



3Q20 Earnings Call

November 4, 2020

Key Messages

**On track with our
2020 initiatives**

**Increased cost
savings**

**Supported by our
rock solid balance
sheet**

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



On Track with our 2020 Initiatives

2020 Initiatives	Commentary	Status
Cost Savings Initiative	- Realized ~\$135 million of cost savings through 3Q20 - Increasing cost savings target to \$750 million by year-end 2023	Expanding Program
Rotate International Earnings Mix	- Closed sale of Prudential of Korea in August - Announced sale of Prudential of Taiwan in August	On Track
Actions to Mitigate Low Interest Rates	- Repricing products more quickly - Pivoting to less interest rate sensitive solutions	On Track



Supported by Our Rock Solid Balance Sheet



Capital continued to exceed AA strength levels as of September 30, 2020



Highly liquid assets of \$6.1 billion, including proceeds of \$1.6 billion from Prudential of Korea sale



Conservative investment portfolio



Significant additional resources available



Third Quarter 2020 Highlights

(\$ millions, except per share amounts)

Financial Highlights

	<u>YTD 2020</u>	<u>3Q20</u>
Pre-Tax Adjusted Operating Income⁽¹⁾	\$3,629	\$1,563
Adjusted Earnings Per Share⁽¹⁾	\$7.27	\$3.21
GAAP Net Income Per Share	(\$3.06)	\$3.70
Adjusted Operating ROE⁽²⁾	10.1%	
Adjusted Book Value Per Share⁽¹⁾	\$94.36	

Earnings Drivers

U.S. Businesses

- Lower fee income
- Less favorable underwriting
- + Higher spread income

PGIM

- + Higher Other Related Revenues
- + Higher asset management fees
- Higher expenses

International Businesses

- + Lower expenses
- + Business growth
- + More favorable underwriting
- Lower JV earnings
- Lower spread income



Note: See Appendix for segment results. Prior period restated for reclassification of results of Prudential Life Insurance Company of Taiwan Inc. ("POT"). Adjusted operating income reflects the reclassification of results of POT from International Businesses to Divested and Run-off Businesses in Corporate & Other. POT's results are excluded from adjusted operating income as a result of the operation being held for sale.

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

(2) Based on year-to-date 2020 annualized after-tax Adjusted Operating Income and average Adjusted Book Value. See Appendix for more information.

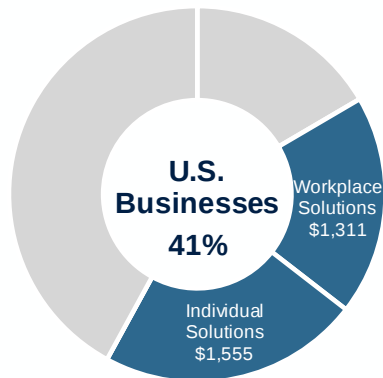


U.S. Businesses

Diversified Business Portfolio with Expanding Market Opportunities

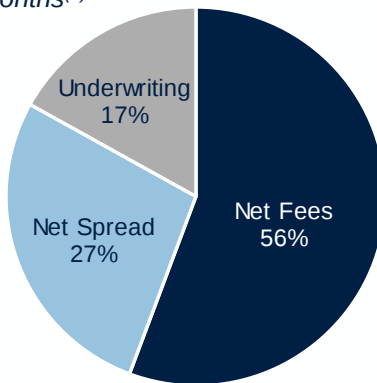
Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)



Diversified Sources of Earnings

Trailing twelve months⁽²⁾



Key Priorities

- Continue product pivots and maintain pricing discipline to generate appropriate returns for the current market environment
- Deliver on savings commitments while transforming our capabilities to improve customer experiences
- Leverage the capabilities of Prudential and Assurance IQ to expand our addressable market and drive growth in less market-sensitive sources of earnings

Key Performance Indicators

- Record Retirement account values and strong Full Service and Group Life persistency
- Successful launch of Annuities FlexGuard product, representing 38% of 3Q20 sales
- Repriced significant portion of retail product portfolio
- On track to deliver targeted efficiencies

Note: See Appendix for segment results.

(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations. U.S. Businesses include Retirement, Group Insurance, Individual Annuities, Individual Life, and Assurance IQ.

(2) Based on net fee income, net spread income, and underwriting margin and claims experience gross of expenses. Excludes assumption updates and other refinements and market experience updates.

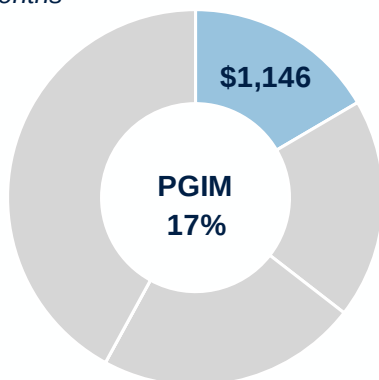


PGIM

Active Global Investment Manager Across a Broad Range of Private and Public Asset Classes

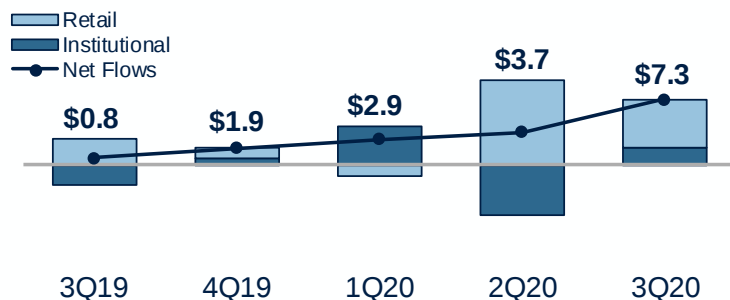
Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)



