Prudential

3Q26 EARNINGS CALL

NOVEMBER 4, 2026

Expanding access to investing, insurance, and retirement security

THIRD QUARTER 2026 PERFORMANCE

$1,646M
Pre-Tax Adjusted Operating Income(1)
↓ $183M YoY

$3.77
Adjusted Operating Income per Share(1)
↓ $0.28 YoY

14.5%
Adjusted Operating Return on Equity(2)
↔ Unchanged YoY

HIGHLIGHTS

- **Adjusted operating earnings** demonstrated the discipline and consistency in our execution
  - Lower earnings in Japan related to the sales suspension in Prudential of Japan more than offset solid fundamentals in PGIM and our U.S. Businesses.
- Announced the sale of **Prudential of Brazil** and **Prudential of Mexico** to CNP Assurances for $4.025 billion, significant progress on our strategic priority to narrow our geographic footprint
- **PGIM** quarterly earnings up 8% year over year and YTD margin expansion is ahead of target; highest third-party net flows in 10 quarters
- Results in **Retirement** reflected the value of product innovation and strong distribution; highest retail annuity sales quarter since 2013 and record RILA sales quarter; 3 mid-sized PRT transactions totaling ~$1.6B closed in October, with several additional transactions anticipated to close by the end of this year
- **Group Insurance** quarterly earnings up 12% year over year and YTD sales were up 23% driven by our Premier middle-market segment, particularly in supplemental health products
- **Individual Life** delivered strong earnings and record sales of our Custom Premier II variable universal life product, reflecting the strategic shift to accumulation-focused offerings
- Earnings in **Japan Businesses** impacted by the POJ sales suspension, but remained resilient, supported by a diversified platform; third-party sales were strong with Independent Agency sales increasing 53% year over year; POJ continued to make good progress on FSA reforms

Note: All percentage changes reflect changes from the prior-year quarter. (1) See reconciliation in Appendix for non-GAAP measures Adjusted Operating Income, Adjusted Operating Income Per Share, and Adjusted Book Value Per Share.
(2) Based on year-to-date 2026 after-tax Adjusted Operating Income and average Adjusted Book Value. See Appendix for more information.

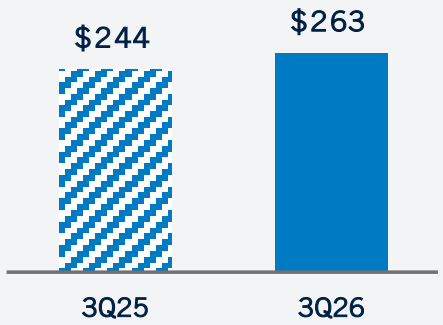
OPERATING RESULTS BY BUSINESS

EARNINGS DRIVERS

($ millions, pre-tax adjusted operating income)

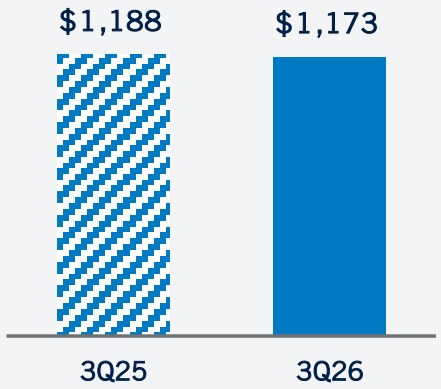
PGIM

+ Lower operating expenses
+ Higher asset management fees
– Lower other related revenues



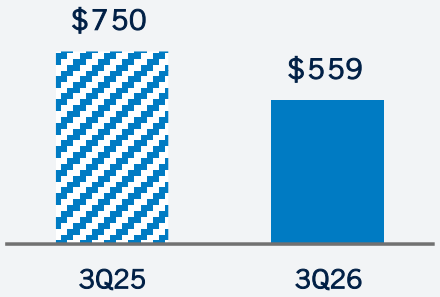
U.S. Businesses

– Higher sales related expenses
– Lower Habitat joint venture earnings in Retirement
– Lower fee income in U.S. Legacy
+ Higher spread income
+ More favorable underwriting results



Japan Businesses

– Higher expenses and less favorable underwriting results primarily due to the Prudential of Japan sales suspension
– Lower spread income driven by lower alternative investment income



Corporate & Other loss of ($349M) is essentially unchanged compared to 3Q25 loss of ($353M)

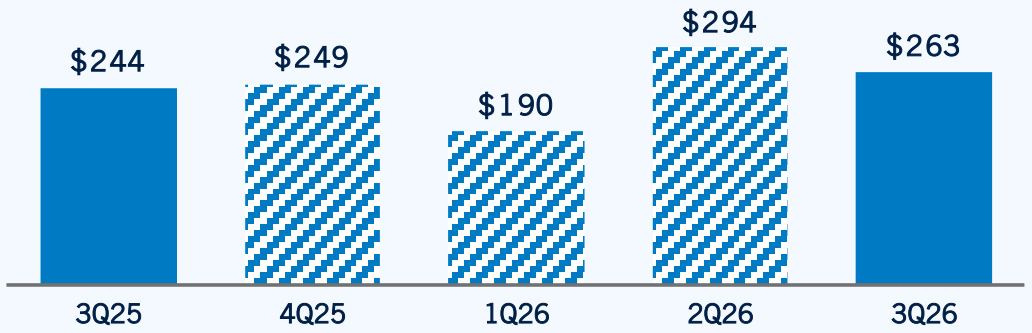
PGIM | Global Investment Manager with Differentiated Capabilities Across Public and Private Asset Classes

QUARTERLY EARNINGS AND DRIVERS

($ millions)

13%

Earnings Contribution(1)



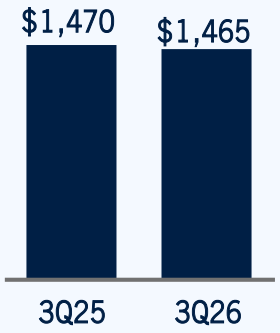
Key Earnings Drivers (Year-over-Year)

+ **Lower expenses** primarily due to the absence of a reorganization charge in the prior year and savings from the ongoing operating platform integration
+ **Higher asset management fees, equity market appreciation, and strong investment performance**
– **Lower other related revenues** mainly driven by lower seed and co-investment earnings and agency earning due to higher interest rates

ASSETS UNDER MANAGEMENT(2) AND NET FLOWS

($ billions)

