

PRUDENTIAL
TOWER
NEWARK,
NEW JERSEY

2019 FINANCIAL STRENGTH SYMPOSIUM

June 12, 2019





Darin Arita
Senior Vice President
Investor Relations

2019 Financial Strength Symposium

Welcome

Forward-Looking Statements and Non-GAAP Measures

Certain of the statements included in this presentation, including those related to our strategy, prospective implementation costs and related margin expansion, future alignment of our net income and adjusted operating income, Financial Wellness platform customer activation goals, future interest rates, and prospective earnings, revenues, margins, and returns, 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. There can be no assurance that future developments affecting Prudential Financial, Inc. and its subsidiaries will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including, among others: (1) losses on investments or financial contracts due to deterioration in credit quality or value, or counterparty default; (2) losses on insurance products due to mortality experience, morbidity experience, or policyholder behavior experience that differs significantly from our expectations when we price our products; (3) changes in interest rates, equity prices, and foreign currency exchange rates that may (a) adversely impact the profitability of our products, the value of separate accounts supporting these products, or the value of assets we manage, (b) result in losses on derivatives we use to hedge risk or increase collateral posting requirements, and (c) limit opportunities to invest at appropriate returns; (4) guarantees within certain of our products which are market sensitive and may decrease our earnings or increase the volatility of our results of operations or financial position; (5) liquidity needs resulting from (a) derivative collateral market exposure, (b) asset/liability mismatches, (c) the lack of available funding in the financial markets, or (d) unexpected cash demands due to severe mortality calamity or lapse events; (6) financial or customer losses, or regulatory and legal actions, due to inadequate or failed processes or systems, external events, and human error or misconduct such as (a) disruption of our systems and data, (b) an information security breach, (c) a failure to protect the privacy of sensitive data, or (d) reliance on third-parties; (7) changes in the regulatory landscape, including related to (a) financial sector regulatory reform, (b) changes in tax laws, (c) fiduciary rules and other standards of care, (d) U.S. state insurance laws and developments regarding group-wide supervision, capital and reserves, (e) insurer capital standards outside the U.S., and (f) privacy and cybersecurity regulation; (8) technological changes which may adversely impact companies in our investment portfolio or cause insurance experience to deviate from our assumptions; (9) ratings downgrades; (10) market conditions that may adversely affect the sales or persistency of our products; (11) competition; (12) reputational damage; and (13) the costs, effects, timing, or success of our Financial Wellness acceleration plans. Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in this presentation. See “Risk Factors” included in the Annual Report on Form 10-K for the year ended December 31, 2018 for discussion of certain risks relating to our businesses and investment in our securities.

See “Non-GAAP Measures and Other Disclosures” in the Appendix for important information about consolidated adjusted operating income, adjusted book value, adjusted operating return on equity, and PGIM’s adjusted revenue, which are not calculated based on accounting principles generally accepted in the United States of America (GAAP).

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





Ken Tanji
Executive Vice President
and Chief Financial Officer

2019 Financial Strength Symposium

Executive Update

Key Messages

- Strategic mix of businesses with scale and growth potential that cannot be easily replicated
- Accelerating process, talent, and technology transformation
- Results in higher earnings growth, increased level of free cash flow, and attractive returns



Scaled businesses with growth potential

U.S. Financial Wellness

Strong pillars underlying Financial Wellness business

#1 PRT, **#3** VA, **Top 5** Group Life & Disability, **Top 10** Individual Life, **Top 10** DC Manager

PGIM

High quality global asset manager

#10 in AUM⁽¹⁾, **Top 3** in Alternatives, Real Estate, and Investment Grade Credit

International

High quality Japan life insurer, with strategic investments in emerging markets

#1 in Japan for new business face amount

Note: See appendix for sources of rankings.

(1) \$1.4 trillion as of March 31, 2019. Worldwide AUM includes assets managed by PGIM and Prudential's non-proprietary AUM.



High quality businesses that cannot be easily replicated

U.S. Financial Wellness

*Combination of
Significant workplace access +
wide breadth of individual solutions +
multi-channel distribution*

PGIM

*Successful
multi-manager model*

International

*Unique distribution model
Selective and collaborative
approach to new markets*

Strategic mix of businesses produces distinct earnings, cash flow, and capital benefits



Attractive growth and margin expansion prospects

U.S. Financial Wellness	PGIM	International
Mid-to-high single digit intermediate term earnings growth	Mid-to-high single digit intermediate term earnings growth	Mid-single digit intermediate term earnings growth
Investing to increase productivity as well as expand distribution and solutions	Expanding global investment and distribution capabilities	Expanding distribution in proprietary and third-party channels and strategic investments in emerging markets

Revenue growth and expanding margins in PGIM and U.S. Financial Wellness with stable margins and growth in International

Note: Earnings growth based on pre-tax Adjusted Operating Income.

Accelerating the execution of our strategy

- Enhancing the customer experience
- Transforming technology and talent to drive innovation and efficiency
- Integrating business operations
- Simplifying processes to increase our speed to market



Business mix and strategy drive a higher ROE and growth potential

Increased Adjusted ROE Target

12 - 13%



12 - 14%

Adjusted EPS Growth

High-single digit



Low-
double
digit

Intermediate term

Longer term

Multiple drivers to increase EPS growth:

- Accelerating strategy and integration of businesses
- Significant traction in Financial Wellness
- Further third-party success in PGIM
- Higher contribution from International growth markets
- Pursuit of strategic M&A



Purpose and culture are fundamental to execution



Our purpose

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

FORTUNE®

Named to 2018
Change The
World® List

ISS

1 Environment,
Social, and
Governance
Quality Score

Note:

Fortune ranking as of 8/18. FORTUNE® and “Change the World®” are registered trademarks of Time Inc. “FORTUNE and Time Inc. are not affiliated with, and do not endorse products or services of Prudential Financial”.

ISS ranking from 2019 Proxy Statement.



Key Messages

- Strategic mix of businesses with scale and growth potential that cannot be easily replicated
- Accelerating process, talent, and technology transformation
- Results in higher earnings growth, increased level of free cash flow, and attractive returns



2019 Financial Strength Symposium

U.S. Financial Wellness



Steve Pelletier
Executive Vice President
and Chief Operating Officer,
U.S. Businesses



Andy Sullivan
Senior Vice President
and CEO of Workplace Solutions



Caroline Feeney
Senior Vice President
and CEO of Individual Solutions



Naveen Agarwal
Senior Vice President
and Chief Marketing Officer

Key Messages

- We have a differentiated approach to Financial Wellness, which is a compelling growth opportunity
- Financial Wellness realizes three sources of value across institutions and individuals
- Financial Wellness complements our existing distribution capabilities by expanding our addressable market



We deliver Financial Wellness in a differentiated way



No other company has these critical components at scale

- Large population to serve among our Retirement and Group Insurance clients (institutional)
- Income, investment, and protection solutions
- Digital, face-to-face, and hybrid advice capabilities

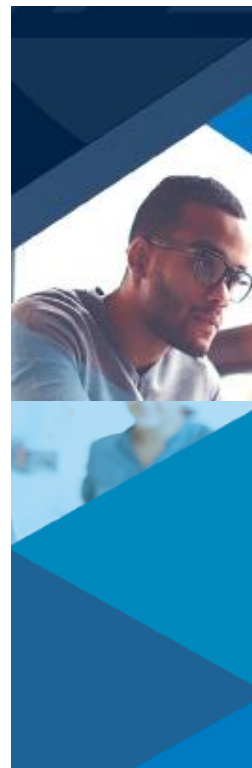


We address needs of Institutions and Individuals, which deepens our relationships with them



Institutions/Employers

- Reduce employee stress
- Drive higher productivity
- Lower absenteeism



Individuals/Employees

- Manage day-to-day finances
- Achieve important financial goals
- Protect against key financial risks



Financial Wellness drives three sources of revenue growth, with significant opportunity over time



Our value proposition is attractive for Institutions and Individuals within those Institutions

1 Institutions

- Understand benefit of financially well employees
- Design optimal employee benefits plans
- Get employees to take action by adopting solutions in workplace environment
- Help achieve key outcomes:
 - Lower absenteeism and disability incidence
 - Greater employee productivity
 - Stronger retirement readiness
- Monitor and measure effectiveness

2 Individuals within Institutions

- Increase understanding and optimize usage of workplace benefits
- Improve understanding of personal finance topics (e.g., budgeting, debt/credit counseling)
- Access broader set of employer-provided services and solutions
 - Financial coaching
 - Emergency savings
 - Student loan and other debt assistance



We have established goals and metrics to track our progress with Institutions and their Individuals

1 Institutions

Multi-Year Goals

- **Grow 2X+** faster than overall market in target segments



Key Metrics Examples

- New institutional sales
- Persistency/retention
- Renewal Pricing

2 Individuals within Institutions

Multi-Year Goals

- **Grow 2X+** number of individuals with access to our digital Financial Wellness platform
- **10% improvement** in benefit enrollment and contribution rates from current baselines



Key Metrics Examples

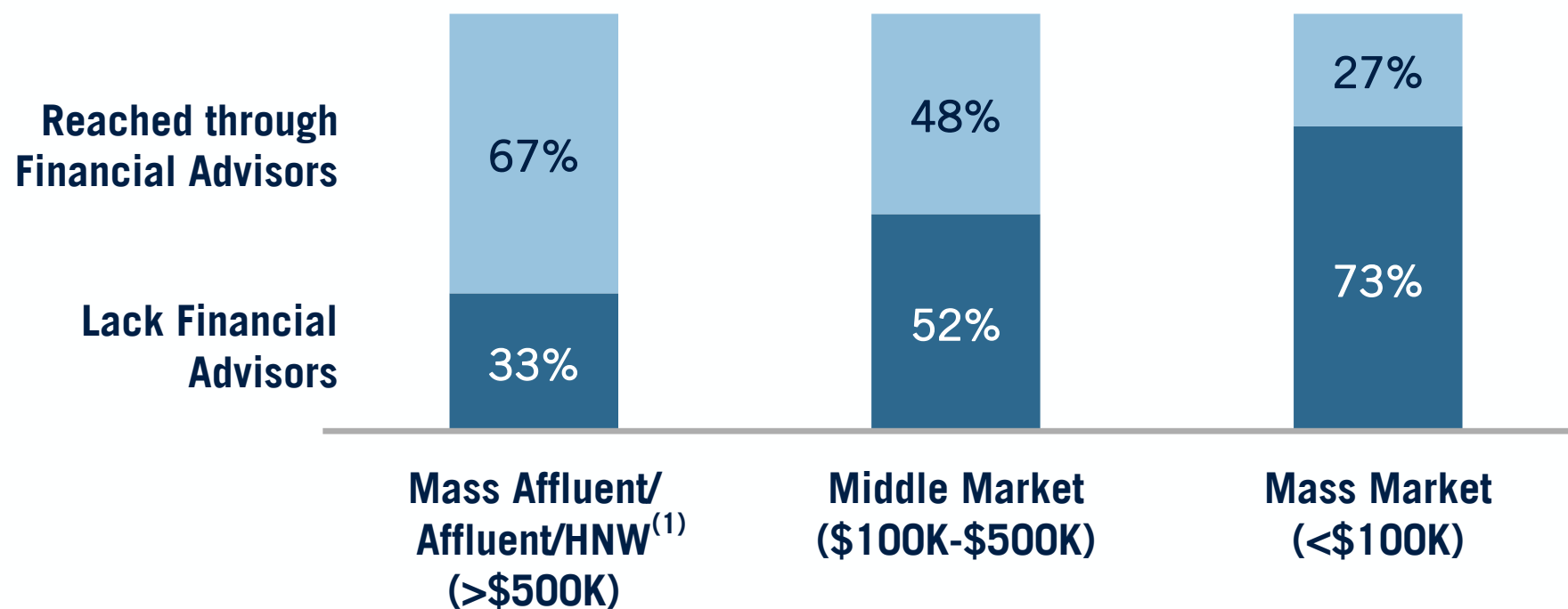
- Total individuals with access to our platform
- Rates of engagement with educational content, tools, and services
- **Retirement:** Plan participation and contribution rates, average account balances, hardship withdrawals
- **Group Insurance:** Voluntary participation rates and levels



Individuals: Financial Wellness also expands our addressable market for retail advice and solutions

3

U.S. Population by Total Investable Assets, 2018



Source: Prudential Financial Wellness Census.

(1) High net worth.



We are already engaging and educating Individuals at the workplace

FACE-TO-FACE



- Adopted by 600+ institutional clients
- Attended by over 50,000 individuals
- 25% of attendees meet with a Prudential Advisor, and 20% of those become retail customers

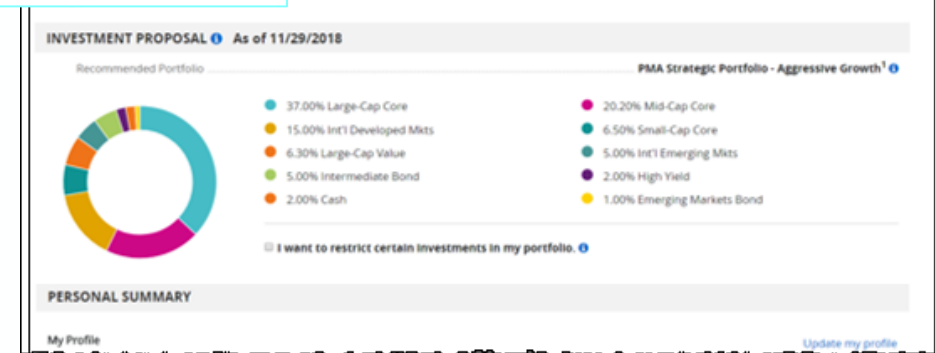
DIGITAL



- Activated at 3,100+ institutional clients
- Provides broad set of Financial Wellness content and tools

LINK by Prudential is our hybrid platform for retail solutions that address broader financial needs

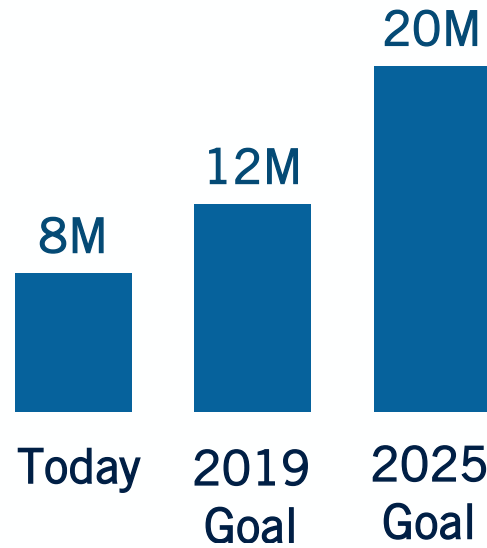
- Helps individuals identify goals, needs, and gaps
- Provides access to solutions:
 - Income, investment, protection
 - Adding new solutions over time
- Offers access to service, engagement, and advice across channels
 - Talk, co-browse, or video chat
 - Needs-based, goal-oriented planning
 - More efficient service platform
 - Integration of service and sales



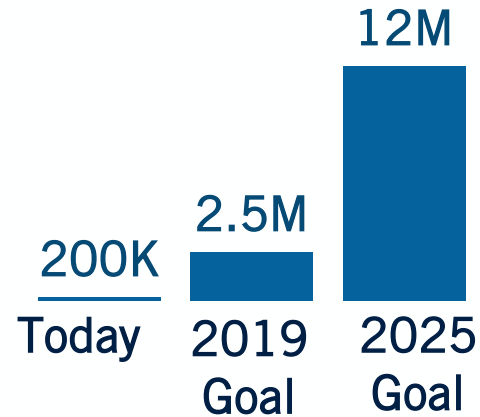
We are driving longer-term growth through expanded, deeper relationships with Individuals

3

Activated for Financial Wellness Platform⁽¹⁾



Activated for Retail Solutions⁽²⁾



New Retail Customers⁽³⁾



Key metrics: conversion rates by channel, offering, and customer segment; average products per customer; average revenue per customer

(1) Able to access educational content and tools through our digital Financial Wellness platform.

(2) Able to access Financial Wellness platform and to purchase retail solutions.

(3) Purchased one or more retail solutions via online, hybrid, and face-to-face referrals to Prudential Advisors.



Key Messages

- We have a differentiated approach to Financial Wellness, which is a compelling growth opportunity
- Financial Wellness realizes three sources of value across institutions and individuals
- Financial Wellness complements our existing distribution capabilities by expanding our addressable market





David Hunt
President and CEO,
PGIM

2019 Financial Strength Symposium

PGIM

Key Messages

- Our scaled, diversified multi-manager model and strong investment performance have produced consistent positive net flows that position PGIM as a winner against the backdrop of industry headwinds
- PGIM's success is underpinned by disciplined investments in broadening and globalizing our investment and distribution capabilities, and gaining recognition for our unified brand
- PGIM targets mid-to-high single digit earnings growth through the cycle driven by our strong and growing position in attractive segments of the asset management industry



PGIM's industry-leading position is driven by strength across attractive sectors

Top 10 Global Asset Manager ⁽¹⁾		Assets (\$ billions)
1	BlackRock	\$5,976
2	Vanguard Group	\$4,867
3	State Street Global Advisors	\$2,511
4	Fidelity Investments	\$2,425
5	BNY Mellon Investment Management	\$1,722
6	The Capital Group	\$1,677
7	JP Morgan Asset Management	\$1,659
8	Amundi	\$1,633
9	The Goldman Sachs Group	\$1,542
10	Prudential Financial ⁽²⁾	\$1,377

Top
3

Alternatives asset manager⁽³⁾

Real Estate manager worldwide⁽⁴⁾

Assets in Investment Grade
credit strategies⁽⁵⁾

Foreign manager of Japanese
institutional assets⁽⁶⁾

(1) *Pensions & Investments* Top Money Manager's list, May 27, 2019. AUM as of December 31, 2018.

(2) Worldwide AUM includes assets managed by PGIM and Prudential's non-proprietary AUM.

(3) Willis Towers Watson Global Alternatives Survey, July 2017. AUM as of December 2016. Ranking is based on the aggregate AUM aggregated by parent company in all alternative assets classes, regardless of sub-asset class.

(4) *IPE Real Assets*, Real Estate Managers by Worldwide AUM as of June 30, 2018. Publication as of November / December 2018 issue.

