

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the**  
**Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): February 7, 2018**

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**PRUDENTIAL FINANCIAL, INC.**

(Exact name of registrant as specified in its charter)

New Jersey  
(State or other jurisdiction  
of incorporation)

001-16707  
(Commission File  
Number)

22-3703799  
(I.R.S. Employer  
Identification No.)

751 Broad Street  
Newark, New Jersey 07102  
(Address of principal executive offices and zip code)

(973) 802-6000  
(Registrant's telephone number, including area code)

**Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:**

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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**Item 2.02 Results of Operations and Financial Condition.**

Prudential Financial, Inc. (the “Company”) furnishes herewith, as Exhibit 99.1, a news release announcing full year and fourth quarter 2017 results.

**Item 7.01 Regulation FD Disclosure.**

- A. Quarterly Financial Supplement. The Company furnishes herewith, as Exhibit 99.2, the Quarterly Financial Supplement for fourth quarter 2017.
- B. Conference Call and Related Materials. Members of the Company’s senior management will hold a conference call on Thursday, February 8, 2018 at 11:00 A.M. ET, to discuss the Company’s fourth quarter 2017 results. Related materials are available on the Company’s Investor Relations website at [www.investor.prudential.com](http://www.investor.prudential.com).
- C. Dividend Declaration. Today the Company announced the declaration of a quarterly dividend of \$0.90 per share of Common Stock, payable on March 15, 2018 to shareholders of record as of February 21, 2018.
- D. Impact of the Tax Cuts and Jobs Act on 2018 Effective Tax Rate. Today the Company updated its 2018 expected effective tax rate from the expectation provided on December 14, 2017 in connection with its 2018 Financial Outlook. The updated expected effective tax rate is included in the news release furnished herewith as Exhibit 99.1.

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits.**

| <u>Exhibit<br/>No.</u> | <u>Description</u>                                                                                                                                                         |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 99.1                   | <a href="#"><u>News release of Prudential Financial, Inc., dated February 7, 2018, announcing full year and fourth quarter 2017 results (furnished and not filed).</u></a> |
| 99.2                   | <a href="#"><u>Quarterly Financial Supplement for Prudential Financial, Inc. for fourth quarter 2017 (furnished and not filed).</u></a>                                    |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 7, 2018

PRUDENTIAL FINANCIAL, INC.

By: /s/ Robert D. Axel

Name: Robert D. Axel

Title: Senior Vice President and Principal Accounting Officer



## Earnings Release



February 7, 2018

### Prudential Financial, Inc. Announces 2017 Results

- Net income attributable to Prudential Financial for 2017 of \$7.863 billion or \$17.86 per Common share versus \$4.368 billion or \$9.71 per share for 2016.
- After-tax adjusted operating income of \$4.652 billion or \$10.58 per Common share for 2017 versus \$4.107 billion or \$9.13 per share for 2016.
- Fourth quarter 2017 net income attributable to Prudential Financial of \$3.765 billion or \$8.61 per Common share versus \$284 million or 65 cents per share for year-ago quarter.
- Fourth quarter 2017 after-tax adjusted operating income of \$1.173 billion or \$2.69 per Common share versus \$1.090 billion or \$2.46 per share for year-ago quarter.
- Impact of the Tax Act<sup>(1)</sup>: Fourth quarter 2017 net income included a benefit of \$2.871 billion or \$6.64 per Common share as a result of the Tax Act. Book value per Common share and adjusted book value per Common share include benefits of \$6.59 and \$2.74, respectively, as a result of the Tax Act. In addition, Prudential now expects the 2018 effective tax rate on adjusted operating income to be approximately 22%, as compared to the 26% expectation provided on December 14, 2017 in connection with our 2018 Financial Outlook.
- Other significant items: Net income and adjusted operating income include a net benefit of 1 cent per Common share, in the current quarter and a net benefit of 3 cents per Common share in the year-ago quarter, from other items discussed later in this release. Current quarter results also reflect higher than average quarterly expenses, as discussed later in this release, which had an estimated unfavorable pre-tax impact of approximately \$165 million or 25 cents per Common share on results.

John Strangfeld, Chairman and CEO, commented on results:

“Prudential had a solid finish to a strong year. While earnings were impacted by higher expenses in the quarter, underlying fundamentals in our businesses are robust, as evidenced by record assets under management and account values across our operations and solid core growth. As we look to 2018, we see good momentum and opportunities for growth while continuing to focus on key strategic long-term initiatives.”

#### COMMON STOCK DIVIDEND INCREASED

Today, the Company declared a quarterly dividend of 90 cents per share of Common stock, payable on March 15, 2018, to shareholders of record as of February 21, 2018, representing an increase of 20% over the prior year dividend level.

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**FOURTH QUARTER BUSINESS HIGHLIGHTS**

- Individual Annuities gross sales of \$1.6 billion were slightly below the year-ago quarter total of \$1.7 billion, and increased over the prior sequential quarter of \$1.3 billion. Higher net fees and return on assets reflect record-high separate account balances and more favorable estimates of the profitability of the business as compared to the year-ago quarter.
- U.S. Individual Life sales of \$183 million, based on annualized new business premiums, consistent with the year-ago quarter.
- Record-high Retirement account values of \$429.1 billion, up 11% from a year earlier. Net flows of \$4.5 billion includes several new pension risk transfer case sales totaling \$7.3 billion.
- Group Insurance total benefits ratio for the current quarter was slightly below the midpoint of the 2017 target range and, for the full year, was at the low end of the target range.
- Record-high Investment Management segment assets under management of \$1.155 trillion includes a record-high \$602.2 billion of unaffiliated third-party institutional and retail assets under management, up 15% from a year earlier. Unaffiliated third-party net inflows, excluding money market, totaled \$1.4 billion for the current quarter and \$15.7 billion for the year.
- International Insurance constant dollar basis sales of \$644 million, down 10% from the year-ago quarter, primarily reflects decreased sales in Japan following elevated sales levels in the first half of the year. Full year constant dollar basis sales of \$3 billion are consistent with 2016. Life Planner count, up 2% from a year earlier, includes an increase of 3% in Japan.

**OTHER FINANCIAL HIGHLIGHTS**

- Returned approximately \$2.6 billion to shareholders through Common Stock repurchases and dividends in 2017, including approximately \$635 million in the fourth quarter.
- Book value per Common share, based on generally accepted accounting principles (GAAP), was \$125.24 at December 31, 2017, compared to \$104.91 at December 31, 2016. Adjusted book value per Common share amounted to \$88.28 at December 31, 2017, an increase of \$9.33 from December 31, 2016, after payment of four quarterly Common Stock dividends totaling \$3.00 per share. Book value per Common share and adjusted book value per Common share benefited by \$6.59 and \$2.74, respectively, as a result of the Tax Act.<sup>(1)</sup>
- During the fourth quarter of 2017, the Company acquired 2.8 million shares of its Common Stock at a total cost of \$312.5 million, for an average price of \$112.51 per share. From the commencement of repurchases in July 2011 through December 31, 2017, the Company has acquired 101.7 million shares of its Common Stock at a total cost of \$7.6 billion, for an average price of \$75.22 per share. On December 14, 2017, the Company announced that its Board of Directors authorized the repurchase of up to \$1.5 billion of its outstanding Common Stock at management's discretion during the period from January 1, 2018 through December 31, 2018.
- Excluding holdings of the Closed Block division, net unrealized gains on general account fixed maturity investments were \$32.0 billion at December 31, 2017, compared to \$27.6 billion at December 31, 2016; gross unrealized losses were \$1.5 billion at December 31, 2017, compared to \$3.8 billion at December 31, 2016.

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**SIGNIFICANT ITEMS**

- In the current quarter, net income includes a tax benefit of \$2.871 billion or \$6.64 per Common share related to the enactment of the Tax Cuts and Jobs Act (Tax Act).<sup>(1)</sup> This benefit is driven by the remeasurement of net deferred tax liabilities arising from a lower U.S. Corporate tax rate and the adoption of a territorial tax system, partially offset by the deemed repatriation of unremitted taxable earnings of foreign subsidiaries.
- Also in the current quarter, net income and adjusted operating income each include a pre-tax benefit of \$16 million in Individual Annuities to reflect the impact of market performance on deferred policy acquisition and other costs and reserves for guaranteed minimum benefits, partially offset by \$12 million of debt exchange costs in Corporate and Other operations, resulting in a net favorable impact of approximately 1 cent per Common share.
- In the year-ago quarter, net income and adjusted operating income each included a benefit of approximately 3 cents per Common share from significant items reflecting the settlement of legal matters in Retirement.
- In addition, several of our businesses, and our Corporate and Other operations, incurred costs in the fourth quarter that exceed the average quarterly level for the year, reflecting the timing of expenses for items such as technology and business development, annual policyholder communications, advertising and other variable costs. For the current quarter, we estimate the pre-tax impact to be approximately \$165 million including about \$70 million in our U.S. businesses, \$25 million in our international businesses, and the remainder in our Corporate and Other operations.

**NEWARK, N.J.** – Prudential Financial, Inc. (NYSE: PRU) today reported year end and fourth quarter results. Net income attributable to Prudential Financial, Inc., was \$7.863 billion (\$17.86 per Common share) for the year ended December 31, 2017, compared to \$4.368 billion (\$9.71 per Common share) for the year ended December 31, 2016. After-tax adjusted operating income was \$4.652 billion (\$10.58 per Common share) for 2017, compared to \$4.107 billion (\$9.13 per Common share) for 2016.

For the fourth quarter of 2017, net income attributable to Prudential Financial, Inc. was \$3.765 billion (\$8.61 per Common share), compared to \$284 million (65 cents per Common share) for the fourth quarter of 2016. After-tax adjusted operating income was \$1.173 billion (\$2.69 per Common share) for the fourth quarter of 2017, compared to \$1.090 billion (\$2.46 per Common share) for the fourth quarter of 2016.

Adjusted operating income does not equate to net income as determined in accordance with GAAP, but is the measure used by the Company to evaluate segment performance and to allocate resources, and is the measure of segment performance presented below. Consolidated adjusted operating income is a non-GAAP measure of financial performance. Adjusted book value is a non-GAAP measure of financial position. These measures are discussed later in this press release under “Forward-Looking Statements and Non-GAAP Measures.” Reconciliations of these measures to the most comparable GAAP measures are provided in the tables that accompany this release.

**RESULTS OF ONGOING OPERATIONS**

The Company’s ongoing operations include the U.S. Individual Solutions, U.S. Workplace Solutions, Investment Management, and International Insurance divisions, as well as Corporate and Other operations. In the following business-level discussion, adjusted operating income refers to pre-tax results.

**U.S. Individual Solutions Division:**

The **U.S. Individual Solutions division**, consisting of the Individual Annuities and Individual Life segments, reported adjusted operating income of \$639 million for the fourth quarter of 2017, compared to \$560 million in the year-ago quarter.

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| INDIVIDUAL ANNUITIES SEGMENT (\$ millions)                                                                 | 4Q:17 | 4Q:16 |
|------------------------------------------------------------------------------------------------------------|-------|-------|
| Adjusted operating income                                                                                  | \$541 | \$422 |
| <b>Significant items included above:</b>                                                                   |       |       |
| Impact from updated estimates of profitability driven by market performance in relation to our assumptions | \$16  | \$0   |

The **Individual Annuities segment** reported adjusted operating income of \$541 million in the current quarter, compared to \$422 million in the year-ago quarter. Updated estimates of profitability driven by market performance in relation to our assumptions, resulted in a net benefit of \$16 million in the current quarter and had no impact in the year-ago quarter.

Excluding this significant item, results for the Individual Annuities segment increased \$103 million from the year-ago quarter. This increase reflects higher policy fees, net of associated risk management and other related costs, partially offset by a lower contribution from net investment spread results. The increase in net policy fees was driven by an increase in average variable annuity account values and lower risk management costs. The contribution from net investment spread included returns on non-coupon investments and prepayment fees that were approximately \$10 million above our average expectations, in both the current quarter and the year-ago quarter.

| INDIVIDUAL LIFE SEGMENT (\$ millions) | 4Q:17 | 4Q:16 |
|---------------------------------------|-------|-------|
| Adjusted operating income             | \$98  | \$138 |

The **Individual Life segment** reported adjusted operating income of \$98 million for the current quarter, compared to \$138 million in the year-ago quarter. The decrease primarily reflects unfavorable claims experience and the adverse ongoing impact of the second quarter 2017 annual review and update of actuarial assumptions and other refinements. Partially offsetting this decrease was a favorable variance from updates to other reserve balances and related items in the year-ago quarter of \$25 million and a greater contribution from net investment spread results. The net contribution to current quarter results from claims experience, inclusive of reinsurance, associated reserve updates and amortization, was approximately \$25 million less favorable than our average expectations compared to approximately \$15 million more favorable than our average expectations in the year-ago quarter. The current quarter contribution from net investment spread included returns on non-coupon investments and prepayment fees that were approximately \$5 million above our average expectations, as compared to returns approximately \$15 million above our average expectations in the year-ago quarter.

#### U.S. Workplace Solutions Division:

The **U.S. Workplace Solutions division**, consisting of the Retirement and Group Insurance segments, reported adjusted operating income of \$313 million for the fourth quarter of 2017, compared to \$361 million in the year-ago quarter.

| RETIREMENT SEGMENT (\$ millions)         | 4Q:17 | 4Q:16 |
|------------------------------------------|-------|-------|
| Adjusted operating income                | \$291 | \$318 |
| <b>Significant items included above:</b> |       |       |
| Settlement of legal matters              | \$0   | \$20  |

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The **Retirement segment** reported adjusted operating income of \$291 million for the current quarter, compared to \$318 million in the year-ago quarter. Results for the year-ago quarter included a benefit of \$20 million from settlement of legal matters.

Excluding this significant item, results decreased \$7 million from the year-ago quarter. This decrease reflects a less favorable contribution from case experience and higher expenses, partially offset by a greater contribution from net investment spread results. The current quarter contribution to results from case experience was approximately \$10 million less favorable than our average expectations in comparison to approximately \$10 million more favorable than our average expectations in the year-ago quarter. The current quarter contribution from net investment spread included returns on non-coupon investments and prepayment fees that were approximately \$50 million above our average expectations, as compared to returns approximately \$30 million above our average expectations in the year-ago quarter.

| GROUP INSURANCE SEGMENT (\$ millions) | 4Q:17 | 4Q:16 |
|---------------------------------------|-------|-------|
| Adjusted operating income             | \$22  | \$43  |

The **Group Insurance segment** reported adjusted operating income of \$22 million in the current quarter, compared to \$43 million in the year-ago quarter. The decrease reflects higher expenses and less favorable group life underwriting results partially offset by a higher contribution from net investment spread results. Current quarter underwriting results included approximately \$10 million of unfavorable reserve and premium refinements. The current quarter contribution from net investment spread results included returns on non-coupon investments and prepayment fees which were approximately \$10 million above our average expectations in comparison to returns approximately \$5 million above our average expectations in the year-ago quarter.

#### Investment Management Division:

**Investment Management** reported adjusted operating income of \$306 million for the current quarter, compared to \$224 million in the year-ago quarter.

| INVESTMENT MANAGEMENT (\$ millions) | 4Q:17 | 4Q:16 |
|-------------------------------------|-------|-------|
| Adjusted operating income           | \$306 | \$224 |

The increase in Investment Management adjusted operating income was driven by a \$70 million greater contribution from the segment's incentive, transaction, strategic investing and commercial mortgage activities, which amounted to \$92 million in the current quarter and higher asset management fees, reflecting an increase in assets under management primarily from fixed income net inflows and equity market appreciation, partially offset by higher expenses.

