulted in a charge of \$903 million pre-tax and \$713 million after-tax in the fourth quarter of 2022. Also includes certain components of consideration for business acquisitions, which are recognized as compensation expense over the requisite service periods.



Reconciliations between Adjusted Book Value and the Comparable GAAP Measure

(\$ millions, except per share data)

	March 31, 2023
GAAP book value	\$ 31,385
Less: Accumulated other comprehensive income (AOCI)	(3,825)
GAAP book value excluding AOCI	35,210
Less: Cumulative effect of remeasurement of foreign currency	(575)
Adjusted book value	<u>\$ 35,785</u>
 Number of diluted shares	 <u>367.8</u>
 GAAP book value per Common share - diluted	 \$ 85.33
GAAP book value excluding AOCI per Common share - diluted	\$ 95.73
Adjusted book value per Common share - diluted	\$ 97.29