AUM

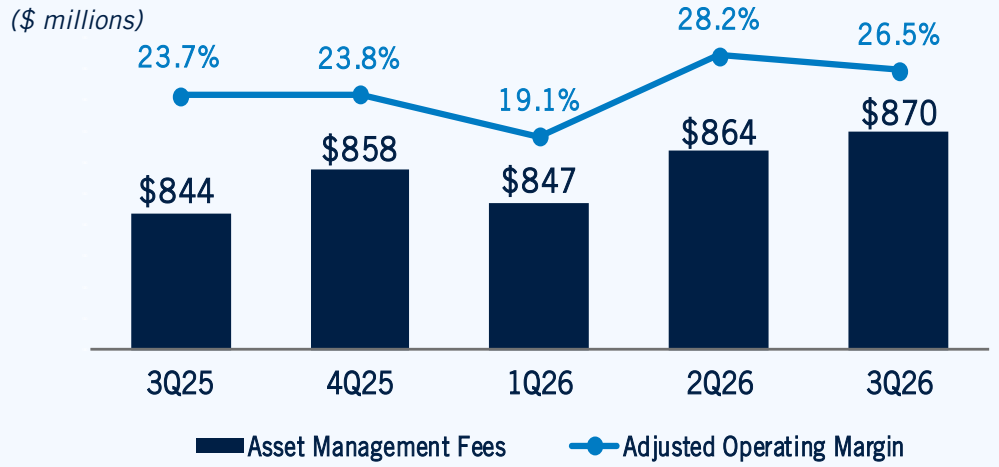


Net Flows

	3Q25	4Q25	1Q26	2Q26	3Q26
Institutional	$0.3	($4.4)	$1.6	$3.1	$7.7
Retail	$0.3	($1.3)	$0.2	$1.5	$1.3
Affiliated	$1.8	($3.9)	($1.9)	($3.0)	($1.6)
Total	$2.4	($9.6)	($0.1)	$1.6	$7.4

ASSET MANAGEMENT FEES AND ADJUSTED OPERATING MARGIN(3)(4)

($ millions)



(1) Based on trailing twelve-month pre-tax adjusted operating income excluding Corporate & Other operations. (2) As of end of period and at fair market value. (3) Adjusted operating margin not calculated in accordance with GAAP. See reconciliation in Appendix for non-GAAP measure adjusted revenues. Adjusted revenue excludes pass-through distribution revenue, revenue attributable to consolidated entities and revenue associated with certain incentive fee-related compensation expense. Adjusted operating income before income taxes as a percentage of total adjusted revenues. (4) Reported Operating Margin based on total revenues is 25.6%, 26.8%, 18.3%, 22.5% and 22.3% for the three months ended September 30, 2026, June 30, 2026, March 31, 2026, December 31, 2025, and September 30, 2025, respectively.

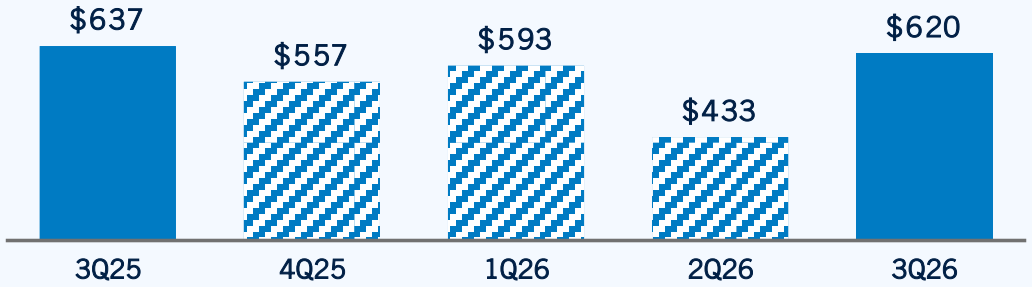
RETIREMENT | Capitalizing Secular Tailwinds Through a Diverse Product Portfolio

QUARTERLY EARNINGS AND DRIVERS

($ millions)

28%

Earnings Contribution(1)



Key Earnings Drivers (Year-over-Year)

– Higher sales related expenses

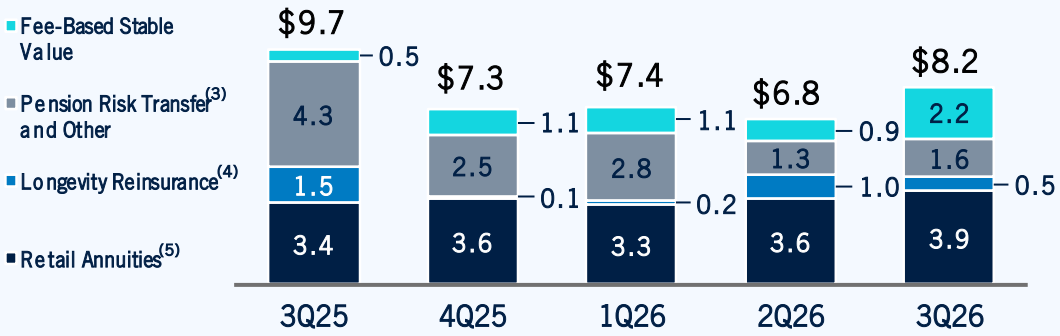
– Lower Habitat(2) joint venture earnings

– Less favorable underwriting results in our PRT block

\+ Higher spread income primarily driven by business growth

SALES – PRODUCT MIX

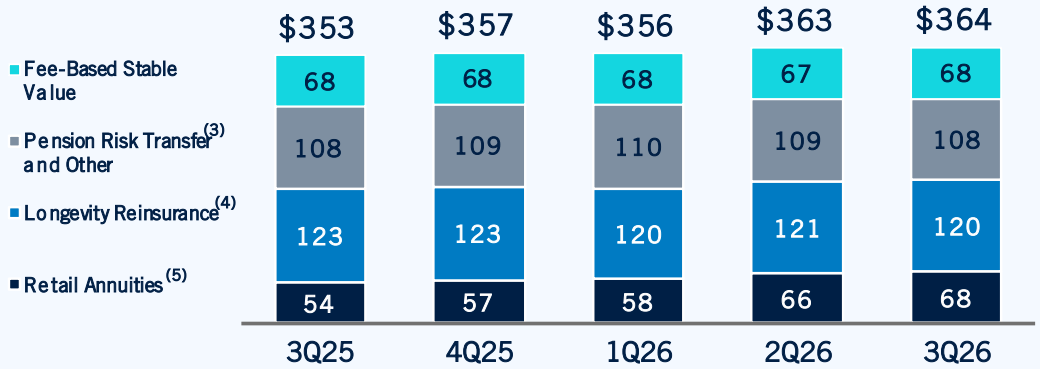
($ billions)



Bar order corresponds with the order of the legend to the left of the chart

ENDING ACCOUNT VALUES(5)

($ billions)



