



PRUDENTIAL FINANCIAL, INC.

FOURTH QUARTER 2018



FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES



Certain of the statements included in this presentation, including those under the headings “Key Priorities to Grow Earnings” 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. “Key Priorities to Grow Earnings” are subject to the risk that we will be unable to execute our strategy because of market or competitive conditions or other factors. Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in this presentation.

This presentation also 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 and adjusted book value 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 Web site at www.investor.prudential.com. Reconciliations are also included as part of this presentation.

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

TRACK RECORD OF DELIVERING SUPERIOR VALUE



- Leader in financial wellness
- Positioned for organic business growth and acquisition opportunities
- Robust record of sustained buybacks and a decade of dividend growth

8%

5-yr EPS CAGR,
excluding notable
items⁽¹⁾

10%

5-yr Adjusted
BVPS CAGR⁽²⁾

12.7%

Adjusted
Operating ROE⁽³⁾

1) From 2013 to 2018; based on after-tax Adjusted Operating Income excluding notable items. See Reconciliations for more information.

2) From 2013 to 2018; based on Adjusted Book Value.

3) Year-to-date as of 4Q18; based on annualized after-tax Adjusted Operating Income and average Adjusted Book Value. See Reconciliations for more information.

VALUE CREATED THROUGH EXECUTING ON OUR PURPOSE



Financial Wellness

Help people adopt behaviors to achieve fundamental elements of financial security

Global

Doing business in the 5 largest countries in the world⁽¹⁾

Reach

Institutions, Intermediaries, and Individuals

Our purpose

WE MAKE LIVES BETTER *by*
SOLVING *the* FINANCIAL CHALLENGES
***of our* CHANGING WORLD**

FORTUNE®

Named to 2018
Change The World®
List

FORTUNE®

Named to 2019 World's
Most Admired® List
4th Year as #1 in Sector



***Superior QualityScore
Ratings in Governance,
Environmental and Social
Categories***

#1 Governance

Forbes & JUST Capital

2019 America's
JUST 100 Companies
Sector Leader

FTSE4Good #1

Best Overall Risk
Governance Score
(Lowest Risk)
by ISS

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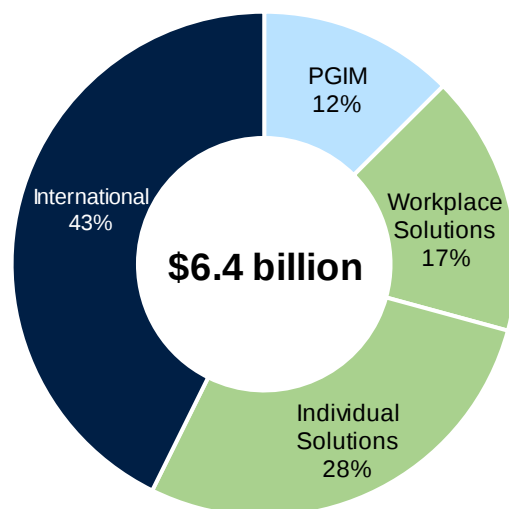
¹⁾ Per the Central Intelligence Agency World Factbook.

LEADING GLOBAL FINANCIAL SERVICES COMPANY



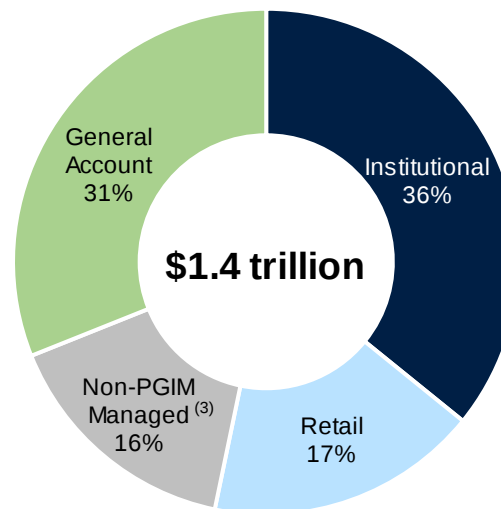
- Fortune 50 global financial services firm
- ~50,000 employees serving customers in more than 40 countries
- ~\$40 billion market cap⁽¹⁾

Attractive Mix of Businesses



Pre-tax Adjusted Operating Income⁽²⁾

Leading Global Asset Manager



*4Q18 Assets Under Management
(Includes \$598B of Third-Party AUM)*

Note: See Appendix for segment results

1) As of February 8, 2019.

2) Based on last twelve months of adjusted operating income through 4Q18. Pie chart excludes Corporate and Other Operations loss of \$1,283 million.

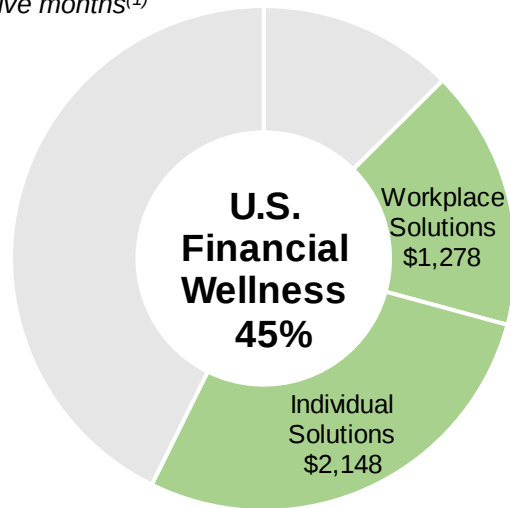
3) Includes assets under management in the U.S. Individual Solutions Division, U.S. Workplace Solutions Division, and International Insurance Division.

U.S. FINANCIAL WELLNESS – ENGAGING MILLIONS OF INDIVIDUALS WITH A MULTI-CHANNEL OFFERING



Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
\$ in millions

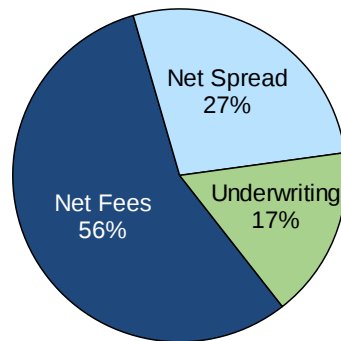


Key Priorities to Grow Earnings

- Develop solutions to address customer's financial needs, leveraging technology
- Increase workplace clients as value proposition continues to resonate
- Develop new retail relationships through integrated advice platform and solutions
- Enable our intermediary partners to improve Financial Wellness in America

Diversified Sources of Earnings

Trailing twelve months⁽²⁾



Prudential and the Wellness Effect

Nearly 500 employers have adopted



Digital financial wellness platform has been deployed to **over 3,000 employers** reaching **over 5 million individuals**

Personalized online experience to help individuals visualize goals and connect them with solutions



Note: See Appendix for segment results

1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.