#### International Insurance Division:

The **International Insurance division** reported adjusted operating income of \$777 million for the fourth quarter of 2017, compared to \$755 million in the year-ago quarter.

| LIFE PLANNER OPERATIONS (\$ millions) | 4Q:17 | 4Q:16 |
|---------------------------------------|-------|-------|
| Adjusted operating income             | \$383 | \$395 |

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Adjusted operating income of **Life Planner operations** was \$383 million for the current quarter, compared to \$395 million in the year-ago quarter. This decrease was driven by higher expenses, less favorable policy benefits experience, and the impact of foreign currency exchange rates, partially offset by continued business growth. Foreign currency exchange rates, including the impact of the Company's currency hedging programs, had an unfavorable impact of \$5 million in comparison to the year-ago quarter. Claims experience in the current quarter was consistent with our average expectations and in the year-ago quarter was approximately \$15 million more favorable than our average expectations. In addition, the current quarter contribution from net investment spread results included returns on non-coupon investments and prepayment fees approximately \$15 million above our average expectations in comparison to returns approximately \$5 million above our average expectations in the year-ago quarter.

| <b>GIBRALTAR LIFE AND OTHER OPERATIONS (\$ millions)</b> | <b>4Q:17</b> | <b>4Q:16</b> |
|----------------------------------------------------------|--------------|--------------|
| <b>Adjusted operating income</b>                         | \$394        | \$360        |

Adjusted operating income of **Gibraltar Life and Other operations** was \$394 million for the current quarter, compared to \$360 million in the year-ago quarter. This increase primarily reflects more favorable policy benefits experience and continued business growth. Foreign currency exchange rates had a negligible impact on results in comparison to the year-ago quarter.

#### **Corporate and Other Operations:**

**Corporate and Other operations** reported a loss, on an adjusted operating income basis, of \$463 million in the fourth quarter of 2017, compared to a loss of \$441 million in the year-ago quarter.

| <b>CORPORATE AND OTHER OPERATIONS (\$ millions)</b> | <b>4Q:17</b> | <b>4Q:16</b> |
|-----------------------------------------------------|--------------|--------------|
| <b>Adjusted operating income</b>                    | \$(463)      | \$(441)      |
| <b>Significant items included above:</b>            |              |              |
| <b>Debt exchange costs</b>                          | \$(12)       | \$0          |

Corporate and Other results for the current quarter included \$12 million of debt exchange costs. Excluding this item, the \$10 million increase in loss compared to the year-ago quarter primarily reflects higher expenses and lower investment income, net of interest costs, partially offset by higher income from the qualified pension plan.

#### **ASSETS UNDER MANAGEMENT**

**Assets under management** amounted to \$1.394 trillion at December 31, 2017, compared to \$1.264 trillion a year earlier.

#### **NET INCOME AND INVESTMENT PORTFOLIO**

**Net income attributable to Prudential Financial, Inc.** amounted to \$3.765 billion for the fourth quarter of 2017, compared to \$284 million for the year-ago quarter.

Current quarter net income includes a tax benefit of \$2.871 billion related to the enactment of the Tax Act,<sup>(1)</sup> driven by the remeasurement of net deferred tax liabilities arising from a lower U.S. corporate tax rate and the adoption of a territorial tax system, partially offset by the deemed repatriation of unremitted earnings of foreign subsidiaries.

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Current quarter net income also includes \$581 million of pre-tax net realized investment losses and related charges and adjustments. The foregoing net losses include net pre-tax losses of \$500 million primarily related to derivatives used for risk management including foreign currency and asset and liability duration management and other risk mitigation activities, net pre-tax losses of \$332 million from products that contain embedded derivatives or guarantees and associated hedging activities, largely driven by the impact of tightening credit spreads on our risk of non-performance, and \$87 million from impairments and sales of credit-impaired investments. The foregoing losses were partially offset by net pre-tax gains of \$338 million from general portfolio and related activities.

Net income for the current quarter reflects a pre-tax increase of \$6 million in recorded asset values and a pre-tax decrease of \$37 million in recorded liabilities representing changes in value which are expected to ultimately accrue to contractholders. These changes primarily represent mark-to-market adjustments.

Net income for the current quarter also reflects a pre-tax loss of \$17 million from divested businesses, primarily reflecting the results from the Long-Term Care business.

Net income for the year-ago quarter included \$824 million of pre-tax net realized investment losses and related charges and adjustments, including pre-tax losses of \$1.283 billion from products that contain embedded derivatives or guarantees and associated hedging activities, and \$53 million from impairments and sales of credit-impaired investments. The foregoing losses were partially offset by pre-tax gains of \$347 million from general portfolio and related activities and \$165 million primarily related to derivatives used in risk management activities including foreign currency and asset and liability duration management.

Excluding holdings of the Closed Block division, gross unrealized losses on general account fixed maturity investments at December 31, 2017, amounted to \$1.507 billion, including \$1.260 billion on high and highest quality securities based on NAIC or equivalent ratings, and amounted to \$3.809 billion at December 31, 2016. Net unrealized gains on these investments amounted to \$32.013 billion at December 31, 2017, compared to \$27.585 billion a year earlier.

(1) Note: Net income for the fourth quarter and full year 2017, and book value per share and adjusted book value per share as of December 31, 2017, include the estimated impact of the enactment of the Tax Cuts and Jobs Act (Tax Act), which was signed into law on December 22, 2017. The final impact of the Tax Act may differ from these estimates, due to, among other things, changes in interpretations and assumptions made by the Company, additional guidance that may be issued by the U.S. Department of Treasury and actions that the Company may take. In addition, the Financial Accounting Standards Board (FASB) has released "Proposed Accounting Standards Update to Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," which, if issued by the FASB in its current form and adopted by the Company prior to the release of the 2017 audited consolidated financial statements, then a portion of the cumulative impact from the remeasurement of deferred taxes will be reported in accumulated other comprehensive income rather than retained earnings. If this change is adopted, reported GAAP book value (total PFI equity) and adjusted book value at December 31, 2017, would remain unchanged.

#### FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES

Certain of the statements included in this release constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. 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. Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in this document.

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Information in this release regarding the impact of the Tax Act on Prudential Financial, Inc.'s results of operations and financial condition consists of estimates. These estimates are forward-looking statements based on current interpretations and expectations and may change, possibly materially, as described above. The 2018 expected adjusted operating income effective tax rate included in this press release reflects the estimated impact of the Tax Act on the 2018 effective tax rate included in Prudential Financial, Inc.'s 2018 Financial Outlook presentation and the related Current Report on Form 8-K dated December 14, 2017. Apart from the tax rate, Prudential Financial, Inc. is not updating or reaffirming the expectations or assumptions presented in its 2018 Financial Outlook as of such date.

Consolidated adjusted operating income and adjusted book value are non-GAAP measures. Reconciliations of these measures to the most directly comparable GAAP measures are included in this release.

Adjusted operating income excludes "Realized investment gains (losses), net," as adjusted, 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 our tax and capital profile.

Realized investment gains (losses) within certain of our 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. However, the effectiveness of our hedging program will ultimately be reflected in adjusted operating income over time. 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 classified as other trading account assets.

Adjusted operating income also excludes investment gains and losses on trading account assets supporting insurance 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. In addition, adjusted operating income excludes the results of divested businesses, which are not relevant to our ongoing operations. Discontinued operations and earnings attributable to noncontrolling interests, each of which is presented as a separate component of net income under GAAP, are also 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 book value is calculated as total equity (GAAP book value) excluding accumulated other comprehensive income (loss), the cumulative effect of foreign currency exchange rate remeasurements and currency translation adjustments corresponding to realized investment gains and losses, and certain deferred taxes resulting from the change in the U.S. tax rate enacted with the Tax Cuts and Jobs Act on December 22, 2017. 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. See "Other Financial Highlights" above for information related to the impact of the Tax Act on adjusted book value per share, as of December 31, 2017.

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 above. 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, adjusted operating income and adjusted book value are not substitutes for income and equity determined in accordance with GAAP, and the adjustments made to derive

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these measures are important to an understanding of our overall results of operations and financial position. The schedules accompanying this release provide a reconciliation of adjusted operating income to net income in accordance with GAAP and a reconciliation of adjusted book value to GAAP book value. The information referred to above, as well as the risks of our businesses described in our Annual Report on Form 10-K for the year ended December 31, 2016, and subsequent Quarterly Reports on Form 10-Q, should be considered by readers when reviewing forward-looking statements contained in this release. Additional historic information relating to our financial performance is located on our Web site at [www.investor.prudential.com](http://www.investor.prudential.com).

#### EARNINGS CONFERENCE CALL

Members of Prudential's senior management will host a conference call on Thursday, February 8, 2018, at 11 a.m. ET, to discuss with the investment community the Company's fourth quarter results. The conference call and an accompanying slide presentation will be broadcast live over the Company's Investor Relations Web site at [www.investor.prudential.com](http://www.investor.prudential.com). Please log on 15 minutes early in the event necessary software needs to be downloaded. The call will remain on the Investor Relations Web site for replay through February 23. Institutional investors, analysts, and other members of the professional financial community are invited to listen to the call and participate in Q&A by dialing (877) 777-1971 (domestic callers) or (612) 332-0228 (international callers). All others are encouraged to dial into the conference call in listen-only mode, using the same numbers. To listen to a replay of the conference call starting at 2 p.m. on February 8, through February 15, dial (800) 475-6701 (domestic callers) or (320) 365-3844 (international callers). The access code for the replay is 439432.



Prudential Financial, Inc. ([NYSE: PRU](http://NYSE:PRU)), a financial services leader with more than \$1 trillion of assets under management as of December 31, 2017, has operations in the United States, Asia, Europe, and Latin America. Prudential's diverse and talented employees are committed to helping individual and institutional customers grow and protect their wealth through a variety of products and services, including life insurance, annuities, retirement-related services, mutual funds and investment management. In the U.S., Prudential's iconic Rock symbol has stood for strength, stability, expertise and innovation for more than a century. For more information, please visit [news.prudential.com](http://news.prudential.com).

MEDIA CONTACT: Laura Burke, (973) 802-9489, [laura.burke@prudential.com](mailto:laura.burke@prudential.com)

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**Financial Highlights**  
(in millions, unaudited)

|                                                                                                                          | Three Months Ended<br>December 31 |                 | Year Ended<br>December 31 |                |
|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------|---------------------------|----------------|
|                                                                                                                          | 2017                              | 2016            | 2017                      | 2016           |
| <b>Income Statement Data:</b>                                                                                            |                                   |                 |                           |                |
| <b>Net income attributable to Prudential Financial, Inc.</b>                                                             | \$ 3,765                          | \$ 284          | \$ 7,863                  | \$4,368        |
| Income attributable to noncontrolling interests                                                                          | 100                               | 9               | 111                       | 51             |
| <b>Net income</b>                                                                                                        | <u>3,865</u>                      | <u>293</u>      | <u>7,974</u>              | <u>4,419</u>   |
| Less: Earnings attributable to noncontrolling interests                                                                  | 100                               | 9               | 111                       | 51             |
| <b>Income attributable to Prudential Financial, Inc.</b>                                                                 | <u>3,765</u>                      | <u>284</u>      | <u>7,863</u>              | <u>4,368</u>   |
| Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests | (109)                             | 2               | (62)                      | (2)            |
| <b>Income (after-tax) before equity in earnings of operating joint ventures</b>                                          | <u>3,874</u>                      | <u>282</u>      | <u>7,925</u>              | <u>4,370</u>   |
| Less: Reconciling Items:                                                                                                 |                                   |                 |                           |                |
| Realized investment gains (losses), net, and related charges and adjustments                                             | (581)                             | (824)           | (58)                      | 523            |
| Investment gains (losses) on trading account assets supporting insurance liabilities, net                                | 6                                 | (378)           | 336                       | (17)           |
| Change in experience-rated contractholder liabilities due to asset value changes                                         | 37                                | 283             | (151)                     | 21             |
| Divested businesses:                                                                                                     |                                   |                 |                           |                |
| Closed Block Division                                                                                                    | (4)                               | (58)            | 45                        | (132)          |
| Other divested businesses                                                                                                | (13)                              | (160)           | 38                        | (84)           |
| Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests                     | 99                                | (5)             | 33                        | (5)            |
| Total reconciling items, before income taxes                                                                             | (456)                             | (1,142)         | 243                       | 306            |
| Less: Income taxes, not applicable to adjusted operating income                                                          | (3,157)                           | (334)           | (3,030)                   | 43             |
| Total reconciling items, after income taxes                                                                              | <u>2,701</u>                      | <u>(808)</u>    | <u>3,273</u>              | <u>263</u>     |
| <b>After-tax adjusted operating income (1)</b>                                                                           | <u>1,173</u>                      | <u>1,090</u>    | <u>4,652</u>              | <u>4,107</u>   |
| Income taxes, applicable to adjusted operating income                                                                    | 399                               | 369             | 1,592                     | 1,292          |
| <b>Adjusted operating income before income taxes (1)</b>                                                                 | <u>\$ 1,572</u>                   | <u>\$ 1,459</u> | <u>\$ 6,244</u>           | <u>\$5,399</u> |

See footnotes on last page.

**Financial Highlights**

(in millions, except per share data, unaudited)

|                                                                                                                     | Three Months Ended<br>December 31 |                | Year Ended<br>December 31 |                 |
|---------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------|---------------------------|-----------------|
|                                                                                                                     | 2017                              | 2016           | 2017                      | 2016            |
| <b>Earnings per share of Common Stock (diluted):</b>                                                                |                                   |                |                           |                 |
| <b>Net income attributable to Prudential Financial, Inc.</b>                                                        | \$ 8.61                           | \$ 0.65        | \$ 17.86                  | \$ 9.71         |
| Less: Reconciling Items:                                                                                            |                                   |                |                           |                 |
| Realized investment gains (losses), net, and related charges and adjustments                                        | (1.34)                            | (1.87)         | (0.13)                    | 1.17            |
| Investment gains (losses) on trading account assets supporting insurance liabilities, net                           | 0.01                              | (0.86)         | 0.77                      | (0.04)          |
| Change in experience-rated contractholder liabilities due to asset value changes                                    | 0.09                              | 0.64           | (0.35)                    | 0.05            |
| Divested businesses:                                                                                                |                                   |                |                           |                 |
| Closed Block Division                                                                                               | (0.01)                            | (0.13)         | 0.10                      | (0.30)          |
| Other divested businesses                                                                                           | (0.03)                            | (0.36)         | 0.09                      | (0.19)          |
| Difference in earnings allocated to participating unvested share-based payment awards                               | (0.07)                            | 0.02           | (0.09)                    | —               |
| Total reconciling items, before income taxes                                                                        | (1.35)                            | (2.56)         | 0.39                      | 0.69            |
| Less: Income taxes, not applicable to adjusted operating income                                                     | (7.27)                            | (0.75)         | (6.89)                    | 0.11            |
| Total reconciling items, after income taxes                                                                         | 5.92                              | (1.81)         | 7.28                      | 0.58            |
| <b>After-tax adjusted operating income</b>                                                                          | <u>\$ 2.69</u>                    | <u>\$ 2.46</u> | <u>\$ 10.58</u>           | <u>\$ 9.13</u>  |
| Weighted average number of outstanding Common shares (basic)                                                        | 423.7                             | 430.7          | 427.0                     | 438.2           |
| Weighted average number of outstanding Common shares (diluted)                                                      | 432.7                             | 439.8          | 436.0                     | 446.6           |
| <b>Earnings related to interest, net of tax, on exchangeable surplus notes</b>                                      | <u>\$ 4</u>                       | <u>\$ 4</u>    | <u>\$ 17</u>              | <u>\$ 17</u>    |
| <b>Earnings allocated to participating unvested share-based payment awards for earnings per share calculation:</b>  |                                   |                |                           |                 |
| Net income                                                                                                          | \$ 44                             | \$ 3           | \$ 94                     | \$ 49           |
| After-tax adjusted operating income                                                                                 | \$ 14                             | \$ 12          | \$ 56                     | \$ 47           |
| <b>Prudential Financial, Inc. Equity (as of end of period):</b>                                                     |                                   |                |                           |                 |
| GAAP book value (total PFI equity) at end of period                                                                 | \$54,069                          | \$45,863       |                           |                 |
| Less: Accumulated other comprehensive income (AOCI)                                                                 | 17,074                            | 14,621         |                           |                 |
| GAAP book value excluding AOCI                                                                                      | 36,995                            | 31,242         |                           |                 |
| Less: Cumulative effect of foreign exchange rate remeasurement and changes in certain deferred taxes                | (969)                             | (3,199)        |                           |                 |
| Adjusted book value                                                                                                 | 37,964                            | 34,441         |                           |                 |
| Number of diluted shares at end of period (2)                                                                       | 435.7                             | 436.2          |                           |                 |
| GAAP book value per Common share - diluted (3)                                                                      | 125.24                            | 104.91         |                           |                 |
| GAAP book value excluding AOCI per share - diluted (4)                                                              | 86.06                             | 71.62          |                           |                 |
| Adjusted book value per Common share - diluted (4)                                                                  | 88.28                             | 78.95          |                           |                 |
| <b>Adjusted operating income before income taxes, by Segment (1):</b>                                               |                                   |                |                           |                 |
| Individual Annuities                                                                                                | \$ 541                            | \$ 422         | \$ 2,198                  | \$ 1,765        |
| Individual Life                                                                                                     | 98                                | 138            | (191)                     | 79              |
| Total U.S. Individual Solutions Division                                                                            | 639                               | 560            | 2,007                     | 1,844           |
| Retirement                                                                                                          | 291                               | 318            | 1,244                     | 1,012           |
| Group Insurance                                                                                                     | 22                                | 43             | 253                       | 220             |
| Total U.S. Workplace Solutions Division                                                                             | 313                               | 361            | 1,497                     | 1,232           |
| Investment Management                                                                                               | 306                               | 224            | 979                       | 787             |
| Total Investment Management Division                                                                                | 306                               | 224            | 979                       | 787             |
| International Insurance                                                                                             | 777                               | 755            | 3,198                     | 3,117           |
| Total International Insurance Division                                                                              | 777                               | 755            | 3,198                     | 3,117           |
| Corporate and Other operations                                                                                      | (463)                             | (441)          | (1,437)                   | (1,581)         |
| Adjusted operating income before income taxes                                                                       | 1,572                             | 1,459          | 6,244                     | 5,399           |
| Reconciling Items:                                                                                                  |                                   |                |                           |                 |
| Realized investment gains (losses), net, and related charges and adjustments                                        | (581)                             | (824)          | (58)                      | 523             |
| Investment gains (losses) on trading account assets supporting insurance liabilities, net                           | 6                                 | (378)          | 336                       | (17)            |
| Change in experience-rated contractholder liabilities due to asset value changes                                    | 37                                | 283            | (151)                     | 21              |
| Divested businesses:                                                                                                |                                   |                |                           |                 |
| Closed Block Division                                                                                               | (4)                               | (58)           | 45                        | (132)           |
| Other divested businesses                                                                                           | (13)                              | (160)          | 38                        | (84)            |
| Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests                | 99                                | (5)            | 33                        | (5)             |
| Total reconciling items, before income taxes                                                                        | (456)                             | (1,142)        | 243                       | 306             |
| <b>Income before income taxes and equity in earnings of operating joint ventures for Prudential Financial, Inc.</b> | <u>\$ 1,116</u>                   | <u>\$ 317</u>  | <u>\$ 6,487</u>           | <u>\$ 5,705</u> |