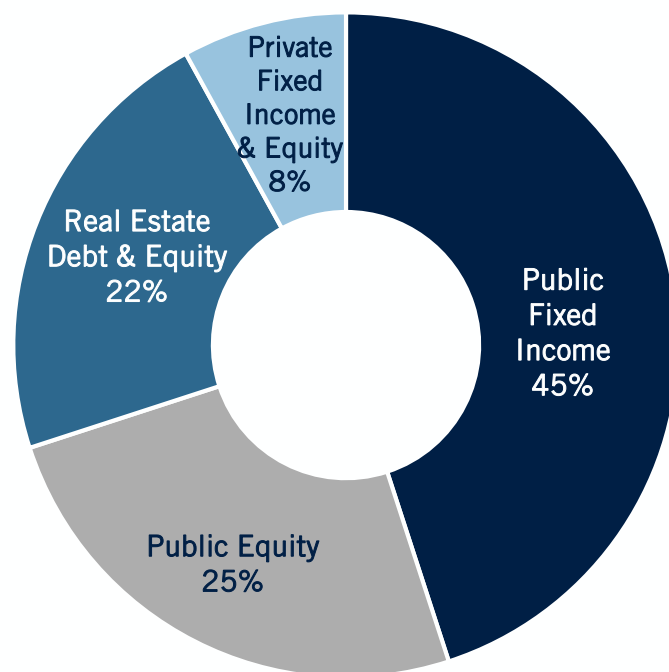
(5) Investment Grade Credit Manager Survey, *IPE International Publishers Limited*, January 2018. AUM as of September 30, 2017.

(6) Nenkin Joho by R&I, April 1, 2019. AUM as of December 31, 2018. AUM ranking pertains to separate accounts and does not include AUM for institutional funds.



Significant scale in attractive asset classes delivers a well-balanced mix of revenues

Fees by Asset Class⁽¹⁾



~50% of fees from higher growth areas⁽²⁾

\$676 mn from real assets⁽³⁾ & alternatives

\$203 mn from private credit⁽⁴⁾

\$200 mn from non-U.S. equities

\$123 mn from liability-driven and outcome-oriented solutions

\$123 mn from quantitative strategies

(1) Based on asset management fees for the year ended December 31, 2018.

(2) Fees for the year ended December 31, 2018. Percentage excludes fee overlap across stated categories.

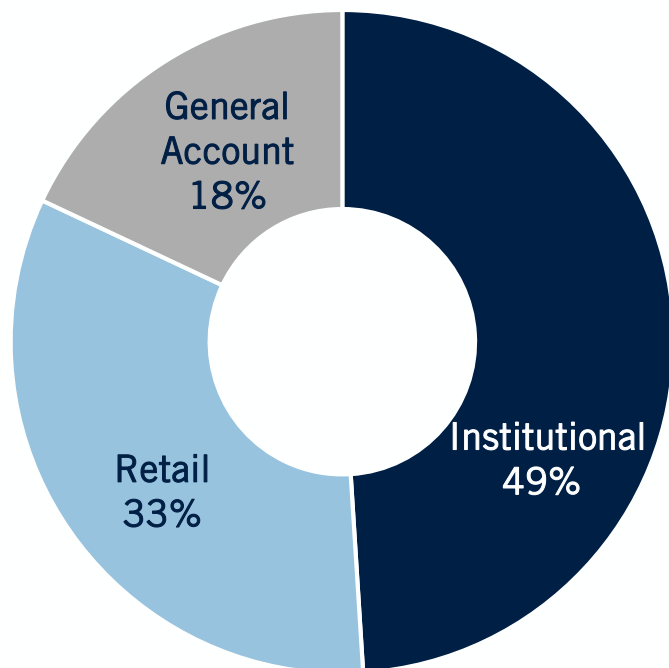
(3) Includes real estate, infrastructure, energy, and natural resources strategies.

(4) Excludes real estate lending through the PGIM Real Estate Finance business.



Deep relationships with top tier third-party client base

Fees by Client Type



1,400+ third-party institutional clients

91 clients have over \$1 billion invested with PGIM

158 of the top 300 global pension funds⁽¹⁾

23 of the 25 largest U.S. corporate pension plans⁽²⁾

19 of the 25 largest U.S. public pension plans⁽²⁾

5th fastest organic U.S. mutual fund AUM growth⁽³⁾

Information as of and for the year ended December 31, 2018, unless otherwise indicated.

(1) P&I/Towers Watson Top 300 Pension Funds ranking, data as of December 31, 2017, published September 2018.

(2) Based on U.S. Plan Sponsor rankings in *Pensions & Investments* as of September 30, 2017, published February 2018.

(3) Strategic Insight/Simfund FY 2018. Ranking only references 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).



Scaled global presence across clients, talent, and investment opportunities



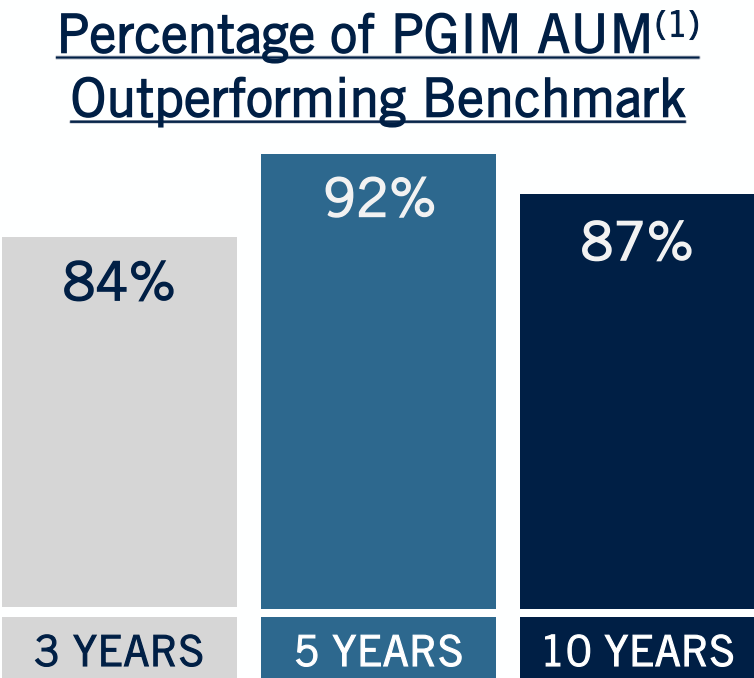
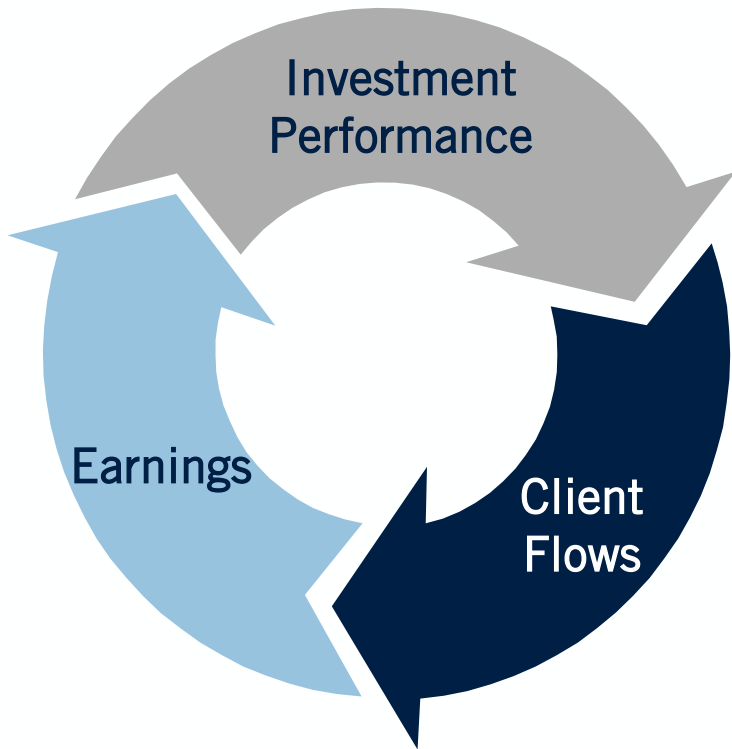
- \$340 billion of AUM⁽¹⁾ from non-U.S. clients
- 1,250+ investment professionals
- 37 offices in 15 countries

Data as of December 31, 2018.

(1) AUM from non-U.S. clients includes affiliates.



Consistent, strong investment performance underpins our growth and financial success

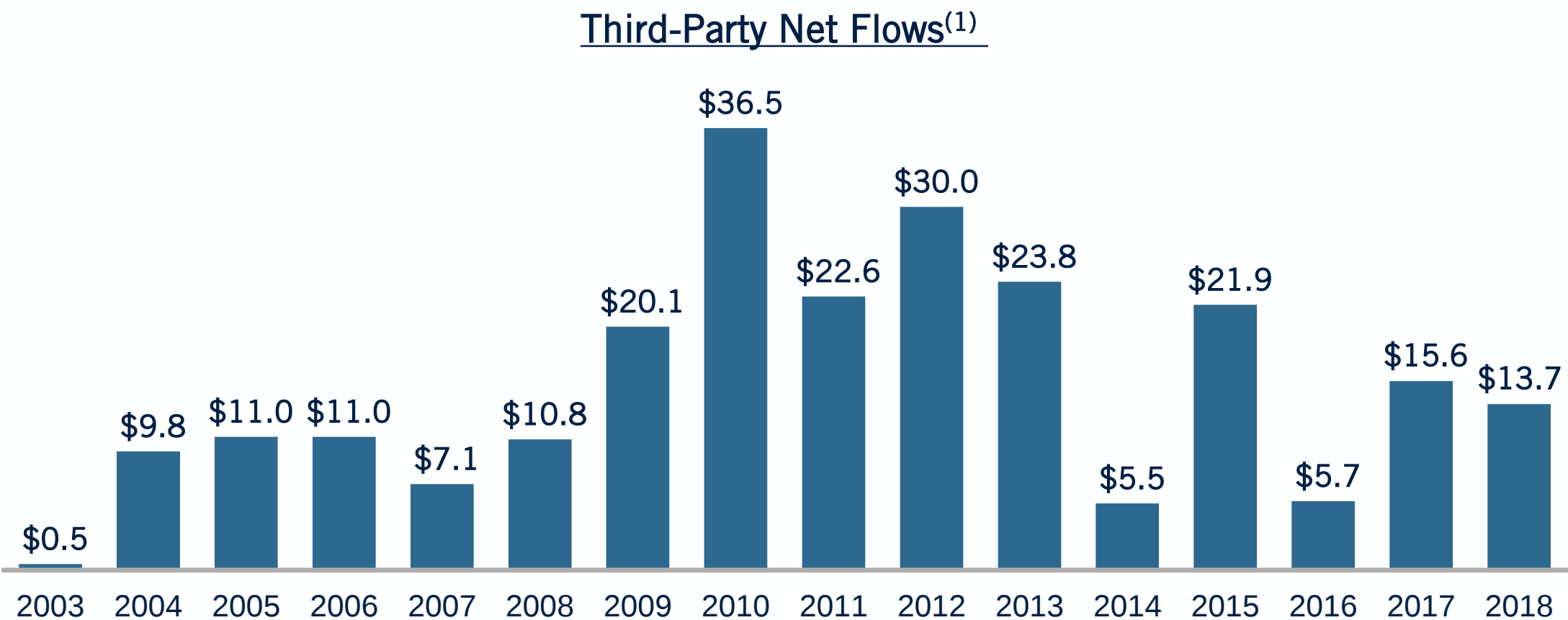


Source: PGIM calculations as of March 31, 2019. Past performance is not a guarantee or reliable indicator of future results. All investments involve risk, including the possible loss of capital. Performance is defined as outperformance (gross of fees) relative to each individual strategy's respective benchmark(s).

(1) Represents PGIM's benchmarked AUM (83% of total third-party AUM is benchmarked over 3 years, 74% over 5 years, and 57% 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, QMA, Prudential Capital Group, PGIM Global Partners, PGIM Real Estate, and PGIM Real Estate Finance.

16 consecutive years of positive third-party net flows

(\$ billions)

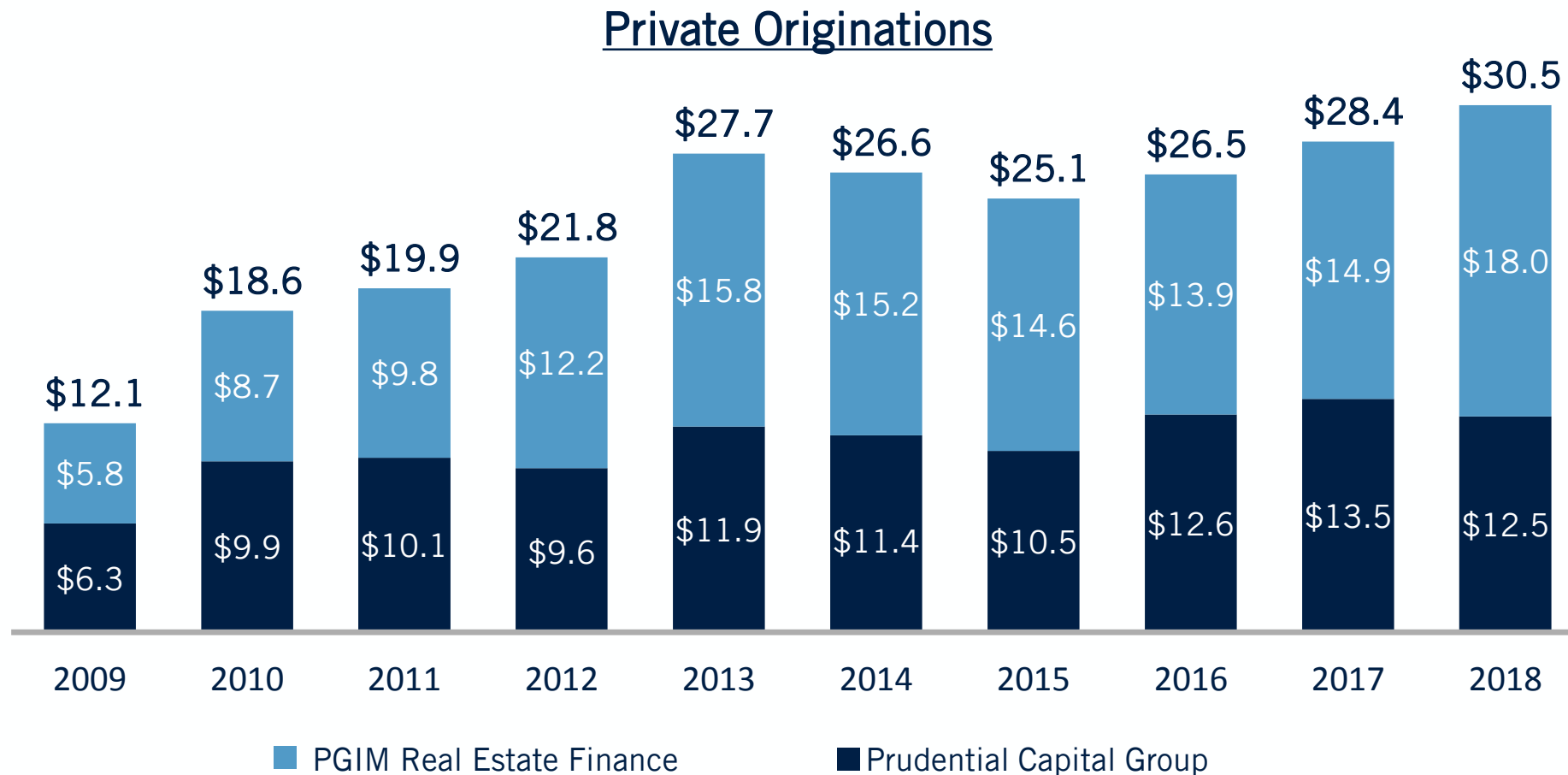


(1) Represents unaffiliated third-party net flows; excludes flows from the General Account and other affiliated Prudential businesses. 2003 and 2004 third-party net flows shown in chart represent only institutional third-party net flows.



Leading capabilities in private markets drive origination momentum

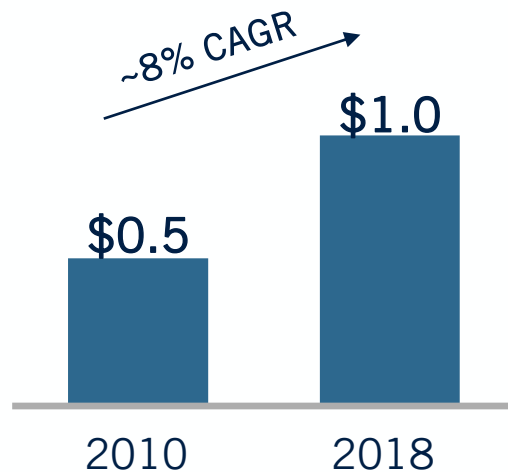
(\$ billions)



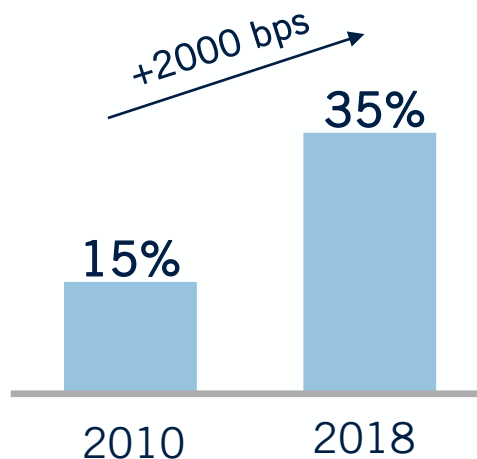
Strong, capital-efficient growth supporting margin expansion

(\$ billions)

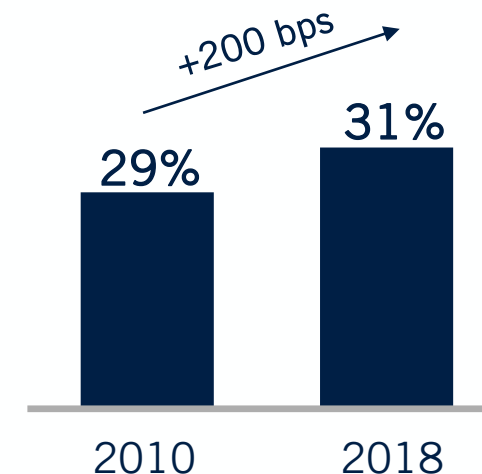
Pre-tax AOI



Adj. Operating ROE⁽¹⁾



Adj. Operating Margin⁽²⁾



(1) Adjusted operating return on equity represents after-tax AOI as a percentage of average attributed equity excluding accumulated other comprehensive income.