3rd Party Net Flows

(\$ billions)

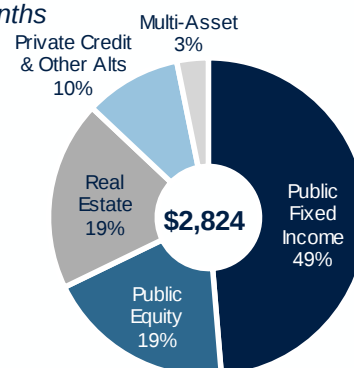


Key Priorities

- Maintain strong investment performance⁽²⁾
 - Percentage of AUM⁽³⁾ outperforming benchmark:
3 Year: 87%, 5 Year: 91%, 10 Year: 95%
- Leverage scale of record \$1.4 trillion AUM⁽⁴⁾ through multi-manager model and Prudential enterprise relationship
- Globalize the product and client footprint
- Continue to diversify into alternatives and other high margin areas
- Selectively acquire new capabilities

Asset Management Fees

Trailing twelve months
(\$ millions)



(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.

(2) PGIM calculations as of September 30, 2020 for \$821 billion of third-party AUM managed against public benchmarks. 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 (77% of total third-party AUM is benchmarked over 3 years, 68% over 5 years, and 43% 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 (QMA), PGIM Real Estate, PGIM Private Capital, PGIM Global Partners, and PGIM Real Estate Finance.

(4) Based on assets under management as of September 30, 2020.

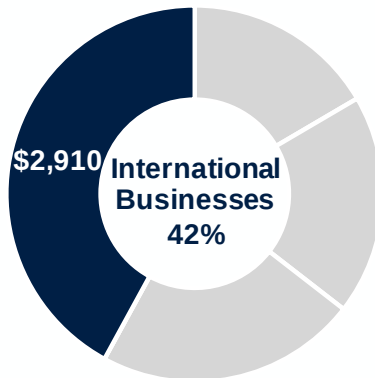


International Businesses

Market Leader in Japan with Expanding Presence in Growth Markets

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

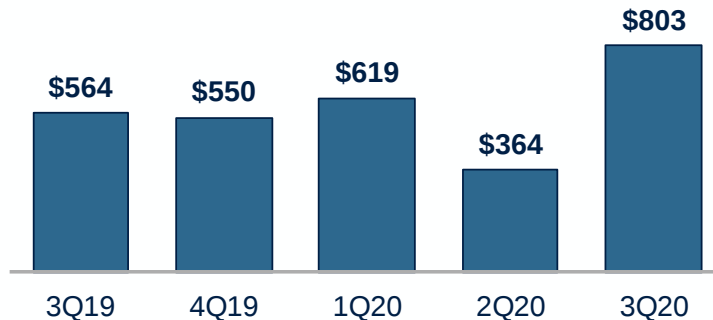


Key Priorities

- Continue market leadership in Japan
- Expand in emerging growth markets including through selective M&A opportunities
- Optimize operating model and seek efficiencies
- Leverage and expand virtual capabilities

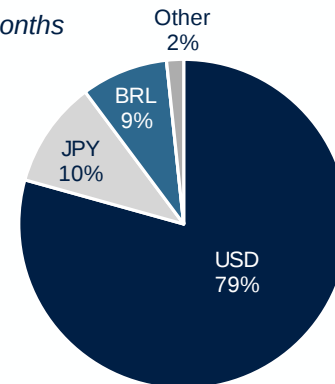
Sales⁽²⁾

(\$ millions)



Sales – Currency Mix⁽²⁾

Trailing twelve months



Note: Prior periods restated for reclassification of results of Prudential Life Insurance Company of Taiwan Inc. ("POT") from International Businesses to Divested and Run-off Businesses in Corporate & Other.

(1) Based on pre-tax adjusted operating income excluding Corporate & 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) 104 per U.S. Dollar and Brazilian Real (BRL) 3.9 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.

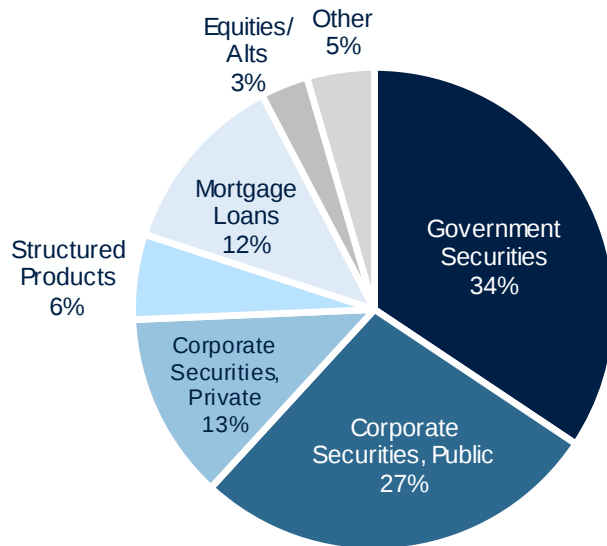


Investment Portfolio

Conservative Investment Portfolio Focusing on Quality

Portfolio Composition⁽¹⁾

\$450 billion



Highlights

- High quality, defensively positioned portfolio with disciplined Asset Liability Management
- Favorable credit loss experience relative to peers
- Benefits of PGIM's expertise and direct origination capabilities
- Credit asset leverage lower than peer average at 7.2x⁽²⁾

Credit Migration

- YTD 2020 credit migration and losses were favorable relative to our expectations, and 3Q20 credit losses were \$12 million

(1) General Account excluding the Closed Block Division and assets supporting experience-related contractholder liabilities (ASCL) as of September 30, 2020, on a U.S. GAAP carrying value basis. ASCL represents investment results that generally accrue to contractholders. 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 policy loans, fixed maturities - trading, short-term investments, derivatives, and other miscellaneous assets.

