



2Q19 Earnings Call

August 1, 2019

Key Messages

Focused on accelerating strategy

Making lives better by solving financial challenges of the changing world

On track to achieve our operating and intermediate term financial targets

Working to connect track record of operating fundamentals with financial outcomes

Business fundamentals drive attractive ROE and book value growth

Year-to-date adjusted operating return on equity of 12.9%

Record high adjusted book value per share of \$97.15

Record PGIM Assets Under Management and Retirement Account Values

Maintaining strong capital position

Distributed over \$900 million to shareholders, including dividends with a 4.1% yield on adjusted book value

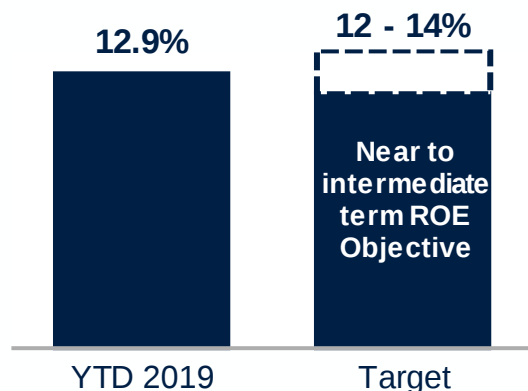
Continue to hold capital above AA level

Holding company highly liquid assets of \$4.9 billion



Second Quarter Financial Highlights

Adjusted Operating Return on Equity



Financials

(\$ millions, except per share amounts)

	2Q19	2Q18
GAAP Net Income	\$708	\$197
GAAP Net Income Per Share	\$1.71	\$0.46
Pre-tax Adjusted Operating Income ⁽²⁾	\$1,653	\$1,661
Adjusted Earnings Per Share ⁽²⁾	\$3.14	\$3.01
Adjusted Book Value Per Share ⁽²⁾	\$97.15	\$92.60

(1) Based on (YTD) 2019 annualized after-tax Adjusted Operating Income and average Adjusted Book Value. See appendix for more information.

(2) See reconciliation in appendix for Adjusted Operating Income, Adjusted Earnings Per Share, and Adjusted Book Value Per Share.

Financial Highlights

Adjusted Earnings Per Share up 4%

- Includes impacts from net favorable comparative assumption update, higher variable investment income, offset by higher expenses

Adjusted Book Value Per Share up 5%

- Includes the payment of \$3.80 per share of common stock dividends during the last four quarters

2Q19 Net Income reflects:

- Non economic product derivative realized losses due to the decline in interest rates

Business Highlights

U.S. Financial Wellness businesses:

- Retirement record Account Values of \$478 billion, up 11%, including ~\$15 billion of net flows
- Individual Annuities sales of \$2.7 billion, up 29%
 - Consistent quarterly dividends of \$286 million to the holding company
- Individual Life sales of \$181 million, up 27%

PGIM:

- Record Assets Under Management of \$1.26 trillion and continued strong investment performance

International:

- Record Life Planner count

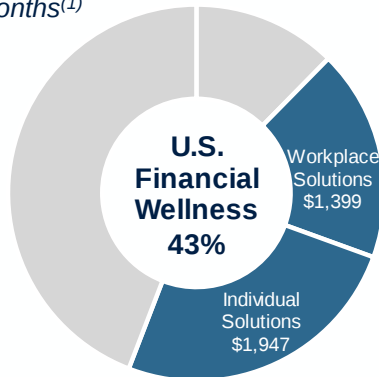


U.S. Financial Wellness

Engaging Millions of Individuals With a Differentiated Offering

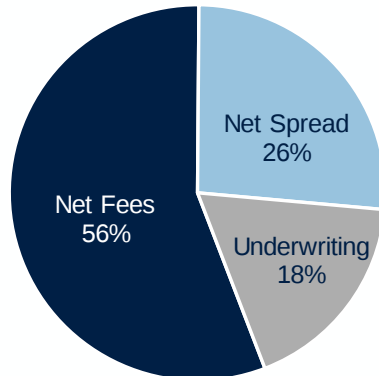
Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)



Diversified Sources of Earnings

Trailing twelve months⁽²⁾



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 actuarial assumptions and other refinements and market experience updates.

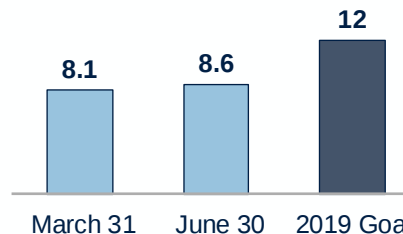
Key Priorities to Grow Earnings

- Drive adoption of our differentiated financial wellness value proposition
- Engage and educate people about their workplace solutions to increase utilization of existing benefits
- Provide people with retail solutions that address broad financial needs
- Execute growth initiatives specific to underlying businesses

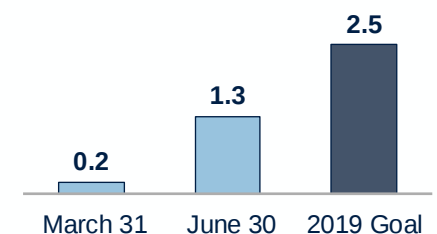
Financial Wellness Metrics

(millions of people)