2) Based on net fee income, net spread income, and underwriting margin and claims experience gross of expenses; excludes notable items.

U.S. FINANCIAL WELLNESS EXPERIENCE



Access & Engagement

- Reaching 20 million individuals in the workplace
- Serving 5 million people through Individual Solutions
- Increasing engagement (Pathways + Digital Financial Wellness + LINK)

Multiple Channels



Simplified Solutions

- Savings
- Retirement
- Guaranteed Income
- Investments

Delivering better outcomes for individuals and employers

**Reduced
Financial Stress**

**Financial
Security**

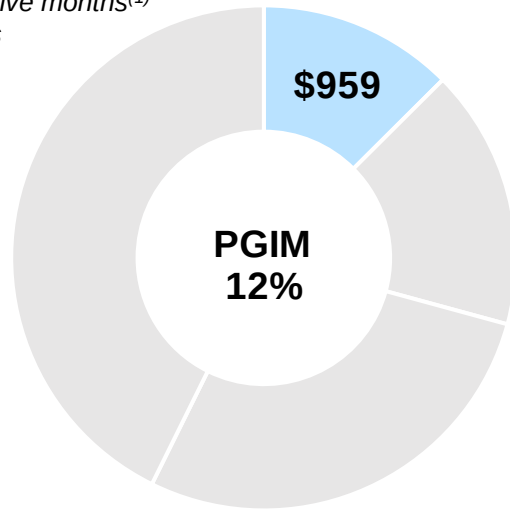
**Increased
Productivity**

PGIM – DIVERSIFIED GLOBAL ACTIVE ASSET MANAGER WITH A MULTI-MANAGER MODEL



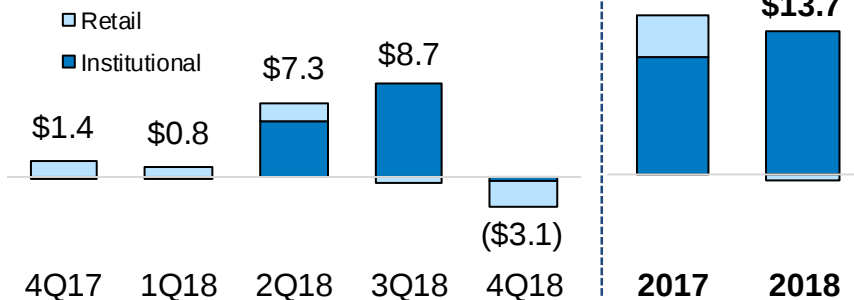
Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
\$ in millions



3rd Party Net Flows

\$ in billions



1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.

2) Performance shown represents each individual AUMs respective fund or strategies benchmark as reported in eVestment. Past performance is not a guarantee or reliable indicator of future results.

3) Represents PGIM's benchmarked AUM as listed in eVestment (data provided by PGIM). 89% of total third-party AUM is benchmarked over 3 years, 88% over 5 years, and 65% over 10 years. This calculation does not include private assets that are not benchmarked or general account assets.

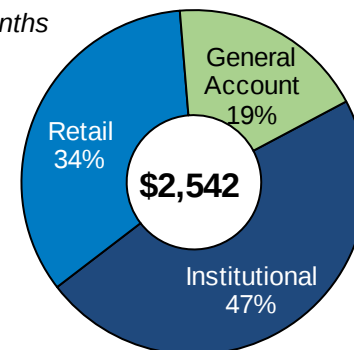
4) Performance as of December 31, 2018. Represents excess performance gross of fees, based on all actively managed Fixed Income and Equity AUM reported in eVestment for Jennison Associates, PGIM Fixed Income, Quantitative Management Associates, and PGIM Real Estate. Composite assets reported in eVestment assumed to represent full strategy AUM. Based on performance, net of fees, the percentage of AUM outperforming benchmarks would be 68%, 92%, and 85% over 3, 5, and 10 years respectively.

Key Priorities to Grow Earnings

- Maintain strong investment performance⁽²⁾
 - Percentage of AUM⁽³⁾ outperforming benchmark⁽⁴⁾:
3 Year: 79%, 5 Year: 97%, 10 Year: 89%
- Leverage scale of \$1+ trillion multi-manager model and Prudential enterprise relationship
- Expand global footprint
- Continue to diversify products into higher margin areas
- Selectively acquire new capabilities