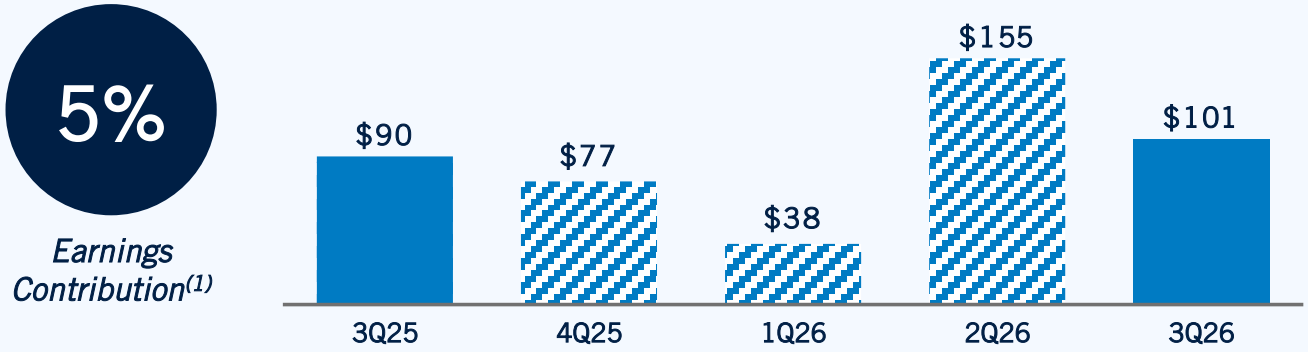
Bar order corresponds with the order of the legend to the left of the chart

(1) Based on trailing twelve-month pre-tax adjusted operating income excluding Corporate & Other operations. (2) The results of the Company's indirect 40% ownership interest in Administradora de Fondos de Pensiones Habitat S.A. are now included within the Retirement segment results, reflecting the retirement-focused nature of this business. (3) Includes spread-based stable value, structured settlements and funding agreement-backed notes. (4) Represents notional amounts based on present value of future benefits under longevity reinsurance contracts. (5) Primarily includes FlexGuard suite (Registered Index-Linked Annuities) and fixed annuity products. (5) Represents account values net of reinsurance ceded.

GROUP INSURANCE | Leveraging Group Benefits Leadership to Expand and Diversify Growth

QUARTERLY EARNINGS AND DRIVERS

($ millions)

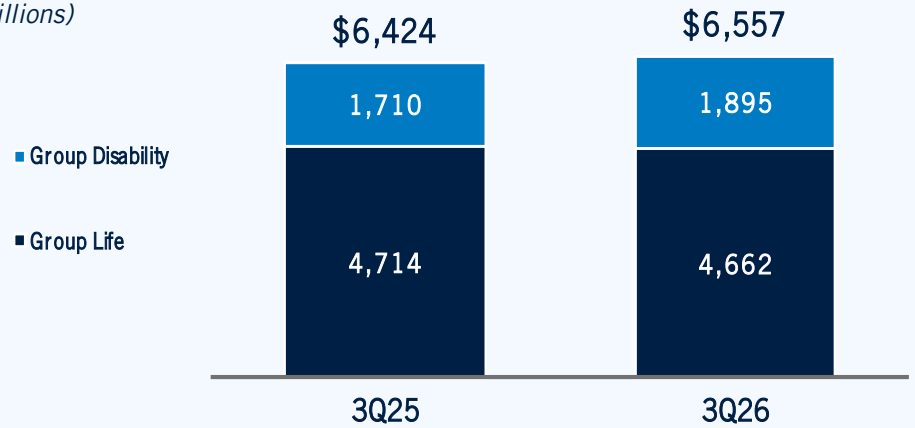


Key Earnings Drivers (Year-over-Year)

+ **Higher life underwriting results** due to more favorable mortality in the working-age population
+ Continued **growth in Supplemental Health** offering
– **Higher sales related expenses**

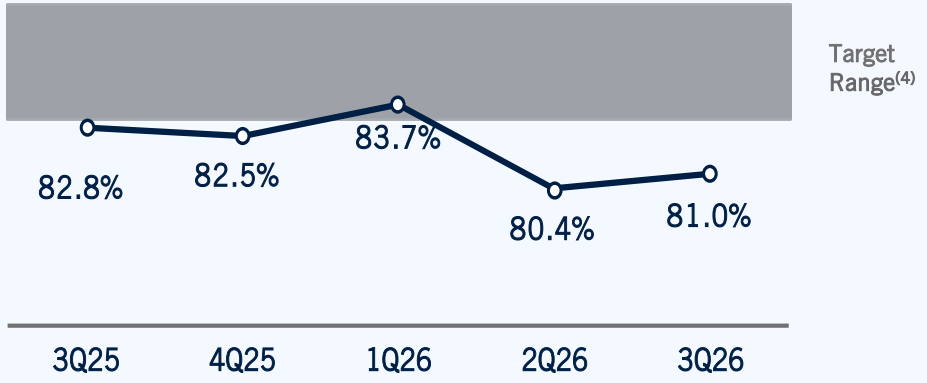
GROSS PREMIUMS & FEES(2) – TRAILING 12 MONTHS

($ millions)



Bar order corresponds with the order of the legend to the left of the chart

TOTAL GROUP INSURANCE BENEFITS RATIO(3)

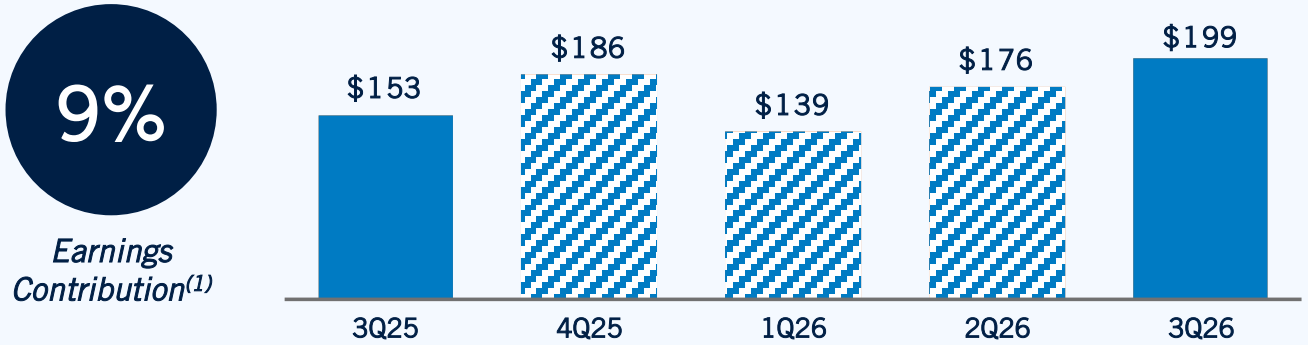


(1) Based on trailing twelve-month pre-tax adjusted operating income excluding Corporate & Other operations. (2) Before returns of premiums to participating policyholders for favorable claims experience. (3) Benefits ratios excluding the impact of assumption updates and other refinements. (4) Targeted total benefits ratio range of 83% - 87%.