See footnotes on last page.

**Financial Highlights**

(in millions, or as otherwise noted, unaudited)

|                                                                             | Three Months Ended<br>December 31 |            | Year Ended<br>December 31 |          |
|-----------------------------------------------------------------------------|-----------------------------------|------------|---------------------------|----------|
|                                                                             | 2017                              | 2016       | 2017                      | 2016     |
| <b>U.S. Individual Solutions Division:</b>                                  |                                   |            |                           |          |
| Fixed and Variable Annuity Sales and Account Values:                        |                                   |            |                           |          |
| Gross sales                                                                 | \$ 1,618                          | \$ 1,656   | \$ 5,894                  | \$ 8,054 |
| Net sales (redemptions)                                                     | \$ (1,134)                        | \$ (493)   | \$ (3,927)                | \$ 173   |
| Total account value at end of period                                        | \$168,626                         | \$156,783  |                           |          |
| Individual Life Insurance Annualized New Business Premiums (5):             |                                   |            |                           |          |
| Term life                                                                   | \$ 53                             | \$ 50      | \$ 213                    | \$ 200   |
| Guaranteed Universal life                                                   | 32                                | 77         | 156                       | 243      |
| Other Universal life                                                        | 43                                | 31         | 125                       | 95       |
| Variable life                                                               | 55                                | 25         | 130                       | 92       |
| Total                                                                       | \$ 183                            | \$ 183     | \$ 624                    | \$ 630   |
| <b>U.S. Workplace Solutions Division:</b>                                   |                                   |            |                           |          |
| Retirement Segment:                                                         |                                   |            |                           |          |
| Full Service:                                                               |                                   |            |                           |          |
| Deposits and sales                                                          | \$ 6,832                          | \$ 5,168   | \$29,527                  | \$21,928 |
| Net additions (withdrawals)                                                 | \$ (371)                          | \$ (147)   | \$ 4,716                  | \$ 1,801 |
| Total account value at end of period                                        | \$234,616                         | \$202,802  |                           |          |
| Institutional Investment Products:                                          |                                   |            |                           |          |
| Gross additions                                                             | \$ 10,267                         | \$ 3,751   | \$21,630                  | \$16,140 |
| Net additions (withdrawals)                                                 | \$ 4,825                          | \$ (169)   | \$ 4,224                  | \$ 3,979 |
| Total account value at end of period                                        | \$194,492                         | \$183,376  |                           |          |
| Group Insurance Annualized New Business Premiums (5):                       |                                   |            |                           |          |
| Group life                                                                  | \$ 22                             | \$ 31      | \$ 287                    | \$ 316   |
| Group disability                                                            | 12                                | 6          | 153                       | 119      |
| Total                                                                       | \$ 34                             | \$ 37      | \$ 440                    | \$ 435   |
| <b>Investment Management Division:</b>                                      |                                   |            |                           |          |
| Investment Management Segment:                                              |                                   |            |                           |          |
| Assets managed by Investment Management (in billions, as of end of period): |                                   |            |                           |          |
| Institutional customers                                                     | \$ 489.5                          | \$ 431.5   |                           |          |
| Retail customers                                                            | 245.6                             | 209.2      |                           |          |
| General account                                                             | 420.2                             | 399.4      |                           |          |
| Total Investment Management                                                 | \$ 1,155.3                        | \$ 1,040.1 |                           |          |
| Institutional Customers - Assets Under Management (in billions):            |                                   |            |                           |          |
| Gross additions, other than money market                                    | \$ 16.2                           | \$ 15.7    | \$ 65.2                   | \$ 59.4  |
| Net additions (withdrawals), other than money market                        | \$ (0.1)                          | \$ 2.5     | \$ 11.6                   | \$ 5.3   |
| Retail Customers - Assets Under Management (in billions):                   |                                   |            |                           |          |
| Gross additions, other than money market                                    | \$ 14.0                           | \$ 9.9     | \$ 49.7                   | \$ 42.1  |
| Net additions (withdrawals), other than money market                        | \$ 1.5                            | \$ (1.6)   | \$ 4.1                    | \$ 0.4   |
| <b>International Insurance Division:</b>                                    |                                   |            |                           |          |
| International Insurance Annualized New Business Premiums (5) (6):           |                                   |            |                           |          |
| Actual exchange rate basis                                                  | \$ 650                            | \$ 737     | \$ 2,989                  | \$ 3,002 |
| Constant exchange rate basis                                                | \$ 644                            | \$ 713     | \$ 2,975                  | \$ 2,969 |

See footnotes on last page.

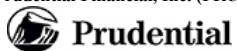
**Financial Highlights**  
(in billions, as of end of period, unaudited)

|                                                       | Three Months Ended<br>December 31 |                  |
|-------------------------------------------------------|-----------------------------------|------------------|
|                                                       | 2017                              | 2016             |
| <b>Assets and Asset Under Management Information:</b> |                                   |                  |
| Total assets                                          | \$ 831.9                          | \$ 784.0         |
| Assets under management (at fair market value):       |                                   |                  |
| U.S. Individual Solutions Division                    | 119.8                             | 114.6            |
| U.S. Workplace Solutions Division                     | 88.5                              | 82.9             |
| Investment Management Division                        | 1,155.3                           | 1,040.1          |
| International Insurance Division                      | 30.0                              | 26.2             |
| Total assets under management                         | 1,393.6                           | 1,263.8          |
| Client assets under administration                    | 213.6                             | 177.3            |
| Total assets under management and administration      | <u>\$1,607.2</u>                  | <u>\$1,441.1</u> |

See footnotes on last page.

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- (1) Adjusted operating income is a non-GAAP measure of performance. See FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES within the earnings release for additional information. Adjusted operating income, when presented at the segment level, is also a segment performance measure. This segment performance measure, while not a traditional U.S. GAAP measure, is required to be disclosed by U.S. GAAP in accordance with FASB Accounting Standard Codification (ASC) 280 – Segment Reporting. When presented by segment, we have prepared the reconciliation of adjusted operating income to the corresponding consolidated U.S. GAAP total in accordance with the disclosure requirements as articulated in ASC 280.
  - (2) Diluted shares as of December 31, 2017 include 5.88 million shares due to the dilutive impact of conversion of exchangeable surplus notes (“ESNs”) when book value per common share (i.e., book value per common share, book value excluding AOCI per share and adjusted book value per common share) is greater than \$85.00. Diluted shares as of December 31, 2016 do not include shares related to ESNs due to the antidilutive impact of conversion of ESNs when book value per common share (i.e., book value excluding AOCI per share and adjusted book value per common share) is less than \$86.92.
  - (3) Reflecting the dilutive impact of ESNs when book value per common share is greater than \$85.00, to calculate book value per common share as of December 31, 2017, equity is increased by \$500 million and diluted shares include 5.88 million shares. As of December 31, 2016, book value per common share includes a \$500 million increase in equity and a 5.75 million increase in diluted shares, reflecting the dilutive impact of ESNs when book value per common share is greater than \$86.92.
  - (4) The exchangeable surplus notes are subject to customary antidilution adjustments and the exchange rate is accordingly revalued in the fourth quarter of each year. Reflecting the dilutive impact of ESNs when book value per common share is greater than \$85.00, to calculate book value excluding AOCI per share and adjusted book value per common share as of December 31, 2017, equity is increased by \$500 million and diluted shares include 5.88 million shares. As of December 31, 2016, the conversion of ESNs is antidilutive as book value excluding AOCI per share and adjusted book value per common share is less than \$86.92.
  - (5) Premiums from new sales that are expected to be collected over a one-year period. Group insurance annualized new business premiums exclude new premiums resulting from rate changes on existing policies, from additional coverage issued under our Servicemembers’ Group Life Insurance contract, and from excess premiums on group universal life insurance that build cash value but do not purchase face amounts. Group insurance annualized new business premiums include premiums from the takeover of claim liabilities. Excess (unscheduled) and single premium business for the company’s domestic individual life and international insurance operations are included in annualized new business premiums based on a 10% credit.
  - (6) Actual amounts reflect the impact of currency fluctuations. Constant amounts reflect foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 112 per U.S. dollar and Korean won 1,130 per U.S. dollar. U.S. dollar-denominated activity is included based on the amounts as transacted in U.S. dollars.

Prudential Financial, Inc. (PRU)



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**Quarterly Financial Supplement**

Fourth Quarter 2017

Reference is made to Prudential Financial, Inc.'s (PFI) filings with the Securities and Exchange Commission for general information, and consolidated financial information. All financial information in this document is unaudited.

February 7, 2018

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Net income for the fourth quarter and full year 2017, and book value per share and adjusted book value per share as of December 31, 2017, include the estimated impact of the enactment of the Tax Cuts and Jobs Act (Tax Act), which was signed into law on December 22, 2017. The final impact of the Tax Act may differ from these estimates, due to, among other things, changes in interpretations and assumptions made by the Company, additional guidance that may be issued by the U.S. Department of Treasury and actions that the Company may take. Information herein regarding the impact of the Tax Act on Prudential Financial, Inc.'s results of operations and financial condition consists of estimates. These estimates are forward-looking statements based on current interpretations and expectations and may change, possibly materially.

Prudential Financial, Inc.

This quarterly financial supplement reflects, for all periods presented, the new organizational structure of our U.S. businesses. The structure better reflects our focus on leveraging our mix of businesses and our digital and customer engagement capabilities to expand our value proposition for the benefit of customers and stakeholders. Under the new structure, our principal operations are comprised of five divisions, which together encompass seven segments, and our Corporate and Other operations as illustrated below. There are no changes to our reporting segments nor to our measure of segment profitability as a result of the new organizational structure.

New Financial Reporting Structure

|                                                                                                                    |                                                                                                         |                                                                               |                                                                                                                                                              |                                                                                                          |                                                             |
|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| <b>U.S. Individual Solutions Division</b><br><i>Individual Annuities Segment</i><br><i>Individual Life Segment</i> | <b>U.S. Workplace Solutions Division</b><br><i>Retirement Segment</i><br><i>Group Insurance Segment</i> | <b>Investment Management Division</b><br><i>Investment Management Segment</i> | <b>International Insurance Division</b><br><i>International Insurance Segment</i><br><i>Life Planner Operations</i><br><i>Gibraltar and Other Operations</i> | <b>Corporate and Other Operations</b><br><i>Corporate</i><br><i>Non-Closed Block divested businesses</i> | <b>Closed Block Division</b><br><i>Closed Block Segment</i> |
|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|

Former Financial Reporting Structure

|                                                                                                                                                                    |                                                                                                                                |                                                                                                                                                              |                                                                                                          |                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| <b>U.S. Retirement &amp; Investment Management Division</b><br><i>Individual Annuities Segment</i><br><i>Retirement Segment</i><br><i>Asset Management Segment</i> | <b>U.S. Individual Life &amp; Group Insurance Division</b><br><i>Individual Life Segment</i><br><i>Group Insurance Segment</i> | <b>International Insurance Division</b><br><i>International Insurance Segment</i><br><i>Life Planner Operations</i><br><i>Gibraltar and Other Operations</i> | <b>Corporate and Other Operations</b><br><i>Corporate</i><br><i>Non-Closed Block divested businesses</i> | <b>Closed Block Division</b><br><i>Closed Block Segment</i> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|