Asset Management Fees

Trailing twelve months
\$ in millions

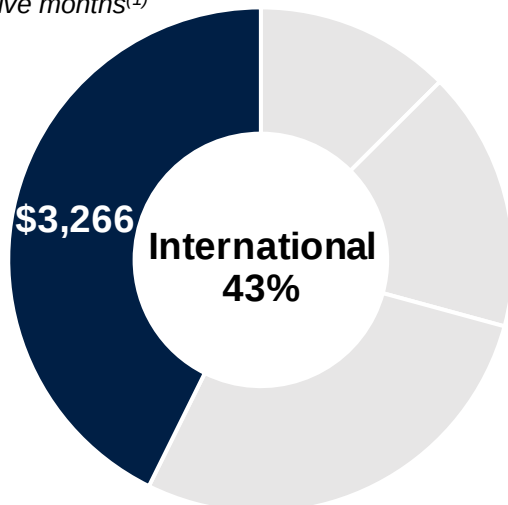


INTERNATIONAL – DIFFERENTIATED BUSINESS LEADING TO STEADY GROWTH, ATTRACTIVE RETURNS, AND SIGNIFICANT CAPITAL GENERATION



Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
\$ in millions

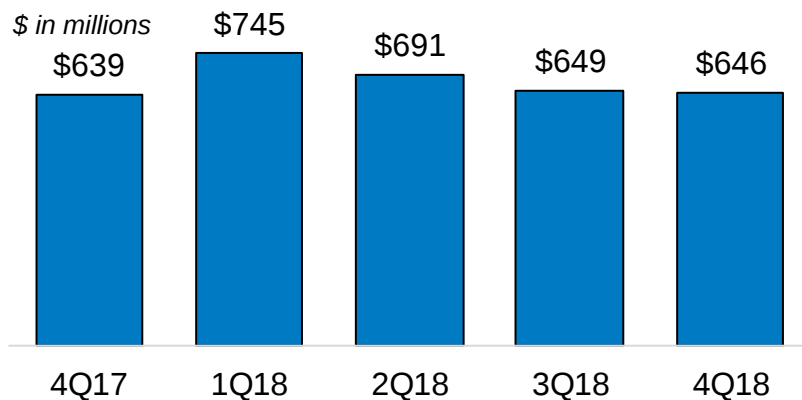


Key Priorities to Grow Earnings

- Lead with protection solutions and innovate as client needs evolve
- Expand third-party distribution channels
- Build digital, mobile, and data analytics capabilities
- Further penetrate existing markets and complement with selective M&A opportunities

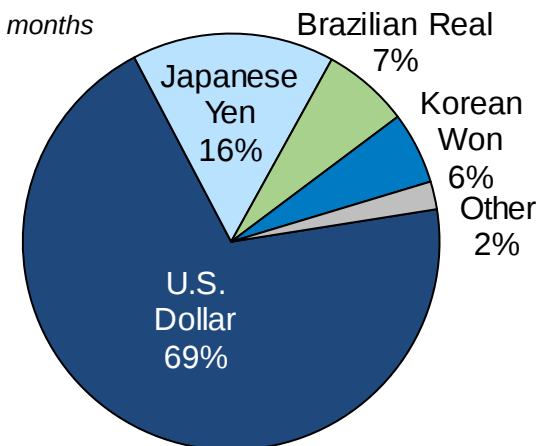
Sales⁽²⁾

\$ in millions



Sales Mix By Currency⁽²⁾

Trailing twelve months



Note: See Appendix for Life Planner Operations and Gibraltar Life and Other Operations results.

1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.

2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 111 per U.S. Dollar, Korean Won (KRW) 1,150 per U.S. Dollar, and Brazilian Real (BRL) 3.6 per U.S. Dollar. U.S. Dollar-denominated activity is included based on the amounts as transacted in U.S. Dollars. Sales represented by annualized new business premiums.

ROBUST CAPITAL POSITION SUPPORTS STRONG DISTRIBUTIONS TO SHAREHOLDERS



Capital Position

Capital Deployment

- \$3 billion of shareholder distributions through share repurchases and dividends in 2018
- Share repurchase authorization of \$2.0 billion for 2019, a 33% increase from 2018
- Quarterly Common Stock Dividend increase of 11% in 1Q19⁽¹⁾

Capital Level

- Continue to hold capital above our AA financial strength levels

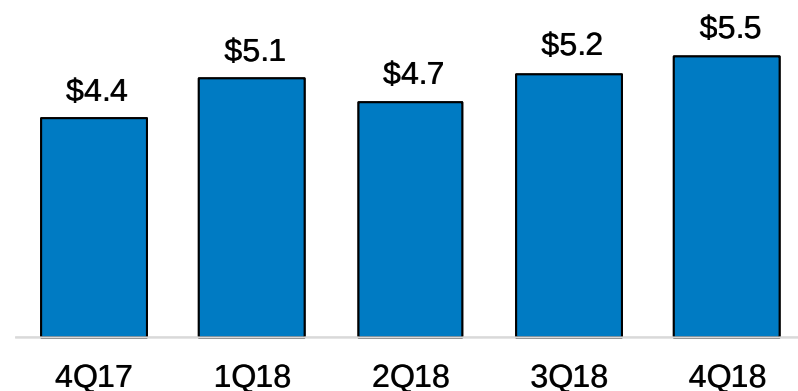
Leverage⁽²⁾

- Financial leverage ratio less than 25%

Liquidity Position

\$ in billions

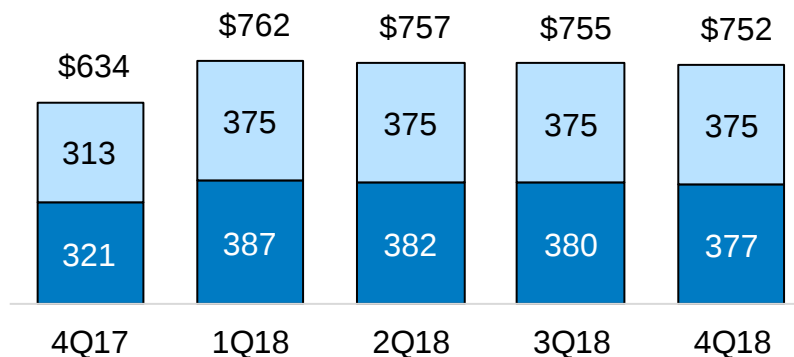
■ Parent Company Highly Liquid Assets⁽³⁾



Shareholder Distributions

\$ in millions

■ Share Repurchase
■ Common Stock Dividends



1) \$1.00 per share of Common Stock payable on March 14, 2019 to shareholders of record as of February 20, 2019.

2) Financial leverage ratio represents capital debt divided by sum of capital debt and equity. Junior subordinated debt treated as 25% equity, 75% capital debt for purposes of calculation. Equity excludes non-controlling interest, AOCI (except for pension and postretirement unrecognized costs), and the impact of foreign currency exchange rate remeasurement.

3) 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.

TRACK RECORD OF DELIVERING SUPERIOR VALUE



- Leader in financial wellness
- Positioned for organic business growth and acquisition opportunities
- Robust record of sustained buybacks and a decade of dividend growth

8%

5-yr EPS CAGR,
excluding notable
items⁽¹⁾

10%

5-yr Adjusted
BVPS CAGR⁽²⁾

12.7%

Adjusted
Operating ROE⁽³⁾

1) From 2013 to 2018; based on after-tax Adjusted Operating Income excluding notable items. See Reconciliations for more information.

2) From 2013 to 2018; based on Adjusted Book Value.

3) Year-to-date as of 4Q18; based on annualized after-tax Adjusted Operating Income and average Adjusted Book Value. See Reconciliations for more information.