(2) Asset leverage defined as (a) invested assets adjusted to isolate credit risk by including only Credit Bonds (fixed maturities including mortgage loans less government bonds), excluding the Closed Block Division and ASCL, divided by (b) equity excluding the portion of AOCI attributable to FX remeasurement and goodwill. Peer average includes AFL, AEL, AMP, ATH, BHF, CNO, EQH, LNC, MET, PFG, RGA, UNM, and VOYA. As of June 30, 2020 and sourced from Form 10-Q filings or quarterly financial supplements.



Adjusted Operating Income & EPS Considerations

(\$ millions, except per share amounts)

		Adjusted Operating Income Pre-Tax	Adjusted Earnings Per Share After-Tax
3Q20 Reported⁽¹⁾		\$1,563	\$3.21
Variable Investment Income	• Assumes a normalized level	(215)	(0.44)
Underwriting	• 3Q20 normalized and 4Q20 adjusted for seasonal and COVID-19 impacts	(35)	(0.07)
Expenses & Other	• Higher seasonal expenses and implementation costs in 4Q20	(70)	(0.13)
COVID-19 Net Expenses	• Estimated lower net expenses from COVID-19 in 4Q20	5	0.01
Interest Rates⁽²⁾	• 4Q20 quarterly reduction in net investment income from portfolio reinvestment	(15)	(0.03)
Tax Rate	• Normalized for 3Q20 items	0	(0.07)
4Q20 Baseline⁽³⁾		\$1,233	\$2.48

4Q20 baseline includes items specific to the fourth quarter that reduce EPS by \$0.45⁽⁴⁾

Note: See Appendix for segment detail.

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

(2) Impact of low interest rate environment may not be linear and may vary from indicated sensitivities at thresholds greater than those indicated.

(3) EPS rollforward list of considerations not intended to be exhaustive and rollforward is not a projection of 4Q20 results. Does not consider future items such as share repurchases, business growth, and certain market impacts.

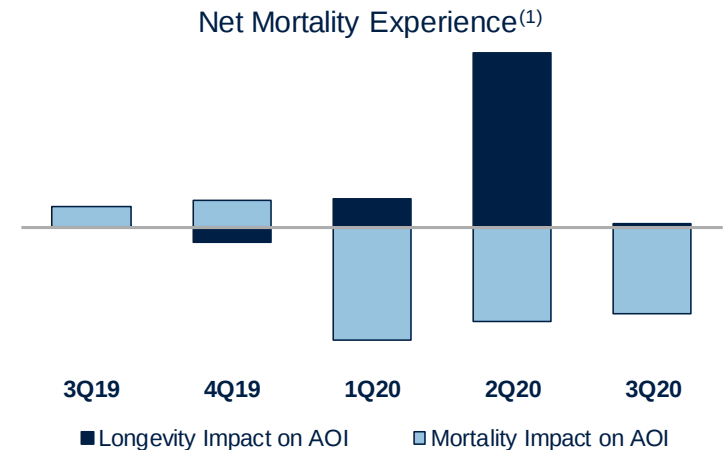
(4) Items specific to the fourth quarter include seasonal expenses and implementation costs, underwriting and revenue seasonality, and COVID-19 impacts. See Appendix for details.



COVID-19 Potential Net Mortality and Cost Impacts

Net Mortality / Morbidity Sensitivity

- Well-positioned to manage net mortality / morbidity risk
- Compared to general population, impacts are mitigated by our younger age distribution, lower insured mortality reflecting impact of underwriting, and offsets associated with longevity businesses
- For every incremental 100,000 U.S. fatalities:
 - May result in ~\$70 million in reduced earnings
 - Impact depends on factors such as geographic concentration and the insured vs. uninsured population



Costs & Benefits

- The company has taken steps to assist and care for our employees, their families, and our distribution partners and ensure we are able to serve our customers
 - COVID-19 costs primarily related to International sales support
- COVID-19 benefits primarily related to lower U.S. travel and entertainment expenses

Pre-tax AOI Impact (\$ millions)	2Q20	3Q20	4Q20
COVID-19 Costs	(\$80)	(\$40)	(\$25)
COVID-19 Benefits	\$30	\$30	\$20

(1) Mortality experience compared to expectations includes Individual Life, Group Life, and International Businesses. Longevity experience compared to expectations includes Retirement and Individual Annuities.