FW Platform Activation



Retail Solutions Activation

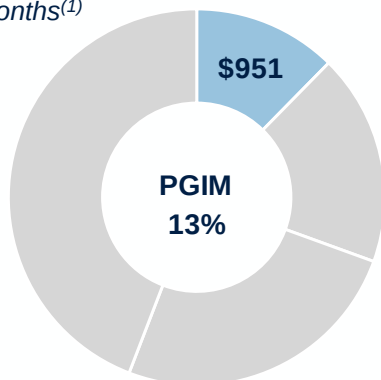


PGIM

Diversified Global Active Asset Manager with a Multi-Manager Model

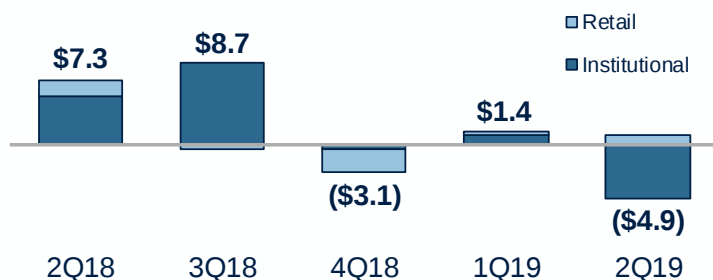
Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)



3rd Party Net Flows

(\$ billions)

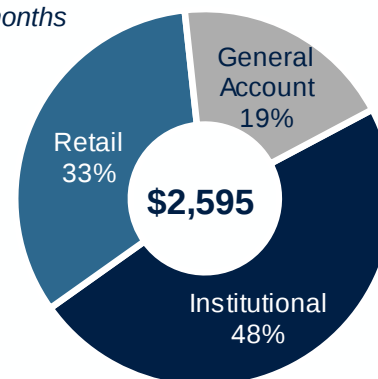


Key Priorities to Grow Earnings

- Maintain strong investment performance⁽²⁾
 - Percentage of AUM⁽³⁾ outperforming benchmark:
3 Year: 86%, 5 Year: 90%, 10 Year: 92%
- Leverage scale of \$1+ trillion multi-manager model and Prudential enterprise relationship
- Expand global footprint
- Continue to diversify products into high margin areas
- Selectively acquire new capabilities

Asset Management Fees

Trailing twelve months
(\$ millions)



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

(2) PGIM calculations as of June 30, 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).

(3) Represents PGIM's benchmarked AUM (85% of total third-party AUM is benchmarked over 3 years, 74% over 5 years, and 57% over 10 years respectively). 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, Quantitative Management Associates, PGIM Real Estate, Prudential Capital Group, PGIM Global Partners and PGIM Real Estate Finance.

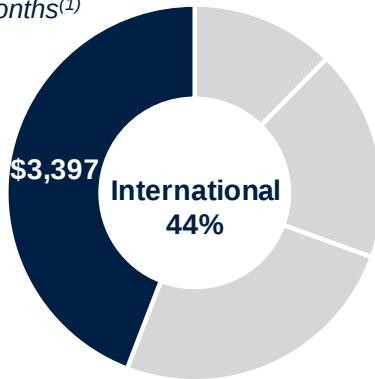


International

Consistent Strategy and Superior Execution Drive Differentiated Results

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

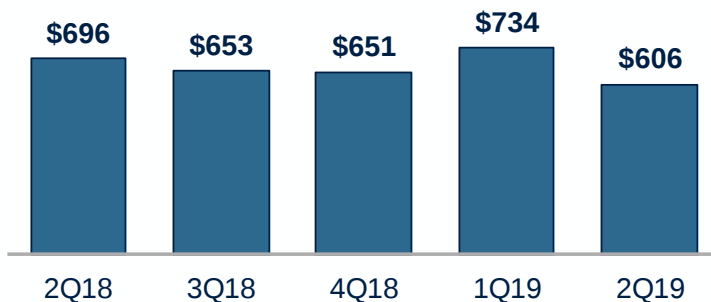


Key Priorities to Grow Earnings

- 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

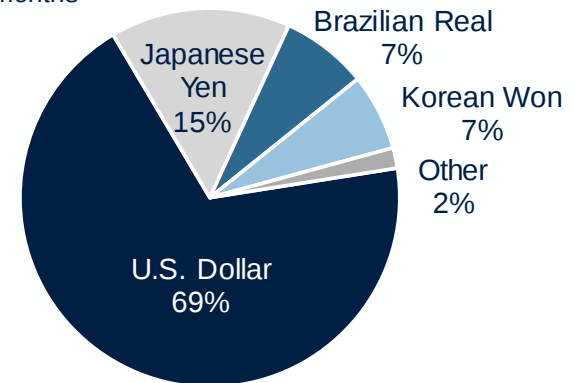
Sales⁽²⁾

(\$ billions)



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) 105 per U.S. Dollar, Korean Won (KRW) 1,110 per U.S. Dollar, and Brazilian Real (BRL) 3.7 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.



Adjusted Operating Income & EPS Considerations

\$ millions, except per share amounts

		Adjusted Operating Income Pre-Tax	Adjusted Earnings Per Share After-Tax
2Q19 Reported⁽¹⁾		\$1,653	\$3.14
Assumption Update	One-time impact of 2Q assumption updates and other refinements	49	0.09
Variable Investment Income	Return to a normalized level	(90)	(0.17)
Other⁽²⁾	Earnings impacts for certain segments	(30)	(0.06)
3Q19 Baseline⁽³⁾⁽⁴⁾		\$1,582	\$3.00

(1) See reconciliation in appendix for Adjusted Operating Income and Adjusted Earnings Per Share.