APPENDIX



BUSINESSES BRIEFS



Business	Market Position	Description / Offerings	Select Public Competitors
PGIM	Top 10 Global AUM ⁽¹⁾	- Globally active asset manager with over \$1 trillion in AUM managed through a distinct multi-asset manager model with broad capabilities - Provides asset management services related to public and private fixed income, public equity and real estate, commercial mortgage origination and servicing, and mutual funds and other retail services to institutional, private, and sub-advisory clients (including mutual funds), insurance company separate accounts, government sponsored entities, and our general account - Expanding our international and retail distribution capabilities as well as filling in targeted investment strategies	BlackRock, Bank of New York Mellon, JP Morgan Chase, UBS, Principal
Retirement Full Service	Top 10 DC Manager ⁽²⁾ Top 5 DB Manager ⁽³⁾	- Leading provider in Full Service retirement market - Offers a broad range of products and services to assist in the design, delivery, and administration of defined contribution, defined benefit, and non-qualified retirement plans - Expanding and deepening relationships with workplace consumers	Principal, Lincoln, Voya
Retirement Institutional Investment Products	#1 PRT Assets ⁽⁴⁾ #1 Stable Value Assets ⁽⁵⁾	- Global leader and best in class PRT capabilities gaining momentum with both funded and longevity reinsurance - Offers investment-only stable value products, guaranteed investment contracts, funding agreements, general account and separate account stable value products, structured settlements, voluntary income products, and other group annuities - Continuing to grow through marketplace leadership, innovation, and expansion into adjacent products and markets	MetLife, Athene, Principal
Group Insurance	Top 5 Premiums Group Life ⁽⁶⁾ Top 10 Premiums Group Disability ⁽⁶⁾	- Leading U.S. provider of group life and disability insurance - Steady growth prospects through diversified portfolio and financial wellness offerings - Offers a full range of group life, long-term, and short-term group disability, and group corporate-, bank- and trust-owned life insurance in the U.S. primarily to institutional clients for use in connection with employee plans and affinity groups - Sells accidental death and dismemberment and other ancillary coverages, and provides plan administrative services in connection with its insurance coverages - Broad product portfolio providing coverage to over 15 million U.S. workers - Expanding margins through revenue growth and expense efficiencies - Deepening employer and participant relationships through financial wellness programs	Lincoln, Unum, Principal, MetLife, Hartford, Voya

1) Based on Pensions & Investments Largest Money Managers, May 28, 2018. AUM as of December 31, 2017.

2) Based on DC Recordkeeping Assets, Pension & Investments, May 2018.

3) Based on DB Recordkeeping Assets, Pension & Investments, May 2018.

4) Based on Total Assets, LIMRA 3Q 2018 U.S. Group Annuity Risk Transfer Survey.

5) Based on Total Assets, Pension & Investments, May 2018.

6) Based on inforce premiums, 2017 LIMRA Studies.

BUSINESSES BRIEFS (CONTINUED)



Business	Market Position	Description / Offerings	Select Public Competitors
Individual Annuities	#3 VA Sales ⁽¹⁾ #2 VA Assets ⁽²⁾	- Among industry's largest providers of individual annuities with a wide distribution platform, offering steady free cash flow generation and attractive returns - Product diversification reduces risk profile and expanding portfolio of solutions includes simplified and lower cost products - Offers individual variable and fixed annuity products, primarily to the U.S. mass affluent and affluent markets with a focus on innovative product design and risk management strategies - Broadening buyer universe via additional distribution channels	Brighthouse, Lincoln, Ameriprise
Individual Life	Top 5 Premiums ⁽³⁾	- Leadership positions across products support strong sales as marketplace demands pivot - Develops and distributes variable life, term life, and universal life insurance products, primarily to the U.S. mass middle, mass affluent, and affluent markets with a focus on providing life insurance solutions to protect individuals, families, and businesses and to support estate and wealth transfer planning - Multi-channel distribution network and distinctive product portfolio provide broad market access and risk diversification	MetLife, Lincoln, Voya, RGA, Principal
International Insurance	#1 Market Rank New Business Face Amount in Japan ⁽⁴⁾	- Industry's highest quality captive agency force, leading in retention, productivity and persistency - Offers life insurance, retirement products, and certain accident and health products with fixed benefits to the mass affluent and affluent markets through our Life Planner operations in Japan, Korea, Taiwan, Brazil, Argentina, and Mexico - Offers similar products to the broad middle-income and mass affluent markets across Japan and our joint ventures in Chile, Malaysia, India and Indonesia and our strategic investment in Ghana through multiple distribution channels including banks, independent agencies, and Life Consultants associated with our Gibraltar Life and Other operations - Differentiated business model with high returns and solid growth prospects - Long-term association relationships including Japan Teachers Association - Multi-channel including captive, independent distribution, and unique secondment model for bank distribution	Aflac, Dai-ichi
Closed Block	n/a	Treated as a divested business under our definition of adjusted operating income and reported separately from the other divested and run-off businesses that are included in our Corporate and Other Operations	
Corporate & Other	n/a	Includes corporate items and initiatives that are not allocated to our business segments and businesses that have been or will be divested or placed in run-off	

1) Based on U.S. Variable Annuity advisor-sold sales as of 9/30/2018. Source: Morningstar.

2) Based on U.S. Variable Annuity advisor-sold assets as of 9/30/2018. Source: Morningstar.

3) Based on statutory net written premiums and recurring premiums, as of December 31, 2017, ranking for Prudential Financial through its life insurance companies according to A.M. Best.

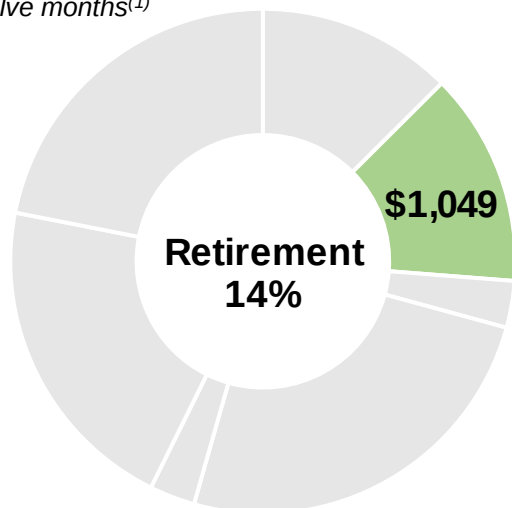
4) Market share data is based on Prudential estimates developed from publicly available data of Japanese insurance companies, excluding Japan post. Source: Life Insurance Association of Japan (LIAJ) Insurance Business in 2017 for the fiscal year ended March 31, 2018.