Robust Capital Position and Sources of Funding

Capital Position

- Parent company liquid assets > 3x annual fixed charges
- PICA RBC ratio > 375%
- Japan solvency margin ratios > 700%

Sources of Funding

- Parent company highly liquid assets of \$6.1 billion⁽¹⁾
- Free cash flow⁽²⁾ ~65% of earnings over time

Off-Balance Sheet Resources

Resource	Capacity	Maturity Date
Credit Facility	\$4.0 billion	July 2022
Contingent Capital	\$1.5 billion \$1.5 billion	November 2023 May 2030
Prudential Holdings of Japan Facility	¥100 billion	September 2024

As of September 30, 2020.

(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) Management view of free cash flow as a percentage of after-tax adjusted operating income includes dividends and returns of capital, net receipts from capital related intercompany loans, capital contributions to subsidiaries, and adjustments for M&A funding.



Key Messages

**On track with our
2020 initiatives**

**Increased cost
savings**

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WE MAKE LIVES BETTER *by*
SOLVING *the* FINANCIAL CHALLENGES
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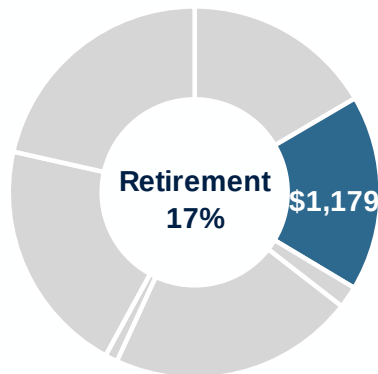
Appendix

Retirement

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

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

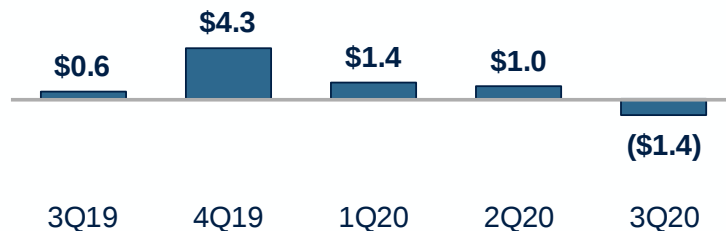


Key Priorities

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

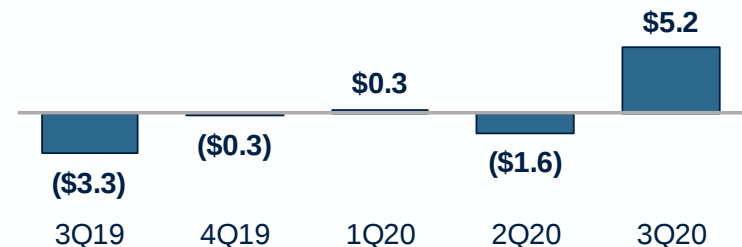
Institutional Investment Products Net Flows

(\$ billions)



Full Service Net Flows

(\$ billions)



(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.

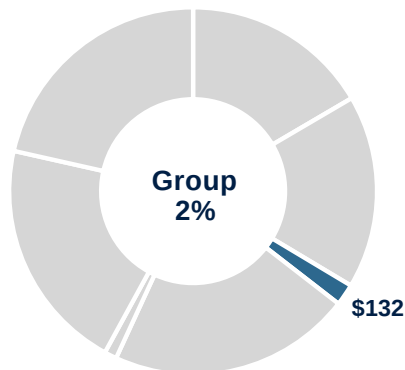


Group Insurance

Leading Group Benefits Provider with Opportunity to Further Diversify

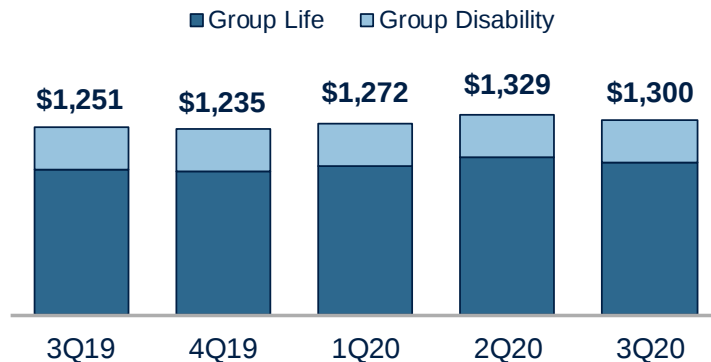
Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)



Earned Premiums & Fees

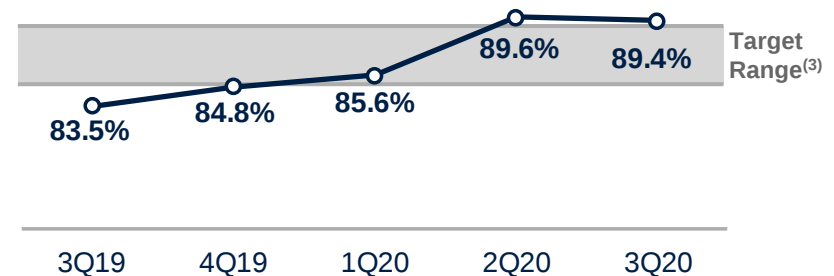
(\$ millions)



Key Priorities

- 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 both Premier segment (100 to 5,000 lives) and Association
 - 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 & Other operations.

(2) Benefits ratios excluding the impact of assumption updates and other refinements.

(3) Targeted total benefit ratio range of 85% - 89%.