(2) Reflects a \$15 million increase in the expected Corporate & Other loss to \$340 - \$360 million for 3Q19 and \$15 million of lower expected 3Q19 Gibraltar Life & Other earnings driven primarily from lower sales and the effect of low interest rates.

(3) Underwriting experience above / (below) expectation and the impact from other seasonal items offset.

(4) EPS rollforward list of considerations not intended to be exhaustive, and rollforward is not a projection of 3Q19 results. Does not consider future items such as share repurchases, business growth, and market impacts.



Robust Capital Position Supports Strong Distributions to Shareholders

Capital Position

Capital Deployment

- Capital returned: \$911 million (Share repurchases of \$500 million & dividends of \$411 million)
 - \$1.00 dividend per share, a 4.1% yield on adjusted book value

Capital Level

- Continue to hold capital above our AA financial strength levels

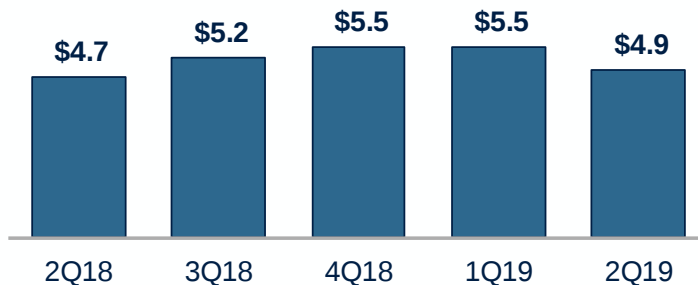
Leverage⁽¹⁾

- Financial leverage ratio less than 25%

Liquidity Position

(\$ billions)

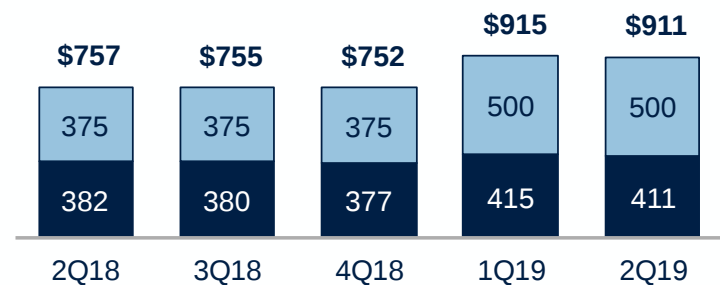
■ Parent Company Highly Liquid Assets⁽²⁾



Shareholder Distributions

(\$ millions)

■ Share Repurchase
■ Common Stock Dividends



(1) 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.

(2) 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.



Key Messages

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Making lives better by solving financial challenges of the changing world

On track to achieve our operating and intermediate term financial targets

Working to connect track record of operating fundamentals with financial outcomes

Business fundamentals drive attractive ROE and book value growth

Year-to-date adjusted operating return on equity of 12.9%

Record high adjusted book value per share of \$97.15

Record PGIM Assets Under Management and Retirement Account Values

Maintaining strong capital position

Distributed over \$900 million to shareholders, including dividends with a 4.1% yield on adjusted book value

Continue to hold capital above AA level

Holding company highly liquid assets of \$4.9 billion





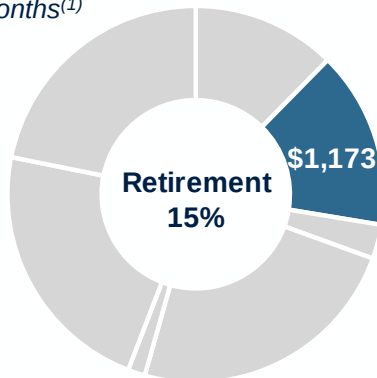
Appendix

Retirement

Differentiated Capabilities Drive Growth in PRT, Full Service, and Stable Value

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

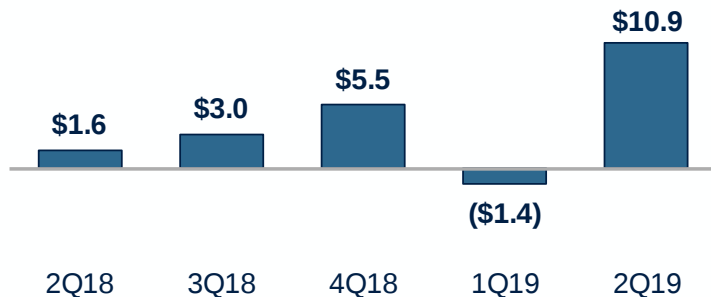


Key Priorities to Grow Earnings

- 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

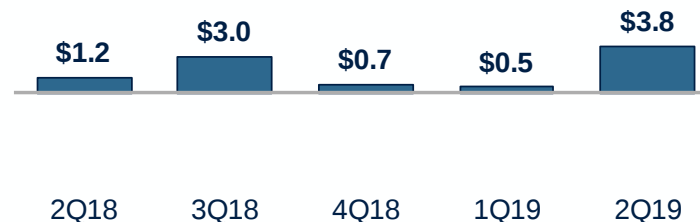
Institutional Investment Products Net Flows

(\$ billions)



Full Service Net Flows

(\$ billions)