RETIREMENT – DIFFERENTIATED CAPABILITIES TO DRIVE GROWTH IN PENSION RISK TRANSFER, FULL SERVICE, AND STABLE VALUE MARKETS



Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾

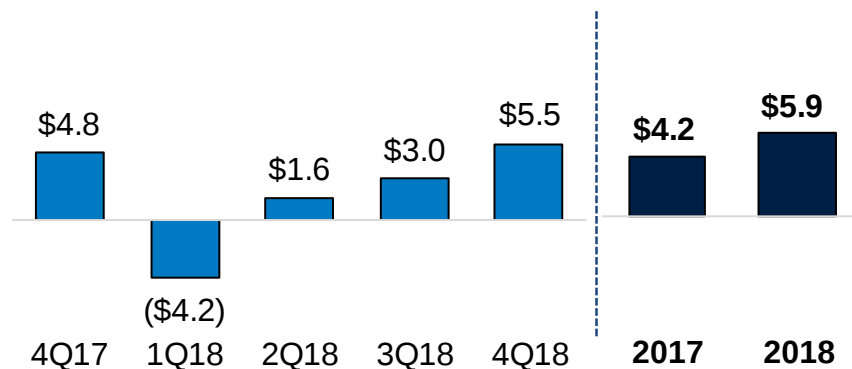


Key Priorities to Grow Earnings

- Leverage Prudential's broad capabilities to expand customer solutions, including financial wellness programs
- Grow in targeted Full Service retirement markets
- Continue to grow Institutional Investment Products through market leadership, innovation, and expansion into adjacent products and markets

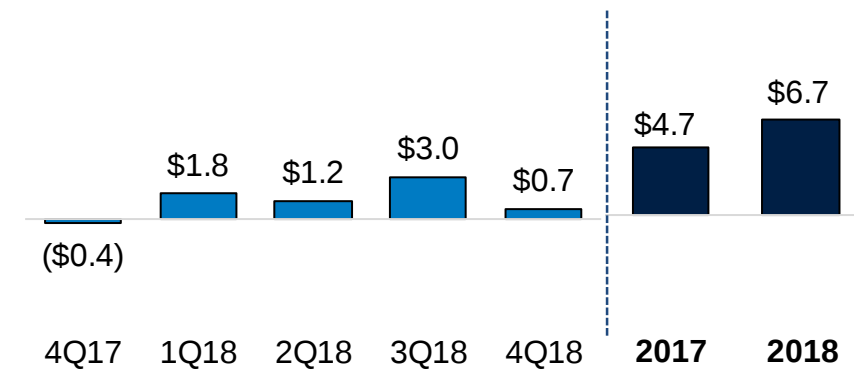
Institutional Investment Products Net Flows

\$ in billions



Full Service Net Flows

\$ in billions



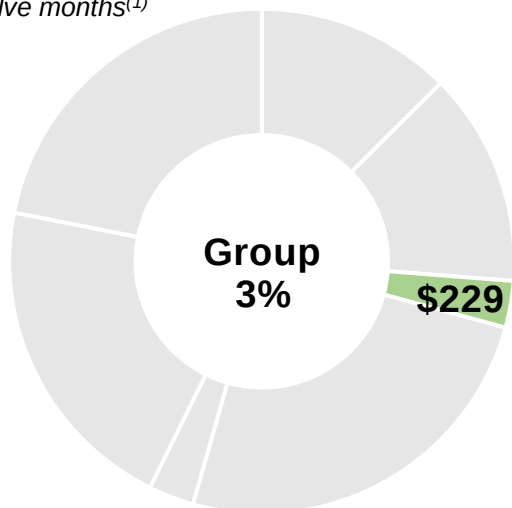
¹⁾ Based on pre-tax adjusted operating income excluding Corporate and Other Operations.

GROUP INSURANCE — LEADING GROUP BENEFITS PROVIDER WITH SUCCESS IN FINANCIAL WELLNESS



Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾



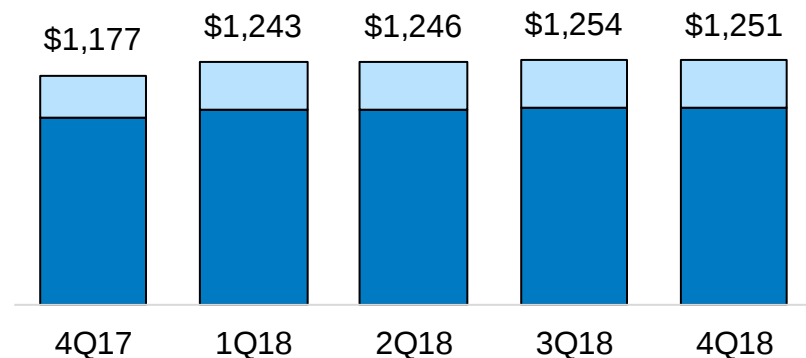
Key Priorities to Grow Earnings

- Deepen employer and participant relationships with financial wellness programs
- Execute on diversification strategy while maintaining pricing discipline
 - Maintain National segment share (>5,000 lives) and grow in Premier segment (100 to 5,000 employees)
 - Diversify further into Group Disability
- Improve organizational and process efficiencies

