

# Reconciliations between Adjusted Operating Income and the Comparable GAAP Measure<sup>(1)</sup>

(\$ millions, except per share data)

	Full Year		Year to Date
	2019	2014	2020
<b>Net income (loss) attributable to Prudential Financial, Inc.</b>	\$ 4,186	\$ 1,533	\$ (1,193)
Income attributable to noncontrolling interests	52	57	25
<b>Net income (loss)</b>	4,238	1,590	(1,168)
Less: Income from discontinued operations, net of taxes	-	11	-
<b>Income (loss) from continuing operations (after-tax)</b>	4,238	1,579	(1,168)
Less: Earnings attributable to noncontrolling interests	52	57	25
<b>Income (loss) attributable to Prudential Financial, Inc.</b>	4,186	1,522	(1,193)
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	48	(41)	37
<b>Income (loss) (after-tax) before equity in earnings of operating joint ventures</b>	4,138	1,563	(1,230)
Less: Reconciling Items:			
Realized investment gains (losses), net, and related charges and adjustments <sup>(2)</sup>	(958)	(4,085)	(3,099)
Market experience updates	(449)	-	(1,016)
Divested and Run-off Businesses:			
Closed Block division	36	-	(15)
Other Divested and Run-off Businesses	756	167	(725)
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(104)	44	(62)
Other adjustments <sup>(3)</sup>	(47)	-	65
Total reconciling items, before income taxes	(766)	(3,874)	(4,852)
Less: Income taxes, not applicable to adjusted operating income	(248)	(1,082)	(694)
Total reconciling items, after income taxes	(518)	(2,792)	(4,158)
<b>After-tax adjusted operating income</b>	4,656	4,355	2,928
Income taxes, applicable to adjusted operating income	1,195	1,537	701
<b>Adjusted operating income before income taxes</b>	\$ 5,851	\$ 5,892	\$ 3,629
<b>After-tax adjusted operating income per share</b>	\$ 11.24	\$ 9.21	\$ 7.27
Net Income Return on Equity	7.1%	4.0%	-2.5%
Adjusted Operating Return on Equity <sup>(4)</sup>	11.6%	14.8%	10.1%

- (1) Year to date 2020 and Full Year 2019 restated for the reclassification of the results of Prudential Life Insurance Company of Taiwan Inc. ("POT") from International Businesses to Divested and Run-off Businesses in Corporate and Other due to its anticipated sale. POT's results are excluded from adjusted operating income as a result of the operation being held for sale. Represents results of Financial Services Businesses for 2014.
- (2) Prior period numbers have been reclassified to conform to current period presentation.
- (3) 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 contingent consideration.
- (4) 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<sup>(1)</sup>

(\$ millions, except per share data)

	December 31,		September 30,
	2019	2014	2020
<b>GAAP book value</b>	\$ 63,115	\$ 40,981	\$ 66,217
Less: Accumulated other comprehensive income (AOCI)	24,039	15,882	30,001
<b>GAAP book value excluding AOCI</b>	39,076	25,099	36,216
Less: Cumulative effect of remeasurement of foreign currency	(1,835)	(4,783)	(1,482)
<b>Adjusted book value</b>	<u>\$ 40,911</u>	<u>\$ 29,882</u>	<u>\$ 37,698</u>
Number of diluted shares	404.9	461.5	399.5
GAAP book value per Common share - diluted <sup>(1)</sup>	\$ 155.88	\$ 88.80	\$ 165.75
GAAP book value excluding AOCI per Common share - diluted <sup>(1)</sup>	\$ 96.51	\$ 54.39	\$ 90.65
Adjusted book value per Common share - diluted <sup>(1)</sup>	\$ 101.04	\$ 64.75	\$ 94.36

(1) Represents results of Financial Services Businesses for 2014. The \$500 million of exchangeable surplus notes were converted into 6.2 million shares of Common Stock in the third quarter of 2019. Book value per share as of December 31, 2014 excludes the impact of exchangeable surplus notes due to the anti-dilutive impact of conversion.