(2) Reflects Adjusted Operating Margin and represents pre-tax AOI as a percentage of adjusted revenue. Adjusted revenue excludes passthrough distribution revenue and consolidations. Adjusted revenues are not calculated in accordance with GAAP and a reconciliation to the comparable GAAP measure is included in the appendix of the presentation. 2010 Adjusted Operating Margin has been restated from prior investor materials to conform to the definition herein.



Strategic investments are paying off and will result in additional operating leverage in the future

Adjusted Operating Margin



(1) Represents pre-tax AOI as a percentage of adjusted revenue. Adjusted revenue excludes passthrough distribution revenue and consolidations. Adjusted revenues are not calculated in accordance with GAAP and a reconciliation to the comparable GAAP measure is included in the appendix of the presentation.

(2) 2010 Adjusted Operating Margin has been restated from prior investor materials to conform to the definition herein.

(3) Includes both PGIM and Corporate initiatives.

Key Messages

- Our scaled, diversified multi-manager model and strong investment performance have produced consistent positive net flows that position PGIM as a winner against the backdrop of industry headwinds
- PGIM's success is underpinned by disciplined investments in broadening and globalizing our investment and distribution capabilities, and gaining recognition for our unified brand
- PGIM targets mid-to-high single digit earnings growth through the cycle driven by our strong and growing position in attractive segments of the asset management industry



PGIM's vision and strategy for long-term success



Disciplined execution on our strategic initiatives has generated \$100 billion of net flows over the past 5 years

1	Broaden and globalize our products	29% of assets from non-U.S. clients, up from 11% in 2010
2	Modernize our multi-manager model	Built a broad set of vehicles including European Mutual Funds (UCITS), ETFs, Collective Trusts, and Retail Separate Accounts
3	Expand our reputation and brand	Global brand launched in 2016; now ranked #12 by U.S. investors ⁽¹⁾
4	Selectively acquire new investment capabilities	Acquired London-based quantitative hedge fund ⁽²⁾ to broaden QMA platform

Note: All data as of year ended December 31, 2018 and comprehensive across third-party institutional, third-party retail, and general account unless otherwise specified.

(1) Based on NMG Consulting Global Asset Management Study of asset management brands, September 2018.

(2) PGIM signed deal to acquire Wadhvani Asset Management on November 13, 2018.



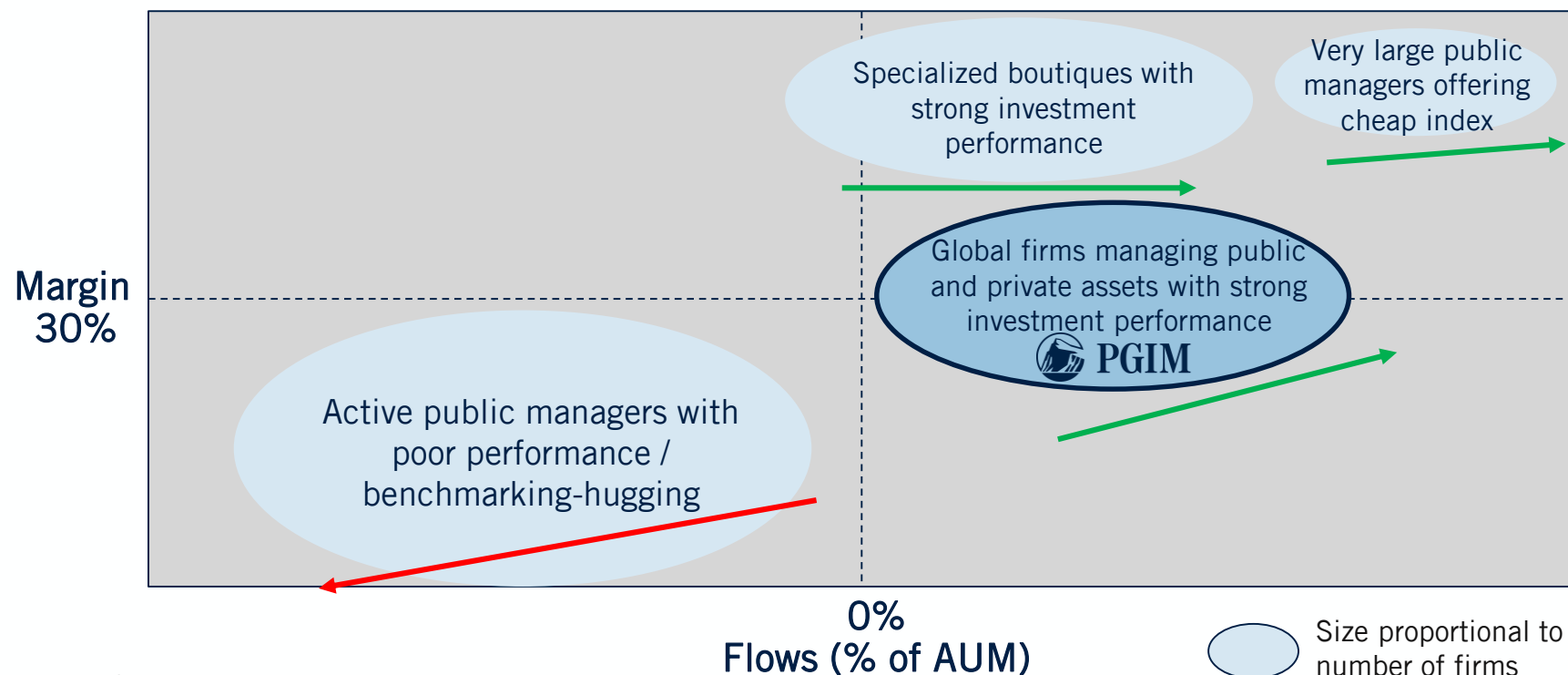
Key Messages

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PGIM's winning business model

While many firms struggle for scale or performance in the face of industry headwinds, three winning business models have emerged

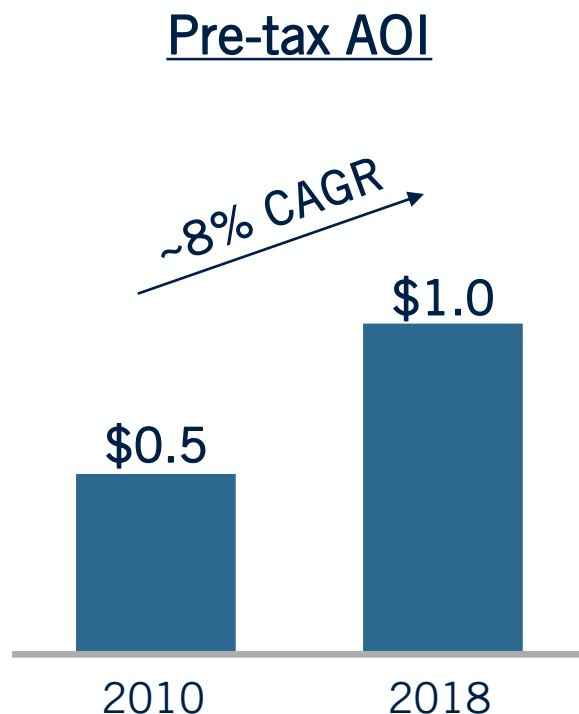


For illustrative purposes only.



Robust growth trajectory through cycle

(\$ billions)



Mid-to-high single digit earnings growth is expected to be driven by:

1. Proven ability to capture industry flows and market share in areas where PGIM already has leading capabilities
2. Operating leverage across our business as we add to our scale
3. Strong presence and focus in high-growth areas
 - Alternatives
 - U.S. Defined Contribution and Retail
 - International markets
 - Scaled technology investments
4. Market growth and portfolio level income⁽¹⁾

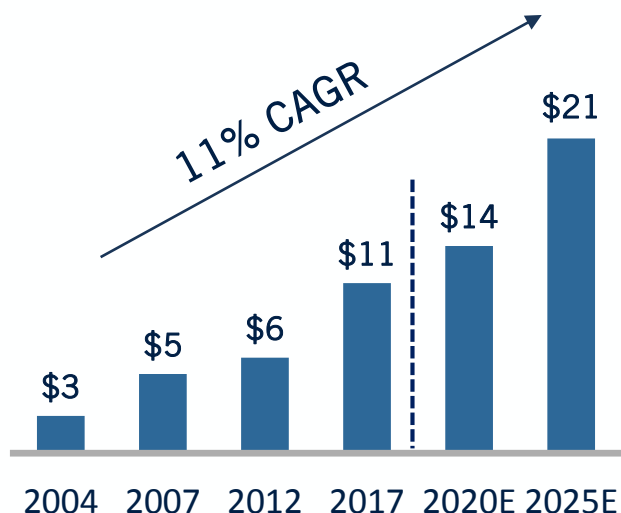
(1) Includes equities and real estate market appreciation, dividends on equities, fixed income coupon reinvestments, and income on real estate properties.



Growth opportunity: Alternatives

Market Opportunity⁽¹⁾

(\$ trillion)



PGIM's Positioning

	PGIM AUM	
Alternatives ⁽²⁾⁽³⁾	\$229 bn	Top 3
Real Estate ⁽²⁾⁽³⁾	\$136 bn	Top 3
Private Credit ⁽²⁾⁽³⁾	\$83 bn	Top 3
Infrastructure ⁽⁴⁾	\$26 bn	

Investments for Future Growth

Building out private credit capabilities (e.g., mezzanine, direct lending)

Further scaling and broadening PGIM Fixed Income's suite of hedge funds

Driving growth of QMA's global macro and managed futures strategies

(1) PwC Asset & Wealth Management Revolution, published 2018.

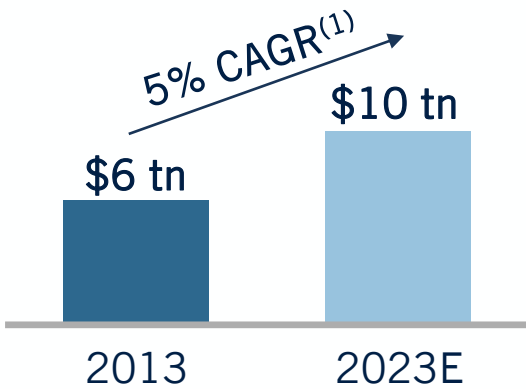
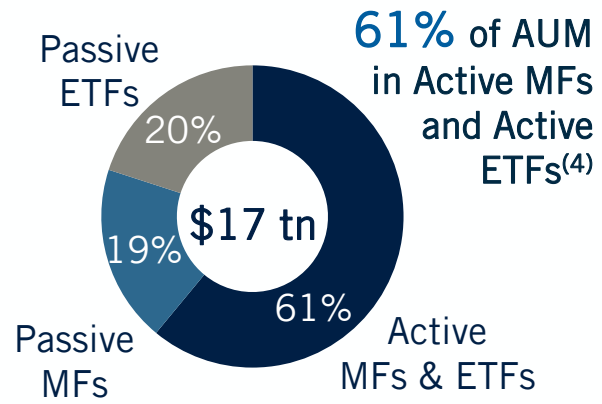
(2) Data reflects AUM as of December 31, 2018. Alternatives AUM represents hedge fund, mezzanine and other private credit, real asset, and infrastructure products across all PGIM businesses.

(3) Rankings per Willis Towers Watson Global Alternatives Survey 2017.

(4) Infrastructure AUM includes private credit infrastructure and energy strategies, Jennison utility equity, natural resources, global infrastructure, and Master Limited Partnership (MLP) strategies as of December 31, 2018.



Growth opportunity: U.S. Defined Contribution and Retail

	Market Opportunity	PGIM's Positioning	Investments for Future Growth
U.S. Defined Contribution	 5% CAGR⁽¹⁾ \$6 tn 2013 \$10 tn 2023E	#8 by DC AUM⁽²⁾ Named Top 5 DCIO manager⁽³⁾ Leading capabilities to meet growing demand for retirement income solutions	Enhancing dedicated coverage of DC sponsors and consultants Leveraging Prudential's collective strength in retirement to scale target date funds Pioneer in direct Real Estate investing for DC plans
U.S. Retail	 61% of AUM in Active MFs and Active ETFs⁽⁴⁾ \$17 tn 61% Active MFs & ETFs 20% Passive ETFs 19% Passive MFs	5th fastest organic U.S. mutual fund AUM growth⁽⁵⁾ Institutional approach to serving retail intermediaries Leading Fixed Income franchise meets investors' demand for yield	Continue to build on strategic partner status (e.g., Edward Jones) Scale up suite of active ETFs and Retail Separate Accounts

Source: (1) North American Institutional Markets 2018; Cerulli report. (2) Pensions & Investments Top DC Money Manager's list, July 23, 2018. Ranked by total defined contribution (DC) U.S. institutional AUM as of December 31, 2017. (3) "The Dominant Players in 401(k) Land" by Institutional Investor, June 19, 2018. Ranking of Defined Contribution Investment-Only (DCIO) managers based on ratings from plan advisers overseeing at least \$100 mn across multiple plans. (4) Morningstar data as of year ended December 31, 2018 (excludes money market funds). (5) Strategic Insight/Simfund FY 2018. Ranking only references 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).



Growth opportunity: International markets

	<u>Market Opportunity</u>	<u>PGIM's Positioning and Investments for Future Growth</u>
Japan	\$3.5 trillion institutional assets (10% CAGR) ⁽¹⁾	• Top 3 foreign manager of Japanese institutional assets⁽²⁾ • Generated a total of \$30 billion in third-party net flows over the last 5 years
Europe	\$11.7 trillion UCITS assets (10% CAGR) ⁽³⁾	• 20 sales professionals covering EU institutions and intermediaries, doubled since 2013 • PGIM's flagship strategies delivered through ~30 UCITS funds • AUM from European clients grew by 14% CAGR over the last 5 years
Emerging Markets	\$6.9 trillion institutional assets (14% CAGR) ⁽¹⁾	• China: \$23 billion AUM JV⁽⁴⁾, up from \$5 billion in 2010; deepening local coverage of top institutions • EM investment capabilities: Top 5 EM active investment manager⁽⁵⁾ with \$44 billion across public debt and equities strategies
Australia	\$1.0 trillion institutional assets (12% CAGR) ⁽¹⁾	• Establishing deeper local origination footprint for private credit and real estate • Hired local sales team to capture international opportunities with superannuation funds

Source: (1) McKinsey – data as of YE 2017; CAGR since 2011. (2) Nenkin Joho by R&I, April 1, 2019. AUM as of December 31, 2018. AUM ranking pertains to separate accounts and does not include AUM for institutional funds. (3) European Fund and Asset Management Association's Quarterly Statistical Release published in 2019 – data as of YE 2017; conversion rate of EUR/USD 1.201 (YE 2017 from Macrotrends) used. CAGR since 2011 is calculated using EUR values of the total market. (4) AUM as of YE 2018. (5) Based on eVestment data as of YE 2018.



Growth opportunity: Scaled technology investments

_____ Making significant investments in new technology leveraging the _____
global scale of PGIM across the entire asset management value chain

Data Science

Evaluating how alternative data, artificial intelligence, and machine learning can be incorporated into investment processes

Robotics & Automation

Deploying robotic process automation to enhance efficiency and improve controls

Data Architecture

Providing faster information-driven results using alternative data and cloud computing architecture

Digital Transformation

Increasing the effectiveness and efficiency of the institutional and intermediary client journey through digital capabilities



Key Messages

- Our scaled, diversified multi-manager model and strong investment performance have produced consistent positive net flows that position PGIM as a winner against the backdrop of industry headwinds
- PGIM's success is underpinned by disciplined investments in broadening and globalizing our investment and distribution capabilities, and gaining recognition for our unified brand
- PGIM targets mid-to-high single digit earnings growth through the cycle driven by our strong and growing position in attractive segments of the asset management industry





Scott Sleyster
Executive Vice President
and Chief Operating Officer,
International Businesses

2019 Financial Strength Symposium

International



Key Messages

- Differentiated business model with superior execution
- Sustained and stable growth through developed and emerging markets
- Delivering on our strategic imperatives to capture future growth



