

Reconciliations between Adjusted Operating Income and the Comparable GAAP Measure

(\$ millions, except per share data)

	Full Year	
	2020	2015
Net income (loss) attributable to Prudential Financial, Inc.	\$ (374)	\$ 5,642
Income attributable to noncontrolling interests	228	70
Net income (loss)	(146)	5,712
Less: Earnings attributable to noncontrolling interests	228	70
Income (loss) attributable to Prudential Financial, Inc.	(374)	5,642
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	(132)	(55)
Income (loss) (after-tax) before equity in earnings of operating joint ventures	(242)	5,697
Less: Reconciling Items:		
Realized investment gains (losses), net, and related charges and adjustments ⁽¹⁾	(4,315)	1,497
Market experience updates	(640)	-
Divested and Run-off Businesses:		
Closed Block division	(24)	58
Other Divested and Run-off Businesses	(629)	194
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	90	58
Other adjustments ⁽²⁾	51	-
Total reconciling items, before income taxes	(5,467)	1,807
Less: Income taxes, not applicable to adjusted operating income	(1,114)	551
Total reconciling items, after income taxes	(4,353)	1,256
After-tax adjusted operating income	4,111	4,441
Income taxes, applicable to adjusted operating income	1,033	1,521
Adjusted operating income before income taxes	\$ 5,144	\$ 5,962
After-tax adjusted operating income per share	\$ 10.21	\$ 9.59
Net Income Return on Equity	-0.6%	13.3%
Adjusted Operating Return on Equity ⁽³⁾	10.7%	13.8%

Note: Prior periods restated for reclassification of results of Prudential Life Insurance Company of Taiwan Inc. ("POT") and The Prudential Life Insurance Company of Korea, Ltd ("POK"). Adjusted operating income reflects the reclassification of results of POT and POK from International Businesses to Divested and Run-off Businesses in Corporate & Other. The results of these businesses 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 the 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.

(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,	
	2020	2015
	<hr/>	<hr/>
GAAP book value	\$ 67,425	\$ 41,890
Less: Accumulated other comprehensive income (AOCI)	30,738	12,285
GAAP book value excluding AOCI	<hr/> 36,687	<hr/> 29,605
Less: Cumulative effect of remeasurement of foreign currency	(1,399)	(3,747)
Adjusted book value	<hr/> \$ 38,086 <hr/>	<hr/> \$ 33,352 <hr/>
Number of diluted shares	<hr/> 401.8	<hr/> 453.2
GAAP book value per Common share - diluted ⁽¹⁾	\$ 167.81	\$ 92.39
GAAP book value excluding AOCI per Common share - diluted ⁽¹⁾	\$ 91.31	\$ 65.32
Adjusted book value per Common share - diluted ⁽¹⁾	\$ 94.79	\$ 73.59

(1) 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, 2015 excludes the impact of exchangeable surplus notes due to the anti-dilutive impact of conversion.