INDIVIDUAL LIFE | Broad Product Portfolio and Multi-Channel Distribution Driving Results

QUARTERLY EARNINGS AND DRIVERS

($ millions)

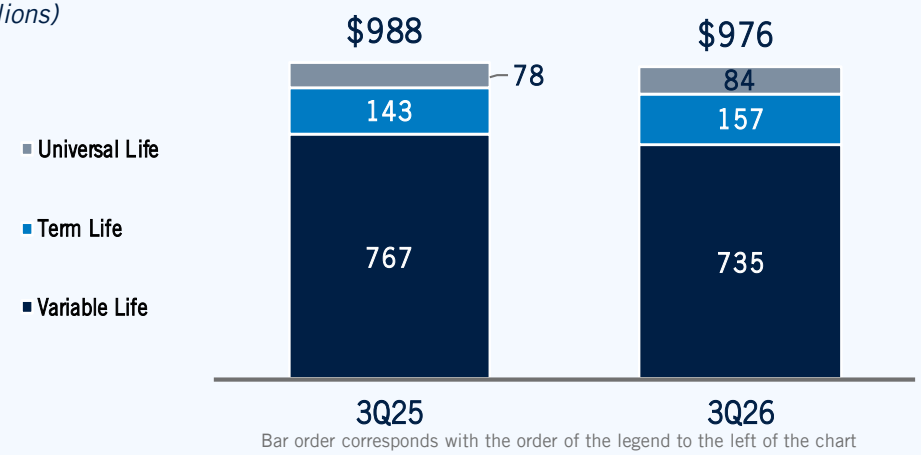


Key Earnings Drivers (Year-over-Year)

+ **More favorable underwriting,** driven by a reserve refinement in the current quarter
+ **Higher spread income** primarily driven by rising long-term interest rates and strategic asset rotation

SALES(2) BY PRODUCT MIX – TRAILING 12 MONTHS

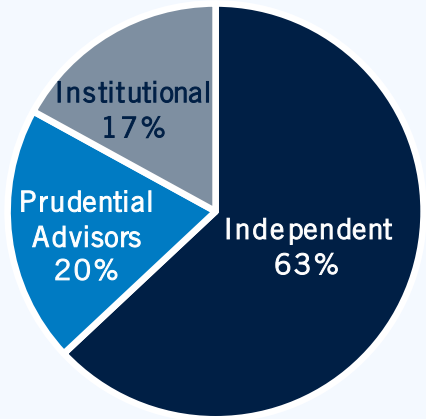
($ millions)



Bar order corresponds with the order of the legend to the left of the chart

SALES(2) – DISTRIBUTION MIX

Trailing twelve months



(1) Based on trailing twelve-month pre-tax adjusted operating income excluding Corporate & Other operations. (2) Sales represented by annualized new business premiums.

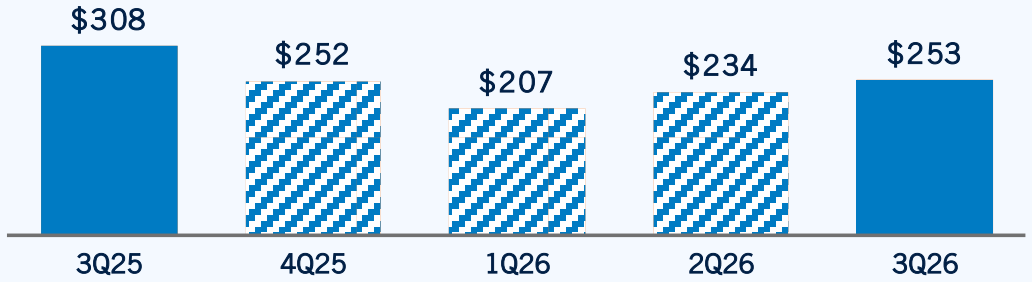
U.S. LEGACY PRODUCTS | Reporting Aligned to How We Manage the Business

QUARTERLY EARNINGS AND DRIVERS

($ millions)

12%

Earnings Contribution(1)



Key Earnings Drivers (Year-over-Year)

- **Lower net fee income** resulting from continued run-off of the traditional variable annuity block, partially offset by market appreciation
- **Less favorable underwriting** related to the guaranteed universal life block

SEGMENT COMPONENTS

Traditional Variable Annuities with guaranteed living benefit riders(2)

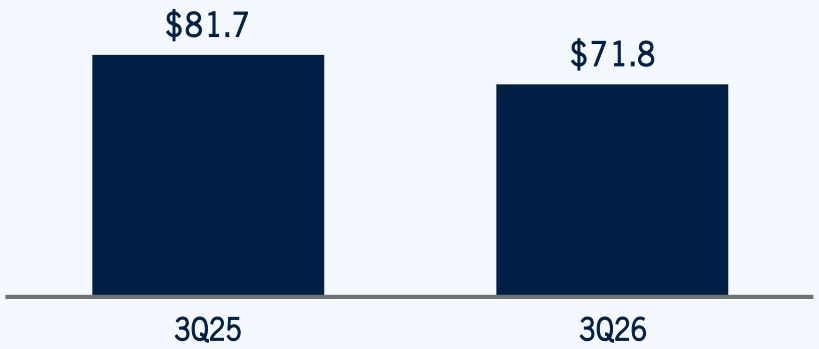
(Included in the former Individual Retirement Strategies segment through 4Q25)

Guaranteed Universal Life

(Included in the Individual Life segment through 4Q25)

ANNUITIES ACCOUNT VALUES(3)

($ billions)



(1) Based on trailing twelve-month pre-tax adjusted operating income excluding Corporate & Other operations. (2) Includes certain other annuity products. (3) Represents discontinued annuities and guaranteed living benefits in general account and separate account. Includes alliance deposits and supplementary contracts.

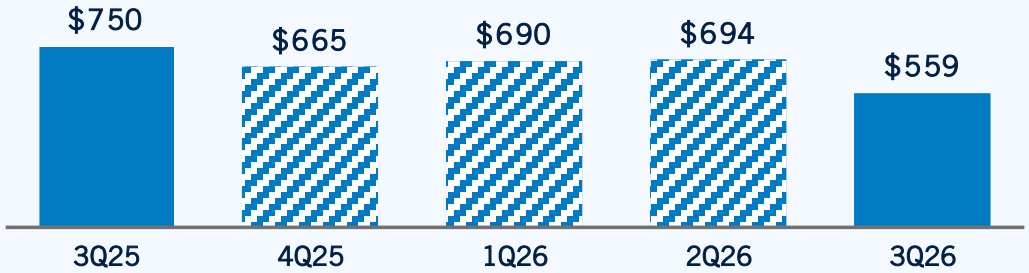
JAPAN BUSINESSES | Leading Market Positions with Durable Customer Demand

QUARTERLY EARNINGS AND DRIVERS

($ millions)

33%

Earnings Contribution(1)