FINANCIAL HIGHLIGHTS  
(in millions, except per share data)

| Year-to-date                                                                                                       |         | %      |                                                                                                      | 2016    | 2017  |       |       |         |
|--------------------------------------------------------------------------------------------------------------------|---------|--------|------------------------------------------------------------------------------------------------------|---------|-------|-------|-------|---------|
| 2017                                                                                                               | 2016    | Change |                                                                                                      | 4Q      | 1Q    | 2Q    | 3Q    | 4Q      |
| Pre-tax adjusted operating income (loss) by division:                                                              |         |        |                                                                                                      |         |       |       |       |         |
| 2,007                                                                                                              | 1,844   | 9%     | U.S. Individual Solutions Division                                                                   | 560     | 586   | 55    | 727   | 639     |
| 1,497                                                                                                              | 1,232   | 22%    | U.S. Workplace Solutions Division                                                                    | 361     | 431   | 444   | 309   | 313     |
| 979                                                                                                                | 787     | 24%    | Investment Management Division                                                                       | 224     | 196   | 218   | 259   | 306     |
| 3,198                                                                                                              | 3,117   | 3%     | International Insurance Division                                                                     | 755     | 799   | 823   | 799   | 777     |
| (1,437)                                                                                                            | (1,581) | 9%     | Corporate and other operations                                                                       | (441)   | (352) | (312) | (310) | (463)   |
| 6,244                                                                                                              | 5,399   | 16%    | Total pre-tax adjusted operating income                                                              | 1,459   | 1,660 | 1,228 | 1,784 | 1,572   |
| 1,592                                                                                                              | 1,292   | 23%    | Income taxes, applicable to adjusted operating income                                                | 369     | 423   | 309   | 461   | 399     |
| 4,652                                                                                                              | 4,107   | 13%    | After-tax adjusted operating income                                                                  | 1,090   | 1,237 | 919   | 1,323 | 1,173   |
| Reconciling items:                                                                                                 |         |        |                                                                                                      |         |       |       |       |         |
| (58)                                                                                                               | 523     | -111%  | Realized investment gains (losses), net, and related charges and adjustments                         | (824)   | 38    | (679) | 1,164 | (581)   |
| 336                                                                                                                | (17)    | 2076%  | Investment gains (losses) on trading account assets supporting insurance liabilities, net            | (378)   | 44    | 201   | 85    | 6       |
| (151)                                                                                                              | 21      | -819%  | Change in experience-rated contractholder liabilities due to asset value changes                     | 283     | (12)  | (145) | (31)  | 37      |
| Divested businesses:                                                                                               |         |        |                                                                                                      |         |       |       |       |         |
| 45                                                                                                                 | (132)   | 134%   | Closed Block Division                                                                                | (58)    | 34    | (18)  | 33    | (4)     |
| 38                                                                                                                 | (84)    | 145%   | Other divested businesses                                                                            | (160)   | 6     | 35    | 10    | (13)    |
| 33                                                                                                                 | (5)     | 760%   | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | (5)     | (28)  | (14)  | (24)  | 99      |
| 243                                                                                                                | 306     | -21%   | Total reconciling items, before income taxes                                                         | (1,142) | 82    | (620) | 1,237 | (456)   |
| (3,030)                                                                                                            | 43      | -7147% | Income taxes, not applicable to adjusted operating income                                            | (334)   | (28)  | (184) | 339   | (3,157) |
| 3,273                                                                                                              | 263     | 1144%  | Total reconciling items, after income taxes                                                          | (808)   | 110   | (436) | 898   | 2,701   |
| 7,925                                                                                                              | 4,370   | 81%    | Income (after-tax) before equity in earnings of operating joint ventures                             | 282     | 1,347 | 483   | 2,221 | 3,874   |
| Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests |         |        |                                                                                                      |         |       |       |       |         |
| (62)                                                                                                               | (2)     | -3000% |                                                                                                      | 2       | 22    | 8     | 17    | (109)   |
| 7,863                                                                                                              | 4,368   | 80%    | Income attributable to Prudential Financial, Inc.                                                    | 284     | 1,369 | 491   | 2,238 | 3,765   |
| 111                                                                                                                | 51      | 118%   | Earnings attributable to noncontrolling interests                                                    | 9       | 3     | 5     | 3     | 100     |
| 7,974                                                                                                              | 4,419   | 80%    | Net income                                                                                           | 293     | 1,372 | 496   | 2,241 | 3,865   |
| 111                                                                                                                | 51      | 118%   | Less: Income attributable to noncontrolling interests                                                | 9       | 3     | 5     | 3     | 100     |
| 7,863                                                                                                              | 4,368   | 80%    | Net income attributable to Prudential Financial, Inc.                                                | 284     | 1,369 | 491   | 2,238 | 3,765   |
| 13.0%                                                                                                              | 12.0%   |        | Operating Return on Average Equity (based on adjusted operating income) (1)                          | 12.6%   | 14.2% | 10.5% | 14.8% | 12.6%   |

- (1) Operating Return on Average Equity (based on adjusted operating income) is a non-GAAP measure and 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 and certain deferred taxes as described on page 3. The comparable GAAP measure to operating return on average equity (based on adjusted operating income) is return on average equity (based on net income). Return on average equity (based on net income) represents income after-tax, attributable to consolidated Prudential Financial, Inc., as determined in accordance with U.S. GAAP, annualized for interim periods, divided by average total Prudential Financial, Inc. equity. Return on average equity (based on net income) is 28.8%, 18.1%, 4.1%, 11.8%, and 2.2% for the three months ended December 31, 2017, September 30, 2017, June 30, 2017, March 31, 2017, and December 31, 2016, respectively, and 16.0% and 8.8% for years ended December 31, 2017, and December 31, 2016, respectively.

FINANCIAL HIGHLIGHTS  
(in millions, except per share data)

| Year-to-date                                                                                                      |        |                                                                                           | 2016   | 2017   |        |        |        |
|-------------------------------------------------------------------------------------------------------------------|--------|-------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|
| 2017                                                                                                              | 2016   |                                                                                           | 4Q     | 1Q     | 2Q     | 3Q     | 4Q     |
| <b>Earnings per share of Common Stock (diluted):</b>                                                              |        |                                                                                           |        |        |        |        |        |
| 10.58                                                                                                             | 9.13   | After-tax adjusted operating income                                                       | 2.46   | 2.79   | 2.09   | 3.01   | 2.69   |
| Reconciling items:                                                                                                |        |                                                                                           |        |        |        |        |        |
| (0.13)                                                                                                            | 1.17   | Realized investment gains (losses), net, and related charges and adjustments              | (1.87) | 0.09   | (1.55) | 2.68   | (1.34) |
| 0.77                                                                                                              | (0.04) | Investment gains (losses) on trading account assets supporting insurance liabilities, net | (0.86) | 0.10   | 0.46   | 0.20   | 0.01   |
| (0.35)                                                                                                            | 0.05   | Change in experience-rated contractholder liabilities due to asset value changes          | 0.64   | (0.03) | (0.33) | (0.07) | 0.09   |
| Divested businesses:                                                                                              |        |                                                                                           |        |        |        |        |        |
| 0.10                                                                                                              | (0.30) | Closed Block Division                                                                     | (0.13) | 0.08   | (0.04) | 0.08   | (0.01) |
| 0.09                                                                                                              | (0.19) | Other divested businesses                                                                 | (0.36) | 0.01   | 0.08   | 0.02   | (0.03) |
| (0.09)                                                                                                            | —      | Difference in earnings allocated to participating unvested share-based payment awards     | 0.02   | —      | 0.01   | (0.03) | (0.07) |
| 0.39                                                                                                              | 0.69   | Total reconciling items, before income taxes                                              | (2.56) | 0.25   | (1.37) | 2.88   | (1.35) |
| (6.89)                                                                                                            | 0.11   | Income taxes, not applicable to adjusted operating income                                 | (0.75) | (0.05) | (0.40) | 0.80   | (7.27) |
| 7.28                                                                                                              | 0.58   | Total reconciling items, after income taxes                                               | (1.81) | 0.30   | (0.97) | 2.08   | 5.92   |
| 17.86                                                                                                             | 9.71   | <b>Net income attributable to Prudential Financial, Inc.</b>                              | 0.65   | 3.09   | 1.12   | 5.09   | 8.61   |
| 427.0                                                                                                             | 438.2  | Weighted average number of outstanding Common shares (basic)                              | 430.7  | 429.9  | 428.3  | 426.2  | 423.7  |
| 436.0                                                                                                             | 446.6  | Weighted average number of outstanding Common shares (diluted)                            | 439.8  | 439.1  | 437.2  | 435.0  | 432.7  |
| 17                                                                                                                | 17     | Earnings related to interest, net of tax, on exchangeable surplus notes                   | 4      | 4      | 5      | 4      | 4      |
| <b>Earnings allocated to participating unvested share-based payment awards for earnings per share calculation</b> |        |                                                                                           |        |        |        |        |        |
| 56                                                                                                                | 47     | After-tax adjusted operating income                                                       | 12     | 15     | 11     | 16     | 14     |
| 94                                                                                                                | 49     | Net income                                                                                | 3      | 16     | 7      | 27     | 44     |

FINANCIAL HIGHLIGHTS  
(in millions, except per share data)

| Year-to-date                                              |        |                                                                                                                                                                    | 2016    | 2017    |         |         |        |
|-----------------------------------------------------------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|--------|
| 2017                                                      | 2016   |                                                                                                                                                                    | 4Q      | 1Q      | 2Q      | 3Q      | 4Q     |
| <b>Capitalization Data (1):</b>                           |        |                                                                                                                                                                    |         |         |         |         |        |
| Senior Debt:                                              |        |                                                                                                                                                                    |         |         |         |         |        |
|                                                           |        | Short-term debt                                                                                                                                                    | 1,133   | 1,415   | 1,779   | 2,358   | 1,380  |
|                                                           |        | Long-term debt                                                                                                                                                     | 12,224  | 12,074  | 11,806  | 10,532  | 10,550 |
|                                                           |        | Junior Subordinated Long-Term Debt                                                                                                                                 | 5,817   | 5,819   | 5,820   | 6,621   | 6,622  |
| Prudential Financial Inc. Equity:                         |        |                                                                                                                                                                    |         |         |         |         |        |
|                                                           |        | Including accumulated other comprehensive income                                                                                                                   | 45,863  | 46,784  | 48,444  | 50,373  | 54,069 |
|                                                           |        | Excluding accumulated other comprehensive income (2)                                                                                                               | 31,242  | 32,141  | 32,082  | 33,775  | 36,995 |
|                                                           |        | Amount included above for remeasurement of foreign currency and certain deferred taxes (3)(4)                                                                      | (3,199) | (3,060) | (2,889) | (2,758) | (969)  |
|                                                           |        | Excluding accumulated other comprehensive income and adjusted to remove amount included for remeasurement of foreign currency and certain deferred taxes (3)(4)    | 34,441  | 35,201  | 34,971  | 36,533  | 37,964 |
| Book value per share of Common Stock:                     |        |                                                                                                                                                                    |         |         |         |         |        |
|                                                           |        | Including accumulated other comprehensive income (5)                                                                                                               | 104.91  | 107.09  | 111.35  | 116.32  | 125.24 |
|                                                           |        | Excluding accumulated other comprehensive income (2)(5)                                                                                                            | 71.62   | 73.75   | 73.96   | 78.26   | 86.06  |
|                                                           |        | Amount included above for remeasurement of foreign currency and certain deferred taxes (3)(4)                                                                      | (7.33)  | (7.02)  | (6.66)  | (6.39)  | (2.22) |
|                                                           |        | Excluding accumulated other comprehensive income and adjusted to remove amount included for remeasurement of foreign currency and certain deferred taxes (3)(4)(5) | 78.95   | 80.77   | 80.62   | 84.65   | 88.28  |
|                                                           |        | Number of diluted shares at end of period (5)                                                                                                                      | 436.2   | 435.8   | 433.8   | 431.6   | 435.7  |
| <b>Common Stock Price Range (based on closing price):</b> |        |                                                                                                                                                                    |         |         |         |         |        |
| 117.15                                                    | 107.10 | High                                                                                                                                                               | 107.10  | 113.82  | 109.13  | 115.23  | 117.15 |
| 98.65                                                     | 58.00  | Low                                                                                                                                                                | 81.43   | 103.92  | 102.92  | 98.65   | 107.28 |
| 114.98                                                    | 104.06 | Close                                                                                                                                                              | 104.06  | 106.68  | 108.14  | 106.32  | 114.98 |
| <b>Common Stock market capitalization (1)</b>             |        |                                                                                                                                                                    | 44,704  | 45,798  | 46,176  | 45,154  | 48,591 |

(1) As of end of period.

(2) Foreign currency translation adjustments and the cumulative impact of foreign currency exchange rate remeasurement, except for those items remeasured through net income (loss), are a component of accumulated other comprehensive income.

(3) Includes the cumulative impact of net gains and losses resulting from foreign currency exchange rate remeasurement and associated realized investment gains and losses included in net income (loss) and currency translation adjustments corresponding to realized investment gains and losses.

(4) Includes \$1,678 million impact reported in net income for the fourth quarter of 2017 from the remeasurement of deferred tax assets and liabilities originally established through accumulated other comprehensive income, related to enactment of the Tax Cuts and Jobs Act on December 22, 2017.

(5) As of the fourth quarter of 2017, exchangeable surplus notes are dilutive when book value per share is greater than \$85.00 (equivalent to an additional 5.88 million in diluted shares and an increase of \$500 million in equity). As of the fourth quarter of 2016 and first, second and third quarters of 2017, exchangeable surplus notes are dilutive when book value per share is greater than \$86.92 (equivalent to an additional 5.75 million in diluted shares and an increase of \$500 million in equity). See page 41 for more information.

OPERATIONS HIGHLIGHTS

| Year-to-date                                                                               |      | 2016                                           | 2017    |         |         |         |    |    |
|--------------------------------------------------------------------------------------------|------|------------------------------------------------|---------|---------|---------|---------|----|----|
| 2017                                                                                       | 2016 | 4Q                                             | 1Q      | 2Q      | 3Q      | 4Q      |    |    |
| Assets Under Management and Administration (\$ billions) (1) (2):                          |      |                                                |         |         |         |         |    |    |
| Assets Under Management :                                                                  |      |                                                |         |         |         |         |    |    |
| Investment Management Division:                                                            |      |                                                |         |         |         |         |    |    |
| Institutional customers                                                                    |      | 431.5                                          | 445.2   | 461.2   | 478.3   | 489.5   |    |    |
| Retail customers                                                                           |      | 209.2                                          | 217.6   | 231.2   | 239.9   | 245.6   |    |    |
| General account                                                                            |      | 399.4                                          | 406.1   | 412.3   | 415.7   | 420.2   |    |    |
| Total Investment Management Division                                                       |      | 1,040.1                                        | 1,068.9 | 1,104.7 | 1,133.9 | 1,155.3 |    |    |
| U.S. Individual Solutions Division                                                         |      | 114.6                                          | 119.1   | 114.4   | 116.7   | 119.8   |    |    |
| U.S. Workplace Solutions Division                                                          |      | 82.9                                           | 84.3    | 85.8    | 86.9    | 88.5    |    |    |
| International Insurance Division                                                           |      | 26.2                                           | 26.5    | 28.7    | 28.7    | 30.0    |    |    |
| Total assets under management                                                              |      | 1,263.8                                        | 1,298.8 | 1,333.6 | 1,366.2 | 1,393.6 |    |    |
| Client assets under administration                                                         |      | 177.3                                          | 185.2   | 188.3   | 202.4   | 213.6   |    |    |
| Total assets under management and administration                                           |      | 1,441.1                                        | 1,484.0 | 1,521.9 | 1,568.6 | 1,607.2 |    |    |
| Assets managed or administered for customers outside of the United States at end of period |      | 311.1                                          | 326.6   | 341.1   | 350.5   | 358.0   |    |    |
| Distribution Representatives (1):                                                          |      |                                                |         |         |         |         |    |    |
| Prudential Advisors                                                                        |      | 2,937                                          | 2,922   | 2,921   | 2,937   | 2,882   |    |    |
| International Life Planners                                                                |      | 7,680                                          | 7,819   | 7,735   | 7,831   | 7,831   |    |    |
| Gibraltar Life Consultants                                                                 |      | 8,884                                          | 8,752   | 8,509   | 8,327   | 8,326   |    |    |
| 56                                                                                         | 56   | Prudential Advisor productivity (\$ thousands) |         | 67      | 47      | 51      | 53 | 72 |

(1) As of end of period.

(2) At fair market value.