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

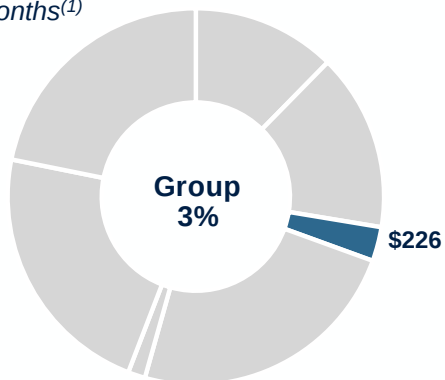


Group Insurance

Leading Group Benefits Provider with Success in Financial Wellness

Earnings Contribution to Prudential

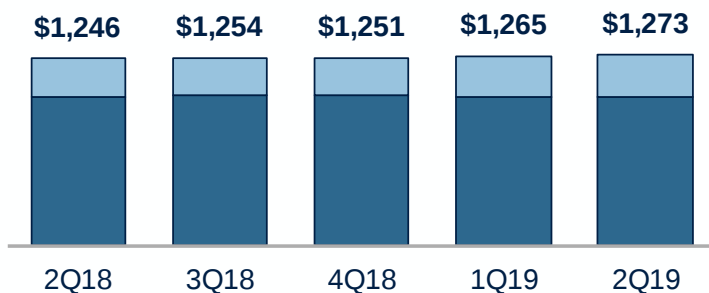
Trailing twelve months⁽¹⁾
(\$ millions)



Earned Premiums & Fees

(\$ millions)

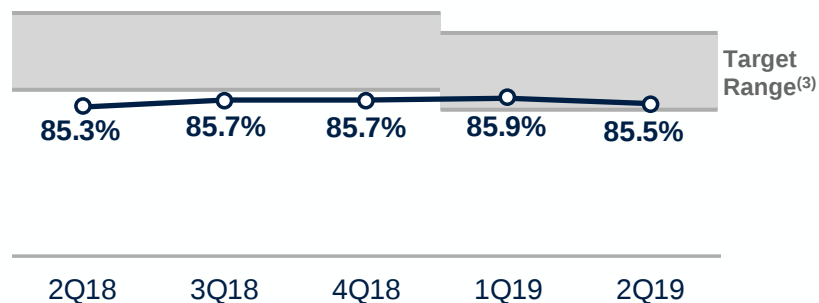
■ Group Life ■ Group Disability



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 and Voluntary products
- Improve organizational and process efficiencies

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.
 (3) Lowered targeted total benefit ratio range from 86% - 90% to 85% - 89% in 1Q19.

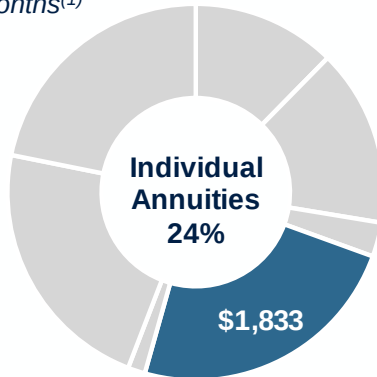


Individual Annuities

Steady Free Cash Flow Generation and Attractive Returns

Earnings Contribution to Prudential

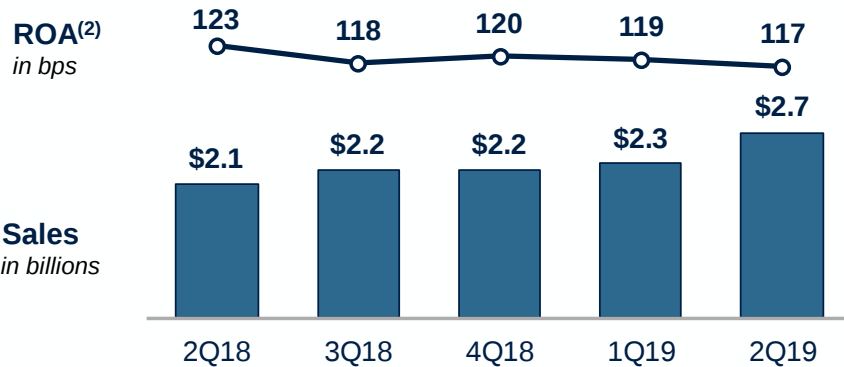
Trailing twelve months⁽¹⁾
(\$ millions)



Key Priorities to Grow Earnings

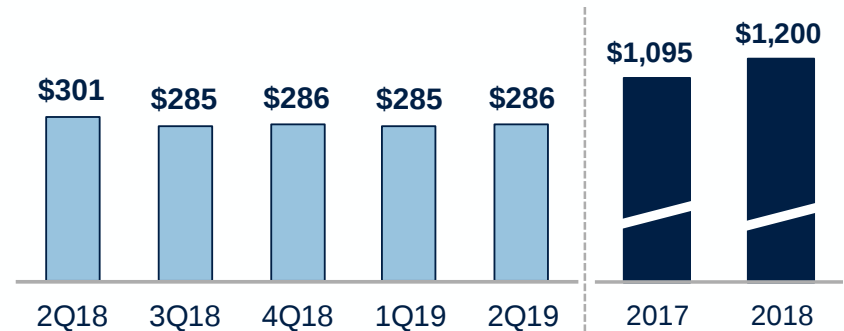
- Generate steady free cash flow and attractive returns
- Continue to grow sales and diversify mix
- Engage a larger addressable market via additional distribution channels
- Extend secure retirement income through Financial Wellness to workplace relationships

Sales & Return on Assets (ROA)



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

(\$ millions)



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

(2) Annualized pre-tax AOI excluding actuarial assumptions and other refinements and market experience updates divided by average daily separate account values.