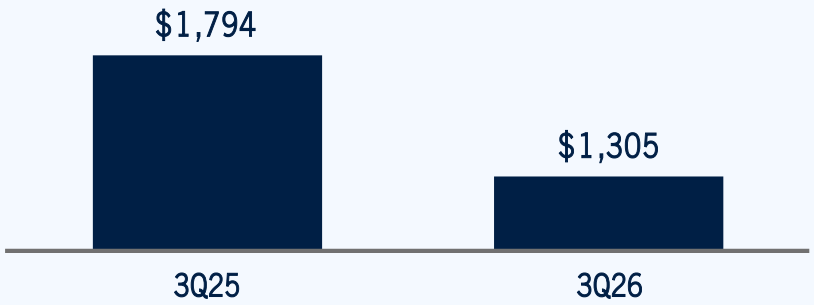


Key Earnings Drivers (Year-over-Year)

- **Increased expenses and less favorable underwriting results** primarily due to the Prudential of Japan sales suspension
- **Lower spread income** driven by lower alternative investment income

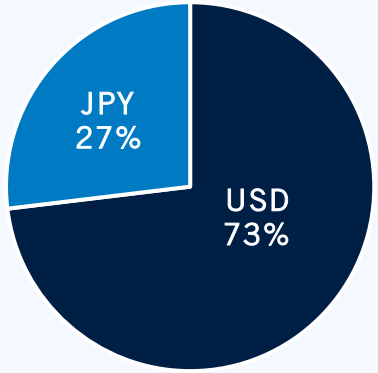
SALES (2) – TRAILING TWELVE MONTHS

($ millions)



SALES (2) – CURRENCY MIX OF PRODUCTS SOLD

Trailing twelve months

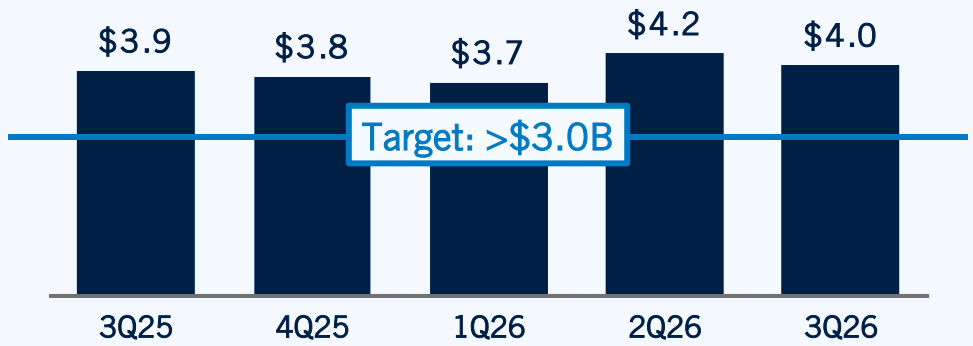


(1) Based on trailing twelve-month pre-tax adjusted operating income excluding Corporate & Other operations. (2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 147 per USD. USD-denominated activity is included based on the amounts as transacted in USD. Sales represented by annualized new business premiums.

SIGNIFICANT FINANCIAL STRENGTH | Strong Capital Position with Ample Liquidity

HIGHLY LIQUID ASSETS(1)

($ billions)



REGULATORY CAPITAL RATIOS(2) – CONSISTENT WITH AA OBJECTIVES

Ratios remain in excess of our objectives

PICA RBC Ratio

>375%

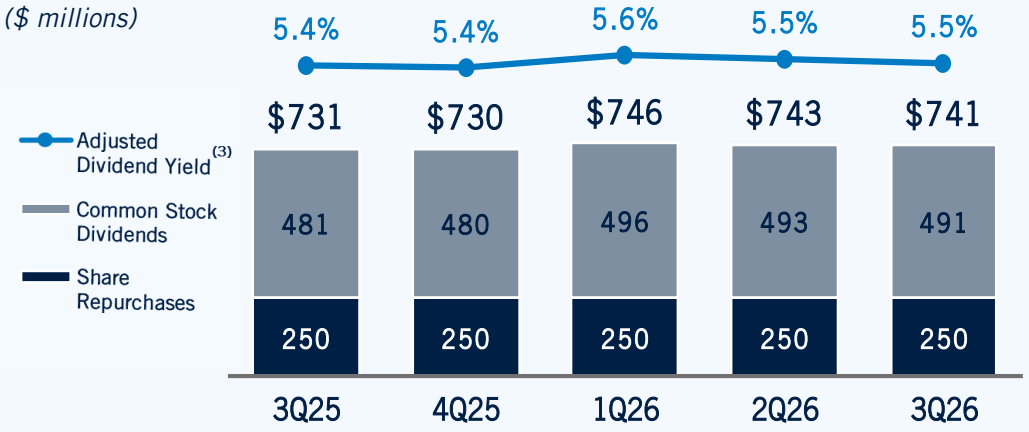
Japan Economic Solvency Ratio

~200%

Estimated ratio as of 9/30/26
Target consolidated ratio of 150%

SHAREHOLDER DISTRIBUTIONS

($ millions)



Bar order corresponds with the order of the legend to the left of the chart

OFF-BALANCE SHEET RESOURCES

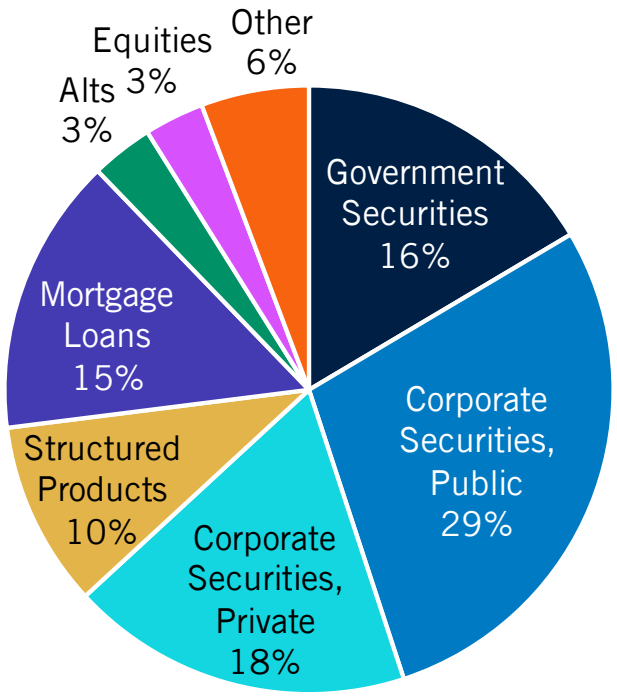
Resource	Capacity	Maturity Date
Credit Facility	$4.0 billion	July 2029
Contingent Capital	$1.5 billion $1.5 billion	May 2030 February 2033 and 2053
Prudential Holdings of Japan Facility	¥100 billion	September 2029

As of September 30, 2026 unless otherwise noted. (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) PICA RBC ratio is disclosed in annual statutory statement. Japan economic solvency ratios are disclosed semi-annually in Prudential's Form 10-Q. Actual and estimated consolidated ratios represent Prudential Holdings of Japan, Inc. consolidated. Actual consolidated ratio of 192% as of March 31, 2026. (3) Based on annualized dividend per share divided by adjusted book value per share for each stated period.