COMBINED STATEMENTS OF OPERATIONS  
(in millions)

| Year-to-date               |         | %<br>Change |                                                                                                      | 2016    | 2017   |         |        |         |  |
|----------------------------|---------|-------------|------------------------------------------------------------------------------------------------------|---------|--------|---------|--------|---------|--|
| 2017                       | 2016    |             |                                                                                                      | 4Q      | 1Q     | 2Q      | 3Q     | 4Q      |  |
| Revenues (1):              |         |             |                                                                                                      |         |        |         |        |         |  |
| 29,162                     | 27,953  | 4%          | Premiums                                                                                             | 7,296   | 5,774  | 7,557   | 7,111  | 8,720   |  |
| 5,518                      | 5,887   | -6%         | Policy charges and fee income                                                                        | 1,529   | 1,555  | 794     | 1,565  | 1,604   |  |
| 13,499                     | 12,695  | 6%          | Net investment income                                                                                | 3,299   | 3,354  | 3,335   | 3,345  | 3,465   |  |
| 5,467                      | 5,039   | 8%          | Asset management fees, commissions and other income                                                  | 1,296   | 1,324  | 1,342   | 1,340  | 1,461   |  |
| 53,646                     | 51,574  | 4%          | Total revenues                                                                                       | 13,420  | 12,007 | 13,028  | 13,361 | 15,250  |  |
| Benefits and Expenses (1): |         |             |                                                                                                      |         |        |         |        |         |  |
| 30,071                     | 29,709  | 1%          | Insurance and annuity benefits                                                                       | 7,658   | 6,146  | 7,386   | 7,376  | 9,163   |  |
| 3,729                      | 3,698   | 1%          | Interest credited to policyholders' account balances                                                 | 945     | 920    | 953     | 927    | 929     |  |
| 1,322                      | 1,315   | 1%          | Interest expense                                                                                     | 319     | 322    | 326     | 330    | 344     |  |
| (2,818)                    | (2,845) | 1%          | Deferral of acquisition costs                                                                        | (711)   | (724)  | (755)   | (653)  | (686)   |  |
| 2,093                      | 1,672   | 25%         | Amortization of acquisition costs                                                                    | 468     | 481    | 662     | 470    | 480     |  |
| 13,005                     | 12,626  | 3%          | General and administrative expenses                                                                  | 3,282   | 3,202  | 3,228   | 3,127  | 3,448   |  |
| 47,402                     | 46,175  | 3%          | Total benefits and expenses                                                                          | 11,961  | 10,347 | 11,800  | 11,577 | 13,678  |  |
| 6,244                      | 5,399   | 16%         | Adjusted operating income before income taxes                                                        | 1,459   | 1,660  | 1,228   | 1,784  | 1,572   |  |
| Reconciling items:         |         |             |                                                                                                      |         |        |         |        |         |  |
| (602)                      | 989     | -161%       | Realized investment gains (losses), net, and related adjustments                                     | (1,454) | (66)   | (1,377) | 1,395  | (554)   |  |
| 544                        | (466)   | 217%        | Related charges                                                                                      | 630     | 104    | 698     | (231)  | (27)    |  |
| (58)                       | 523     | -111%       | Total realized investment gains (losses), net, and related charges and adjustments                   | (824)   | 38     | (679)   | 1,164  | (581)   |  |
| 336                        | (17)    | 2076%       | Investment gains (losses) on trading account assets supporting insurance liabilities, net            | (378)   | 44     | 201     | 85     | 6       |  |
| (151)                      | 21      | -819%       | Change in experience-rated contractholder liabilities due to asset value changes                     | 283     | (12)   | (145)   | (31)   | 37      |  |
| Divested businesses:       |         |             |                                                                                                      |         |        |         |        |         |  |
| 45                         | (132)   | 134%        | Closed Block Division                                                                                | (58)    | 34     | (18)    | 33     | (4)     |  |
| 38                         | (84)    | 145%        | Other divested businesses                                                                            | (160)   | 6      | 35      | 10     | (13)    |  |
| 33                         | (5)     | 760%        | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | (5)     | (28)   | (14)    | (24)   | 99      |  |
| 243                        | 306     | -21%        | Total reconciling items, before income taxes                                                         | (1,142) | 82     | (620)   | 1,237  | (456)   |  |
| 6,487                      | 5,705   | 14%         | Income before income taxes and equity in earnings of operating joint ventures                        | 317     | 1,742  | 608     | 3,021  | 1,116   |  |
| (1,438)                    | 1,335   | -208%       | Income tax expense (benefit)                                                                         | 35      | 395    | 125     | 800    | (2,758) |  |
| 7,925                      | 4,370   | 81%         | Income before equity in earnings of operating joint ventures                                         | 282     | 1,347  | 483     | 2,221  | 3,874   |  |

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments; investment gains, net of losses, on trading account assets supporting insurance liabilities; and revenues of divested businesses, and include revenues representing equity in earnings of operating joint ventures other than those classified as divested businesses. Benefits and expenses exclude charges related to realized investment gains, net of losses; change in experience-rated contractholder liabilities due to asset value changes; and benefits and expenses of divested businesses and include charges for income attributable to noncontrolling interests. See pages 36 and 37 for reconciliation.

COMBINING STATEMENTS OF OPERATIONS  
(in millions)

|                                                      | Quarter Ended December 31, 2017 |                                    |                                   |                                |                                  |                                |
|------------------------------------------------------|---------------------------------|------------------------------------|-----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                                      | Total                           | U.S. Individual Solutions Division | U.S. Workplace Solutions Division | Investment Management Division | International Insurance Division | Corporate and Other Operations |
| <b>Revenues (1) :</b>                                |                                 |                                    |                                   |                                |                                  |                                |
| Premiums                                             | 8,720                           | 253                                | 4,651                             | —                              | 3,822                            | (6)                            |
| Policy charges and fee income                        | 1,604                           | 1,286                              | 199                               | —                              | 129                              | (10)                           |
| Net investment income                                | 3,465                           | 685                                | 1,323                             | 46                             | 1,284                            | 127                            |
| Asset management fees, commissions and other income  | 1,461                           | 525                                | 230                               | 939                            | 57                               | (290)                          |
| Total revenues                                       | 15,250                          | 2,749                              | 6,403                             | 985                            | 5,292                            | (179)                          |
| <b>Benefits and Expenses (1):</b>                    |                                 |                                    |                                   |                                |                                  |                                |
| Insurance and annuity benefits                       | 9,163                           | 722                                | 5,134                             | —                              | 3,291                            | 16                             |
| Interest credited to policyholders' account balances | 929                             | 268                                | 440                               | —                              | 221                              | —                              |
| Interest expense                                     | 344                             | 186                                | 9                                 | 8                              | 3                                | 138                            |
| Deferral of acquisition costs                        | (686)                           | (265)                              | (11)                              | (1)                            | (418)                            | 9                              |
| Amortization of acquisition costs                    | 480                             | 201                                | 12                                | 3                              | 274                              | (10)                           |
| General and administrative expenses                  | 3,448                           | 998                                | 506                               | 669                            | 1,144                            | 131                            |
| Total benefits and expenses                          | 13,678                          | 2,110                              | 6,090                             | 679                            | 4,515                            | 284                            |
| Adjusted operating income (loss) before income taxes | 1,572                           | 639                                | 313                               | 306                            | 777                              | (463)                          |
|                                                      |                                 |                                    |                                   |                                |                                  |                                |
|                                                      | Quarter Ended December 31, 2016 |                                    |                                   |                                |                                  |                                |
|                                                      | Total                           | U.S. Individual Solutions Division | U.S. Workplace Solutions Division | Investment Management Division | International Insurance Division | Corporate and Other Operations |
| <b>Revenues (1):</b>                                 |                                 |                                    |                                   |                                |                                  |                                |
| Premiums                                             | 7,296                           | 262                                | 3,227                             | —                              | 3,814                            | (7)                            |
| Policy charges and fee income                        | 1,529                           | 1,217                              | 194                               | —                              | 129                              | (11)                           |
| Net investment income                                | 3,299                           | 656                                | 1,278                             | 20                             | 1,206                            | 139                            |
| Asset management fees, commissions and other income  | 1,296                           | 482                                | 235                               | 753                            | 89                               | (263)                          |
| Total revenues                                       | 13,420                          | 2,617                              | 4,934                             | 773                            | 5,238                            | (142)                          |
| <b>Benefits and Expenses (1):</b>                    |                                 |                                    |                                   |                                |                                  |                                |
| Insurance and annuity benefits                       | 7,658                           | 703                                | 3,668                             | —                              | 3,280                            | 7                              |
| Interest credited to policyholders' account balances | 945                             | 268                                | 451                               | —                              | 226                              | —                              |
| Interest expense                                     | 319                             | 165                                | 7                                 | 4                              | 3                                | 140                            |
| Deferral of acquisition costs                        | (711)                           | (290)                              | (6)                               | (2)                            | (426)                            | 13                             |
| Amortization of acquisition costs                    | 468                             | 203                                | 10                                | 4                              | 264                              | (13)                           |
| General and administrative expenses                  | 3,282                           | 1,008                              | 443                               | 543                            | 1,136                            | 152                            |
| Total benefits and expenses                          | 11,961                          | 2,057                              | 4,573                             | 549                            | 4,483                            | 299                            |
| Adjusted operating income (loss) before income taxes | 1,459                           | 560                                | 361                               | 224                            | 755                              | (441)                          |

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments; investment gains, net of losses, on trading account assets supporting insurance liabilities; and revenues of divested businesses, and include revenues representing equity in earnings of operating joint ventures other than those classified as divested businesses. Benefits and expenses exclude charges related to realized investment gains, net of losses; change in experience-rated contractholder liabilities due to asset value changes; and benefits and expenses of divested businesses and include charges for income attributable to noncontrolling interests.

COMBINING STATEMENTS OF OPERATIONS  
(in millions)

|                                                      | Twelve Months Ended December 31, 2017 |                                    |                                   |                                |                                  |                                |
|------------------------------------------------------|---------------------------------------|------------------------------------|-----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                                      | Total                                 | U.S. Individual Solutions Division | U.S. Workplace Solutions Division | Investment Management Division | International Insurance Division | Corporate and Other Operations |
| <b>Revenues (1) :</b>                                |                                       |                                    |                                   |                                |                                  |                                |
| Premiums                                             | 29,162                                | 1,043                              | 12,436                            | —                              | 15,707                           | (24)                           |
| Policy charges and fee income                        | 5,518                                 | 4,235                              | 828                               | —                              | 503                              | (48)                           |
| Net investment income                                | 13,499                                | 2,690                              | 5,119                             | 170                            | 5,027                            | 493                            |
| Asset management fees, commissions and other income  | 5,467                                 | 2,116                              | 931                               | 3,185                          | 323                              | (1,088)                        |
| Total revenues                                       | 53,646                                | 10,084                             | 19,314                            | 3,355                          | 21,560                           | (667)                          |
| <b>Benefits and Expenses (1):</b>                    |                                       |                                    |                                   |                                |                                  |                                |
| Insurance and annuity benefits                       | 30,071                                | 2,454                              | 14,108                            | —                              | 13,488                           | 21                             |
| Interest credited to policyholders' account balances | 3,729                                 | 1,049                              | 1,781                             | —                              | 899                              | —                              |
| Interest expense                                     | 1,322                                 | 718                                | 31                                | 27                             | 13                               | 533                            |
| Deferral of acquisition costs                        | (2,818)                               | (1,005)                            | (36)                              | (6)                            | (1,807)                          | 36                             |
| Amortization of acquisition costs                    | 2,093                                 | 947                                | 40                                | 11                             | 1,138                            | (43)                           |
| General and administrative expenses                  | 13,005                                | 3,914                              | 1,893                             | 2,344                          | 4,631                            | 223                            |
| Total benefits and expenses                          | 47,402                                | 8,077                              | 17,817                            | 2,376                          | 18,362                           | 770                            |
| Adjusted operating income (loss) before income taxes | 6,244                                 | 2,007                              | 1,497                             | 979                            | 3,198                            | (1,437)                        |
|                                                      |                                       |                                    |                                   |                                |                                  |                                |
|                                                      | Twelve Months Ended December 31, 2016 |                                    |                                   |                                |                                  |                                |
|                                                      | Total                                 | U.S. Individual Solutions Division | U.S. Workplace Solutions Division | Investment Management Division | International Insurance Division | Corporate and Other Operations |
| <b>Revenues (1):</b>                                 |                                       |                                    |                                   |                                |                                  |                                |
| Premiums                                             | 27,953                                | 1,019                              | 11,613                            | —                              | 15,348                           | (27)                           |
| Policy charges and fee income                        | 5,887                                 | 4,589                              | 844                               | —                              | 499                              | (45)                           |
| Net investment income                                | 12,695                                | 2,520                              | 4,871                             | 80                             | 4,759                            | 465                            |
| Asset management fees, commissions and other income  | 5,039                                 | 1,893                              | 891                               | 2,881                          | 403                              | (1,029)                        |
| Total revenues                                       | 51,574                                | 10,021                             | 18,219                            | 2,961                          | 21,009                           | (636)                          |
| <b>Benefits and Expenses (1):</b>                    |                                       |                                    |                                   |                                |                                  |                                |
| Insurance and annuity benefits                       | 29,709                                | 3,091                              | 13,360                            | —                              | 13,232                           | 26                             |
| Interest credited to policyholders' account balances | 3,698                                 | 1,042                              | 1,736                             | —                              | 920                              | —                              |
| Interest expense                                     | 1,315                                 | 654                                | 24                                | 15                             | 8                                | 614                            |
| Deferral of acquisition costs                        | (2,845)                               | (1,114)                            | (31)                              | (10)                           | (1,750)                          | 60                             |
| Amortization of acquisition costs                    | 1,672                                 | 599                                | 39                                | 15                             | 1,068                            | (49)                           |
| General and administrative expenses                  | 12,626                                | 3,905                              | 1,859                             | 2,154                          | 4,414                            | 294                            |
| Total benefits and expenses                          | 46,175                                | 8,177                              | 16,987                            | 2,174                          | 17,892                           | 945                            |
| Adjusted operating income (loss) before income taxes | 5,399                                 | 1,844                              | 1,232                             | 787                            | 3,117                            | (1,581)                        |

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments; investment gains, net of losses, on trading account assets supporting insurance liabilities; and revenues of divested businesses, and include revenues representing equity in earnings of operating joint ventures other than those classified as divested businesses. Benefits and expenses exclude charges related to realized investment gains, net of losses; change in experience-rated contractholder liabilities due to asset value changes; and benefits and expenses of divested businesses and include charges for income attributable to noncontrolling interests.

CONSOLIDATED BALANCE SHEETS  
(in millions)

|                                                                                                                            | 12/31/2016 | 03/31/2017 | 06/30/2017 | 09/30/2017 | 12/31/2017 |
|----------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|
| <b>Assets:</b>                                                                                                             |            |            |            |            |            |
| Investments:                                                                                                               |            |            |            |            |            |
| Fixed maturities, available for sale, at fair value (amortized cost \$292,581; \$300,437; \$303,287; \$307,527; \$312,385) | 321,419    | 328,717    | 335,254    | 340,100    | 346,780    |
| Fixed maturities, held to maturity, at amortized cost (fair value \$2,524; \$2,552; \$2,516; \$2,475; \$2,430)             | 2,144      | 2,166      | 2,123      | 2,084      | 2,049      |
| Trading account assets supporting insurance liabilities, at fair value                                                     | 21,840     | 21,820     | 22,073     | 22,126     | 22,097     |
| Other trading account assets, at fair value                                                                                | 5,764      | 5,863      | 6,773      | 6,210      | 5,752      |
| Equity securities, available for sale, at fair value (cost \$7,149; \$7,461; \$7,456; \$7,145; \$4,147)                    | 9,748      | 10,143     | 10,151     | 9,739      | 6,174      |
| Commercial mortgage and other loans                                                                                        | 52,779     | 53,660     | 54,915     | 55,373     | 56,045     |
| Policy loans                                                                                                               | 11,755     | 11,893     | 11,719     | 11,765     | 11,891     |
| Other long-term investments                                                                                                | 11,283     | 11,450     | 11,777     | 11,986     | 12,308     |
| Short-term investments                                                                                                     | 7,508      | 5,175      | 3,616      | 5,508      | 6,775      |
| Total investments                                                                                                          | 444,240    | 450,887    | 458,401    | 464,891    | 469,871    |
| Cash and cash equivalents                                                                                                  | 14,127     | 13,308     | 16,605     | 14,541     | 14,490     |
| Accrued investment income                                                                                                  | 3,204      | 3,231      | 3,228      | 3,278      | 3,325      |
| Deferred policy acquisition costs                                                                                          | 17,661     | 18,197     | 18,715     | 18,724     | 18,992     |
| Value of business acquired                                                                                                 | 2,314      | 2,266      | 1,897      | 1,817      | 1,591      |
| Other assets                                                                                                               | 14,780     | 15,671     | 16,311     | 16,770     | 17,035     |
| Separate account assets                                                                                                    | 287,636    | 293,805    | 297,433    | 301,110    | 306,617    |
| Total assets                                                                                                               | 783,962    | 797,365    | 812,590    | 821,131    | 831,921    |
| <b>Liabilities:</b>                                                                                                        |            |            |            |            |            |
| Future policy benefits                                                                                                     | 240,908    | 244,705    | 250,706    | 252,339    | 257,317    |
| Policyholders' account balances                                                                                            | 145,205    | 147,026    | 147,554    | 148,342    | 148,189    |
| Securities sold under agreements to repurchase                                                                             | 7,606      | 8,535      | 8,817      | 8,145      | 8,400      |
| Cash collateral for loaned securities                                                                                      | 4,333      | 4,175      | 4,036      | 4,697      | 4,354      |
| Income taxes                                                                                                               | 10,412     | 10,598     | 11,631     | 12,509     | 9,600      |
| Senior short-term debt                                                                                                     | 1,133      | 1,415      | 1,779      | 2,358      | 1,380      |
| Senior long-term debt                                                                                                      | 12,224     | 12,074     | 11,806     | 10,532     | 10,550     |
| Junior subordinated long-term debt                                                                                         | 5,817      | 5,819      | 5,820      | 6,621      | 6,622      |
| Notes issued by consolidated variable interest entities                                                                    | 2,150      | 2,179      | 2,176      | 1,517      | 1,518      |
| Other liabilities                                                                                                          | 20,450     | 20,060     | 22,192     | 22,396     | 23,030     |
| Separate account liabilities                                                                                               | 287,636    | 293,805    | 297,433    | 301,110    | 306,617    |
| Total liabilities                                                                                                          | 737,874    | 750,391    | 763,950    | 770,566    | 777,577    |
| <b>Equity:</b>                                                                                                             |            |            |            |            |            |
| Accumulated other comprehensive income                                                                                     | 14,621     | 14,643     | 16,362     | 16,598     | 17,074     |
| Other equity                                                                                                               | 31,242     | 32,141     | 32,082     | 33,775     | 36,995     |
| Total Prudential Financial, Inc. equity                                                                                    | 45,863     | 46,784     | 48,444     | 50,373     | 54,069     |
| Noncontrolling Interest                                                                                                    | 225        | 190        | 196        | 192        | 275        |
| Total Equity                                                                                                               | 46,088     | 46,974     | 48,640     | 50,565     | 54,344     |
| Total liabilities and equity                                                                                               | 783,962    | 797,365    | 812,590    | 821,131    | 831,921    |