Consistent strategy and superior execution drive differentiated results

Mid-single Digit

Annual Growth in Core AOI
and In-Force Since 2013⁽¹⁾⁽²⁾

Mid-teens

Adjusted Operating ROE and
Operating Margin⁽³⁾⁽⁴⁾

60%+

Redeployment⁽⁵⁾ of
International's after-tax AOI

—— Well positioned to maintain steady growth and strong returns ——

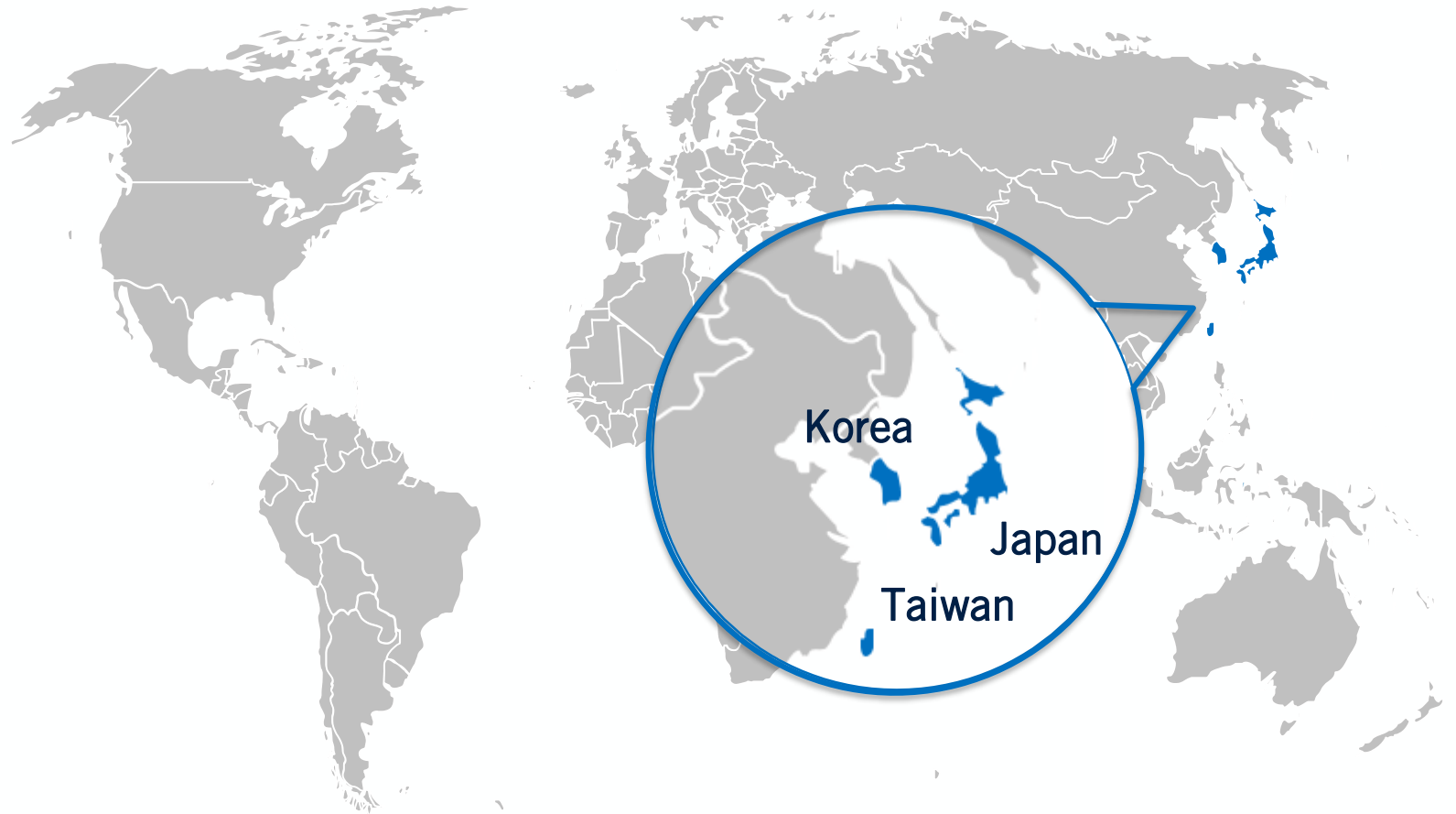
- (1) Represents compound annual growth rate for face amount in-force and pre-tax Adjusted Operating Income adjusted for notable items and foreign currency and low interest rate impacts from 2013 - 2018. See appendix for analysis of foreign exchange and interest rate adjustments.
- (2) Translated to U.S. dollars at uniform currency exchange rates, including Japanese yen 111 per U.S. dollar and Korean won 1150 per U.S. dollar.
- (3) Adjusted operating return on equity represents reported after-tax Adjusted Operating Income as a percentage of average attributed equity excluding accumulated other comprehensive income.
- (4) Operating margin represents reported pre-tax Adjusted Operating Income as a percentage of total revenue.
- (5) Reflects net capital redeployed including through dividends, debt repayment, affiliated lending, affiliated derivatives, and reinsurance. Excludes acquisitions/dispositions and other extraordinary items.



Strong mix of developed and emerging markets provide long-term growth

Developed Markets

- Large, mature, and wealthy markets
- Stable earnings with mid-single digit growth
- Source of significant cash flows to PFI



Strong mix of developed and emerging markets provide long-term growth

Emerging Markets

- Expanding economies and rising affluent and middle classes
- Low insurance penetration with growing demand for protection and saving products
- Thoughtful ownership approaches to capitalize on market dynamics and opportunities



Why we will continue to win in Japan

Our differentiated business model focuses on **needs-based selling**

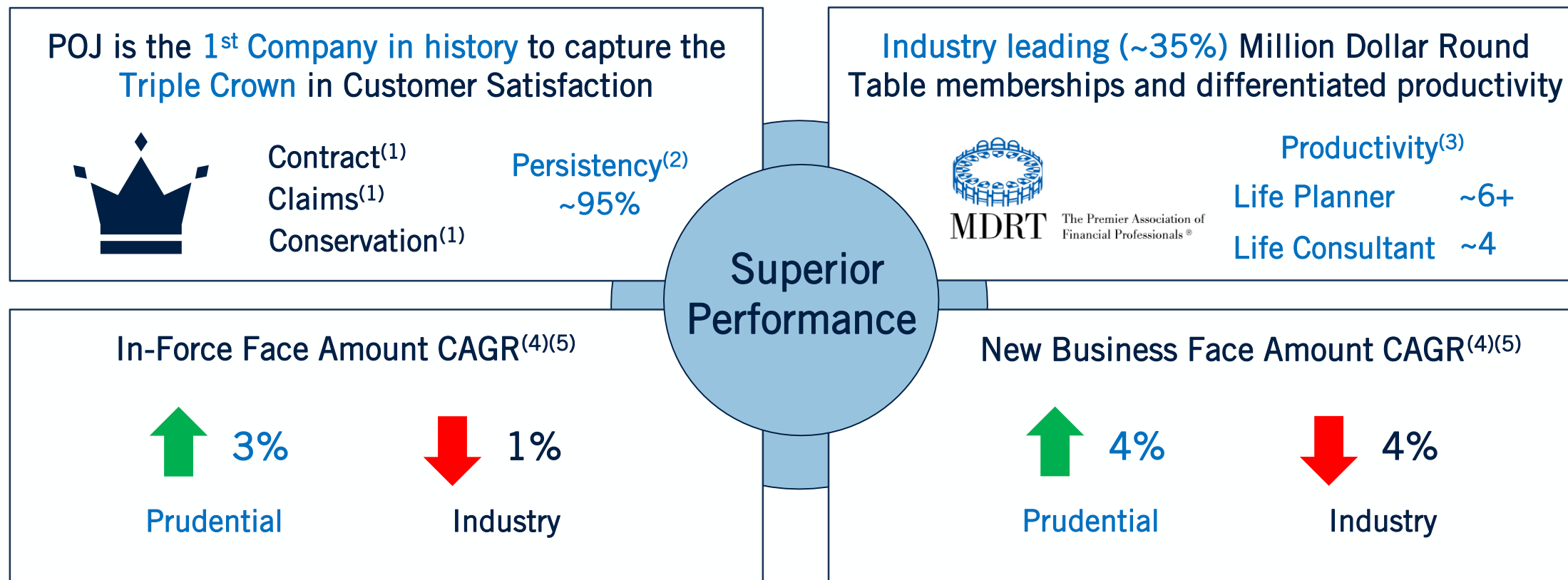
World class captive agents, complemented by third-party distribution

Wealthy households with **significant investable assets**

Aging population provides **opportunity for retirement solutions**



Proof points of outperformance in Japan



(1) Date Source: 2018 customer survey per J.D. Power.

(2) 13 month policy persistency for 2018. Based on face amount.

(3) Average number of policies sold per POJ Life Planner and Gibraltar Life Consultant, per month; includes accident and health policies from 2013 – 2018.

(4) Represents compound annual growth rate from Japan fiscal year 2013 – 2017.

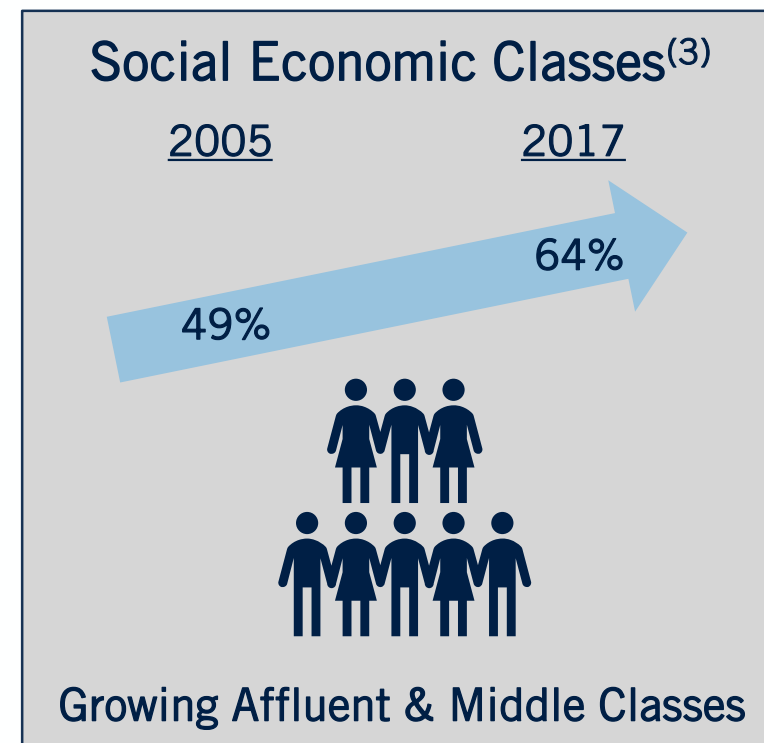
(5) Data source: www.seiho.or.jp (Life Insurance Association of Japan). Industry data excludes Japan Post.



Case study: Our success in Brazil

Why Brazil?

- World's 9th largest economy⁽¹⁾
- Favorable demographics with rising affluent and middle income customer base
- Largest life insurance sector in Latin America, accounting for ~60% of life premiums in the region⁽²⁾
- Low life insurance penetration and increasing needs for protection products



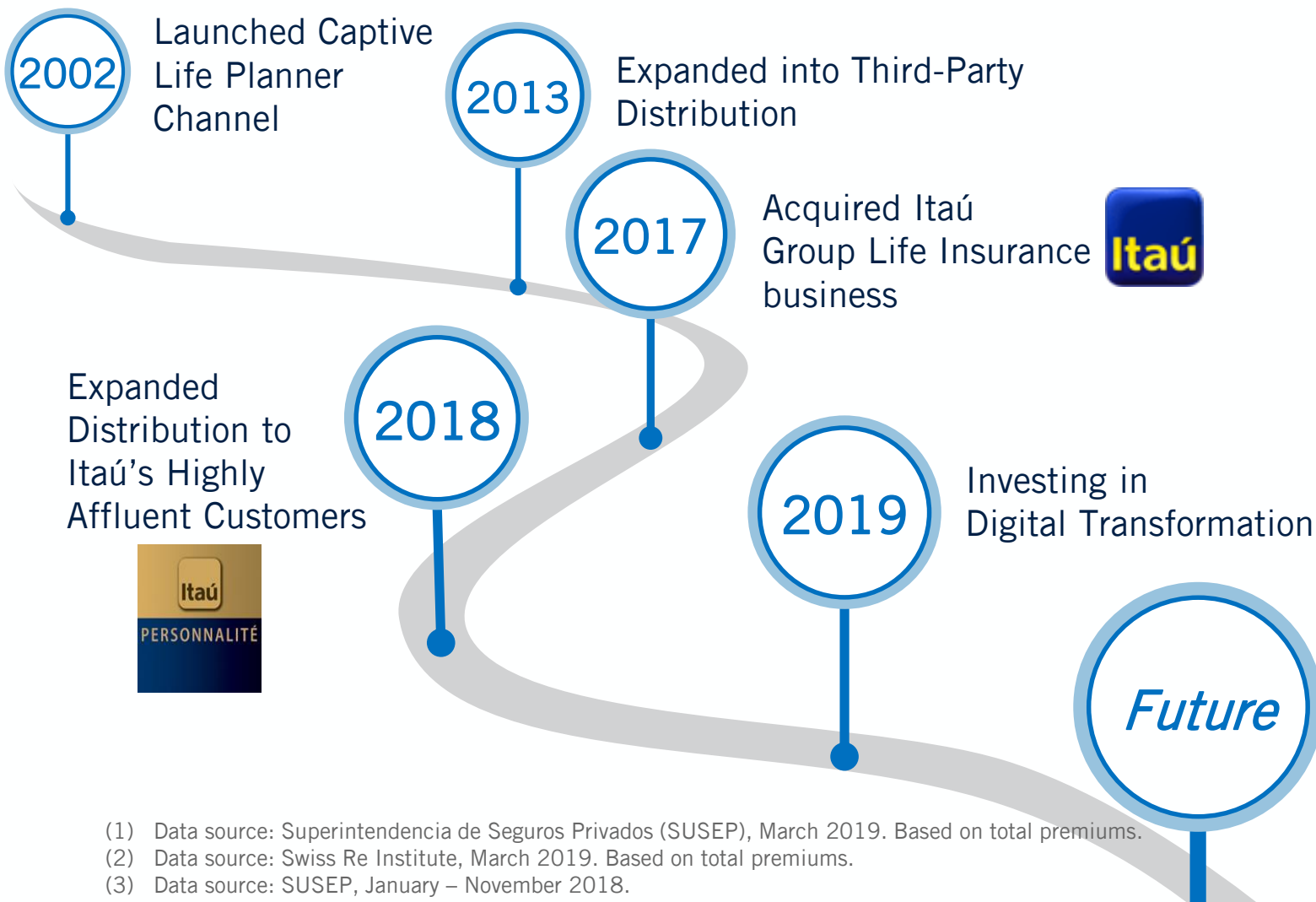
(1) Data source: International Monetary Fund, World Economic Outlook Database, April 2019. Based on 2018 GDP, current prices.

(2) Data source: Sigma report from Swiss Re, 2017. Region includes Latin America and the Caribbean.

(3) Data source: Bradesco (2017). Affluent and middle classes represent households with monthly income in excess of ~7,300 BRL and ~1,800 BRL, respectively.



Our business model in action in Brazil



- Largest non-bank insurance company in the life industry⁽¹⁾
- #1 independent individual life insurer⁽²⁾ with best in class distribution
- Expanding distribution relationships and approaches provide opportunity
- Strategic entrance into group life insurance market, which accounts for ~60% of Brazil's life premiums⁽³⁾

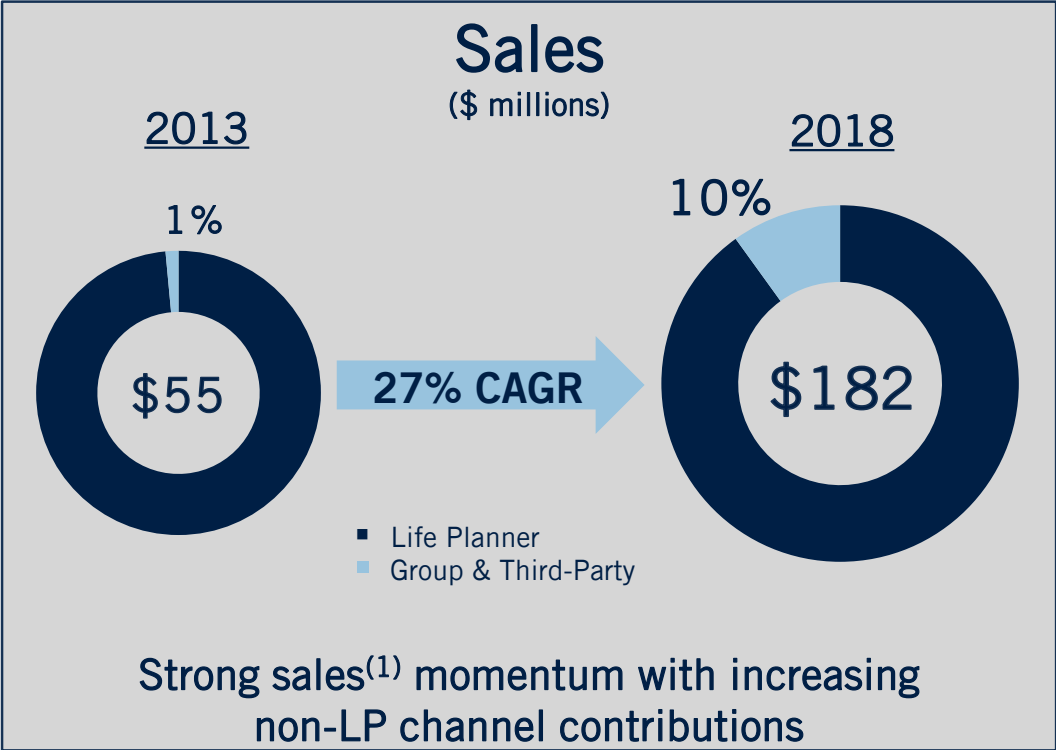
(1) Data source: Superintendencia de Seguros Privados (SUSEP), March 2019. Based on total premiums.

(2) Data source: Swiss Re Institute, March 2019. Based on total premiums.

(3) Data source: SUSEP, January – November 2018.



Superior execution leads to rapid growth in Brazil



(1) Sales and in-force face amounts are translated using the 2018 constant FX rate (3.6 BRL / USD).