GENERAL ACCOUNT | Broadly Diversified, High-Quality Investment Portfolio

PORTFOLIO COMPOSITION(1)

$397 billion



HIGHLIGHTS

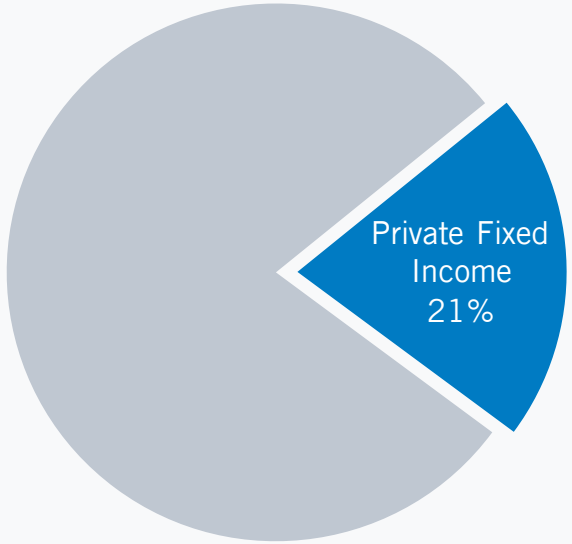
- Broadly diversified, high-quality portfolio with strong Asset Liability Management
  - High allocation to government securities (mostly U.S. and Japan)
  - Significant protections with private credit
- Benefits from PGIM's expertise and direct origination capabilities
- Disciplined framework for credit management
- AI-related exposure is ~2% of invested assets with a disciplined approach focused on secured IG investments

(1) General Account excluding the Closed Block Division, funds withheld, and assets supporting experience-related contractholder liabilities as of September 30, 2026, on a U.S. GAAP carrying value basis. Mortgage loans include commercial, agricultural, residential, and other loans. Structured products include commercial and residential mortgage-backed securities, collateralized loan obligations, and other asset-backed securities. Alternatives include investments in LPs/LLCs, and real estate held through direct ownership. Other includes policy loans, fixed maturities - trading, short-term investments, credit-like instruments, derivatives, and other miscellaneous assets.

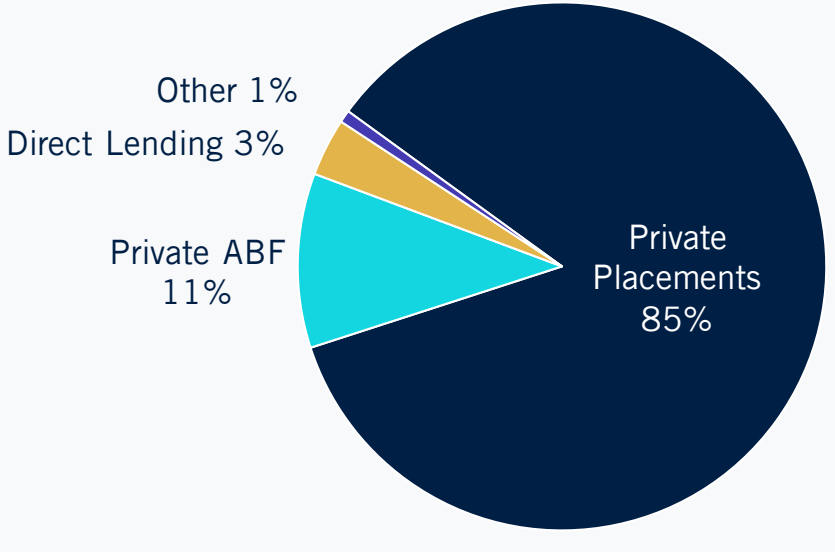
GENERAL ACCOUNT | Long History of Investments in Private Fixed Income

- Prudential has a 30+ year track record in private fixed income investing
- Private placements have long been a core allocation for the General Account
  - Offers a yield premium alongside enhanced protections and diversification versus public fixed income
- Focus on diversified, high-quality investment grade opportunities
- Below investment grade private fixed income represents ~3% of invested assets

$397 billion General Account(1)



$83 billion or 21% of invested assets
85% investment grade



(1) General Account excluding the Closed Block Division, funds withheld, and assets supporting experience-related contractholder liabilities as of September 30, 2026, on a U.S. GAAP carrying value basis. Private Fixed Income includes private fixed maturities ($81B) and credit-like instruments within other invested assets ($2B).

APPENDIX

3Q26 ADJUSTED OPERATING INCOME AND VARIANCES BY BUSINESS

($ millions, except per share amounts)	Adjusted Operating Income	Variances[1]				Total Variances
		Alternative Investment Income[2]	Underwriting	Expenses & Other[3]	POJ Sales Suspension	
PGIM	$263	-	-	(5)	-	($5)
Retirement	$620	40	(25)	(10)	-	$5
Group Insurance	$101	-	10	5	-	$15
Individual Life	$199	-	45	5	-	$50
U.S. Legacy Products	$253	5	10	(5)	-	$10
Japan Businesses	$559	(15)	5	(25)	(80)	($115)
Corporate & Other	($349)	(5)	-	50	-	$45
Total Pre-Tax	**$1,646** [4]	**$25**	**$45**	**$15**	**($80)**	**$5**
Total After-Tax Per Share	**$3.77** [4]	**$0.06**	**$0.10**	**$0.06**	**($0.18)**	**$0.04**

Total 3Q Prudential of Japan (POJ) sales suspension impact of ~$140M

- ~$80M of one-time expenses primarily related to Life Planner compensation payments during the sales suspension period
- ~$40M primarily related to lower sales and surrenders
- ~$20M primarily related to regulatory and business-response expenses

FY 2026 effective tax rate is now estimated to be 20-21%

(1) Reflects favorable/(unfavorable) variances of alternative investment income, underwriting, and certain expenses and other items from the Company's expectations, included within Adjusted Operating Income. (2) Alternative investment income includes the adjusted operating income of the General Account portfolio's interests in private equity, hedge fund, and real estate-related investments, as well as real estate investments held through direct ownership, and excludes the results from those interests held by Divested Businesses and third parties that have been consolidated on the Company's balance sheet. (3) PGIM reflects ($25) million of Other Related Revenues below a normalized level and seasonally lower compensation expenses as well as lower than typical expenses. Retirement reflects lower earnings from joint ventures. Group Insurance reflects lower than typical expenses. Individual Life reflects favorable items. U.S. Legacy Products reflects unfavorable items. Japan Businesses reflects higher than typical expenses and seasonally lower annual premiums. Corporate & Other reflects lower than typical expenses, an investment gain, and other favorable items. Total After-Tax Per Share includes $0.02 for the lower effective tax rate for the quarter. (4) See Appendix for reconciliation of non-GAAP measures Adjusted Operating Income and Adjusted Operating Income Per Share to the most comparable GAAP measures.