COMBINING BALANCE SHEETS BY DIVISION  
(in millions)

| As of December 31, 2017                       |                     |                          |                                           |                                          |                                         |                                      |                                        |                                      |
|-----------------------------------------------|---------------------|--------------------------|-------------------------------------------|------------------------------------------|-----------------------------------------|--------------------------------------|----------------------------------------|--------------------------------------|
|                                               | Consolidated<br>PFI | Closed Block<br>Division | PFI Excluding<br>Closed Block<br>Division | U.S. Individual<br>Solutions<br>Division | U.S. Workplace<br>Solutions<br>Division | Investment<br>Management<br>Division | International<br>Insurance<br>Division | Corporate<br>and Other<br>Operations |
| <b>Assets:</b>                                |                     |                          |                                           |                                          |                                         |                                      |                                        |                                      |
| Total investments                             | 469,871             | 61,291                   | 408,580                                   | 62,322                                   | 131,957                                 | 5,143                                | 189,454                                | 19,704                               |
| Deferred policy acquisition costs             | 18,992              | 299                      | 18,693                                    | 10,535                                   | 308                                     | —                                    | 8,214                                  | (364)                                |
| Other assets                                  | 36,441              | 1,543                    | 34,898                                    | 14,473                                   | 7,820                                   | 2,823                                | 10,029                                 | (247)                                |
| Separate account assets                       | 306,617             | —                        | 306,617                                   | 180,321                                  | 85,120                                  | 41,978                               | 3,735                                  | (4,537)                              |
| Total assets                                  | 831,921             | 63,133                   | 768,788                                   | 267,651                                  | 225,205                                 | 49,944                               | 211,432                                | 14,556                               |
| <b>Liabilities:</b>                           |                     |                          |                                           |                                          |                                         |                                      |                                        |                                      |
| Future policy benefits                        | 257,317             | 48,870                   | 208,447                                   | 24,446                                   | 64,246                                  | —                                    | 114,515                                | 5,240                                |
| Policyholders' account balances               | 148,189             | 5,147                    | 143,042                                   | 34,429                                   | 58,252                                  | —                                    | 50,353                                 | 8                                    |
| Debt                                          | 18,552              | —                        | 18,552                                    | 7,970                                    | 845                                     | 1,936                                | 120                                    | 7,681                                |
| Other liabilities                             | 46,902              | 10,831                   | 36,071                                    | 6,624                                    | 6,573                                   | 3,667                                | 15,957                                 | 3,250                                |
| Separate account liabilities                  | 306,617             | —                        | 306,617                                   | 180,321                                  | 85,120                                  | 41,978                               | 3,735                                  | (4,537)                              |
| Total liabilities                             | 777,577             | 64,848                   | 712,729                                   | 253,790                                  | 215,036                                 | 47,581                               | 184,680                                | 11,642                               |
| <b>Equity:</b>                                |                     |                          |                                           |                                          |                                         |                                      |                                        |                                      |
| Accumulated other comprehensive income (loss) | 17,074              | (1)                      | 17,075                                    | 1,062                                    | 3,087                                   | (102)                                | 13,891                                 | (863)                                |
| Other equity (1)                              | 36,995              | (1,716)                  | 38,711                                    | 12,798                                   | 7,075                                   | 2,030                                | 12,812                                 | 3,996                                |
| Total Prudential Financial, Inc. equity       | 54,069              | (1,717)                  | 55,786                                    | 13,860                                   | 10,162                                  | 1,928                                | 26,703                                 | 3,133                                |
| Noncontrolling Interest                       | 275                 | 2                        | 273                                       | 1                                        | 7                                       | 435                                  | 49                                     | (219)                                |
| Total Equity                                  | 54,344              | (1,715)                  | 56,059                                    | 13,861                                   | 10,169                                  | 2,363                                | 26,752                                 | 2,914                                |
| Total liabilities and equity                  | 831,921             | 63,133                   | 768,788                                   | 267,651                                  | 225,205                                 | 49,944                               | 211,432                                | 14,556                               |

| As of December 31, 2016                       |                     |                          |                                           |                                          |                                         |                                      |                                        |                                      |
|-----------------------------------------------|---------------------|--------------------------|-------------------------------------------|------------------------------------------|-----------------------------------------|--------------------------------------|----------------------------------------|--------------------------------------|
|                                               | Consolidated<br>PFI | Closed Block<br>Division | PFI Excluding<br>Closed Block<br>Division | U.S. Individual<br>Solutions<br>Division | U.S. Workplace<br>Solutions<br>Division | Investment<br>Management<br>Division | International<br>Insurance<br>Division | Corporate<br>and Other<br>Operations |
| <b>Assets:</b>                                |                     |                          |                                           |                                          |                                         |                                      |                                        |                                      |
| Total investments                             | 444,240             | 59,714                   | 384,526                                   | 59,167                                   | 124,550                                 | 4,531                                | 176,252                                | 20,026                               |
| Deferred policy acquisition costs             | 17,661              | 336                      | 17,325                                    | 10,149                                   | 308                                     | —                                    | 7,208                                  | (340)                                |
| Other assets                                  | 34,425              | 2,001                    | 32,424                                    | 13,494                                   | 7,703                                   | 2,946                                | 10,842                                 | (2,561)                              |
| Separate account assets                       | 287,636             | —                        | 287,636                                   | 165,574                                  | 81,590                                  | 41,779                               | 2,817                                  | (4,124)                              |
| Total assets                                  | 783,962             | 62,051                   | 721,911                                   | 248,384                                  | 214,151                                 | 49,256                               | 197,119                                | 13,001                               |
| <b>Liabilities:</b>                           |                     |                          |                                           |                                          |                                         |                                      |                                        |                                      |
| Future policy benefits                        | 240,908             | 49,281                   | 191,627                                   | 22,368                                   | 60,591                                  | —                                    | 103,930                                | 4,738                                |
| Policyholders' account balances               | 145,205             | 5,204                    | 140,001                                   | 33,615                                   | 58,628                                  | —                                    | 47,747                                 | 11                                   |
| Debt                                          | 19,174              | —                        | 19,174                                    | 8,153                                    | 795                                     | 1,481                                | 87                                     | 8,658                                |
| Other liabilities                             | 44,951              | 8,967                    | 35,984                                    | 5,309                                    | 5,008                                   | 4,007                                | 18,457                                 | 3,203                                |
| Separate account liabilities                  | 287,636             | —                        | 287,636                                   | 165,574                                  | 81,590                                  | 41,779                               | 2,817                                  | (4,124)                              |
| Total liabilities                             | 737,874             | 63,452                   | 674,422                                   | 235,019                                  | 206,612                                 | 47,267                               | 173,038                                | 12,486                               |
| <b>Equity:</b>                                |                     |                          |                                           |                                          |                                         |                                      |                                        |                                      |
| Accumulated other comprehensive income (loss) | 14,621              | (4)                      | 14,625                                    | 339                                      | 1,826                                   | (165)                                | 14,320                                 | (1,695)                              |
| Other equity                                  | 31,242              | (1,399)                  | 32,641                                    | 13,026                                   | 5,709                                   | 1,884                                | 9,716                                  | 2,306                                |
| Total Prudential Financial, Inc. equity       | 45,863              | (1,403)                  | 47,266                                    | 13,365                                   | 7,535                                   | 1,719                                | 24,036                                 | 611                                  |
| Noncontrolling Interest                       | 225                 | 2                        | 223                                       | —                                        | 4                                       | 270                                  | 45                                     | (96)                                 |
| Total Equity                                  | 46,088              | (1,401)                  | 47,489                                    | 13,365                                   | 7,539                                   | 1,989                                | 24,081                                 | 515                                  |
| Total liabilities and equity                  | 783,962             | 62,051                   | 721,911                                   | 248,384                                  | 214,151                                 | 49,256                               | 197,119                                | 13,001                               |

(1) Other equity includes estimated impacts of enactment of the Tax Act, including \$1,678 million in Corporate and Other Operations related to the remeasurement of certain deferred tax assets and liabilities originally established through accumulated other comprehensive income.

SHORT-TERM AND LONG-TERM DEBT - UNAFFILIATED  
(in millions)

|                                             | As of December 31, 2017    |                                                |                     |            | As of December 31, 2016    |                                                |                     |            |
|---------------------------------------------|----------------------------|------------------------------------------------|---------------------|------------|----------------------------|------------------------------------------------|---------------------|------------|
|                                             | Senior debt                |                                                | Junior Subordinated |            | Senior debt                |                                                | Junior Subordinated |            |
|                                             | Short-term Debt            | Long-term Debt                                 | Long-term Debt      | Total Debt | Short-term Debt            | Long-term Debt                                 | Long-term Debt      | Total Debt |
| <b>Borrowings by use of proceeds:</b>       |                            |                                                |                     |            |                            |                                                |                     |            |
| Capital Debt                                | —                          | 5,402                                          | 6,622               | 12,024     | —                          | 5,822                                          | 5,817               | 11,639     |
| Operating Debt - Investment related         | 676                        | 3,306                                          | —                   | 3,982      | 477                        | 4,901                                          | —                   | 5,378      |
| Operating Debt - Specified businesses       | 704                        | 1,043                                          | —                   | 1,747      | 584                        | 914                                            | —                   | 1,498      |
| Limited recourse and non-recourse borrowing | —                          | 799                                            | —                   | 799        | 72                         | 587                                            | —                   | 659        |
| Total debt                                  | 1,380                      | 10,550                                         | 6,622               | 18,552     | 1,133                      | 12,224                                         | 5,817               | 19,174     |
|                                             |                            |                                                |                     |            |                            |                                                |                     |            |
|                                             | As of December 31, 2017    |                                                |                     |            | As of December 31, 2016    |                                                |                     |            |
|                                             | Prudential Financial, Inc. | The Prudential Insurance Co. of America (1)(2) | Other Affiliates    | Total      | Prudential Financial, Inc. | The Prudential Insurance Co. of America (1)(2) | Other Affiliates    | Total      |
| <b>Borrowings by sources:</b>               |                            |                                                |                     |            |                            |                                                |                     |            |
| Capital Debt                                | 11,028                     | 940                                            | 56                  | 12,024     | 10,645                     | 939                                            | 55                  | 11,639     |
| Operating Debt - Investment related         | 3,917                      | 65                                             | —                   | 3,982      | 4,314                      | 65                                             | 999                 | 5,378      |
| Operating Debt - Specified businesses       | 1,239                      | 508                                            | —                   | 1,747      | 965                        | 533                                            | —                   | 1,498      |
| Limited recourse and non-recourse borrowing | —                          | 799                                            | —                   | 799        | —                          | 659                                            | —                   | 659        |
| Total debt                                  | 16,184                     | 2,312                                          | 56                  | 18,552     | 15,924                     | 2,196                                          | 1,054               | 19,174     |

(1) Includes Prudential Funding, LLC.

(2) Capital debt at Prudential Insurance Co. of America includes \$840 million of surplus notes as of December 31, 2017 and \$839 million as of December 31, 2016.

COMBINED STATEMENTS OF OPERATIONS - U.S. INDIVIDUAL SOLUTIONS DIVISION  
(in millions)

| Year-to-date               |         | %<br>Change |                                                      | 2016  | 2017  |       |       |       |
|----------------------------|---------|-------------|------------------------------------------------------|-------|-------|-------|-------|-------|
| 2017                       | 2016    |             |                                                      | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    |
| Revenues (1):              |         |             |                                                      |       |       |       |       |       |
| 1,043                      | 1,019   | 2%          | Premiums                                             | 262   | 255   | 271   | 264   | 253   |
| 4,235                      | 4,589   | -8%         | Policy charges and fee income                        | 1,217 | 1,232 | 472   | 1,245 | 1,286 |
| 2,690                      | 2,520   | 7%          | Net investment income                                | 656   | 672   | 667   | 666   | 685   |
| 2,116                      | 1,893   | 12%         | Asset management fees, commissions and other income  | 482   | 501   | 550   | 540   | 525   |
| 10,084                     | 10,021  | 1%          | Total revenues                                       | 2,617 | 2,660 | 1,960 | 2,715 | 2,749 |
| Benefits and Expenses (1): |         |             |                                                      |       |       |       |       |       |
| 2,454                      | 3,091   | -21%        | Insurance and annuity benefits                       | 703   | 730   | 360   | 642   | 722   |
| 1,049                      | 1,042   | 1%          | Interest credited to policyholders' account balances | 268   | 263   | 255   | 263   | 268   |
| 718                        | 654     | 10%         | Interest expense                                     | 165   | 170   | 179   | 183   | 186   |
| (1,005)                    | (1,114) | 10%         | Deferral of acquisition costs                        | (290) | (262) | (246) | (232) | (265) |
| 947                        | 599     | 58%         | Amortization of acquisition costs                    | 203   | 199   | 360   | 187   | 201   |
| 3,914                      | 3,905   | 0%          | General and administrative expenses                  | 1,008 | 974   | 997   | 945   | 998   |
| 8,077                      | 8,177   | -1%         | Total benefits and expenses                          | 2,057 | 2,074 | 1,905 | 1,988 | 2,110 |
| 2,007                      | 1,844   | 9%          | Adjusted operating income before income taxes        | 560   | 586   | 55    | 727   | 639   |

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments. Benefits and expenses exclude charges related to realized investment gains, net of losses.