Delivering on our strategic imperatives to capture future growth

Attractive Business Mix

Strategic Imperatives

Growth

In 6 of the 10
Most Populous
Countries
and Largest
Insurance
Markets

Distribution Expansion in
Proprietary and Third-Party Channels

Product Development
to meet Customer Needs

Building Digital, Mobile, and
Data Analytics Capabilities

Complementing Organic
Growth with M&A

Distribution
Expansion

New Partnerships
(2012 – 2018)



FOSUN 复星

Digital
Enablement

Next Gen
Partnerships



KLIMBER



Key Messages

- Differentiated business model with superior execution
- Sustained and stable growth through developed and emerging markets
- Delivering on our strategic imperatives to capture future growth





Tim Schmidt
Senior Vice President,
Chief Investment Officer

2019 Financial Strength Symposium

Investment Portfolio

Key Messages

- Broadly diversified, high quality, and well matched investment portfolio
- Prudential's General Account enjoys a distinctive advantage from PGIM's direct origination capabilities and asset management expertise
- Disciplined framework for credit management and well positioned to weather the credit cycle



Our approach to portfolio management

Fundamental Understanding of Liabilities

Disciplined Interest Rate Risk Management

Broad Diversification

Rigorous Security Selection

High Quality,

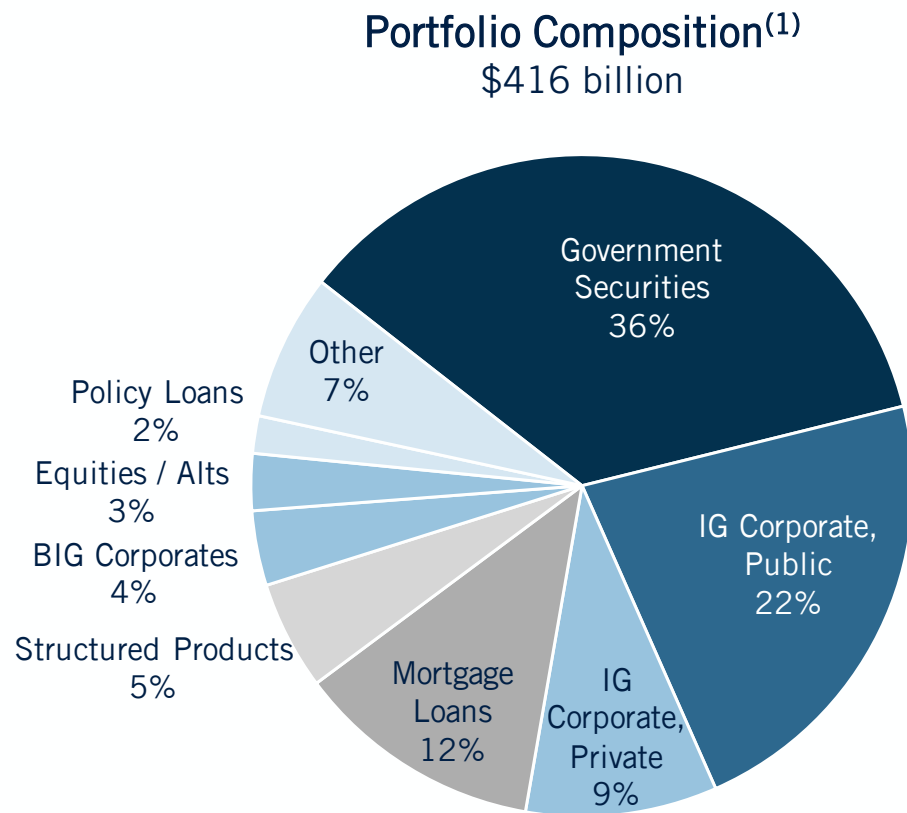
Well Matched

Investment
Portfolio



Diversified and high quality portfolio

- **Over one-third** in government securities
- Low allocation to Below Investment Grade (BIG) corporates, equities and alternatives



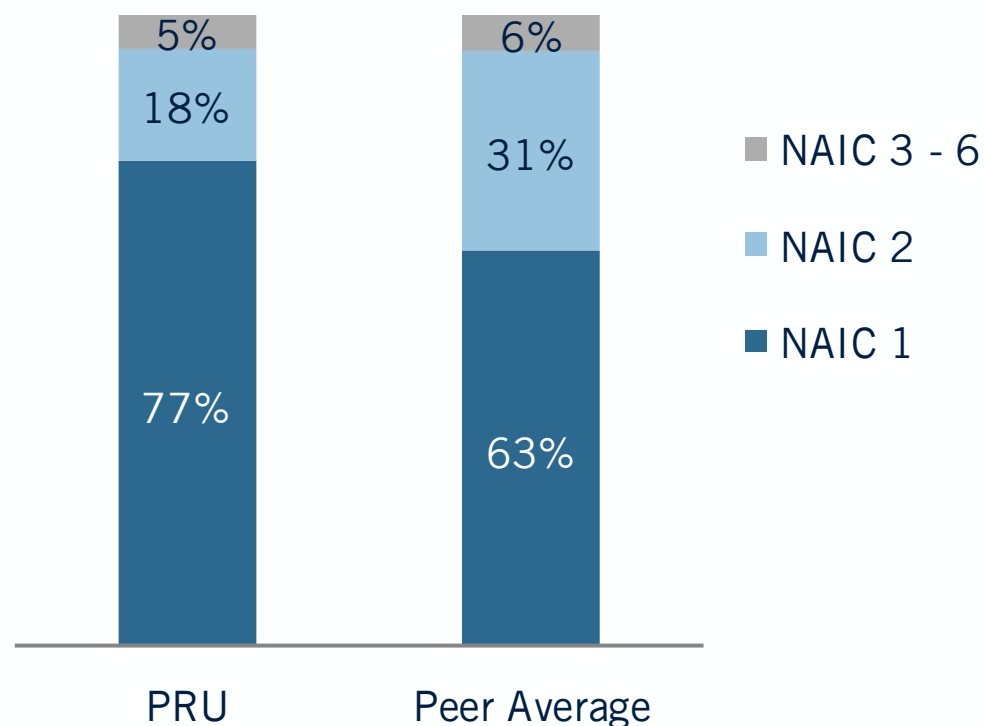
(1) General Account excluding Closed Block Division as of December 31, 2018, on a U.S. GAAP carrying value basis. Mortgage loans include commercial, agricultural, residential and other loans. Equities/Alts include equity securities, investments in LPs/LLCs, and real estate held through direct ownership. Structured products include commercial and residential mortgage-backed securities, collateralized loan obligations, and other asset-backed securities. Other includes assets supporting experience-rated contractholder liabilities ("ASCL") (5%), fixed maturities - trading, short-term investments, derivatives and other miscellaneous assets.



High quality fixed maturities portfolio⁽¹⁾

Fixed Maturities Credit Quality⁽²⁾

- 5% allocation to BIG fixed maturities
- Higher allocation to NAIC 1 than peers



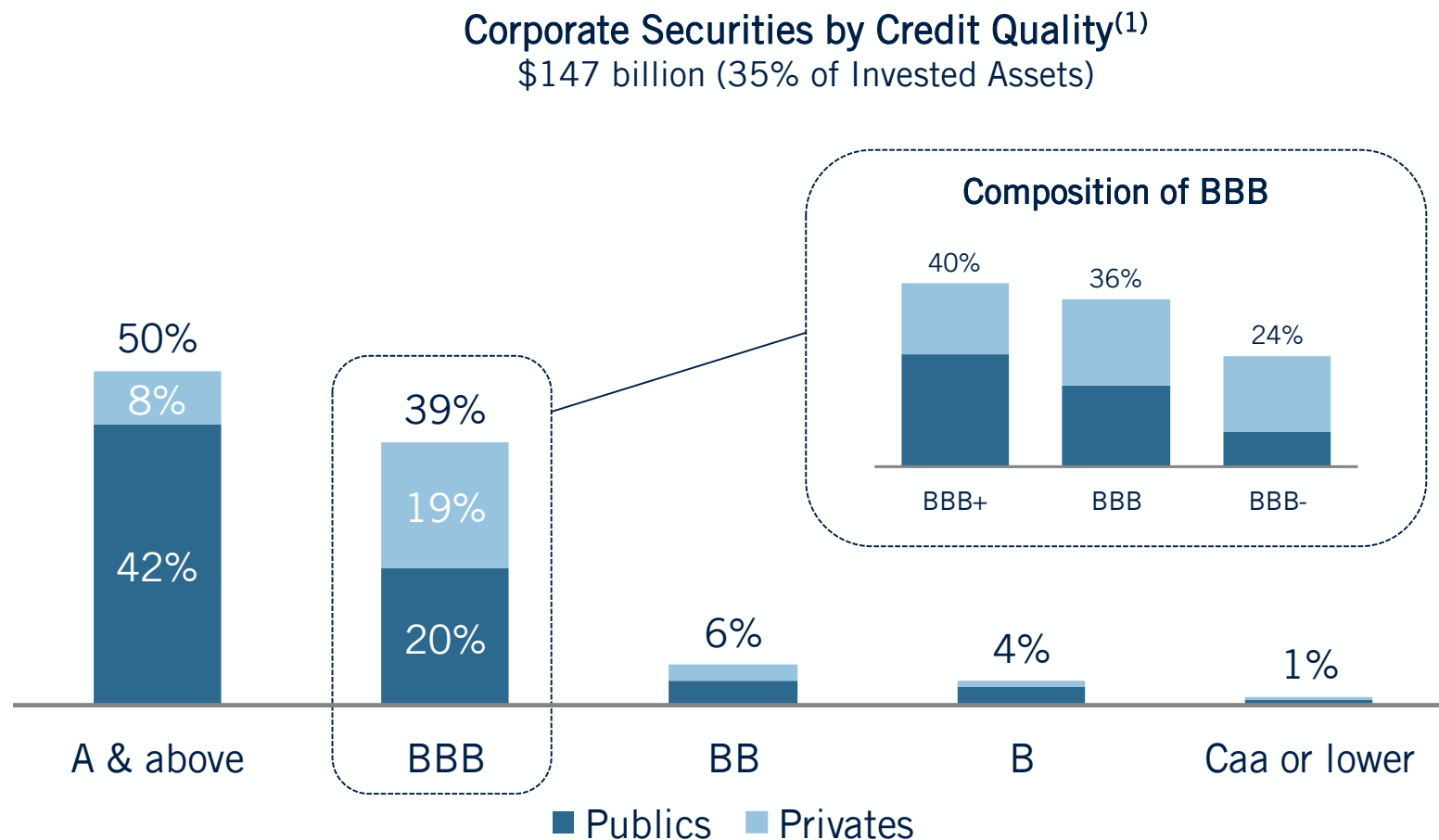
(1) Fixed maturity holdings as disclosed on Company financial statements as of December 31, 2018. PRU represents General Account excluding the Closed Block Division.

(2) NAIC or equivalent rating as disclosed in Company Form 10-K filings or quarterly financial supplements. Peer average includes AIG, ATH, BFH, LNC, MET, PFG, UNM and VOYA.



High quality corporate credit

- **50%** of corporate credit is rated A & above
- **Nearly half** of BBB & below are directly originated privates. Benefits include:
 - Structural protections
 - Historically, better recoveries vs. publics
 - Strength of PGIM underwriting



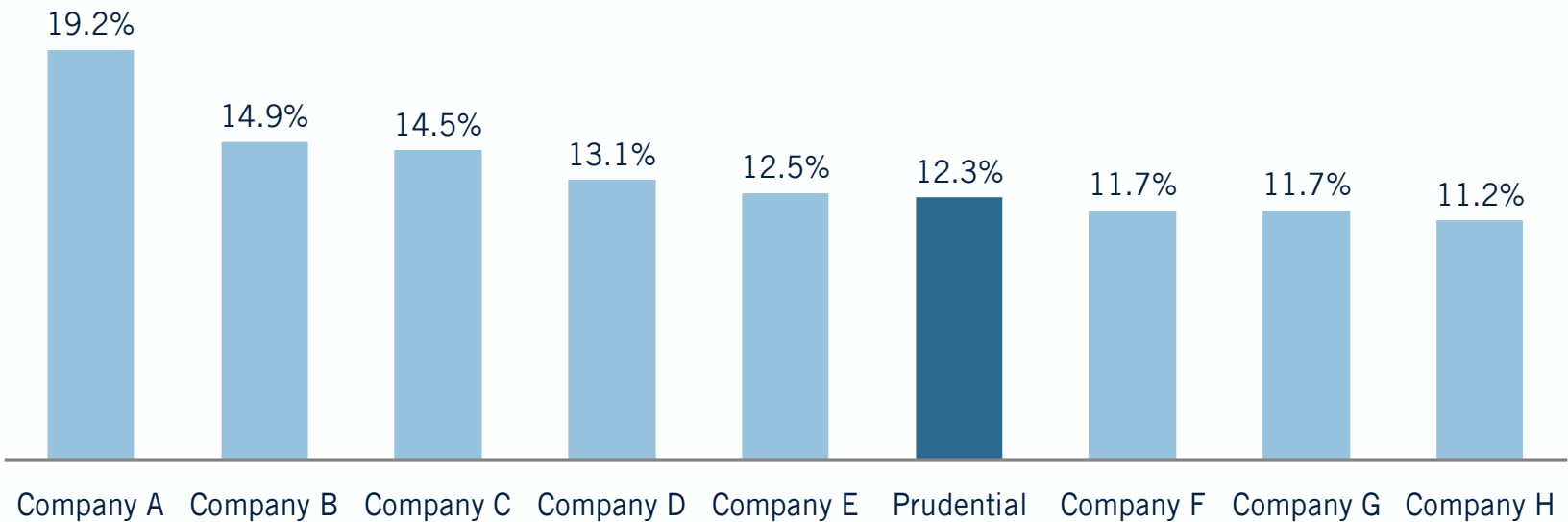
(1) General Account excluding Closed Block Division as of December 31, 2018, on a U.S. GAAP carrying value basis. Ratings shown at lowest national agency rating.



Single name diversification

- Low credit concentration
- Credit rotation trades reduce single name credit migration risk

Top 25 Credit Exposures⁽¹⁾
(% of Total Credit Assets)

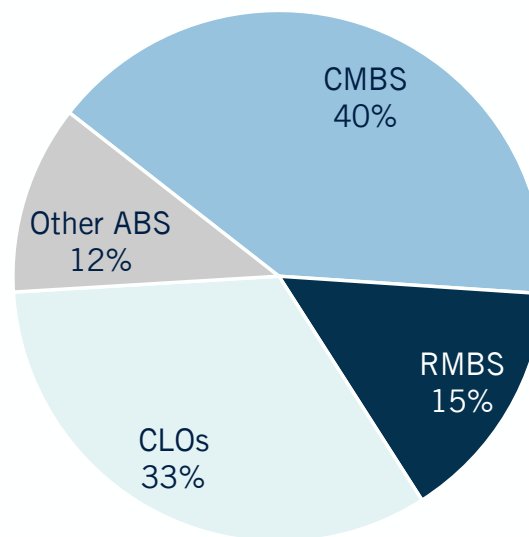


(1) Source: JP Morgan analysis on credit portfolios of large life insurers and S&P Global Market Intelligence. Credit assets defined as issuer obligations excluding U.S. Treasury Securities, short-term bonds, and bonds of affiliates. Data as of 2017 based on Statutory Filings.

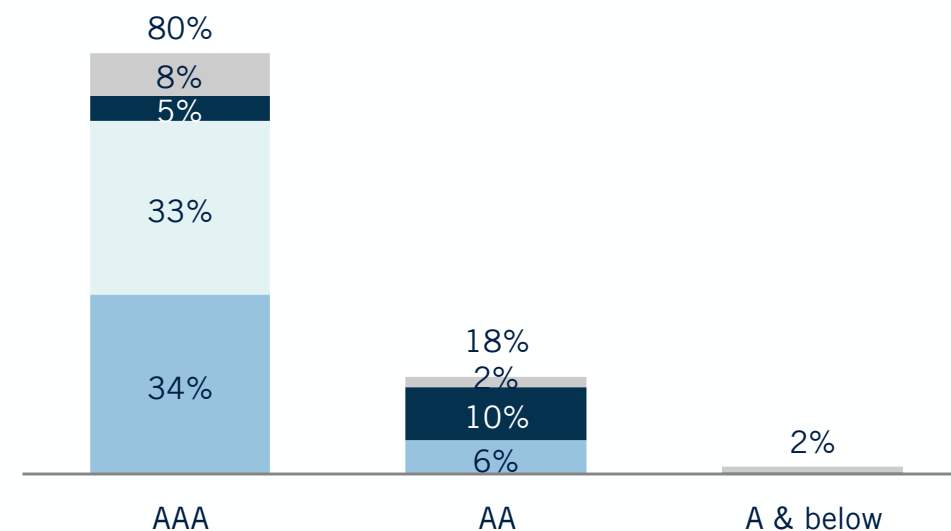
Well balanced, high quality structured products

- 98% AAA-AA rated
- CLO's 100% AAA, with ~37% credit enhancement

Structured Products
\$22 billion (5% of Invested Assets⁽¹⁾)



Credit Quality⁽²⁾
(% of Total Structured Products)

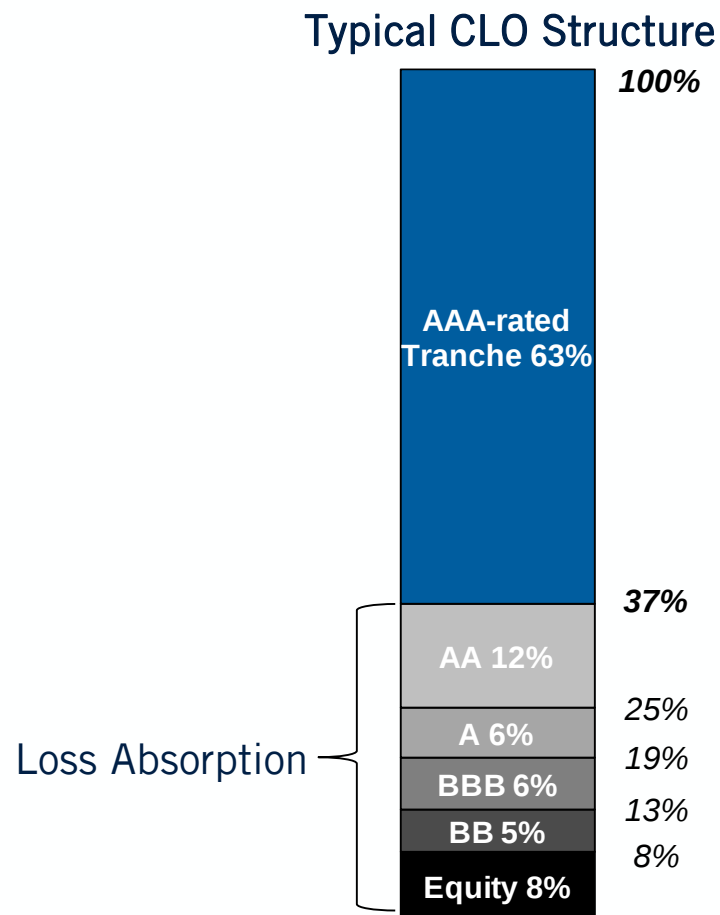


(1) General Account excluding Closed Block Division as of December 31, 2018, on a U.S. GAAP carrying value basis and excludes ASCL.

(2) Ratings shown at lowest assigned by Standard & Poor's, Moody's, Fitch, and Morningstar.