(3) Dividends include Prudential Annuities Holding Co. but does not include Prudential Insurance Company of America.

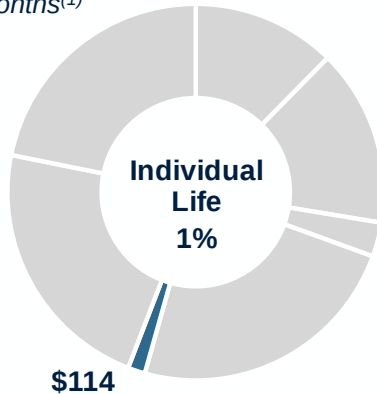


Individual Life

Broad Product Portfolio and Multi-Channel Distribution

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

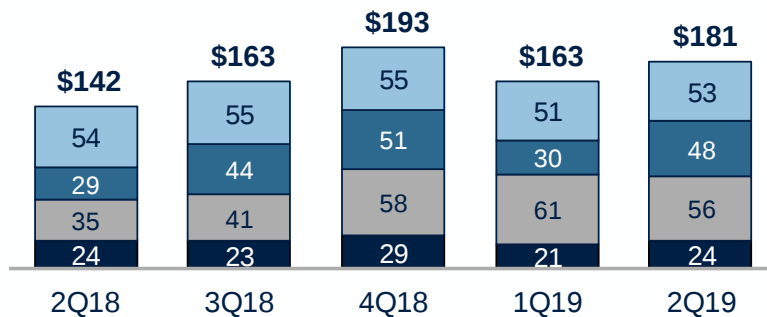


Key Priorities to Grow Earnings

- Deepen existing distribution relationships and add new relationships to increase sales
- Deliver products to the marketplace in an innovative and cost efficient manner
- Explore options for optimizing our inforce management

Sales⁽²⁾ – Product Mix

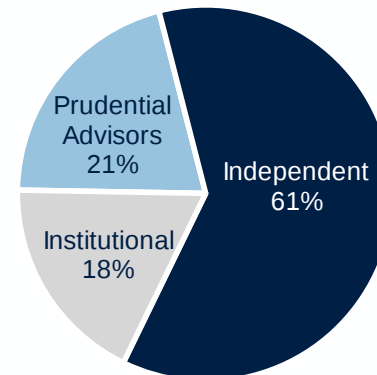
(\$ millions)



■ Guaranteed Universal Life ■ Variable Life ■ Other Universal Life ■ Term

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.

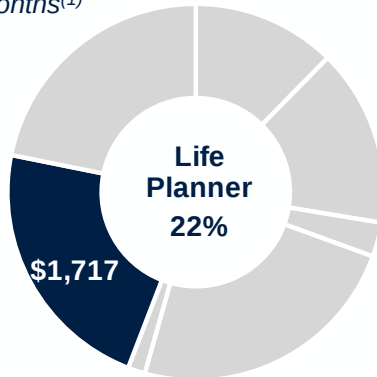


Life Planner Operations

Differentiated Distribution with Steady Long-term Growth Potential

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

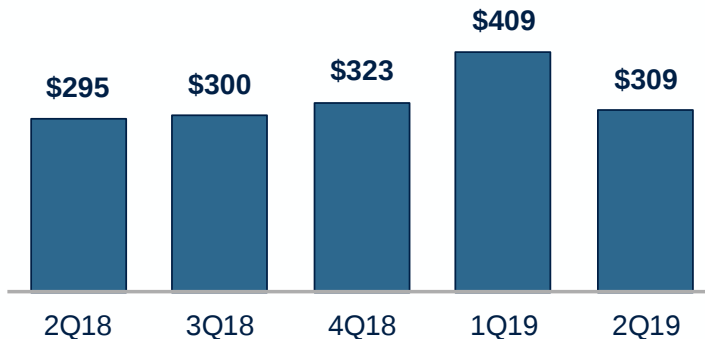


Key Priorities to Grow Earnings

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

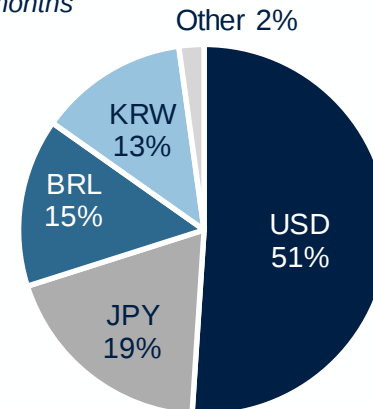
Sales⁽²⁾

(\$ 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) 105 per U.S. Dollar, Korean Won (KRW) 1,110 per U.S. Dollar, and Brazilian Real (BRL) 3.7 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.