COMBINING STATEMENTS OF OPERATIONS - U.S. INDIVIDUAL SOLUTIONS DIVISION  
(in millions)

|                                                      | Twelve Months Ended December 31, 2017             |                         |                    | Quarter Ended December 31, 2017                   |                         |                    |
|------------------------------------------------------|---------------------------------------------------|-------------------------|--------------------|---------------------------------------------------|-------------------------|--------------------|
|                                                      | Total<br>U.S. Individual<br>Solutions<br>Division | Individual<br>Annuities | Individual<br>Life | Total<br>U.S. Individual<br>Solutions<br>Division | Individual<br>Annuities | Individual<br>Life |
| <b>Revenues (1):</b>                                 |                                                   |                         |                    |                                                   |                         |                    |
| Premiums                                             | 1,043                                             | 148                     | 895                | 253                                               | 27                      | 226                |
| Policy charges and fee income                        | 4,235                                             | 2,833                   | 1,402              | 1,286                                             | 736                     | 550                |
| Net investment income                                | 2,690                                             | 742                     | 1,948              | 685                                               | 186                     | 499                |
| Asset management fees, commissions and other income  | 2,116                                             | 1,387                   | 729                | 525                                               | 336                     | 189                |
| Total revenues                                       | 10,084                                            | 5,110                   | 4,974              | 2,749                                             | 1,285                   | 1,464              |
| <b>Benefits and Expenses (1):</b>                    |                                                   |                         |                    |                                                   |                         |                    |
| Insurance and annuity benefits                       | 2,454                                             | 318                     | 2,136              | 722                                               | 72                      | 650                |
| Interest credited to policyholders' account balances | 1,049                                             | 330                     | 719                | 268                                               | 85                      | 183                |
| Interest expense                                     | 718                                               | 70                      | 648                | 186                                               | 19                      | 167                |
| Deferral of acquisition costs                        | (1,005)                                           | (314)                   | (691)              | (265)                                             | (84)                    | (181)              |
| Amortization of acquisition costs                    | 947                                               | 464                     | 483                | 201                                               | 118                     | 83                 |
| General and administrative expenses                  | 3,914                                             | 2,044                   | 1,870              | 998                                               | 534                     | 464                |
| Total benefits and expenses                          | 8,077                                             | 2,912                   | 5,165              | 2,110                                             | 744                     | 1,366              |
| Adjusted operating income (loss) before income taxes | 2,007                                             | 2,198                   | (191)              | 639                                               | 541                     | 98                 |
|                                                      |                                                   |                         |                    |                                                   |                         |                    |
|                                                      | Twelve Months Ended December 31, 2016             |                         |                    | Quarter Ended December 31, 2016                   |                         |                    |
|                                                      | Total<br>U.S. Individual<br>Solutions<br>Division | Individual<br>Annuities | Individual<br>Life | Total<br>U.S. Individual<br>Solutions<br>Division | Individual<br>Annuities | Individual<br>Life |
| <b>Revenues (1):</b>                                 |                                                   |                         |                    |                                                   |                         |                    |
| Premiums                                             | 1,019                                             | 159                     | 860                | 262                                               | 44                      | 218                |
| Policy charges and fee income                        | 4,589                                             | 2,569                   | 2,020              | 1,217                                             | 651                     | 566                |
| Net investment income                                | 2,520                                             | 698                     | 1,822              | 656                                               | 184                     | 472                |
| Asset management fees, commissions and other income  | 1,893                                             | 1,240                   | 653                | 482                                               | 314                     | 168                |
| Total revenues                                       | 10,021                                            | 4,666                   | 5,355              | 2,617                                             | 1,193                   | 1,424              |
| <b>Benefits and Expenses (1):</b>                    |                                                   |                         |                    |                                                   |                         |                    |
| Insurance and annuity benefits                       | 3,091                                             | 306                     | 2,785              | 703                                               | 100                     | 603                |
| Interest credited to policyholders' account balances | 1,042                                             | 362                     | 680                | 268                                               | 92                      | 176                |
| Interest expense                                     | 654                                               | 71                      | 583                | 165                                               | 14                      | 151                |
| Deferral of acquisition costs                        | (1,114)                                           | (408)                   | (706)              | (290)                                             | (87)                    | (203)              |
| Amortization of acquisition costs                    | 599                                               | 484                     | 115                | 203                                               | 134                     | 69                 |
| General and administrative expenses                  | 3,905                                             | 2,086                   | 1,819              | 1,008                                             | 518                     | 490                |
| Total benefits and expenses                          | 8,177                                             | 2,901                   | 5,276              | 2,057                                             | 771                     | 1,286              |
| Adjusted operating income before income taxes        | 1,844                                             | 1,765                   | 79                 | 560                                               | 422                     | 138                |

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments. Benefits and expenses exclude charges related to realized investment gains, net of losses.

U.S. INDIVIDUAL SOLUTIONS DIVISION - INDIVIDUAL ANNUITIES SALES RESULTS AND ACCOUNT VALUES  
(in millions)

| Year-to-date                                        |         |                                                              | 2016    | 2017    |         |         |         |
|-----------------------------------------------------|---------|--------------------------------------------------------------|---------|---------|---------|---------|---------|
| 2017                                                | 2016    |                                                              | 4Q      | 1Q      | 2Q      | 3Q      | 4Q      |
| <b>SALES AND ACCOUNT VALUES:</b>                    |         |                                                              |         |         |         |         |         |
| Variable Annuities:                                 |         |                                                              |         |         |         |         |         |
| 153,295                                             | 149,441 | Beginning total account value                                | 154,903 | 153,295 | 156,830 | 159,202 | 162,107 |
| 2,863                                               | 2,494   | Sales: Highest Daily Suite - risk retained by Prudential (1) | 558     | 782     | 688     | 576     | 817     |
| 27                                                  | 1,367   | Highest Daily Suite - externally reinsured living benefits   | 318     | 14      | 6       | 7       | —       |
| 2,962                                               | 4,133   | Other variable annuities (2)                                 | 762     | 632     | 799     | 735     | 796     |
| 5,852                                               | 7,994   | Total sales                                                  | 1,638   | 1,428   | 1,493   | 1,318   | 1,613   |
| (9,717)                                             | (7,776) | Surrenders and withdrawals                                   | (2,122) | (2,326) | (2,382) | (2,288) | (2,721) |
| (3,865)                                             | 218     | Net sales (redemptions)                                      | (484)   | (898)   | (889)   | (970)   | (1,108) |
| (1,558)                                             | (1,450) | Benefit payments                                             | (347)   | (413)   | (391)   | (359)   | (395)   |
| (5,423)                                             | (1,232) | Net flows                                                    | (831)   | (1,311) | (1,280) | (1,329) | (1,503) |
| 20,993                                              | 8,638   | Change in market value, interest credited, and other         | 124     | 5,751   | 4,578   | 5,170   | 5,494   |
| (3,712)                                             | (3,552) | Policy charges                                               | (901)   | (905)   | (926)   | (936)   | (945)   |
| 165,153                                             | 153,295 | Ending total account value                                   | 153,295 | 156,830 | 159,202 | 162,107 | 165,153 |
| <u>Variable Annuities Account Value by Product:</u> |         |                                                              |         |         |         |         |         |
| 121,150                                             | 112,543 | Highest Daily Suite - risk retained by Prudential (1)        | 112,543 | 115,314 | 116,905 | 119,001 | 121,150 |
| 3,227                                               | 2,932   | Highest Daily Suite - externally reinsured living benefits   | 2,932   | 3,025   | 3,084   | 3,153   | 3,227   |
| 40,776                                              | 37,820  | Other variable annuities (2)                                 | 37,820  | 38,491  | 39,213  | 39,953  | 40,776  |
| 165,153                                             | 153,295 | Ending total account value                                   | 153,295 | 156,830 | 159,202 | 162,107 | 165,153 |
| Fixed Annuities and other products (3):             |         |                                                              |         |         |         |         |         |
| 3,488                                               | 3,504   | Beginning total account value                                | 3,485   | 3,488   | 3,489   | 3,492   | 3,493   |
| 42                                                  | 60      | Sales                                                        | 18      | 12      | 14      | 11      | 5       |
| (104)                                               | (105)   | Surrenders and withdrawals                                   | (27)    | (27)    | (25)    | (21)    | (31)    |
| (62)                                                | (45)    | Net redemptions                                              | (9)     | (15)    | (11)    | (10)    | (26)    |
| (315)                                               | (344)   | Benefit payments                                             | (75)    | (84)    | (82)    | (72)    | (77)    |
| (377)                                               | (389)   | Net flows                                                    | (84)    | (99)    | (93)    | (82)    | (103)   |
| 363                                                 | 374     | Interest credited and other                                  | 87      | 100     | 96      | 84      | 83      |
| (1)                                                 | (1)     | Policy charges                                               | —       | —       | —       | (1)     | —       |
| 3,473                                               | 3,488   | Ending total account value                                   | 3,488   | 3,489   | 3,492   | 3,493   | 3,473   |
| <b>SALES BY DISTRIBUTION CHANNEL:</b>               |         |                                                              |         |         |         |         |         |
| <u>Variable and Fixed Annuities (4):</u>            |         |                                                              |         |         |         |         |         |
| 1,904                                               | 2,353   | Insurance Agents                                             | 550     | 507     | 490     | 418     | 489     |
| 979                                                 | 1,492   | Wirehouses                                                   | 279     | 236     | 238     | 202     | 303     |
| 2,514                                               | 3,180   | Independent Financial Planners                               | 659     | 573     | 631     | 597     | 713     |
| 497                                                 | 1,029   | Bank Distribution                                            | 168     | 124     | 148     | 112     | 113     |
| 5,894                                               | 8,054   | Total                                                        | 1,656   | 1,440   | 1,507   | 1,329   | 1,618   |

(1) Includes variable annuities with “Highest Daily” optional living benefits retained by Prudential and predecessor “Lifetime Five” feature.

(2) Includes Prudential Defined Income (PDI), Legacy Protection Plus (LPP) death benefit and products without guaranteed minimum income and withdrawal benefits.

(3) Includes single premium immediate annuities.

(4) Amounts represent gross sales.

U.S. INDIVIDUAL SOLUTIONS DIVISION - INDIVIDUAL ANNUITIES ACCOUNT VALUE ACTIVITY  
(in millions)

| Year-to-date                                   |         |                                                     | 2016    | 2017    |         |         |         |
|------------------------------------------------|---------|-----------------------------------------------------|---------|---------|---------|---------|---------|
| 2017                                           | 2016    |                                                     | 4Q      | 1Q      | 2Q      | 3Q      | 4Q      |
| <b>INDIVIDUAL ANNUITIES:</b>                   |         |                                                     |         |         |         |         |         |
| <i>Account Values in General Account (1):</i>  |         |                                                     |         |         |         |         |         |
| 9,892                                          | 9,942   | Beginning balance                                   | 9,863   | 9,892   | 9,810   | 9,804   | 9,816   |
| 650                                            | 868     | Premiums and deposits                               | 194     | 185     | 168     | 130     | 167     |
| (597)                                          | (563)   | Surrenders and withdrawals                          | (148)   | (153)   | (145)   | (133)   | (166)   |
| 53                                             | 305     | Net sales (redemptions)                             | 46      | 32      | 23      | (3)     | 1       |
| (380)                                          | (411)   | Benefit payments                                    | (89)    | (100)   | (101)   | (89)    | (90)    |
| (327)                                          | (106)   | Net flows                                           | (43)    | (68)    | (78)    | (92)    | (89)    |
| 248                                            | 241     | Interest credited and other                         | 57      | 58      | 56      | 63      | 71      |
| 80                                             | (184)   | Net transfers (to) from separate account            | 15      | (72)    | 16      | 42      | 94      |
| (1)                                            | (1)     | Policy charges                                      | —       | —       | —       | (1)     | —       |
| 9,892                                          | 9,892   | Ending balance                                      | 9,892   | 9,810   | 9,804   | 9,816   | 9,892   |
| <i>Account Values in Separate Account (1):</i> |         |                                                     |         |         |         |         |         |
| 146,891                                        | 143,003 | Beginning balance                                   | 148,525 | 146,891 | 150,509 | 152,890 | 155,784 |
| 5,244                                          | 7,186   | Premiums and deposits                               | 1,462   | 1,255   | 1,339   | 1,199   | 1,451   |
| (9,224)                                        | (7,318) | Surrenders and withdrawals                          | (2,001) | (2,200) | (2,262) | (2,176) | (2,586) |
| (3,980)                                        | (132)   | Net redemptions                                     | (539)   | (945)   | (923)   | (977)   | (1,135) |
| (1,493)                                        | (1,383) | Benefit payments                                    | (333)   | (397)   | (372)   | (342)   | (382)   |
| (5,473)                                        | (1,515) | Net flows                                           | (872)   | (1,342) | (1,295) | (1,319) | (1,517) |
| 21,108                                         | 8,771   | Change in market value, interest credited and other | 154     | 5,793   | 4,618   | 5,191   | 5,506   |
| (80)                                           | 184     | Net transfers (to) from general account             | (15)    | 72      | (16)    | (42)    | (94)    |
| (3,712)                                        | (3,552) | Policy charges                                      | (901)   | (905)   | (926)   | (936)   | (945)   |
| 158,734                                        | 146,891 | Ending balance                                      | 146,891 | 150,509 | 152,890 | 155,784 | 158,734 |

- (1) Premiums and deposits, and surrenders and withdrawals, are classified within the general account and separate account for purposes of this presentation based on the allocation of customer funds. For example, premiums allocated by customers to separate account investments at the time of sale, while remitted through the company's general account, are shown as separate account premium in this display, rather than as general account premium and transfers to the separate account.

U.S. INDIVIDUAL SOLUTIONS DIVISION - INDIVIDUAL ANNUITIES LIVING BENEFIT FEATURES  
(in millions)

|                                                                                | 2016<br>4Q | 2017    |         |         |         |
|--------------------------------------------------------------------------------|------------|---------|---------|---------|---------|
|                                                                                |            | 1Q      | 2Q      | 3Q      | 4Q      |
| <b>LIVING BENEFIT FEATURES ACCOUNT VALUE AND NET AMOUNT AT RISK (1):</b>       |            |         |         |         |         |
| <u>Variable Annuity Account Values with Living Benefit Features</u>            |            |         |         |         |         |
| Guaranteed minimum accumulation benefits                                       | 4,104      | 3,879   | 3,661   | 3,530   | 3,380   |
| Guaranteed minimum withdrawal benefits                                         | 514        | 509     | 494     | 483     | 477     |
| Guaranteed minimum income benefits                                             | 2,730      | 2,761   | 2,755   | 2,772   | 2,791   |
| Guaranteed minimum withdrawal & income benefits - risk retained by Prudential  | 120,468    | 123,609 | 125,869 | 128,465 | 131,146 |
| Guaranteed minimum withdrawal & income benefits - externally reinsured         | 2,932      | 3,025   | 3,084   | 3,153   | 3,227   |
| Total                                                                          | 130,748    | 133,783 | 135,863 | 138,403 | 141,021 |
| <u>Living Benefit Features Account Values by Product Design Type</u>           |            |         |         |         |         |
| Account Values with Auto-Rebalancing Feature - risk retained by Prudential     | 107,752    | 110,286 | 111,750 | 113,691 | 115,690 |
| Account Values with Auto-Rebalancing Feature - externally reinsured            | 2,932      | 3,025   | 3,084   | 3,153   | 3,227   |
| Account Values without Auto-Rebalancing Feature                                | 20,064     | 20,472  | 21,029  | 21,559  | 22,104  |
| Total                                                                          | 130,748    | 133,783 | 135,863 | 138,403 | 141,021 |
| <u>Living Benefit Features Net Amount at Risk by Product Design Type</u>       |            |         |         |         |         |
| Net Amount at Risk with Auto-Rebalancing Feature - risk retained by Prudential | 4,494      | 3,872   | 3,594   | 3,250   | 2,928   |
| Net Amount at Risk with Auto-Rebalancing Feature - externally reinsured        | —          | —       | —       | —       | —       |
| Net Amount at Risk without Auto-Rebalancing Feature                            | 1,082      | 939     | 846     | 752     | 661     |
| Total                                                                          | 5,576      | 4,811   | 4,440   | 4,002   | 3,589   |

(1) At end of period.

U.S. INDIVIDUAL SOLUTIONS DIVISION - INDIVIDUAL ANNUITIES DEATH BENEFIT FEATURES  
(in millions)

|                                                                               | 2016<br>4Q | 2017    |         |         |         |
|-------------------------------------------------------------------------------|------------|---------|---------|---------|---------|
|                                                                               |            | 1Q      | 2Q      | 3Q      | 4Q      |
| <b>DEATH BENEFIT FEATURES ACCOUNT VALUE AND NET AMOUNT AT RISK (1):</b>       |            |         |         |         |         |
| <u>Variable Annuity Account Values by Death Benefit Features</u>              |            |         |         |         |         |
| <i>Return of net deposits:</i>                                                |            |         |         |         |         |
| Account value                                                                 | 118,620    | 121,507 | 123,591 | 126,009 | 128,545 |
| Net amount at risk                                                            | 487        | 385     | 323     | 297     | 285     |
| <i>Minimum return, anniversary contract value, or maximum contract value:</i> |            |         |         |         |         |
| Account value                                                                 | 30,980     | 31,460  | 31,612  | 31,952  | 32,269  |
| Net amount at risk                                                            | 3,714      | 3,215   | 3,012   | 2,785   | 2,611   |
| <u>Death Benefit Features Account Values by Product Design Type</u>           |            |         |         |         |         |
| Account Values with Auto-Rebalancing Feature                                  | 110,684    | 113,311 | 114,834 | 116,844 | 118,916 |
| Account Values without Auto-Rebalancing Feature                               | 38,916     | 39,656  | 40,369  | 41,117  | 41,898  |
| Total                                                                         | 149,600    | 152,967 | 155,203 | 157,961 | 160,814 |
| <u>Death Benefit Features Net Amount at Risk by Product Design Type</u>       |            |         |         |         |         |
| Net Amount at Risk with Auto-Rebalancing Feature                              | 1,597      | 1,265   | 1,168   | 1,060   | 1,008   |
| Net Amount at Risk without Auto-Rebalancing Feature                           | 2,604      | 2,335   | 2,167   | 2,022   | 1,888   |
| Total                                                                         | 4,201      | 3,600   | 3,335   | 3,082   | 2,896   |

(1) At end of period.