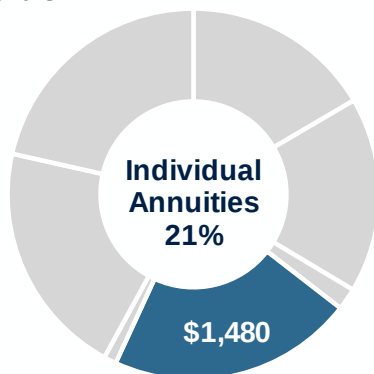


Individual Annuities

Creating Shareholder Value by Protecting Customer Outcomes

Earnings Contribution to Prudential

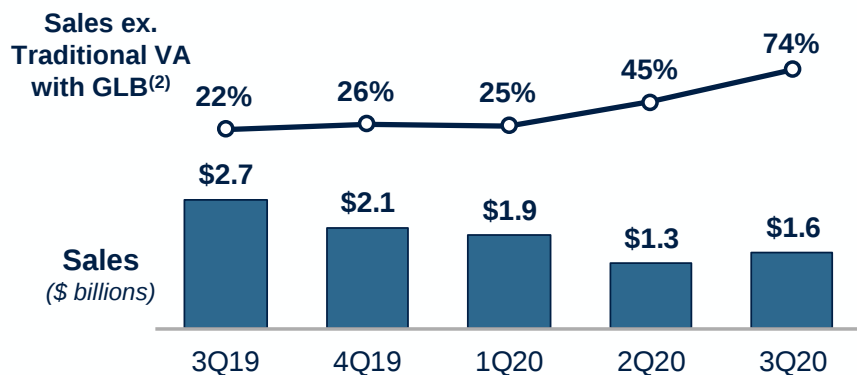
Trailing twelve months⁽¹⁾
(\$ millions)



Key Priorities

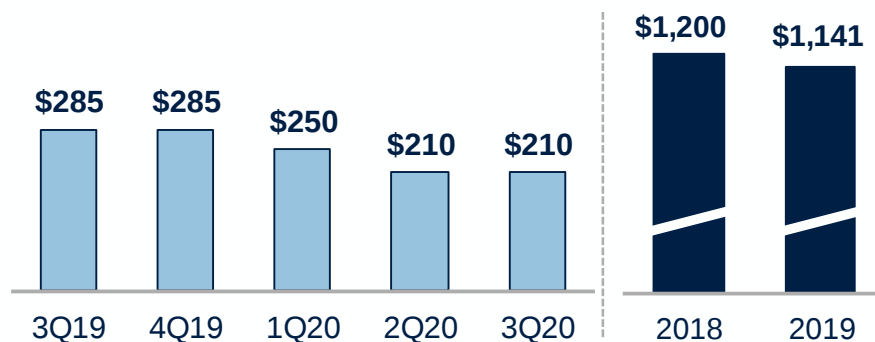
- Deliver protected outcome solutions that create stakeholder value across all economic environments
- Broaden distribution and transform customer experience
 - Eliminate barriers to market adoption and expand reach through new platforms and new advisors
- Pivot away from traditional variable annuities with guaranteed living benefits
 - Discontinue sales of Highest Daily Income and Prudential Defined Income

Sales



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

(\$ millions)



(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.
 (2) Includes fixed annuities and other variable annuities. Excludes Highest Daily Suite and Prudential Defined Income.
 (3) Dividends include Prudential Annuities Holding Co. but do not include The Prudential Insurance Company of America.

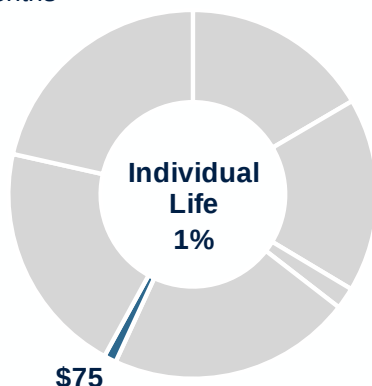


Individual Life

Broad Product Portfolio and Multi-Channel Distribution

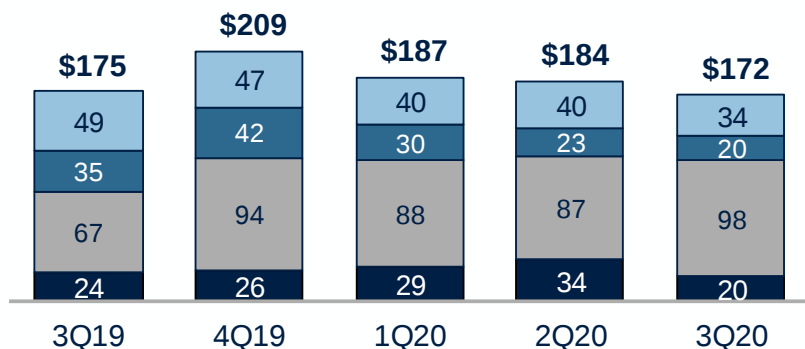
Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)



Sales⁽²⁾ – Product Mix

(\$ millions)



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

(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.

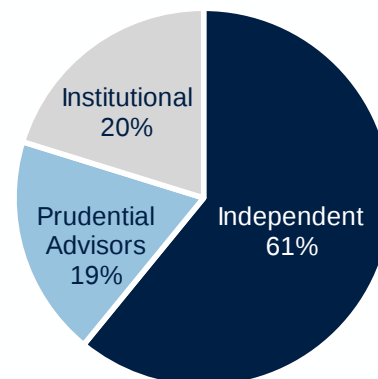
(2) Sales represented by annualized new business premiums.