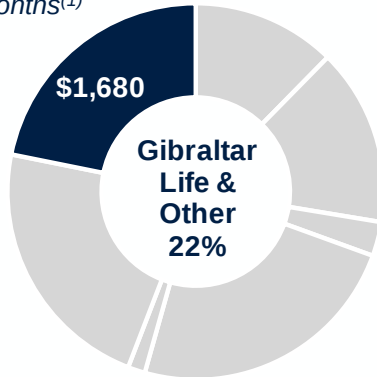


Gibraltar Life and Other

Meeting Client Needs Via Multiple Channels

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

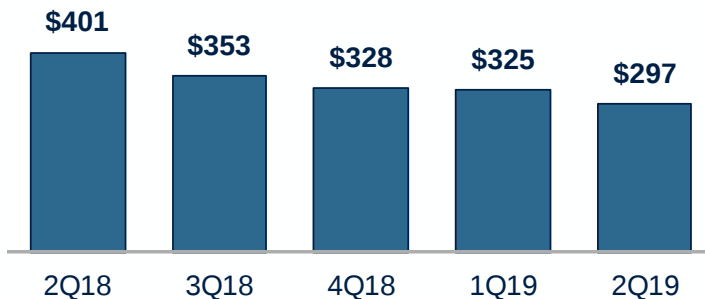


Key Priorities to Grow Earnings

- 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

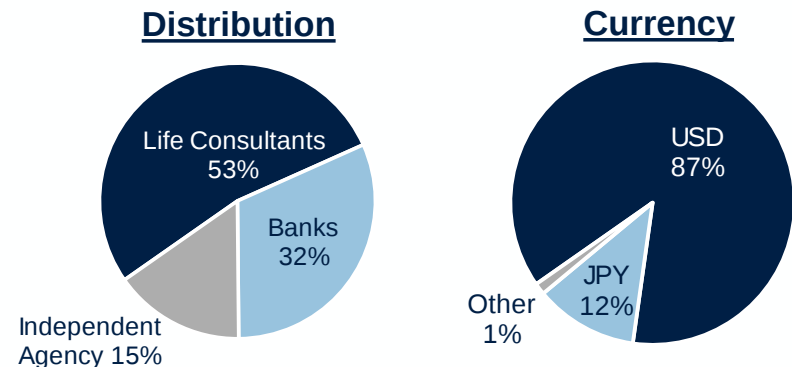
Sales⁽²⁾

(\$ millions)



Sales Mix⁽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) 105 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.



2Q19 Business Segment Earnings Considerations

\$ millions (pre-tax)	Pre-tax Adjusted Operating Income	----- Items Included in Pre-Tax AOI -----		
		Assumption Update and Other ⁽¹⁾	Variable Investment Income above / (below) expectation	Underwriting experience above / (below) expectation
PGIM	\$264	-	-	-
Retirement	\$467	\$154	\$60	-
Group Insurance	\$81	\$9	\$10	\$10
Individual Annuities	\$462	\$(12)	-	-
Individual Life	\$(135)	\$(208)	\$20	\$(30)
Life Planner	\$438	\$1	-	\$30
Gibraltar Life & Other	\$411	\$7	-	-
Corporate & Other⁽²⁾	\$(335)	\$(20)	-	-

- (1) Operating segments include \$49 million for the annual review and update of actuarial assumptions and other refinements, and Corporate and Other includes \$20 million for long-term and deferred compensation expenses that are tied to Prudential's stock price and equity market performance that were higher than expected in 2Q19.
- (2) Corporate and Other pre-tax AOI includes \$19 million of financial wellness implementation costs.



Seasonality of Key Financial Items

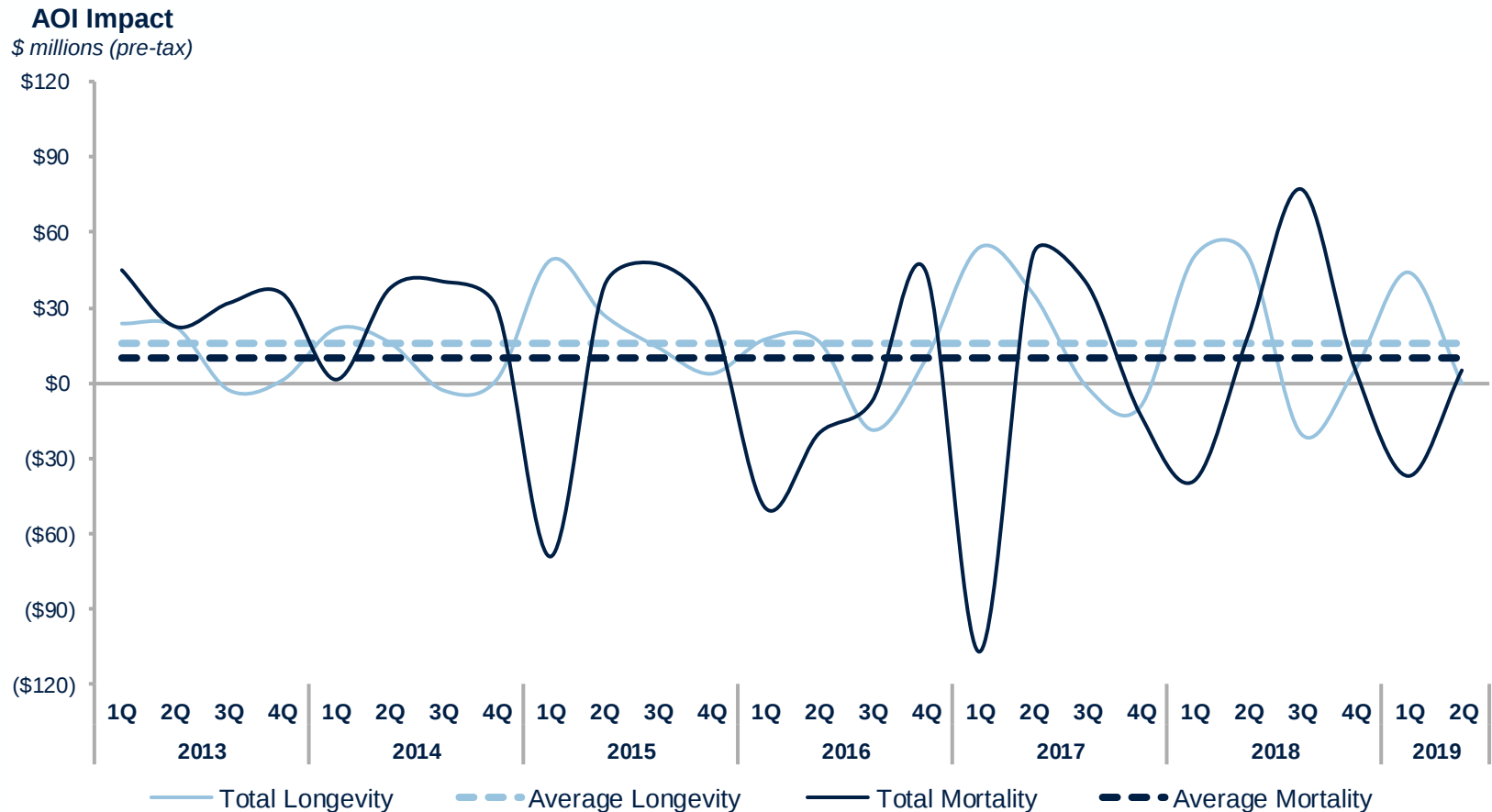
↑↓ Indicates quarterly AOI results that are likely to be higher or lower than the average of the range