CLOs are high quality with significant structural protections



100%

Rated NAIC 1

100%

Rated AAA externally⁽¹⁾

Investments are in the most senior tranche

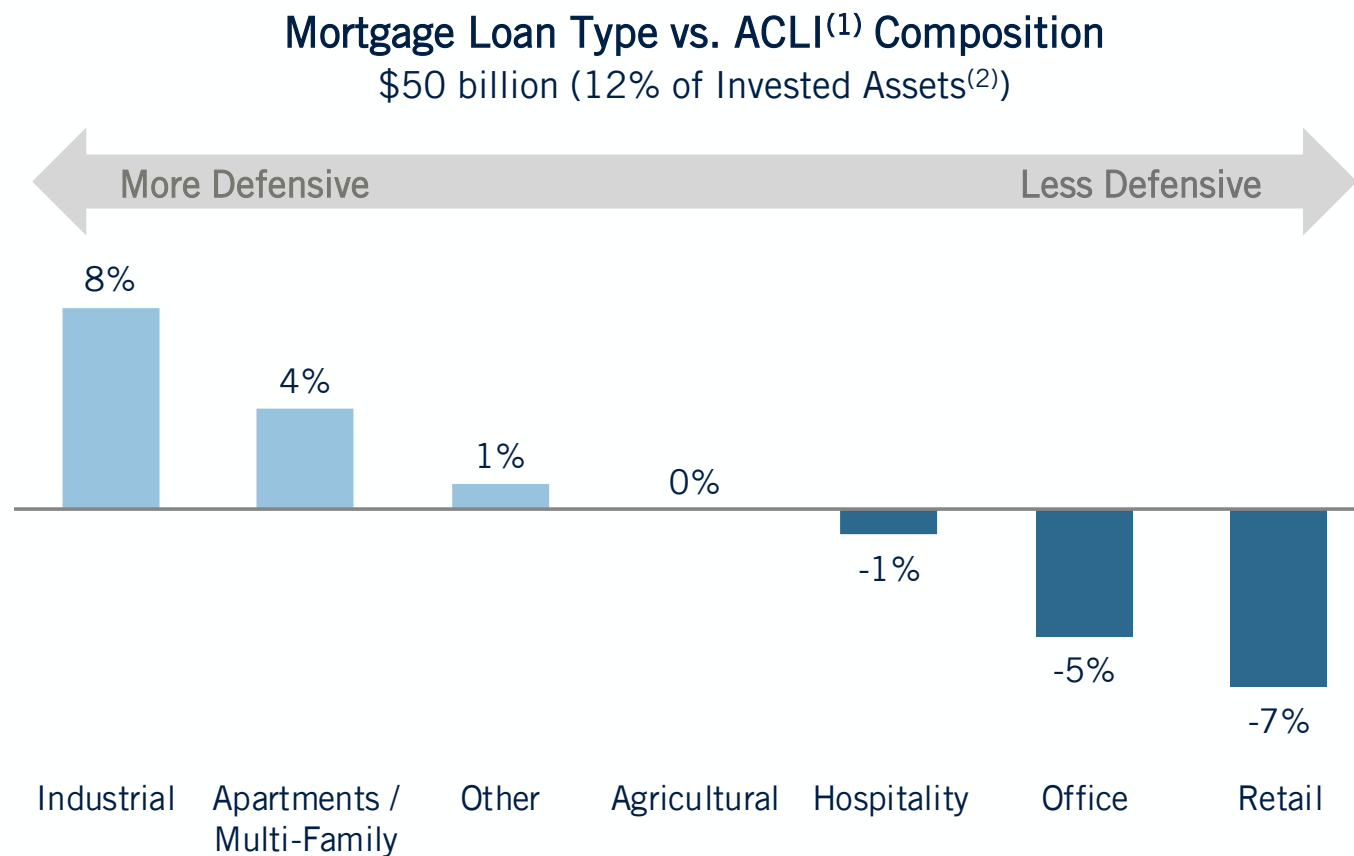
- Strongest structural protections in each transaction
- Credit enhancement level (loss protection) is very high
- Underlying collateral are broadly syndicated loans; avoid middle market

(1) Ratings shown of nationally recognized rating agencies. CLO portfolio is \$7.3 billion as of December 31, 2018, at fair value, in the General Account excluding the Closed Block Division and ASCL.



Diversified, high quality, and defensively positioned mortgage loan portfolio

- Provides attractive yields
- Conservative underwriting
- Benefit of PGIM's direct originations



(1) American Council of Life Insurers (ACLI) peer groups represents average commercial mortgage allocations by sector for participating life insurance companies, excluding Prudential. ACLI percentages shown exclude non-USD denominated loans.

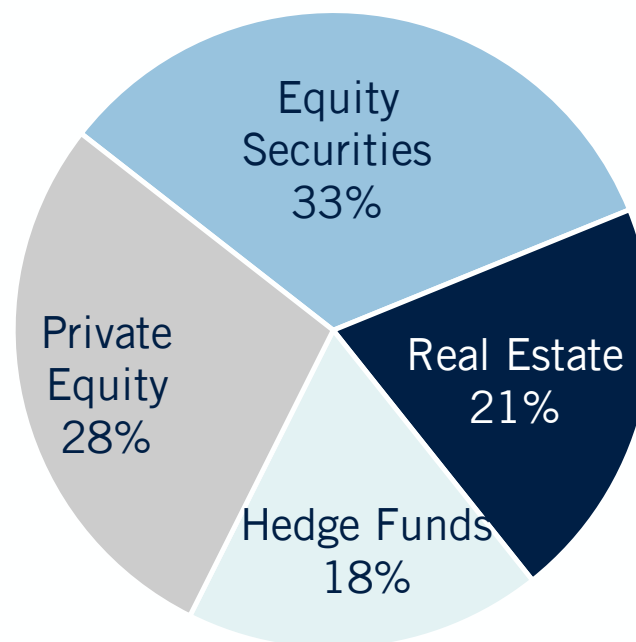
(2) General Account excluding Closed Block Division as of December 31, 2018, on a U.S. GAAP carrying value basis. Mortgage loans above include commercial and agricultural mortgages.



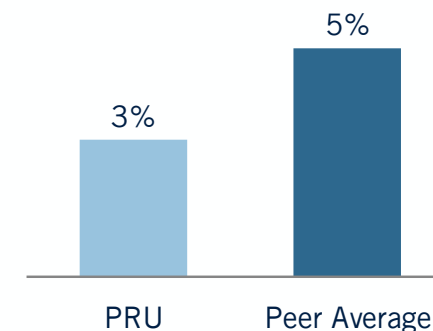
Equities and alternatives provide diversification and enhance long-term return

- Support long-duration liabilities
- Returns exceed fixed income yields
- Lower allocation than peers

Equities and Alternatives Composition
\$12 billion (3% of Invested Assets⁽¹⁾)



PRU vs. Peers⁽²⁾
(% of Invested Assets)



Cumulative AOI⁽³⁾
(2013 – 2018 in billions)



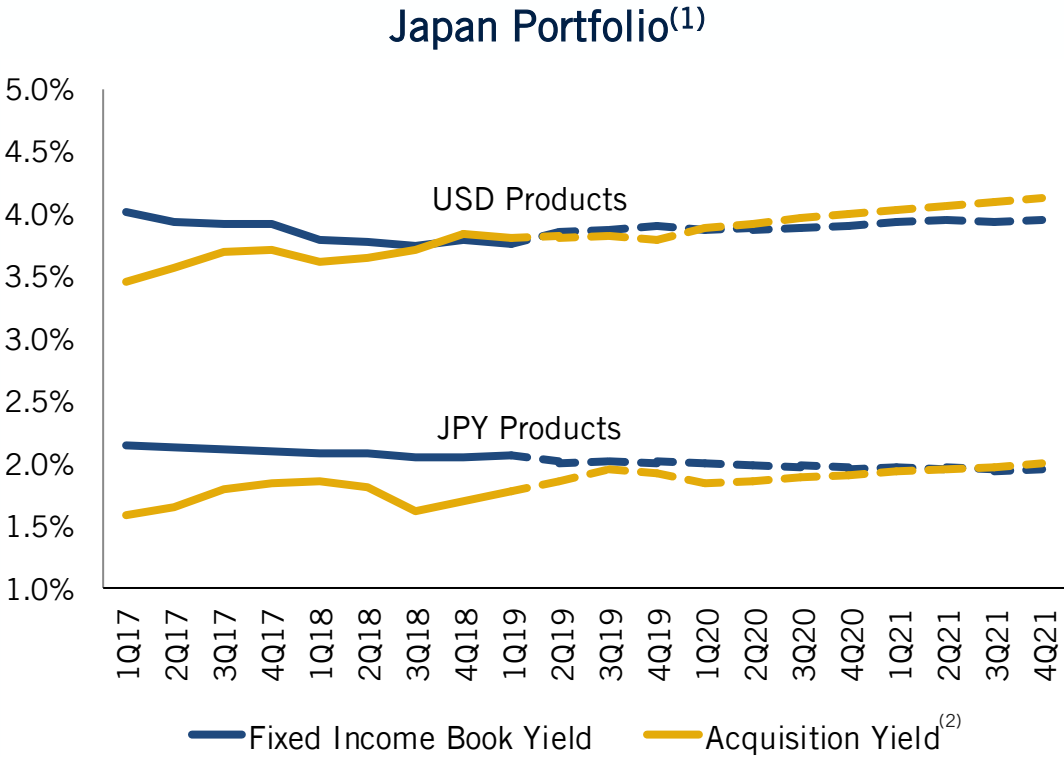
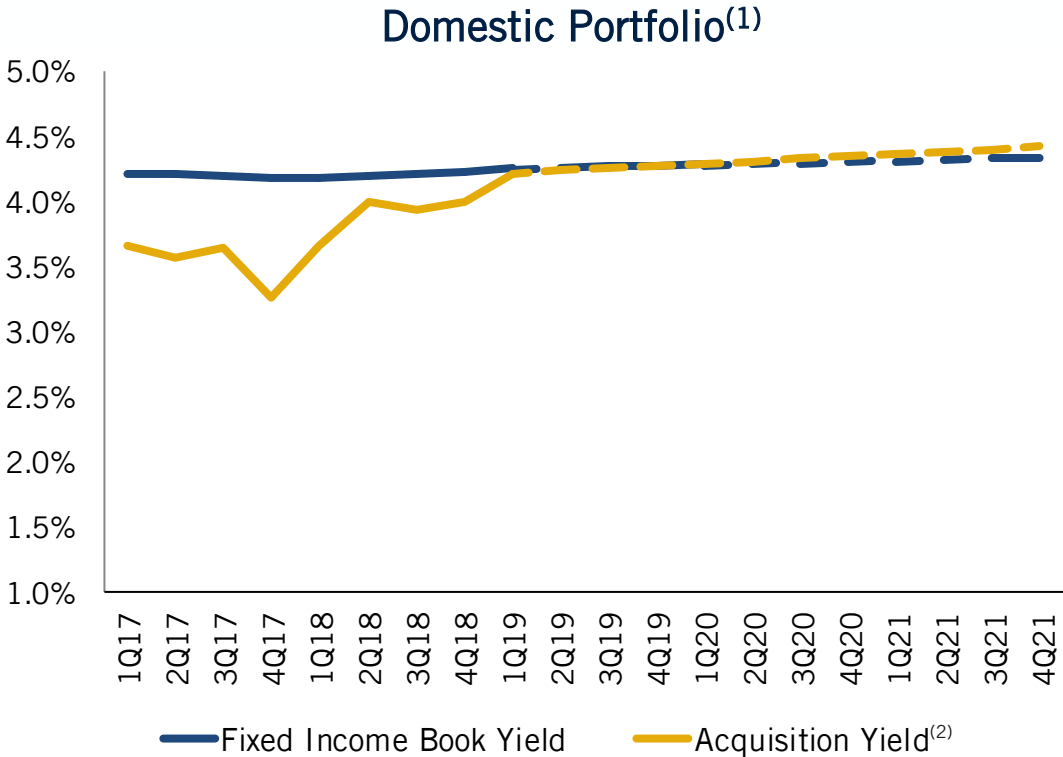
(1) General Account excluding Closed Block Division as of December 31, 2018, on a U.S. GAAP carrying value basis.

(2) Peer average includes AIG, ATH, BFH, LNC, MET, PFG, UNM and VOYA. Includes equity securities, alternative assets and other invested assets as disclosed in Company financial statements.

(3) Expected AOI is based on long-term expected annual returns of the equities and alternatives portfolio for each of the respective years.



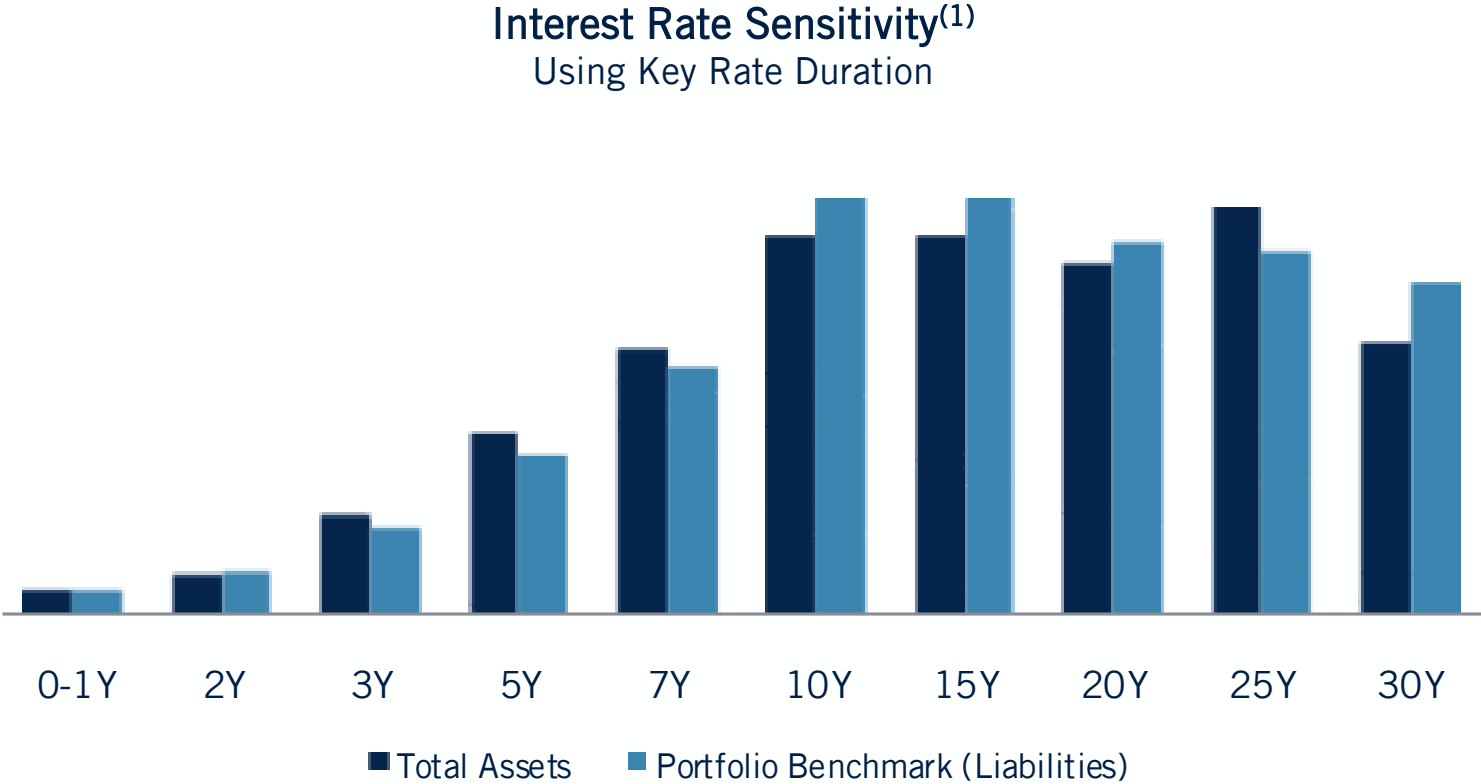
Moderating impact of low interest rates as acquisition yields approach book yields



(1) Fixed Income and Mortgage Portfolio; Domestic Portfolio excludes the Closed Block Division and Divested Businesses, and excludes U.S. Treasury securities. Japan Portfolio includes USD and JPY blocks in the Gibraltar and POJ Businesses. “USD” and “JPY” are indicative of the currency of the products that the assets are supporting.

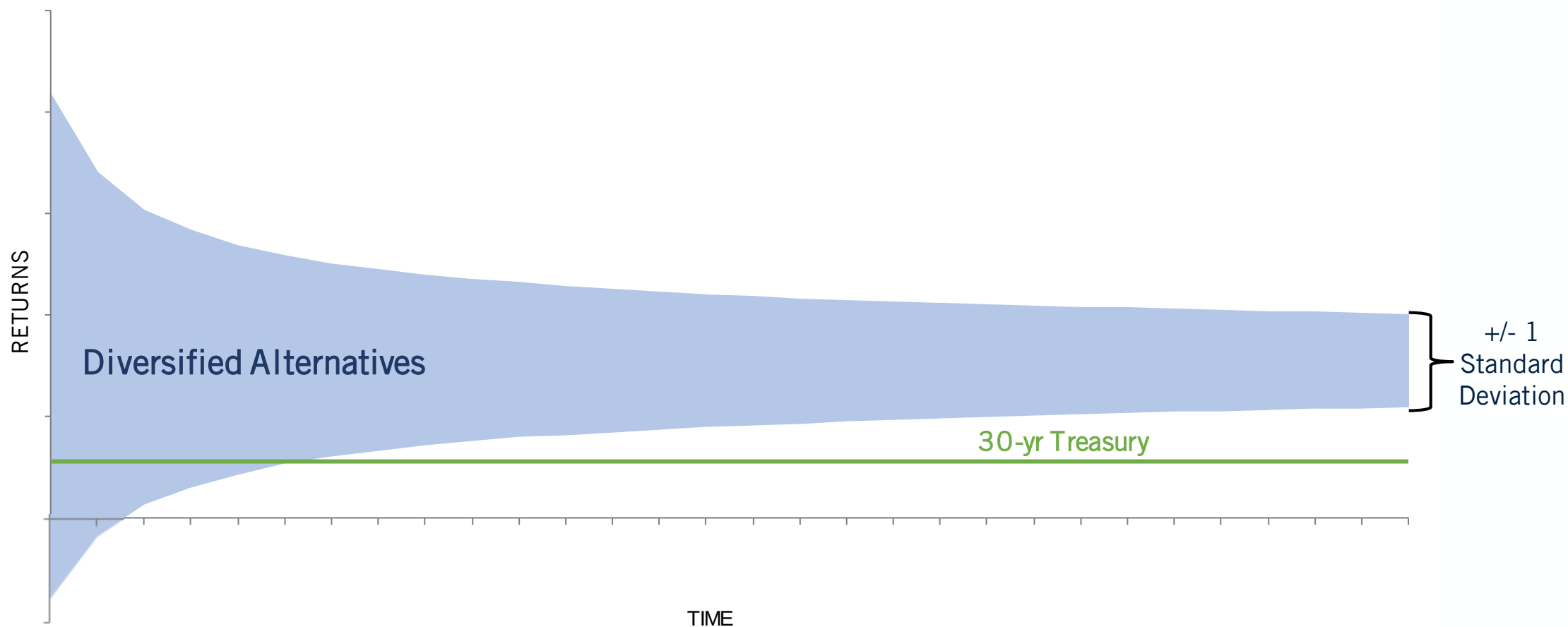
(2) Future period rates assume scheduled maturities are reinvested at the new acquisition yield and asset balances / asset mix remain constant from 1Q 2019 expected balances. Future acquisition yields are based on forward yield curves and projected spreads as of 1Q 2019, as applicable.