Key Priorities

- Improve profitability through operating model transformation, expense management, and pricing discipline
- Expand digital capabilities to drive operating efficiencies and deepen distribution relationships, including leveraging the Assurance IQ platform
- Shift business mix to less interest rate sensitive customer solutions, including the suspension of the single life guaranteed universal life product

Sales⁽²⁾ – Distribution Mix

Trailing twelve months

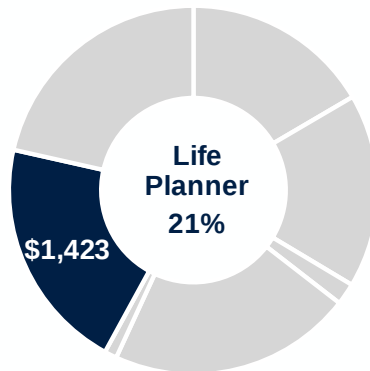


Life Planner

Highly Productive Proprietary Distribution with Steady Long-term Growth Potential

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

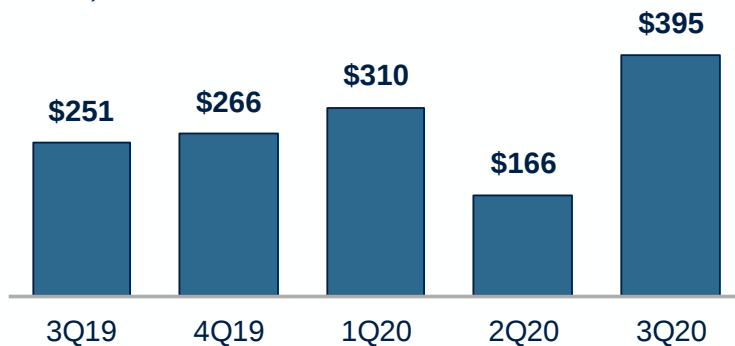


Key Priorities

- Lead with protection solutions and expand product offerings to meet customers' evolving needs
- Nurture and grow Life Planners
- Expand in emerging growth markets including through selective M&A opportunities
- Leverage and expand virtual capabilities

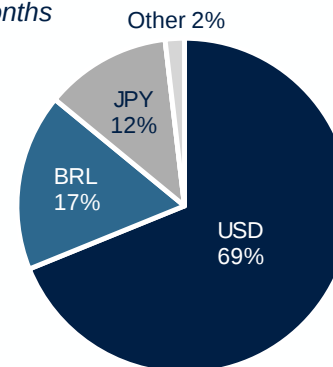
Sales⁽²⁾

(\$ millions)



Sales – Currency Mix⁽²⁾

Trailing twelve months



Note: Prior periods restated for reclassification of results of Prudential Life Insurance Company of Taiwan Inc. ("POT") from International Businesses to Divested and Run-off Businesses in Corporate & Other.

(1) Based on pre-tax adjusted operating income excluding Corporate & 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) 104 per U.S. Dollar and Brazilian Real (BRL) 3.9 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.

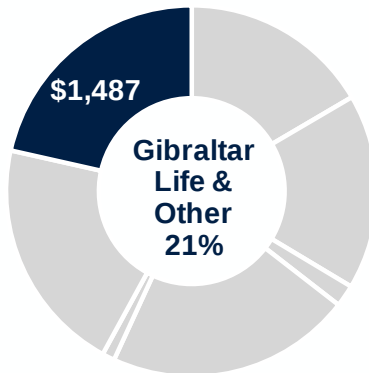


Gibraltar Life and Other

Meeting Client Needs Via Multiple Channels

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

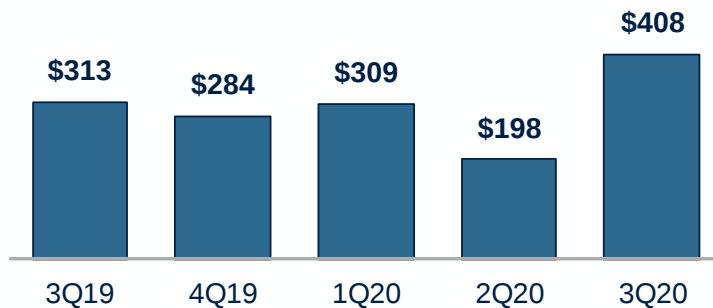


Key Priorities

- Lead with protection solutions and expand product offerings to meet customers' evolving needs
- Optimize Life Consultant force through quality and productivity
- Strategically expand in third-party channels
- Expand in emerging growth markets including through selective M&A opportunities
- Leverage and expand virtual capabilities

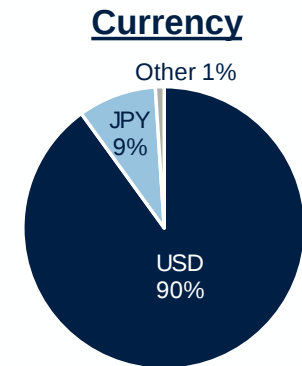
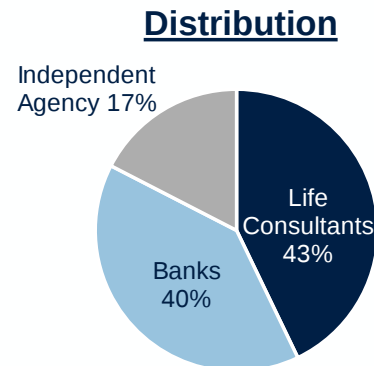
Sales⁽²⁾