\$ millions (pre-tax range)	Baseline Range ⁽¹⁾	3Q19 ⁽²⁾	4Q19	1Q20	2Q20
PGIM	\$215 - \$265		↑ - Other Related Revenues tend to be higher driven by Incentive & Agency Fees	↓ - Higher compensation expense ⁽⁵⁾ - Wells Fargo fees end (\$15M per quarter) ⁽³⁾	
Retirement	\$255 - \$300	↓ - Reserve gains lower	↓ - Reserve gains lower	↑ - Reserve gains higher	↑ - Reserve gains higher
Group Insurance	\$40 - \$65			↓ - Lowest underwriting gains	
Individual Annuities	\$465 - \$490				
Individual Life	\$60 - \$175	↑ - Highest underwriting gains		↓ - Lowest underwriting gains	
Life Planner	\$395 - \$480			↑ - Highest premiums ⁽⁶⁾	↓ - Lowest premiums
Gibraltar Life & Other	\$400 - \$460			↑ - Highest premiums ⁽⁶⁾	↓ - Lowest premiums
Corporate & Other	(\$300) - (\$400)		↓ - Higher expenses ⁽⁴⁾	↓ - Highest compensation expense ⁽⁵⁾	

- (1) Baseline range represents trailing four quarters of AOI excluding assumption updates, market experience updates, variable investment income above / (below) expectations, and other items. For Individual Life, the more appropriate baseline AOI range is \$50 - \$120 million based on the effects of the 2Q19 annual assumption review process on expected underwriting experience
- (2) 3Q19 includes seasonal underwriting expectations of approximately \$(40) million for Retirement and \$30 million for Life.
- (3) Represents known item that will impact PGIM's AOI subsequent to the termination of Wells Fargo fees effective 1/1/2020.
- (4) Total company expenses are typically seasonally higher in the fourth quarter by \$125 - \$175 million. Approximately 50% of these seasonally higher expenses occur in Corporate & Other Operations with the remaining expenses incurred within the other business units.
- (5) Long-term compensation expense for retiree eligible employees is recognized when awards are granted, which is typically in the first quarter of each year. This resulted in about \$35 million of expense in Corporate & Other and about \$35 million in PGIM in 1Q19.
- (6) The concentration of annual premiums in 1Q19 resulted in a benefit of ~\$55 million above average in our International Insurance businesses with about three-fourths in Life Planner and one-fourth in Gibraltar Life & Other. The impact from lower premiums in 2Q19 was approximately \$30 million below average and we expect the impact in 3Q19 to be approximately \$10 million below average.



Offsetting Exposures Between Mortality⁽¹⁾ and Longevity⁽²⁾ Based Businesses



(1) Mortality experience compared to expectations generated by Individual Life, Group Life and International Insurance businesses.
 (2) Longevity experience compared to expectations generated by Retirement and Individual Annuities.



Forward-Looking Statements and Non-GAAP Measures

Certain of the statements included in this presentation, including those regarding our financial targets and Financial Wellness goals, and under the headings “Key Priorities to Grow Earnings,” “Adjusted Operating Income & EPS Considerations” and “Seasonality of Key Financial Items” 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. Our financial targets and Financial Wellness goals, and “Key Priorities to Grow Earnings” and “Adjusted Operating Income & EPS Considerations” are subject to the risk that we will be unable to execute our strategy, and “Seasonality of Key Financial Items” are subject to the risk that different earnings and expense patterns will emerge, in each case, because of economic, 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 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 website at www.investor.prudential.com. Reconciliations are also included as part of this presentation.