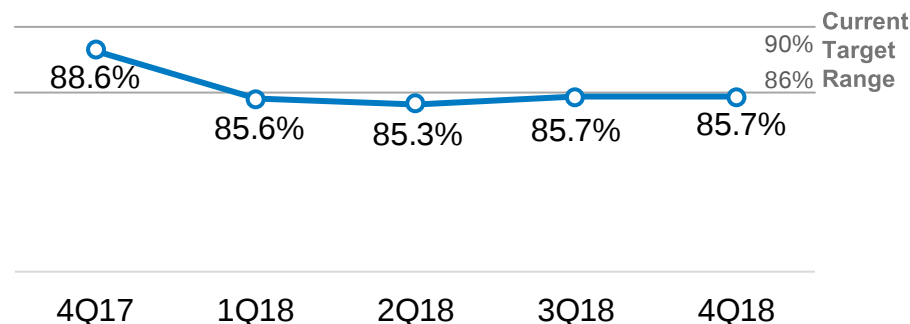
Earned Premiums & Fees

\$ in millions

■ Group Life □ Group Disability



Total Group Insurance Benefits Ratio⁽²⁾



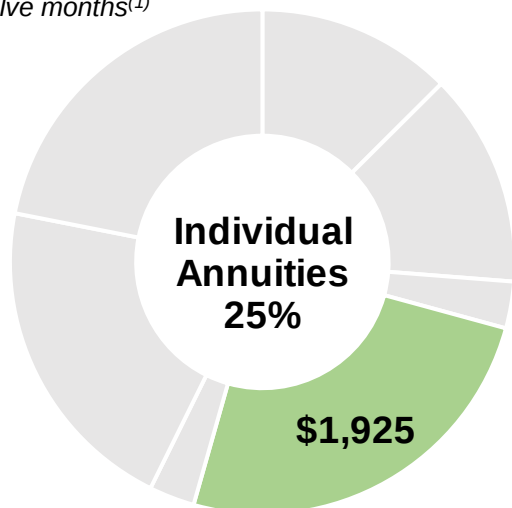
¹⁾ Based on pre-tax adjusted operating income excluding Corporate and Other Operations.
²⁾ Benefits ratios excluding the impact of the annual assumption update and other refinements.

INDIVIDUAL ANNUITIES – STEADY FREE CASH FLOW GENERATION AND ATTRACTIVE RETURNS



Earnings Contribution to Prudential

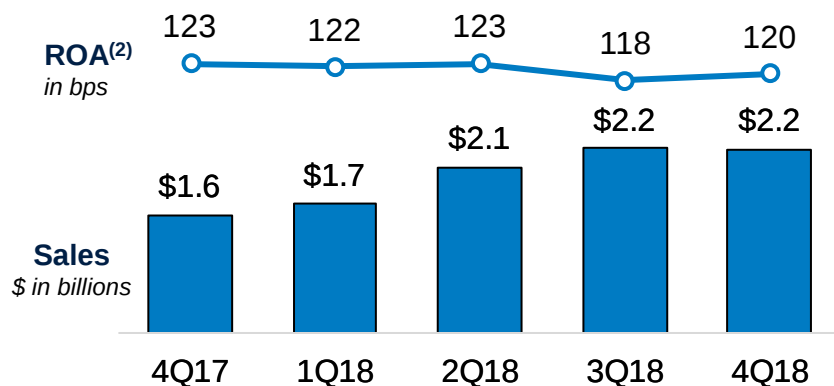
Trailing twelve months⁽¹⁾



Key Priorities to Grow Earnings

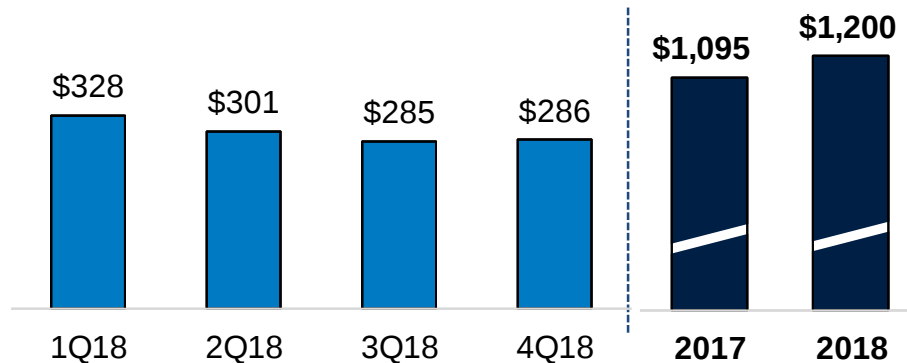
- Generate steady free cash flow and attractive returns
- Continue to grow sales and diversify mix
- Engage a larger addressable market via additional distribution channels
- Extend secure retirement income to workplace relationships

Sales & Return on Assets (ROA)



Prudential Annuities Life Assurance Co. Dividends to PFI⁽³⁾

\$ in millions



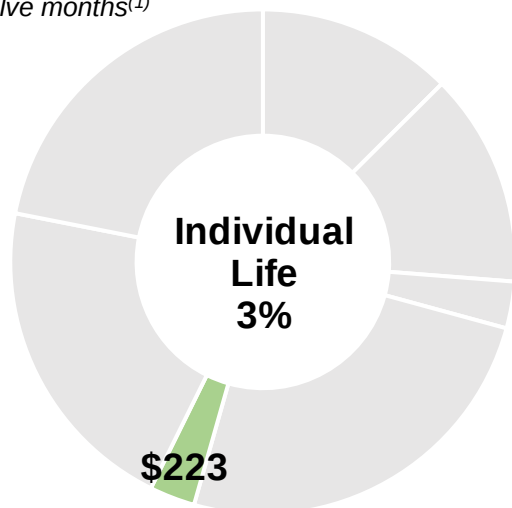
1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.
 2) Annualized pre-tax AOI excluding notable items divided by average daily separate account values.
 3) Dividends include Prudential Annuities Holding Co.

INDIVIDUAL LIFE – BROAD PRODUCT PORTFOLIO AND MULTI-CHANNEL DISTRIBUTION



Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾

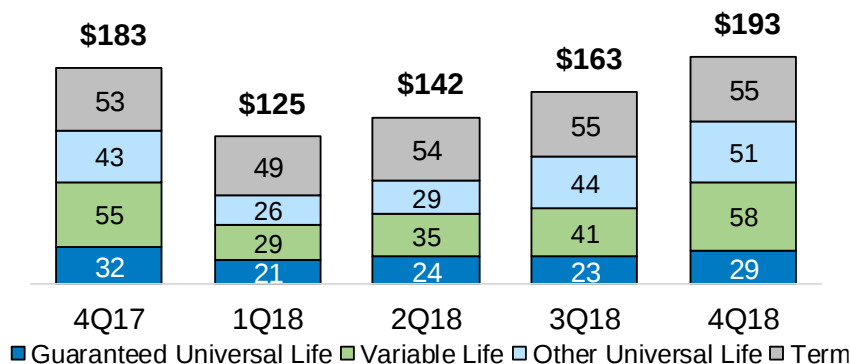


Key Priorities to Grow Earnings

- Deepen existing distribution relationships and add new relationships
- Streamline underwriting process and enhance customer experience
- Extend retail education and solutions to workplace relationships