(\$ millions)



Sales Mix⁽²⁾

Trailing twelve months



(1) Based on pre-tax adjusted operating income excluding Corporate & 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) 104 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 Rollforward by Business

(\$ millions, pre-tax)

	3Q20 Reported ⁽¹⁾	3Q20					4Q20					4Q20 Baseline ⁽⁷⁾
		VII	Underwriting	Expenses ⁽²⁾	Other ⁽³⁾	COVID-19 Net Expenses	Underwriting	Expenses ⁽⁴⁾	Other ⁽⁵⁾	COVID-19 Net Expenses	Interest Rates ⁽⁶⁾	
PGIM	\$370	-	-	10	(75)	(15)	-	-	-	10	-	\$300
Retirement	\$372	(110)	-	-	-	-	15	(5)	-	-	(7)	\$265
Group Insurance	\$22	(10)	50	(10)	-	-	(60)	(5)	-	-	(1)	(\$14)
Individual Annuities	\$408	(5)	-	-	-	-	-	-	-	-	-	\$403
Individual Life	\$101	(35)	20	(15)	-	-	(45)	-	-	-	(1)	\$25
Assurance IQ	(\$30)	-	-	15	-	-	-	-	30	-	-	\$15
Life Planner	\$414	(30)	-	-	-	-	-	(20)	-	-	(2)	\$362
Gibraltar Life & Other	\$361	(25)	(15)	5	35	15	-	(25)	-	(10)	(4)	\$337
Corporate & Other	(\$455)	-	-	95	-	10	-	(105)	-	(5)	-	(\$460)
Prudential Financial, Inc.	\$1,563	(\$215)	\$55	\$100	(\$40)	\$10	(\$90)	(\$160)	\$30	(\$5)	(\$15)	\$1,233

Items specific to the fourth quarter totaling (\$0.45)

(1) See reconciliation for Adjusted Operating Income on slide 25.

(2) PGIM, Assurance IQ, and Gibraltar Life & Other had higher than typical expenses of \$10 million, \$15 million, and \$5 million, respectively. Group Insurance and Individual Life had lower than typical expenses of \$10 million and \$15 million, respectively. Corporate & Other reflects \$95 million of higher expenses primarily driven by debt write-off costs and market impacts.

(3) PGIM had Other Related Revenues above a normalized quarterly level by \$75 million. Gibraltar Life & Other includes \$35 million of lower earnings from joint ventures.

(4) Includes seasonal expenses. Corporate & Other also includes implementation costs \$30 million above a normalized quarterly level.

(5) Assurance IQ includes earnings from seasonally high revenues.

(6) Impact of low interest rate environment may not be linear and may vary from indicated sensitivities at thresholds greater than those indicated.

(7) EPS rollforward list of considerations not intended to be exhaustive and rollforward is not a projection of 4Q20 results. Does not consider future items such as share repurchases, business growth, and certain market impacts.



Seasonality of Key Financial Items

(\$ millions, pre-tax)	4Q20	1Q21	2Q21	3Q21
PGIM	Other Related Revenues tend to be higher driven by Incentive & Agency Fees	(\$40) Higher compensation expense ⁽¹⁾		
Retirement	(\$30) Lower reserve gains	\$40 Higher reserve gains	\$20 Higher reserve gains	(\$30) Lower reserve gains
Group Insurance		(\$15) Lowest underwriting gains		
Individual Annuities				
Individual Life		(\$30) Lowest underwriting gains		\$20 Highest underwriting gains
Assurance IQ	Higher revenue (annual Medicare enrollment)	Lowest revenue		
Life Planner		\$20 Highest premiums	(\$20) Lowest premiums	
Gibraltar Life & Other		\$10 Highest premiums	(\$10) Lowest premiums	
Corporate & Other	(\$75) Higher expenses ⁽²⁾	(\$30) Higher compensation expense ⁽¹⁾		

(1) Long-term compensation expense for retiree eligible employees is recognized when awards are granted, typically in the first quarter of each year.

(2) Total company expenses are typically higher than the quarterly average in the fourth quarter by \$125 - \$175 million.



Diverse Businesses Create Complementary Exposures to Mortality and Longevity

1.32%

Cumulative Net
Mortality⁽¹⁾ as % of AOI
(2013 – YTD 2020)

- Annual net mortality impact on AOI is minimal, ranging from (2.1%) to 2.8%
- Net mortality was a positive contributor to AOI in six out of last eight years

(1) Mortality experience compared to expectations includes Individual Life, Group Life, and International Businesses. Longevity experience compared to expectations includes Retirement and Individual Annuities.