Our 3Q19 earnings rollforward is based on after-tax adjusted operating income. Due to the inherent difficulty in reliably quantifying future realized investment gains/losses and changes in asset and liability values given their unknown timing and potential significance, we cannot, without unreasonable effort, provide rollforward based on income from continuing operations, which is the GAAP measure most comparable to adjusted operating income.

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



Reconciliations between Adjusted Operating Income and the Comparable GAAP Measure

(\$ millions)

	Second Quarter		Year to Date	
	2019	2018	2019	2018
Net income attributable to Prudential Financial, Inc.	\$ 708	\$ 197	\$ 1,640	\$ 1,560
Income attributable to noncontrolling interests	30	3	35	4
Net income	738	200	1,675	1,564
Less: Earnings attributable to noncontrolling interests	30	3	35	4
Income attributable to Prudential Financial, Inc.	708	197	1,640	1,560
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	(6)	15	18	37
Income (after-tax) before equity in earnings of operating joint ventures	714	182	1,622	1,523
Less: Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	(630)	277	(1,268)	341
Market experience updates	(208)	-	(208)	-
Investment gains (losses) on assets supporting experience-rated contractholder liabilities, net	287	(193)	741	(596)
Change in experience-rated contractholder liabilities due to asset value changes	(313)	85	(716)	503
Divested and Run-off Businesses:				
Closed Block Division	(21)	(31)	(40)	(40)
Other Divested and Run-off Businesses	112	(1,526)	286	(1,598)
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(4)	(23)	(37)	(49)
Total reconciling items, before income taxes	(777)	(1,411)	(1,242)	(1,439)
Less: Income taxes, not applicable to adjusted operating income	(184)	(295)	(298)	(324)
Total reconciling items, after income taxes	(593)	(1,116)	(944)	(1,115)
After-tax adjusted operating income	1,307	1,298	2,566	2,638
Income taxes, applicable to adjusted operating income	346	363	692	744
Adjusted operating income before income taxes	<u>\$ 1,653</u>	<u>\$ 1,661</u>	<u>\$ 3,258</u>	<u>\$ 3,382</u>
Net Income Return on Equity			6.0%	6.1%
Adjusted Operating Return on Equity ⁽¹⁾			12.9%	13.5%

(1) Represents adjusted operating income after-tax, annualized for interim periods, divided by average Prudential Financial, Inc. equity excluding accumulated other comprehensive income and adjusted to remove amounts included for foreign currency exchange rate remeasurement.



Reconciliations between Adjusted Operating Income Per Share and the Comparable GAAP Measure

	Second Quarter		Year to Date	
	2019	2018	2019	2018
Net income attributable to Prudential Financial, Inc.	\$ 1.71	\$ 0.46	\$ 3.93	\$ 3.62
Less: Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	(1.52)	0.65	(3.05)	0.79
Market experience updates	(0.50)	0.00	(0.50)	0.00
Investment gains (losses) on assets supporting experience-rated contractholder liabilities, net	0.69	(0.45)	1.78	(1.39)
Change in experience-rated contractholder liabilities due to asset value changes	(0.76)	0.20	(1.72)	1.17
Divested and Run-off Businesses:				
Closed Block Division	(0.05)	(0.07)	(0.10)	(0.09)
Other Divested and Run-off Businesses	0.27	(3.57)	0.69	(3.72)
Difference in earnings allocated to participating unvested share-based payment awards	0.02	0.02	0.02	0.03
Total reconciling items, before income taxes	(1.85)	(3.22)	(2.88)	(3.21)
Less: Income taxes, not applicable to adjusted operating income	(0.42)	(0.67)	(0.68)	(0.73)
Total reconciling items, after income taxes	(1.43)	(2.55)	(2.20)	(2.48)
After-tax adjusted operating income	\$ 3.14	\$ 3.01	\$ 6.13	\$ 6.10



Reconciliations between Adjusted Book Value and the Comparable GAAP Measure

(\$ millions, except per share data)

	June 30, 2019	June 30, 2018
GAAP book value	\$ 61,660	\$ 48,232
Less: Accumulated other comprehensive income (AOCI)	23,982	11,655
GAAP book value excluding AOCI	37,678	36,577
Less: Cumulative effect of remeasurement of foreign currency	(2,070)	(2,650)
Adjusted book value	<u>\$ 39,748</u>	<u>\$ 39,227</u>
 Number of diluted shares	 414.3	 429.0
 GAAP book value per Common share - diluted ⁽¹⁾	 \$ 150.04	 \$ 113.59
GAAP book value excluding AOCI per Common share - diluted ⁽¹⁾	\$ 92.15	\$ 86.43
Adjusted book value per Common share - diluted ⁽¹⁾	\$ 97.15	\$ 92.60

(1) Book value per share of Common Stock (including AOCI, excluding AOCI, and excluding AOCI and remeasurement of foreign currency) as of the second quarter of 2019 includes a \$500 million increase in equity and a 6.2 million increase in diluted shares reflecting the dilutive impact of exchangeable surplus notes when book value per share of Common Stock is greater than \$80.73. As of the second quarter of 2018, book value per share of Common Stock includes a \$500 million increase in equity and a 5.9 million increase in diluted shares, reflecting the dilutive impact of exchangeable surplus notes when book value per share is greater than \$85.00.