SEASONALITY OF KEY FINANCIAL ITEMS

($ millions, pre-tax adjusted operating income)	4Q26		1Q27		2Q27		3Q27	
PGIM	$10	Lower compensation expense	($30)	Higher compensation expense[1]	$10	Lower compensation expense	$10	Lower compensation expense
Group Insurance			($20)	Lowest underwriting gains	$10	Higher underwriting gains	$10	Higher underwriting gains
Individual Life			($20)	Lowest underwriting gains	$5	Higher underwriting gains	$15	Highest underwriting gains
U.S. Legacy Products	($5)	Lower underwriting gains	($10)	Lowest underwriting gains	$5	Higher underwriting gains	$10	Highest underwriting gains
Japan Businesses	($40)	Lowest premiums	$80	Highest premiums	($30)	Lower premiums	($10)	Lower premiums
Corporate & Other	($15)	Higher expenses	($10)	Higher compensation expense[1]	$20	Lower expenses	$5	Lower expenses

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

RECONCILIATIONS BETWEEN ADJUSTED OPERATING INCOME AND THE COMPARABLE GAAP MEASURE

($ millions)	Third Quarter 2026	Third Quarter 2025	Year-to-Date 2026	Year-to-Date 2025
Net income (loss) attributable to Prudential Financial, Inc.	$ 1,388	$ 1,431	$ 2,970	$ 2,671
Income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests	17	52	77	120
Net income (loss)	1,405	1,483	3,047	2,791
Less: Earnings attributable to noncontrolling interests and redeemable noncontrolling interests	17	52	77	120
Income (loss) attributable to Prudential Financial, Inc.	1,388	1,431	2,970	2,671
Less: Equity in earnings of joint ventures and other operating entities, net of taxes and earnings attributable to noncontrolling interests and redeemable noncontrolling interests	4	31	22	13
Income (loss) (after-tax) before equity in earnings of operating joint ventures	1,384	1,400	2,948	2,658
Less: Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	$ (368)	$ (538)	$ (1,601)	$ (1,203)
Change in value of market risk benefits, net of related hedging gains (losses)	(32)	324	(398)	(453)
Market experience updates	104	(36)	99	45
Divested and Run-off Businesses:				
Closed Block Division	16	10	(7)	(30)
Other Divested and Run-off Businesses	279	189	692	266
Equity in earnings of joint ventures and other operating entities and earnings attributable to noncontrolling interests and redeemable noncontrolling interests	(5)	5	(37)	8
Other adjustments[1]	1	(1)	(3)	26
Total reconciling items, before income taxes	(5)	(47)	(1,255)	(1,341)
Less: Income taxes, not applicable to adjusted operating income	(68)	(3)	(358)	(235)
Total reconciling items, after income taxes	63	(44)	(897)	(1,106)
After-tax adjusted operating income	1,321	1,444	3,845	3,764
Income taxes, applicable to adjusted operating income	325	385	962	1,019
Adjusted operating income before income taxes	$ 1,646	$ 1,829	$ 4,807	$ 4,783
Net Income (loss) Return on Equity	18.2%	18.3%	12.6%	11.8%
Adjusted Operating Return on Equity[2]	14.9%	16.6%	14.5%	14.5%

(1) Represents adjustments not included in the above reconciling items, including certain components of consideration for business acquisitions, which are recognized as compensation expense over the requisite service periods.
(2) Represents adjusted operating income after-tax, annualized for interim periods, divided by average Prudential Financial, Inc. equity excluding accumulated other comprehensive income, adjusted to remove amounts included for foreign currency exchange rate remeasurement and the cumulative change in fair value of funds withheld embedded derivatives related to unrealized gains and losses on available-for-sale securities and certain derivatives.

RECONCILIATIONS BETWEEN ADJUSTED OPERATING INCOME PER SHARE AND THE COMPARABLE GAAP MEASURE

	Third Quarter		Year-to-Date	
	2026	2025	2026	2025
Net income (loss) per share attributable to Prudential Financial, Inc.	$ 3.96	$ 4.01	$ 8.43	$ 7.44
Less: Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	(1.06)	(1.52)	(4.60)	(3.39)
Change in value of market risk benefits, net of related hedging gains (losses)	(0.09)	0.92	(1.14)	(1.28)
Market experience updates	0.30	(0.10)	0.28	0.13
Divested and Run-off Businesses:				
Closed Block Division	0.05	0.03	(0.02)	(0.08)
Other Divested and Run-off Businesses	0.81	0.54	1.99	0.75
Difference in earnings allocated to participating unvested share-based payment awards	-	-	0.03	0.03
Other adjustments[1]	-	-	(0.01)	0.07
Total reconciling items, before income taxes	0.01	(0.13)	(3.47)	(3.77)
Less: Income taxes, not applicable to adjusted operating income	(0.18)	(0.09)	(0.99)	(0.72)
Total reconciling items, after income taxes	0.19	(0.04)	(2.48)	(3.05)
After-tax adjusted operating income per share	$ 3.77	$ 4.05	$ 10.91	$ 10.49

(1) Represents adjustments not included in the above reconciling items, including certain components of consideration for business acquisitions, which are recognized as compensation expense over the requisite service periods.

RECONCILIATION BETWEEN ADJUSTED BOOK VALUE AND THE COMPARABLE GAAP MEASURE

($ millions, except per share data)	September 30, 2026
GAAP book value	$ 29,512
Less: Accumulated other comprehensive income (AOCI)	(6,854)
GAAP book value excluding AOCI	36,366
Less: Cumulative change in fair value of funds withheld embedded derivatives[(1)]	335
Less: Cumulative effect of foreign exchange rate remeasurement and currency translation adjustments corresponding to realized gains (losses)	429
Adjusted book value	$ 35,602
Number of diluted shares	347.7
GAAP book value per Common share - diluted	$ 84.88
GAAP book value excluding AOCI per Common share - diluted	$ 104.59
Adjusted book value per Common share - diluted	$ 102.39

(1) Amount represents the cumulative change in fair value of funds withheld embedded derivatives related to unrealized gains and losses on available-for-sale securities and certain derivatives associated with customer liabilities reinsured under coinsurance with funds withheld and modified coinsurance arrangements.

RECONCILIATION BETWEEN PGIM TOTAL REVENUES AND TOTAL ADJUSTED REVENUES

($ millions)	3Q25	4Q25	1Q26	2Q26	3Q26
Total revenues[1]	$ 1,095	$ 1,108	$ 1,040	$ 1,107	$ 1,029
Less: Passthrough distribution revenue	21	21	20	20	19
Less: Revenue associated with consolidations	45	42	23	44	16
Total adjusted revenues[2]	$ 1,029	$ 1,045	$ 997	$ 1,043	$ 994

(1) Revenues exclude realized investment gains, net of losses. (2) Not calculated in accordance with GAAP. Adjusted revenue excludes pass-through distribution revenue, revenue attributable to consolidated entities and revenue associated with certain incentive fee-related compensation expense.