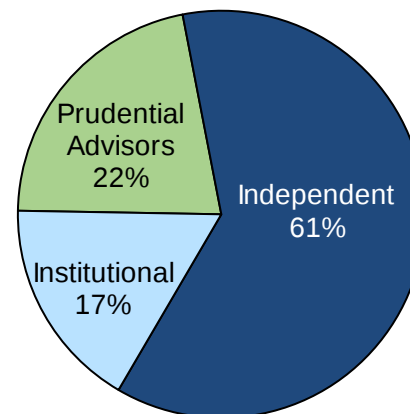
Sales⁽²⁾ – Product Mix

\$ in millions



Sales⁽²⁾ – Distribution Mix

Trailing twelve months



1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.

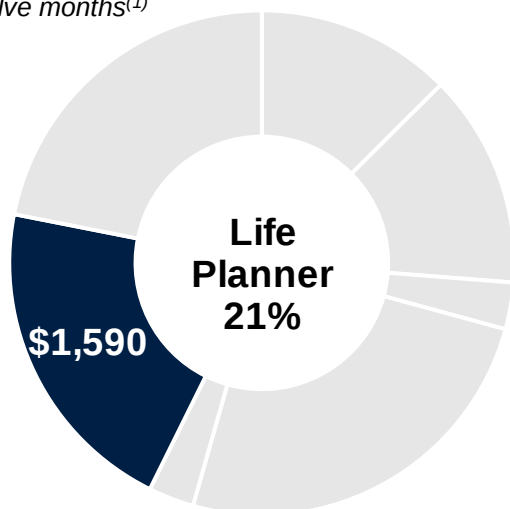
2) Sales represented by annualized new business premiums.

LIFE PLANNER OPERATIONS – DIFFERENTIATED DISTRIBUTION WITH STEADY LONG-TERM GROWTH POTENTIAL



Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾

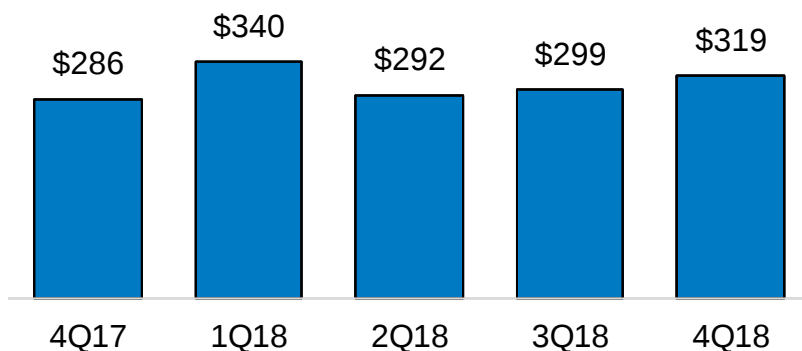


Key Priorities to Grow Earnings

- Lead with protection solutions and innovate as client needs evolve
- Grow Life Planners
- Build digital, mobile, and data analytics capabilities

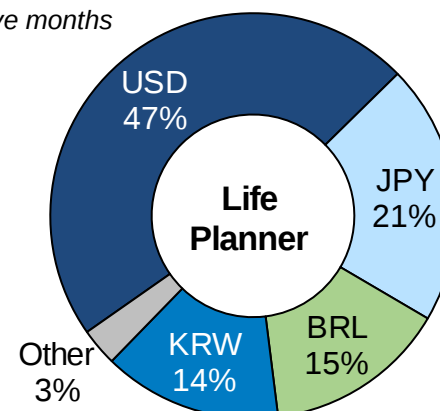
Sales⁽²⁾

\$ in millions



Sales Mix by Currency⁽²⁾

Trailing twelve months



1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.

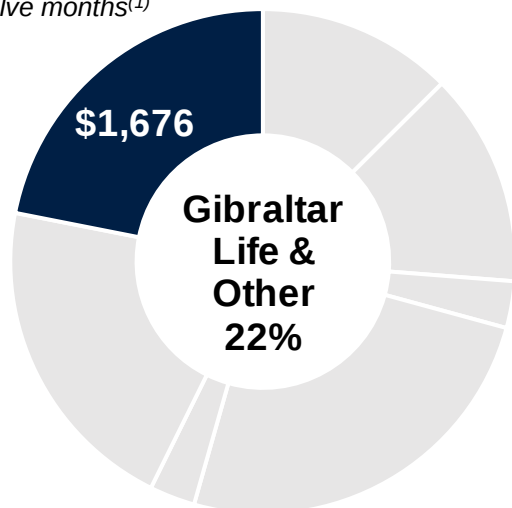
2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 111 per U.S. Dollar, Korean Won (KRW) 1,150 per U.S. Dollar, and Brazilian Real (BRL) 3.6 per U.S. Dollar. U.S. Dollar-denominated activity is included based on the amounts as transacted in U.S. Dollars. Sales represented by annualized new business premiums.

GIBRALTAR LIFE AND OTHER – MEETING CLIENT NEEDS VIA MULTIPLE CHANNELS



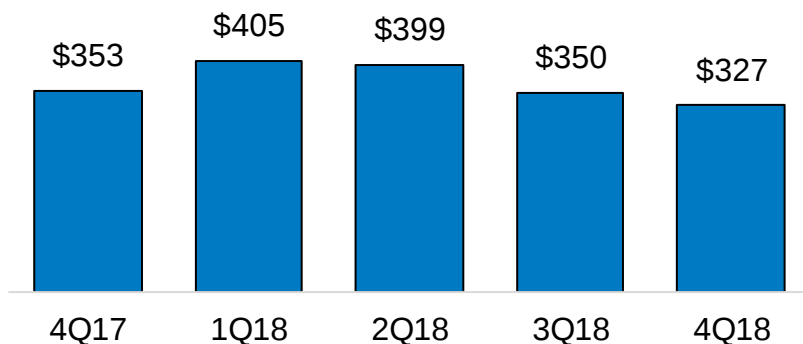
Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾



Sales⁽²⁾

\$ in millions



1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.