Interest rate risk is effectively managed within investable space



(1) General Account excluding Closed Block Division. Approximate change in market value per 1 basis point change in interest rates as of February 28, 2019. Portfolio benchmark including surplus duration benchmark.

Alternatives provide long-term value and support tail liability cash flows



Competitive advantage of PGIM's expertise



- Origination of Private Assets
- Fundamental Credit Analysis - Averaging 30 years of experience⁽¹⁾
- Market Expertise

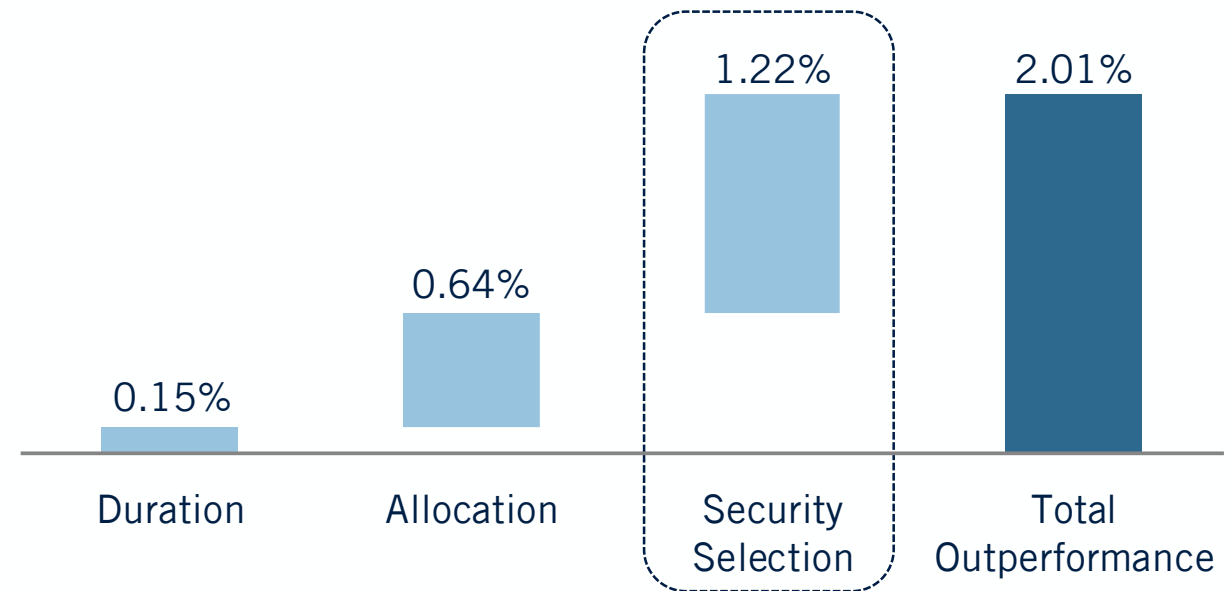
(1) Average investment experience of senior professionals in PGIM Fixed Income.



Investment portfolio outperformance

U.S. Financial Wellness Businesses⁽¹⁾ Full Year 2018

- Domestic fixed income portfolio outperformed IG Public Corporates by **201bps**
- Outperformance driven by asset allocation and PGIM's security selection

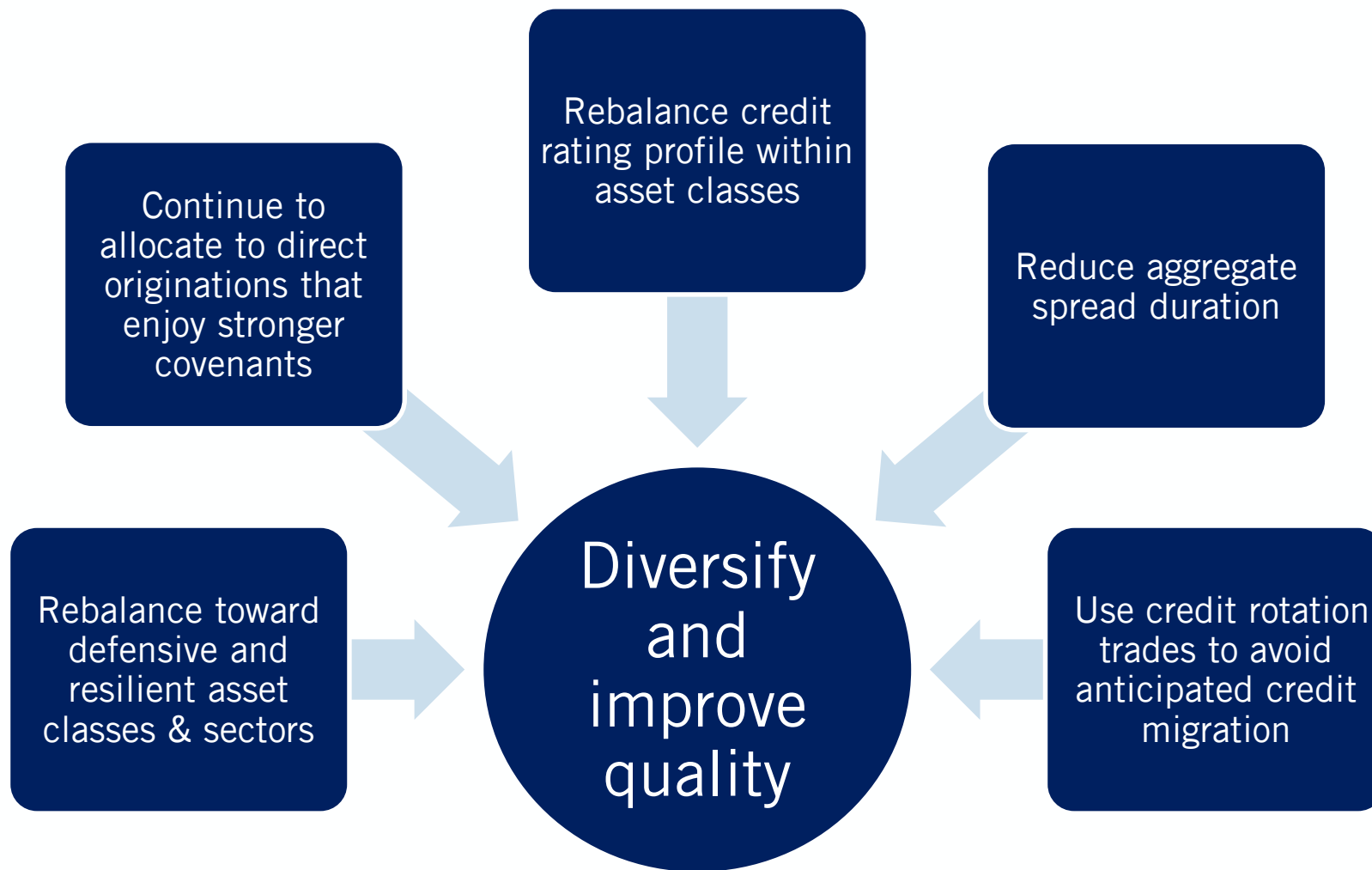


Security selection contributed
96bps over the 2016-2018 period

(1) Includes Workplace Solutions and Individual Solutions. Chart compares total rate of return of fixed income assets of the U.S. Financial Wellness Businesses portfolio against a benchmark comprised of IG public corporate bonds.

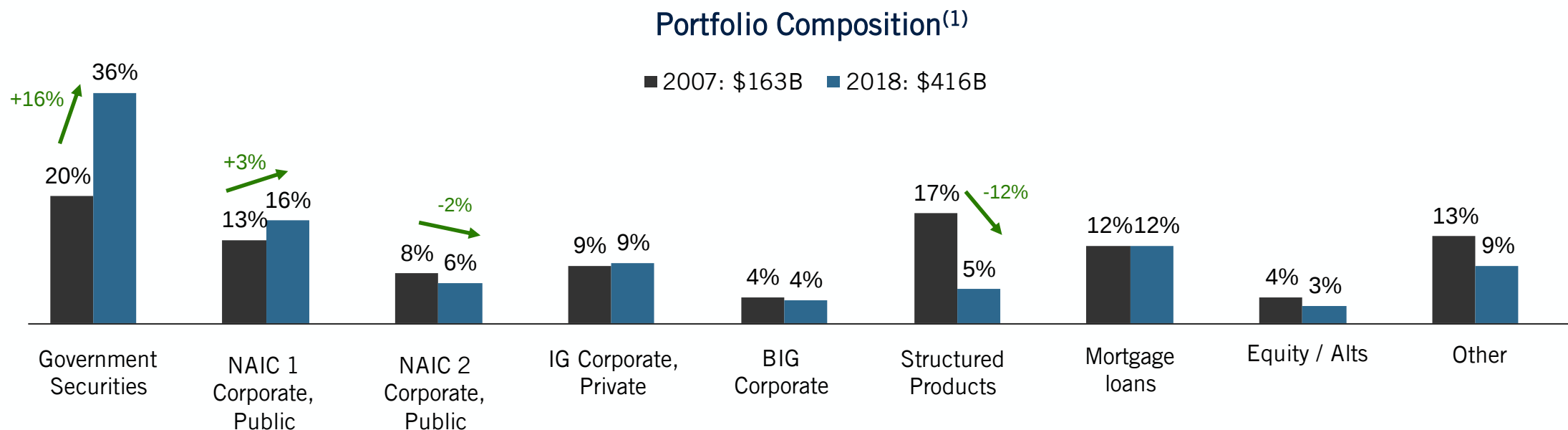


Actions taken to position our portfolio defensively



Well positioned for next downturn

- Increase in government securities and credit quality within public bonds
- **12%** decrease in structured products



(1) General Account excluding Closed Block Division as of December 31, 2018, on a U.S. GAAP carrying value basis. Other includes assets supporting experience-rated contractholder liabilities, fixed maturities - trading, policy loans, short-term investments, derivatives, and other miscellaneous assets.



Key Messages

- Broadly diversified, high quality, and well matched investment portfolio
- Prudential's General Account enjoys a distinctive advantage from PGIM's direct origination capabilities and asset management expertise
- Disciplined framework for credit management and well positioned to weather the credit cycle





Nandini Mongia
Senior Vice President
and Treasurer

2019 Financial Strength Symposium

Financial Management

Key Messages

- Strong financial performance over time
- Robust risk management
- Diversified free cash flow and consistent capital deployment
- Demonstrating financial strength and flexibility



Strong financial performance over time

8%

5-yr Adjusted 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 appendix for more information.

(2) From 2013 to 2018; based on Adjusted Book Value. See appendix for more information.

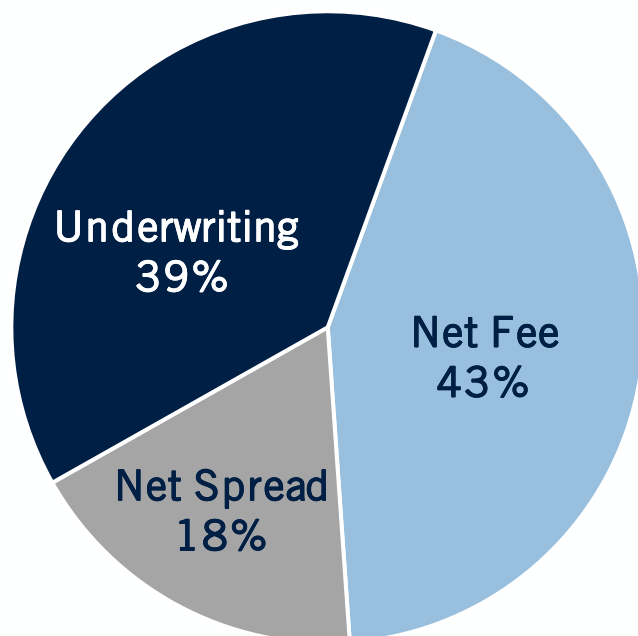
(3) As of year-end 2018 after-tax Adjusted Operating Income and average Adjusted Book Value. See appendix for more information.



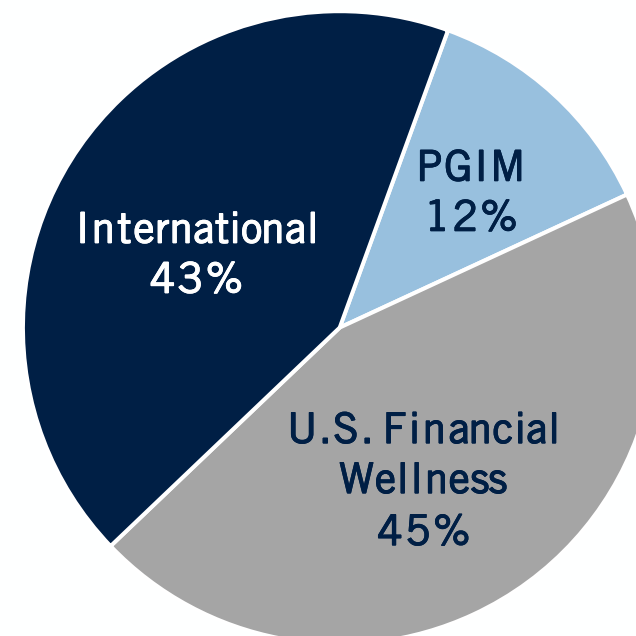
Diversified sources of earnings driven by business mix

2018 Sources of Earnings

By Type⁽¹⁾



By Business⁽²⁾



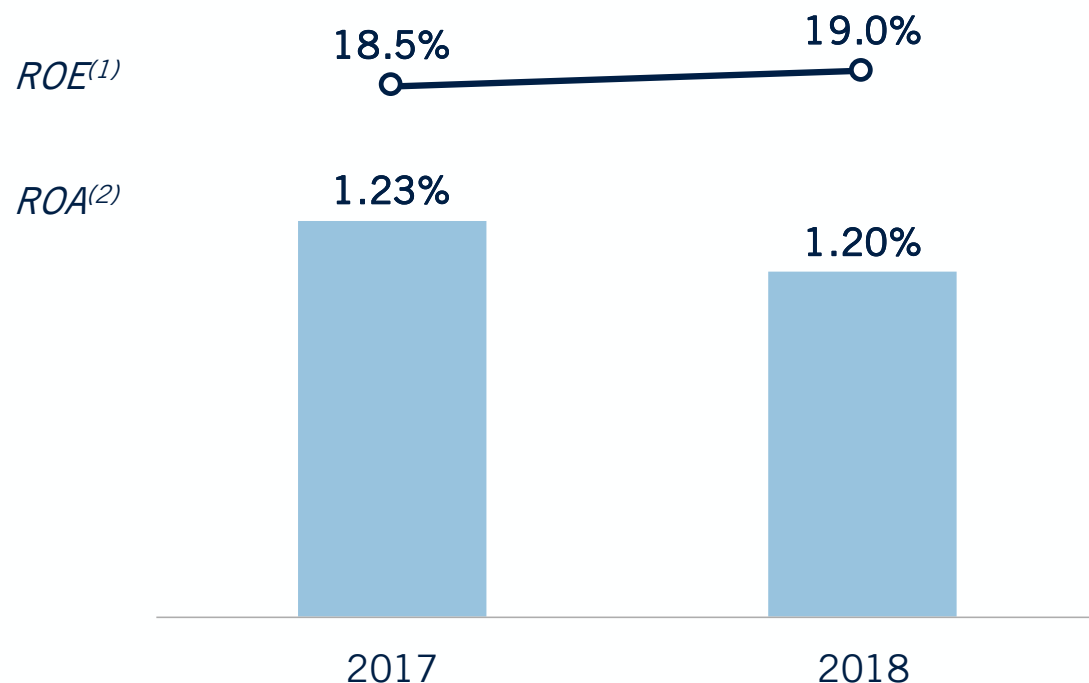
(1) Represents fee income, net of investment expense, and spread income, net of interest expense and interest credited. Underwriting margin and claim experience is gross of general and administrative expenses.

(2) Represents business contribution to 2018 pre-tax Adjusted Operating Income excluding Corporate and Other Operations.



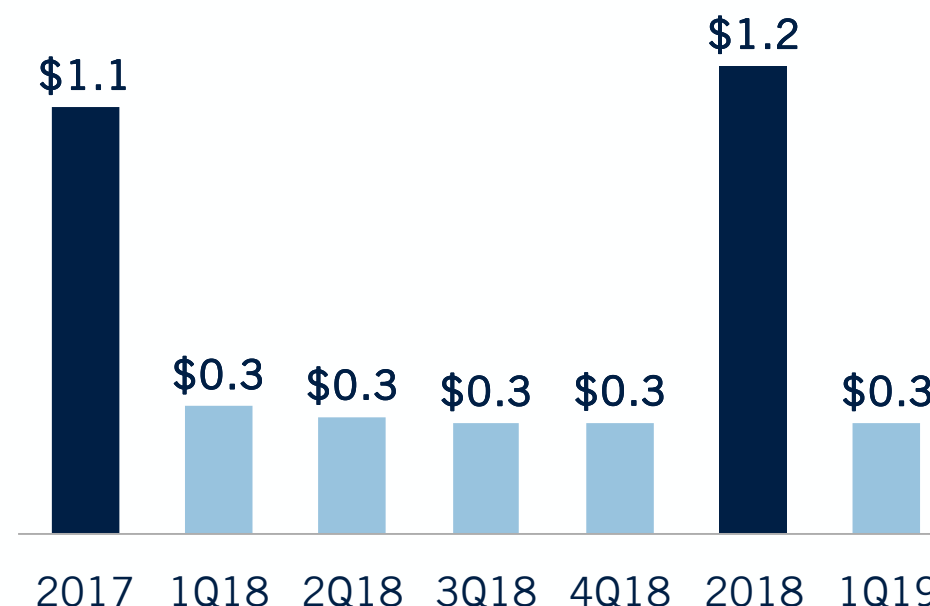
Individual Annuities, an attractive financial profile

Adjusted Operating ROE and ROA Profile



(\$ billions)

Dividends to PFI⁽³⁾



(1) Returns on an unlevered basis: Adjusted operating return on equity represents reported after-tax AOI as a percentage of average attributed equity excluding accumulated other comprehensive income.