Forward-Looking Statements and Non-GAAP Measures

Certain of the statements included in this presentation, including those regarding our international earnings mix, expected cost savings, the sale of Prudential of Taiwan, actions to mitigate low rates, 2020 initiatives, and those under the headings “Key Priorities”, “On Track with our 2020 Initiatives”, “Adjusted Operating Income & EPS Considerations”, “COVID-19 Potential Net Mortality and Cost Impacts”, “Adjusted Operating Income Rollforward by Business”, 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 (i) international earnings mix, expected cost savings, sale of Prudential of Taiwan, actions to mitigate low rates, 2020 initiatives and “Key Priorities”, “On Track with our 2020 Initiatives”, and “Adjusted Operating Income & EPS Considerations” are subject to the risk that we will be unable to execute our strategy, (ii) “Seasonality of Key Financial Items” is subject to the risk that different earnings and expense patterns will emerge, and (iii) “COVID-19 Potential Net Mortality and Cost Impacts” are subject to the risk that actual deaths, mortality/morbidity losses, and expenses will exceed, possibly materially, those indicated, in each case, because of economic, market or competitive conditions or other factors, including the impact of the COVID-19 pandemic. 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 4Q20 earnings rollforward is based on 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)

	Third Quarter		Year to Date	
	2020	2019	2020	2019
Net income (loss) attributable to Prudential Financial, Inc.	\$ 1,487	\$ 1,418	\$ (1,193)	\$ 3,058
Income attributable to noncontrolling interests	20	7	25	42
Net income (loss)	1,507	1,425	(1,168)	3,100
Less: Earnings attributable to noncontrolling interests	20	7	25	42
Income (loss) attributable to Prudential Financial, Inc.	1,487	1,418	(1,193)	3,058
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	(10)	25	37	43
Income (loss) (after-tax) before equity in earnings of operating joint ventures	1,497	1,393	(1,230)	3,015
Less: Reconciling Items:				
Realized investment losses, net, and related charges and adjustments ⁽¹⁾	153	239	(3,099)	(1,031)
Market experience updates	(134)	(314)	(1,016)	(515)
Divested and Run-off Businesses:				
Closed Block Division	8	45	(15)	5
Other Divested and Run-off Businesses	(132)	207	(725)	641
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	1	(34)	(62)	(71)
Other adjustments ⁽²⁾	(12)	-	65	-
Total reconciling items, before income taxes	(116)	143	(4,852)	(971)
Less: Income taxes, not applicable to adjusted operating income	(322)	24	(694)	(245)
Total reconciling items, after income taxes	206	119	(4,158)	(726)
After-tax adjusted operating income	1,291	1,274	2,928	3,741
Income taxes, applicable to adjusted operating income	272	308	701	971
Adjusted operating income before income taxes	\$ 1,563	\$ 1,582	\$ 3,629	\$ 4,712
Net Income Return on Equity			-2.5%	7.1%
Adjusted Operating Return on Equity ⁽³⁾			10.1%	12.5%

Note: Prior periods restated for reclassification of results of Prudential Life Insurance Company of Taiwan Inc. ("POT"). Adjusted operating income reflects the reclassification of results of POT from International Businesses to Divested and Run-off Businesses in Corporate & Other. POT's results are excluded from adjusted operating income as a result of the operation being held for sale.

(1) Prior period numbers have been reclassified to conform to current period presentation.

(2) Represents adjustments not included in above reconciling items. "Other Adjustments" include certain components of the consideration for the Assurance IQ acquisition, which are recognized as compensation expense over the requisite service periods, as well as changes in the fair value of contingent consideration.

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



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

	Third Quarter		Year to Date	
	2020	2019	2020	2019
Net income (loss) per share attributable to Prudential Financial, Inc.	\$ 3.70	\$ 3.44	\$ (3.06)	\$ 7.35
Less: Reconciling Items:				
Realized investment losses, net, and related charges and adjustments ⁽¹⁾	0.39	0.59	(7.79)	(2.50)
Market experience updates	(0.34)	(0.77)	(2.56)	(1.25)
Divested and Run-off Businesses:				
Closed Block Division	0.02	0.11	(0.04)	0.01
Other Divested and Run-off Businesses	(0.33)	0.51	(1.82)	1.55
Difference in earnings allocated to participating unvested share-based payment awards	(0.01)	-	0.05	0.02
Other adjustments ⁽²⁾	(0.03)	-	0.16	-
Total reconciling items, before income taxes	(0.30)	0.44	(12.00)	(2.17)
Less: Income taxes, not applicable to adjusted operating income	(0.79)	0.09	(1.67)	(0.54)
Total reconciling items, after income taxes	0.49	0.35	(10.33)	(1.63)
After-tax adjusted operating income per share	\$ 3.21	\$ 3.09	\$ 7.27	\$ 8.98

Note: Prior periods restated for reclassification of results of Prudential Life Insurance Company of Taiwan Inc. ("POT"). Adjusted operating income reflects the reclassification of results of POT from International Businesses to Divested and Run-off Businesses in Corporate & Other. POT's results are excluded from adjusted operating income as a result of the operation being held for sale.

(1) Prior period numbers have been reclassified to conform to current period presentation.

(2) Represents adjustments not included in above reconciling items. "Other Adjustments" include certain components of the consideration for the Assurance IQ acquisition, which are recognized as compensation expense over the requisite service periods, as well as changes in the fair value of contingent consideration.



Reconciliations between Adjusted Book Value and the Comparable GAAP Measure

(\$ millions, except per share data)

	<u>September 30, 2020</u>
GAAP book value	\$ 66,217
Less: Accumulated other comprehensive income (AOCI)	<u>30,001</u>
GAAP book value excluding AOCI	36,216
Less: Cumulative effect of remeasurement of foreign currency	<u>(1,482)</u>
Adjusted book value	<u><u>\$ 37,698</u></u>
 Number of diluted shares	 <u>399.5</u>
 GAAP book value per Common share - diluted	 \$ 165.75
GAAP book value excluding AOCI per Common share - diluted	\$ 90.65
Adjusted book value per Common share - diluted	\$ 94.36