2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 111 per U.S. Dollar. U.S. Dollar-denominated activity is included based on the amounts as transacted in U.S. Dollars. Sales represented by annualized new business premiums.

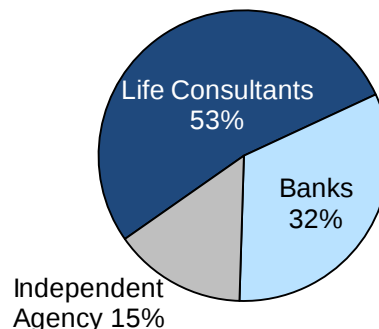
Key Priorities to Grow Earnings

- Lead with protection solutions and innovate as client needs evolve
- Optimize Life Consultant force through quality and productivity
- Strategically expand in Bank and Independent Agency channels
- Build digital, mobile, and data analytics capabilities

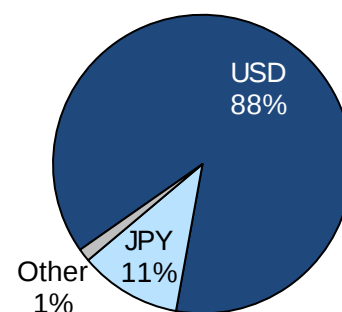
Sales Mix⁽²⁾

Trailing twelve months

Distribution



Currency





RECONCILIATIONS



RECONCILIATIONS BETWEEN AOI AND THE COMPARABLE GAAP MEASURE⁽¹⁾



(\$ millions, except per share data)

	Year Ended	
	2018	2013
Net income attributable to Prudential Financial, Inc.	\$ 4,074	\$ (713)
Income attributable to noncontrolling interests	14	107
Net income	4,088	(606)
Less: Income from discontinued operations, net of taxes	-	7
Income (loss) from continuing operations (after-tax)	4,088	(613)
Less: Earnings attributable to noncontrolling interests	14	107
Income attributable to Prudential Financial, Inc.	4,074	(720)
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	62	(48)
Income (after-tax) before equity in earnings of operating joint ventures	4,012	(672)
Less: Reconciling Items:		
Realized investment gains (losses), net, and related charges and adjustments	303	(8,149)
Investment gains (losses) on assets supporting experience rated contractholders liabilities, net	(863)	(250)
Change in experience-rated contractholder liabilities due to asset value changes	710	227
Divested and Run-off Businesses:		
Closed Block Division	(62)	-
Other Divested and Run-off Businesses	(1,535)	29
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(87)	28
Total reconciling items, before income taxes	(1,534)	(8,115)
Less: Income taxes, not applicable to adjusted operating income	(527)	(2,857)
Total reconciling items, after income taxes	(1,007)	(5,258)
After-tax adjusted operating income	5,019	4,586
Income taxes, applicable to adjusted operating income	1,349	1,783
Adjusted operating income before income taxes	\$ 6,368	\$ 6,369
After-tax adjusted operating income per share	\$ 11.69	\$ 9.67
Net Income Return on Equity ⁽¹⁾	8.2%	
Adjusted Operating Return on Equity ⁽¹⁾	12.7%	

1) Net income return on equity based on year-to-date annualized after-tax net income and average GAAP equity of \$49,928. Adjusted operating return on equity based on year-to-date annualized after-tax adjusted operating income and average adjusted book value of \$39,492.

RECONCILIATIONS BETWEEN ADJUSTED BOOK VALUE AND THE COMPARABLE GAAP MEASURE⁽¹⁾



(\$ millions, except per share data)

	December 31,	
	2018	2013
GAAP book value	\$ 48,617	\$ 33,885
Less: Accumulated other comprehensive income (AOCI)	10,906	8,586
GAAP book value excluding AOCI	37,711	25,299
Less: Cumulative effect of remeasurement of foreign currency and certain deferred taxes	(2,344)	(2,818)
Adjusted book value	<u>\$ 40,055</u>	<u>\$ 28,117</u>
 Number of diluted shares	 422.2	 468.7
 GAAP book value per Common share - diluted	 \$ 116.34	 \$ 72.30
GAAP book value excluding AOCI per Common share - diluted	\$ 90.50	\$ 53.98
Adjusted book value per Common share - diluted	\$ 96.06	\$ 59.99

1) Represents results of FSB for 2013. As of the fourth quarter of 2018, exchangeable surplus notes are dilutive when book value per share is greater than \$82.16 (equivalent to an additional 6.09 million in diluted shares and an increase of \$500 million in equity). Book value per share as of December 31, 2013 excludes the impact of exchangeable surplus notes due to the anti-dilutive impact of conversion.

ADJUSTED OPERATING INCOME NOTABLE ITEMS



	Year Ended 2018 Per Share	Year Ended 2013 Per Share
After-tax Adjusted Operating Income	\$11.69	\$9.67
Notable Items⁽¹⁾		
• Annual review and update of actuarial assumptions and other refinements	(0.30)	0.24
• Updated estimates of profitability driven by market performance versus assumptions	(0.24)	0.53
• Returns on non-coupon investments and prepayment fees above / (below) average expectations	(0.44)	0.22
• Underwriting experience above / (below) average expected gains	0.22	0.09
• (Higher) / lower than typical expenses	(0.09)	(0.03)
• Integration costs from the Star/Edison and Hartford Life acquisitions	-	(0.09)
• Gain from sale of investment in China Pacific Group	-	0.09
Total Notable Items included in Adjusted Operating Income	\$(0.85)	\$1.05

1) Notable Items represent the impact on results from our annual reviews and update of assumptions and other refinements, the quarterly updated estimate of profitability driven by market performance versus assumptions, and the approximate impact attributable to variances from the Company's expectations. The Company chooses to highlight the impact of these items because it believes their contribution to results in a given period may not be indicative of future performance. These notable items do not include seasonality impacts on quarterly revenue or expense patterns and may not encompass all items that could affect earnings trends. Average expectations used for comparison herein are those in effect for the respective periods shown at the time of original reporting and are not adjusted for subsequent changes in the Company's expectations. These items, where significant, are individually identified for the respective periods in the Company's earnings releases, available at www.investor.prudential.com and in the appendix. Notable Items after-tax are based on application of tax rates of 21% in 2018 and 35% in 2013.