(2) Adjusted operating return on assets represents pre-tax AOI excluding notable items as a percentage of average daily separate account values.

(3) Dividends include Prudential Annuities Life Assurance Company and Prudential Annuities Holding Company.



Robust Risk Management

- Comprehensive risk management framework to assess capital and liquidity risk across the Company

Stresses

Equity Market

Interest Rates

Credit / Spreads

Currency

Lens

Economic

Statutory

GAAP

Toolbox

Highly Liquid
Assets

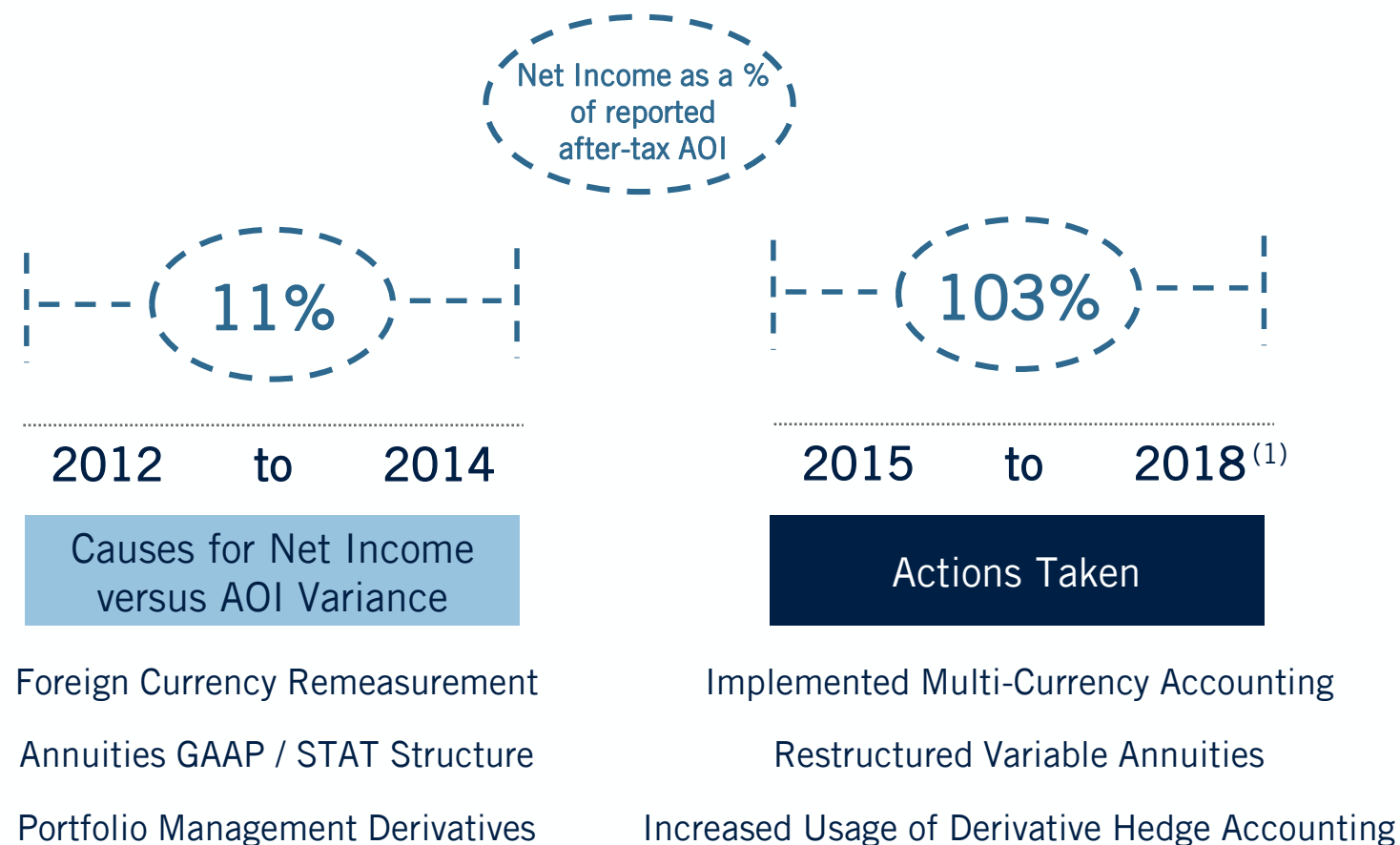
Credit Facilities /
Contingent Capital

General Account
Invested Assets

Investment / Fee
Income & Premiums



Actions to clarify financial performance



Future Actions to Clarify Our Financial Results

- Maintain alignment of Net Income to AOI
- Refine strategies to reduce market volatility
- Provide enhanced guidance on seasonality of earnings

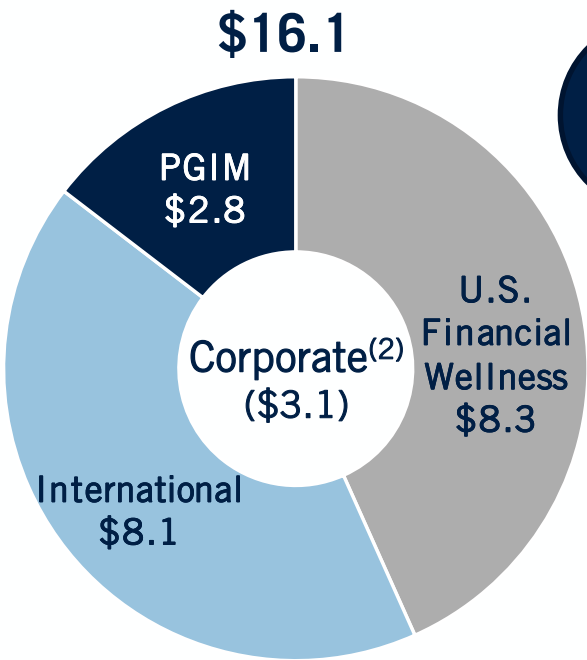
(1) 2017 net income excludes one-time \$2.9 billion impact of the Tax Cuts and Jobs Act of 2017.

Diversified sources of cash flows support consistent capital deployment

(2014 – 2018)

(\$ billions)

Free Cash Flow⁽¹⁾

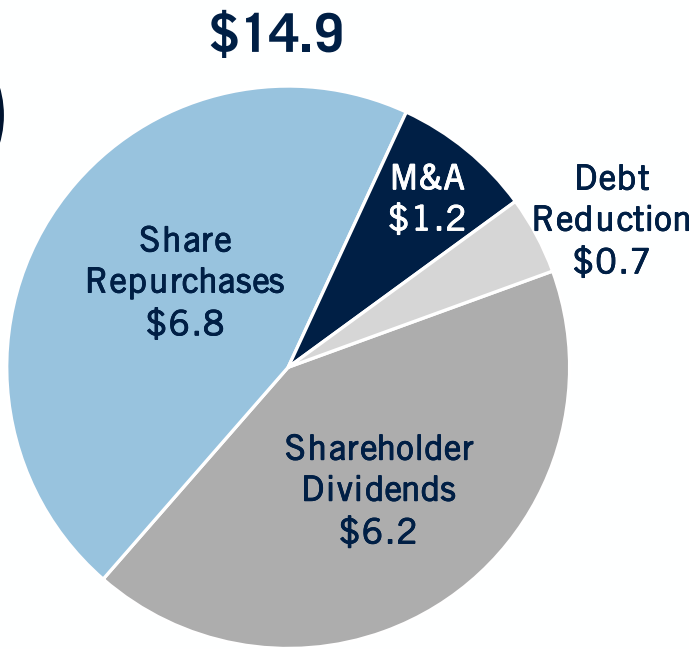


69%

As a % of
after-tax AOI,
excluding
notable items

64%

Capital Deployment



(1) Management view of free cash flow includes dividends and returns of capital (+\$18.1 billion), net receipts from capital related intercompany loans (+\$4.4 billion), net distributions from subsidiaries associated with the Variable Annuities Recapture (+\$1.0 billion), capital contributions to subsidiaries (-\$8.6 billion), and adjusted for M&A funding (+\$1.2 billion).
(2) Represents Corporate expenses funded by the business segments and other net cash flows.

Demonstrating financial strength and flexibility

Company Measures		March 31, 2019	Target	vs. Target
Prudential Financial	Highly Liquid Assets ⁽¹⁾	\$5.5 billion	\$3 – \$5 billion	✓
	Financial Leverage Ratio ⁽²⁾	24%	<25%	✓
Capital		December 31, 2018	Target	vs. Target
Regulatory Capital Ratio	Prudential Insurance Company of America	385%	>375%	✓
	Prudential Holdings of Japan	971%	>800%	✓
	Prudential Annuities Life Assurance Company	Well in Excess	>CTE98	✓

(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) 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 in calculation excludes non-controlling interest, accumulated other comprehensive income (except for pension and postretirement unrecognized costs), and impact of foreign currency exchange rate remeasurement.



Key Messages

- Strong financial performance over time
- Robust risk management
- Diversified free cash flow and consistent capital deployment
- Demonstrating financial strength and flexibility





PRUDENTIAL
TOWER
NEWARK,
NEW JERSEY

2019 Financial Strength Symposium

Appendix

Non-GAAP Measures and Other Disclosures

This presentation may include 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. This presentation may also include references to PGIM's adjusted revenue. Consolidated adjusted operating income, adjusted book value, and PGIM's adjusted revenue 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 www.investor.prudential.com. Reconciliations of these measures and PGIM's adjusted revenues are also included as part of this presentation.

Consensus estimates or forecasts referenced in this presentation are provided for informational purposes and do not represent the Company's estimates or forecasts. The Company does not by its reference to such information imply its endorsement or concurrence.



U.S. Financial Wellness Disclosure

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PGIM Disclosures

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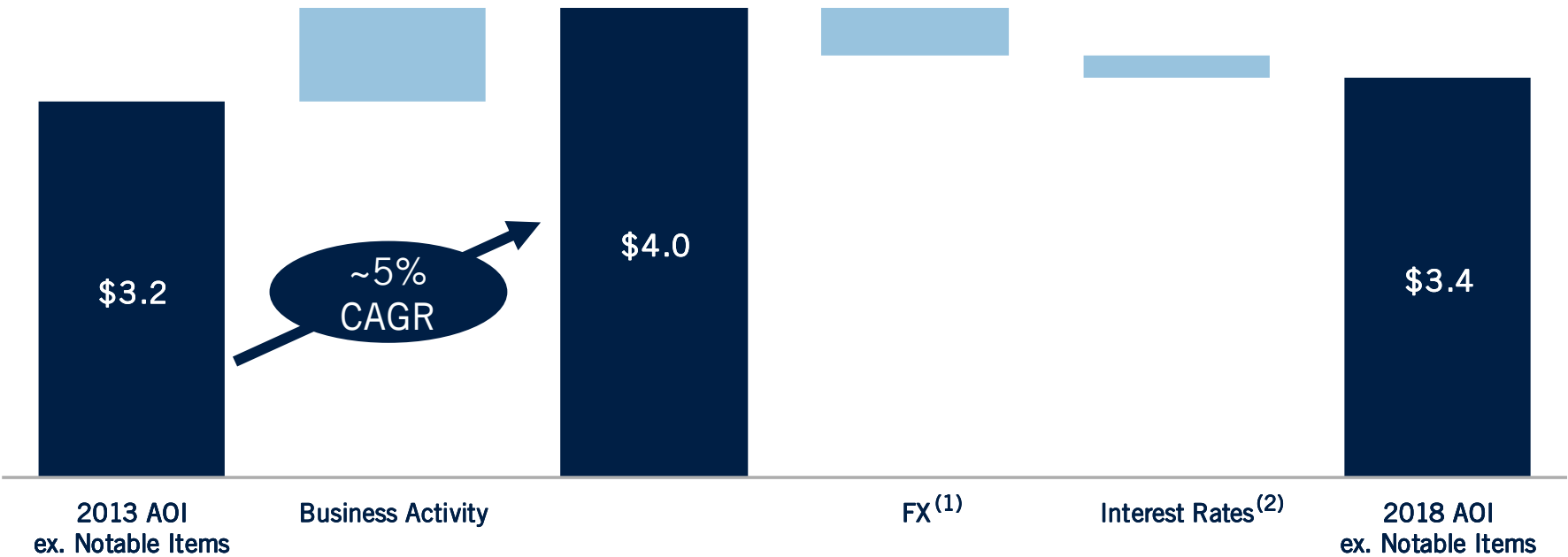
Source of Rankings

Business	Market Position	Source
U.S. Financial Wellness	#1 PRT Assets	Based on Total Assets, LIMRA 4Q 2018 U.S. Group Annuity Risk Transfer Survey.
	#3 VA Sales	Based on U.S. Variable Annuity advisor-sold sales as of 9/30/2018. Source: Morningstar.
	Top 5 Group Life & Disability Premiums	Based on in-force premiums, 2017 LIMRA Studies.
	Top 10 Individual Life Sales	Based on new annualized premiums, LIMRA 4Q 2018 U.S. Individual Life Insurance Sales Survey.
	Top 10 Retirement DC Manager	Based on DC Recordkeeping Assets, Pension & Investments, May 2018.
PGIM	Top 10 Global AUM	Based on Pensions & Investments Largest Money Managers, May 27, 2019. AUM as of December 31, 2018.
	Top 3 Alternatives Asset Manager	Based on Willis Towers Watson Global Alternatives Survey, July 2017. AUM as of December 2016.
	Top 3 Real Estate Manager	IPE Real Assets, Real Estate Managers by Worldwide AUM as of June 30, 2018. Publication as of November/December 2018 issue.
	Top 3 Assets in Investment Grade Credit Strategies	Investment Grade Credit Manager Survey, IPE International Publishers Limited, January 2018. AUM as of September 30, 2017.
International	#1 New Business Face Amount in Japan	Market share data is based on Prudential estimates developed from publicly available data of Japanese insurance companies. Source: Life Insurance Association of Japan (LIAJ) Insurance Business in 2017 for the fiscal year ended March 31, 2018.



International FX and Interest Rate Adjustments

(\$ billions)



Yen Plan Rate:	80	111
Avg. 30-Year Japanese Government Bond Rate:	1.70%	0.77%

(1) Represents foreign exchange translation impact to 2018 AOI excluding notable items based on the difference in foreign currency plan rates between 2013 and 2018.
(2) Represents impact to 2018 AOI excluding notable items from the change in interest rates between 2013 and 2018.

Reconciliations between AOI and the Comparable GAAP Measure⁽¹⁾

(\$ millions, except per share data)	Year Ended	
	2018	2013
Net income (loss) attributable to Prudential Financial, Inc.	\$ 4,074	\$ (713)
Income attributable to noncontrolling interests	14	107
Net income (loss)	4,088	(606)
Less: Income (loss) 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 (loss) 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 (loss) (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 contractholder 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%	-2.0%
Adjusted Operating Return on Equity ⁽¹⁾	12.7%	16.4%

(1) Represents results of the former Financial Services Businesses (FSB) for 2013. Net income return on equity based on year-to-date annualized after-tax net income and average GAAP equity of \$49,928 and \$35,154 as of year-end 2018 and 2013, respectively. Adjusted operating return on equity based on year-to-date annualized after-tax adjusted operating income and average adjusted book value excluding accumulated other comprehensive income and adjusted to remove amount included for remeasurement of foreign currency of \$39,492 and \$27,896 as of year-end 2018 and 2013, respectively.



Reconciliations between Adjusted Book Value and the Comparable GAAP Measure⁽¹⁾

	December 31,	
	2018	2013
(\$ millions, except per share data)		
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	(2,344)	(2,818)
Adjusted book value	<u>\$ 40,055</u>	<u>\$ 28,117</u>
Number of diluted shares	<u>422.2</u>	<u>468.7</u>
GAAP book value per Common share - diluted ⁽¹⁾	\$ 116.34	\$ 72.30
GAAP book value excluding AOCI per Common share - diluted ⁽¹⁾	\$ 90.50	\$ 53.98
Adjusted book value per Common share - diluted ⁽¹⁾	\$ 96.06	\$ 59.99

(1) Represents results of the former FSB for 2013. As of December 31, 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.



Reconciliation of AOI Notable Items

(per share)	Year Ended	
	2018	2013
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 variable investment income 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. Notable items after-tax are based on application of tax rates of 21% in 2018 and 35% in 2013.



Reconciliations of International AOI Notable Items

(\$ millions)	Year Ended	
	2018	2013
International pre-tax adjusted operating income	\$ 3,266	\$ 3,152
Notable items⁽¹⁾		
Annual review and update of actuarial assumptions and other refinements	(81)	(190)
Updated estimates of profitability driven by market performance versus assumptions	(25)	-
Returns on variable investment income above / (below) average expectations	(75)	65
Underwriting experience above / (below) average expected gains	30	27
Integration costs from the Star/Edison acquisition	-	(28)
Gain from sale of investment in China Pacific Group	-	66
Total notable items included in adjusted operating income	(151)	(60)
International pre-tax adjusted operating income, excluding notable items	\$ 3,417	\$ 3,212

(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.



Reconciliation of PGIM Adjusted Revenue

(\$ millions)	Year Ended	
	2018	2010
Total revenue attributable to the PGIM Division	\$ 3,294	\$ 1,973
Less: Passthrough distribution revenue	112	120
Less: Revenue associated with consolidations	46	31
Total adjusted revenue attributable to the PGIM Division	\$ 3,135	\$ 1,822
Adjusted operating income attributable to the PGIM Division	\$ 959	\$ 523
PGIM adjusted operating margin	30.6%	28.7%