FORWARD-LOOKING STATEMENTS

Certain of the statements included in this presentation and made during the earnings call, including those regarding our strategy, objectives, goals, priorities, expectations, plans, initiatives, or anticipated future performance, financial targets and objectives and capital priorities, planned transactions and the anticipated closing and expected receipt and use of proceeds thereof, actions to reduce costs and the expected impacts thereof, PGIM margin expansion, our expectations for the pension risk transfer business, the expected full year 2026 effective tax rate, those under the heading "Seasonality of Key Financial Items," trends and opportunities, and the expected duration, financial impact, including the expected impact to adjusted operating income, capital, economic solvency ratio and cash flow, and outcome of the Prudential of Japan and Gibraltar Life sales suspension and the related remediation efforts, 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 include, among others, that our remediation efforts in Japan may be unsuccessful or take longer than we expect, that we may uncover additional misconduct, that the sales suspension at Prudential of Japan and Gibraltar Life may continue for longer than we expect, losses on investments or financial contracts due to deterioration in credit quality or value, or counterparty default; 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. Additional factors and uncertainties that could cause actual results to differ 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. Each of our forward-looking statements contained herein is subject to the risk that we will be unable to execute our strategy and other risks. In addition, our statements under the heading "Seasonality of Key Financial Items" are subject to the risk that different earnings and expense patterns will emerge. Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in this presentation.

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

NON-GAAP MEASURES

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, adjusted book value, and adjusted operating return on equity 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 investor.prudential.com. Reconciliations are also included as part of this presentation.

We believe that our use of these non-GAAP measures helps investors understand and evaluate the Company's performance and financial position. The presentation of adjusted operating income as we measure it for management purposes enhances the understanding of the results of operations by highlighting the results from ongoing operations and the underlying profitability of our businesses. Trends in the underlying profitability of our businesses can be more clearly identified without the fluctuating effects of the items described below. Adjusted book value augments the understanding of our financial position by providing a measure of net worth that is primarily attributable to our business operations separate from the portion that is affected by capital and currency market conditions, and by isolating the accounting impact associated with insurance liabilities that are generally not marked to market and the supporting investments that are marked to market through accumulated other comprehensive income under GAAP. However, these non-GAAP measures are not substitutes for income and equity determined in accordance with GAAP, and the adjustments made to derive these measures are important to an understanding of our overall results of operations and financial position. The schedules accompanying this presentation provide reconciliations of non-GAAP measures with the corresponding measures calculated using GAAP. Additional historic information relating to our financial performance is located on our website at investor.prudential.com.

Adjusted operating income is a non-GAAP measure used by the Company to evaluate segment performance and to allocate resources. Adjusted operating income excludes "Realized investment gains (losses), net, and related charges and adjustments". A significant element of realized investment gains and losses are impairments and credit-related and interest rate-related gains and losses. Impairments and losses from sales of credit-impaired securities, the timing of which depends largely on market credit cycles, can vary considerably across periods. The timing of other sales that would result in gains or losses, such as interest rate-related gains or losses, is largely subject to our discretion and influenced by market opportunities as well as capital and other factors.

NON-GAAP MEASURES (CONTINUED)

Realized investment gains (losses) within certain businesses for which such gains (losses) are a principal source of earnings, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments, are included in adjusted operating income. Adjusted operating income generally excludes realized investment gains and losses from products that contain embedded derivatives, and from associated derivative portfolios that are part of an asset-liability management program related to the risk of those products. Adjusted operating income also excludes gains and losses from changes in value of certain assets and liabilities relating to foreign currency exchange movements that have been economically hedged or considered part of our capital funding strategies for our international subsidiaries, as well as gains and losses on certain investments that are designated as trading. Adjusted operating income also excludes investment gains and losses on assets supporting experience-rated contractholder liabilities and changes in experience-rated contractholder liabilities due to asset value changes, because these recorded changes in asset and liability values are expected to ultimately accrue to contractholders. Additionally, adjusted operating income excludes the changes in fair value of equity securities that are recorded in net income. Additionally, adjusted operating income excludes the impact of annual assumption updates and other refinements included in the above items.

Adjusted operating income excludes "Change in value of market risk benefits, net of related hedging gains (losses)", which reflects the impact from changes in current market conditions, and market experience updates, reflecting the immediate impacts in current period results from changes in current market conditions on estimates of profitability, which we believe enhances the understanding of underlying performance trends. Adjusted operating income also excludes the results of Divested and Run-off Businesses, which are not relevant to our ongoing operations, and discontinued operations and earnings attributable to noncontrolling interests and redeemable noncontrolling interests, each of which is presented as a separate component of net income under GAAP. Additionally, adjusted operating income excludes other items, such as certain components of the consideration for acquisitions, which are recognized as compensation expense over the requisite service periods, and goodwill impairments. Earnings attributable to noncontrolling interests and redeemable noncontrolling interests is presented as a separate component of net income under GAAP and excluded from adjusted operating income. The tax effect associated with pre-tax adjusted operating income is based on applicable IRS and foreign tax regulations inclusive of pertinent adjustments.

Adjusted operating income does not equate to "Net income" as determined in accordance with U.S. GAAP. Adjusted operating income is not a substitute for income determined in accordance with U.S. GAAP, and our definition of this non-GAAP measure may differ from that used by other companies. The items above are important to an understanding of our overall results of operations. However, we believe that the presentation of adjusted operating income as we measure it for management purposes enhances the understanding of our results of operations by highlighting the results from ongoing operations and the underlying profitability of our businesses. Trends in the underlying profitability of our businesses can be more clearly identified without the fluctuating effects of the items described above.

NON-GAAP MEASURES (CONTINUED)

Adjusted book value is calculated as total equity (GAAP book value) excluding accumulated other comprehensive income (loss), the cumulative change in fair value of funds withheld embedded derivatives, and the cumulative effect of foreign currency exchange rate remeasurements and currency translation adjustments corresponding to realized investment gains and losses. These items are excluded in order to highlight the book value attributable to our core business operations separate from the portion attributable to external and potentially volatile capital and currency market conditions.

PGIM's Adjusted Operating Margin is also a non-GAAP measure and is calculated as adjusted operating income of the PGIM segment as a percentage of PGIM's adjusted revenue. A reconciliation of PGIM's adjusted revenue to the most comparable GAAP measure is included in our quarterly financial supplement, which is available on our website, and as part of this presentation.

Due to the inherent difficulty in reliably quantifying certain items, including future realized investment gains/losses and changes in asset and liability values, given their unknown timing, unpredictable nature and potential significance, we cannot, without unreasonable effort, provide a reconciliation of our estimated future adjusted operating to net income attributable to Prudential Financial, Inc., the most directly comparable GAAP measure. The variability of these items, which are necessary for a presentation of the reconciliation, could have a significant impact on our reported U.S. GAAP financial results.