U.S. INDIVIDUAL SOLUTIONS DIVISION - SUPPLEMENTARY INFORMATION FOR INDIVIDUAL LIFE  
(in millions)

| Year-to-date                                                         |         |                                                     | 2016      | 2017      |           |           |           |  |
|----------------------------------------------------------------------|---------|-----------------------------------------------------|-----------|-----------|-----------|-----------|-----------|--|
| 2017                                                                 | 2016    |                                                     | 4Q        | 1Q        | 2Q        | 3Q        | 4Q        |  |
| <b>ANNUALIZED NEW BUSINESS PREMIUMS (1) :</b>                        |         |                                                     |           |           |           |           |           |  |
| 213                                                                  | 200     | Term life                                           | 50        | 49        | 54        | 57        | 53        |  |
| 156                                                                  | 243     | Guaranteed Universal life                           | 77        | 53        | 40        | 31        | 32        |  |
| 125                                                                  | 95      | Other Universal life                                | 31        | 21        | 33        | 28        | 43        |  |
| 130                                                                  | 92      | Variable life                                       | 25        | 23        | 26        | 26        | 55        |  |
| 624                                                                  | 630     | Total                                               | 183       | 146       | 153       | 142       | 183       |  |
| <b>ANNUALIZED NEW BUSINESS PREMIUMS BY DISTRIBUTION CHANNEL (1):</b> |         |                                                     |           |           |           |           |           |  |
| 118                                                                  | 116     | Prudential Advisors                                 | 29        | 27        | 29        | 29        | 33        |  |
| 506                                                                  | 514     | Third party distribution                            | 154       | 119       | 124       | 113       | 150       |  |
| 624                                                                  | 630     | Total                                               | 183       | 146       | 153       | 142       | 183       |  |
| <b>ACCOUNT VALUE ACTIVITY:</b>                                       |         |                                                     |           |           |           |           |           |  |
| <b>Policyholders' Account Balances (2):</b>                          |         |                                                     |           |           |           |           |           |  |
| 26,041                                                               | 24,487  | Beginning balance                                   | 25,000    | 26,041    | 26,358    | 26,399    | 26,612    |  |
| 3,205                                                                | 3,330   | Premiums and deposits                               | 949       | 804       | 832       | 738       | 831       |  |
| (1,031)                                                              | (988)   | Surrenders and withdrawals                          | (240)     | (233)     | (289)     | (228)     | (281)     |  |
| 2,174                                                                | 2,342   | Net sales                                           | 709       | 571       | 543       | 510       | 550       |  |
| (566)                                                                | (490)   | Benefit payments                                    | (106)     | (182)     | (123)     | (121)     | (140)     |  |
| 1,608                                                                | 1,852   | Net flows                                           | 603       | 389       | 420       | 389       | 410       |  |
| 393                                                                  | 786     | Interest credited and other                         | 718       | 228       | (85)      | 119       | 131       |  |
| 438                                                                  | 396     | Net transfers from separate account                 | 102       | 106       | 106       | 116       | 110       |  |
| (1,619)                                                              | (1,480) | Policy charges                                      | (382)     | (406)     | (400)     | (411)     | (402)     |  |
| —                                                                    | —       | Acquisition                                         | —         | —         | —         | —         | —         |  |
| 26,861                                                               | 26,041  | Ending balance                                      | 26,041    | 26,358    | 26,399    | 26,612    | 26,861    |  |
| <b>Separate Account Liabilities:</b>                                 |         |                                                     |           |           |           |           |           |  |
| 28,455                                                               | 27,027  | Beginning balance                                   | 28,129    | 28,455    | 29,669    | 30,259    | 31,100    |  |
| 1,606                                                                | 1,439   | Premiums and deposits                               | 359       | 442       | 343       | 330       | 491       |  |
| (1,249)                                                              | (852)   | Surrenders and withdrawals                          | (201)     | (220)     | (227)     | (338)     | (464)     |  |
| 357                                                                  | 587     | Net sales (redemptions)                             | 158       | 222       | 116       | (8)       | 27        |  |
| (169)                                                                | (163)   | Benefit payments                                    | (33)      | (46)      | (44)      | (32)      | (47)      |  |
| 188                                                                  | 424     | Net flows                                           | 125       | 176       | 72        | (40)      | (20)      |  |
| 4,798                                                                | 2,308   | Change in market value, interest credited and other | 532       | 1,373     | 851       | 1,227     | 1,347     |  |
| (438)                                                                | (396)   | Net transfers to general account                    | (102)     | (106)     | (106)     | (116)     | (110)     |  |
| (918)                                                                | (908)   | Policy charges                                      | (229)     | (229)     | (227)     | (230)     | (232)     |  |
| —                                                                    | —       | Acquisition                                         | —         | —         | —         | —         | —         |  |
| 32,085                                                               | 28,455  | Ending balance                                      | 28,455    | 29,669    | 30,259    | 31,100    | 32,085    |  |
| <b>FACE AMOUNT IN FORCE (3):</b>                                     |         |                                                     |           |           |           |           |           |  |
|                                                                      |         | Term life                                           | 721,602   | 727,736   | 736,348   | 745,849   | 753,804   |  |
|                                                                      |         | Guaranteed Universal life                           | 134,973   | 137,801   | 139,663   | 141,031   | 142,546   |  |
|                                                                      |         | Other Universal life                                | 45,350    | 45,704    | 46,328    | 46,888    | 47,516    |  |
|                                                                      |         | Variable life                                       | 162,574   | 162,611   | 162,452   | 162,660   | 163,174   |  |
|                                                                      |         | Total                                               | 1,064,500 | 1,073,851 | 1,084,791 | 1,096,429 | 1,107,040 |  |

(1) Excludes corporate-owned life insurance.

(2) Includes fixed rate funds, alliance deposits, supplementary contracts and deferred revenues on variable products.

(3) At end of period; before reinsurance ceded.

COMBINED STATEMENTS OF OPERATIONS - U.S. WORKPLACE SOLUTIONS DIVISION  
(in millions)

| Year-to-date               |        | %<br>Change |                                                      | 2016  | 2017  |       |       |       |  |
|----------------------------|--------|-------------|------------------------------------------------------|-------|-------|-------|-------|-------|--|
| 2017                       | 2016   |             |                                                      | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    |  |
| Revenues (1):              |        |             |                                                      |       |       |       |       |       |  |
| 12,436                     | 11,613 | 7%          | Premiums                                             | 3,227 | 1,564 | 3,259 | 2,962 | 4,651 |  |
| 828                        | 844    | -2%         | Policy charges and fee income                        | 194   | 202   | 223   | 204   | 199   |  |
| 5,119                      | 4,871  | 5%          | Net investment income                                | 1,278 | 1,313 | 1,257 | 1,226 | 1,323 |  |
| 931                        | 891    | 4%          | Asset management fees, commissions and other income  | 235   | 241   | 230   | 230   | 230   |  |
| 19,314                     | 18,219 | 6%          | Total revenues                                       | 4,934 | 3,320 | 4,969 | 4,622 | 6,403 |  |
| Benefits and Expenses (1): |        |             |                                                      |       |       |       |       |       |  |
| 14,108                     | 13,360 | 6%          | Insurance and annuity benefits                       | 3,668 | 1,982 | 3,601 | 3,391 | 5,134 |  |
| 1,781                      | 1,736  | 3%          | Interest credited to policyholders' account balances | 451   | 431   | 476   | 434   | 440   |  |
| 31                         | 24     | 29%         | Interest expense                                     | 7     | 7     | 8     | 7     | 9     |  |
| (36)                       | (31)   | -16%        | Deferral of acquisition costs                        | (6)   | (7)   | (9)   | (9)   | (11)  |  |
| 40                         | 39     | 3%          | Amortization of acquisition costs                    | 10    | 5     | 6     | 17    | 12    |  |
| 1,893                      | 1,859  | 2%          | General and administrative expenses                  | 443   | 471   | 443   | 473   | 506   |  |
| 17,817                     | 16,987 | 5%          | Total benefits and expenses                          | 4,573 | 2,889 | 4,525 | 4,313 | 6,090 |  |
| 1,497                      | 1,232  | 22%         | Adjusted operating income before income taxes        | 361   | 431   | 444   | 309   | 313   |  |

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities. Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes.

COMBINING STATEMENTS OF OPERATIONS - U.S. WORKPLACE SOLUTIONS DIVISION  
(in millions)

|                                                      | Twelve Months Ended December 31, 2017            |            |                    | Quarter Ended December 31, 2017                  |            |                    |
|------------------------------------------------------|--------------------------------------------------|------------|--------------------|--------------------------------------------------|------------|--------------------|
|                                                      | Total<br>U.S. Workplace<br>Solutions<br>Division | Retirement | Group<br>Insurance | Total<br>U.S. Workplace<br>Solutions<br>Division | Retirement | Group<br>Insurance |
| <b>Revenues (1):</b>                                 |                                                  |            |                    |                                                  |            |                    |
| Premiums                                             | 12,436                                           | 8,278      | 4,158              | 4,651                                            | 3,613      | 1,038              |
| Policy charges and fee income                        | 828                                              | 238        | 590                | 199                                              | 60         | 139                |
| Net investment income                                | 5,119                                            | 4,482      | 637                | 1,323                                            | 1,159      | 164                |
| Asset management fees, commissions and other income  | 931                                              | 845        | 86                 | 230                                              | 208        | 22                 |
| Total revenues                                       | 19,314                                           | 13,843     | 5,471              | 6,403                                            | 5,040      | 1,363              |
| <b>Benefits and Expenses (1):</b>                    |                                                  |            |                    |                                                  |            |                    |
| Insurance and annuity benefits                       | 14,108                                           | 10,035     | 4,073              | 5,134                                            | 4,091      | 1,043              |
| Interest credited to policyholders' account balances | 1,781                                            | 1,507      | 274                | 440                                              | 368        | 72                 |
| Interest expense                                     | 31                                               | 26         | 5                  | 9                                                | 8          | 1                  |
| Deferral of acquisition costs                        | (36)                                             | (36)       | —                  | (11)                                             | (11)       | —                  |
| Amortization of acquisition costs                    | 40                                               | 26         | 14                 | 12                                               | 11         | 1                  |
| General and administrative expenses                  | 1,893                                            | 1,041      | 852                | 506                                              | 282        | 224                |
| Total benefits and expenses                          | 17,817                                           | 12,599     | 5,218              | 6,090                                            | 4,749      | 1,341              |
| Adjusted operating income before income taxes        | 1,497                                            | 1,244      | 253                | 313                                              | 291        | 22                 |

|                                                      | Twelve Months Ended December 31, 2016            |            |                    | Quarter Ended December 31, 2016                  |            |                    |
|------------------------------------------------------|--------------------------------------------------|------------|--------------------|--------------------------------------------------|------------|--------------------|
|                                                      | Total<br>U.S. Workplace<br>Solutions<br>Division | Retirement | Group<br>Insurance | Total<br>U.S. Workplace<br>Solutions<br>Division | Retirement | Group<br>Insurance |
| <b>Revenues (1):</b>                                 |                                                  |            |                    |                                                  |            |                    |
| Premiums                                             | 11,613                                           | 7,579      | 4,034              | 3,227                                            | 2,214      | 1,013              |
| Policy charges and fee income                        | 844                                              | 228        | 616                | 194                                              | 61         | 133                |
| Net investment income                                | 4,871                                            | 4,263      | 608                | 1,278                                            | 1,120      | 158                |
| Asset management fees, commissions and other income  | 891                                              | 806        | 85                 | 235                                              | 213        | 22                 |
| Total revenues                                       | 18,219                                           | 12,876     | 5,343              | 4,934                                            | 3,608      | 1,326              |
| <b>Benefits and Expenses (1):</b>                    |                                                  |            |                    |                                                  |            |                    |
| Insurance and annuity benefits                       | 13,360                                           | 9,328      | 4,032              | 3,668                                            | 2,660      | 1,008              |
| Interest credited to policyholders' account balances | 1,736                                            | 1,473      | 263                | 451                                              | 381        | 70                 |
| Interest expense                                     | 24                                               | 19         | 5                  | 7                                                | 5          | 2                  |
| Deferral of acquisition costs                        | (31)                                             | (31)       | —                  | (6)                                              | (6)        | —                  |
| Amortization of acquisition costs                    | 39                                               | 33         | 6                  | 10                                               | 8          | 2                  |
| General and administrative expenses                  | 1,859                                            | 1,042      | 817                | 443                                              | 242        | 201                |
| Total benefits and expenses                          | 16,987                                           | 11,864     | 5,123              | 4,573                                            | 3,290      | 1,283              |
| Adjusted operating income before income taxes        | 1,232                                            | 1,012      | 220                | 361                                              | 318        | 43                 |

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities. Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes.

U.S. WORKPLACE SOLUTIONS - RETIREMENT SEGMENT SALES RESULTS AND ACCOUNT VALUES  
(in millions)

| Year-to-date                                          |          |                                                                               | 2016    | 2017    |         |         |         |
|-------------------------------------------------------|----------|-------------------------------------------------------------------------------|---------|---------|---------|---------|---------|
| 2017                                                  | 2016     |                                                                               | 4Q      | 1Q      | 2Q      | 3Q      | 4Q      |
| <b>RETIREMENT SEGMENT SALES AND ACCOUNT VALUES</b>    |          |                                                                               |         |         |         |         |         |
| <b>Full Service:</b>                                  |          |                                                                               |         |         |         |         |         |
| 202,802                                               | 188,961  | Beginning total account value                                                 | 200,476 | 202,802 | 210,400 | 214,731 | 227,438 |
| 29,527                                                | 21,928   | Deposits and sales                                                            | 5,168   | 6,736   | 4,771   | 11,188  | 6,832   |
| (24,811)                                              | (20,127) | Withdrawals and benefits                                                      | (5,315) | (6,690) | (5,786) | (5,132) | (7,203) |
| 27,098                                                | 12,040   | Change in market value, interest credited, interest income and other activity | 2,473   | 7,552   | 5,346   | 6,651   | 7,549   |
| 234,616                                               | 202,802  | Ending total account value                                                    | 202,802 | 210,400 | 214,731 | 227,438 | 234,616 |
| 4,716                                                 | 1,801    | Net additions (withdrawals)                                                   | (147)   | 46      | (1,015) | 6,056   | (371)   |
| Stable value account values included above            |          |                                                                               |         |         |         |         |         |
|                                                       |          |                                                                               | 48,725  | 48,737  | 48,829  | 48,834  | 48,667  |
| <b>Institutional Investment Products:</b>             |          |                                                                               |         |         |         |         |         |
| 183,376                                               | 179,964  | Beginning total account value                                                 | 186,224 | 183,376 | 185,115 | 186,610 | 188,399 |
| 21,630                                                | 16,140   | Additions                                                                     | 3,751   | 4,042   | 2,557   | 4,764   | 10,267  |
| (17,406)                                              | (12,161) | Withdrawals and benefits                                                      | (3,920) | (4,241) | (4,171) | (3,552) | (5,442) |
| 5,190                                                 | 5,299    | Change in market value, interest credited and interest income                 | (905)   | 1,229   | 1,673   | 1,341   | 947     |
| 1,702                                                 | (5,866)  | Other (1)                                                                     | (1,774) | 709     | 1,436   | (764)   | 321     |
| 194,492                                               | 183,376  | Ending total account value                                                    | 183,376 | 185,115 | 186,610 | 188,399 | 194,492 |
| 4,224                                                 | 3,979    | Net additions (withdrawals)                                                   | (169)   | (199)   | (1,614) | 1,212   | 4,825   |
| Amounts included in ending total account value above: |          |                                                                               |         |         |         |         |         |
| 69,239                                                | 70,196   | Investment-only stable value wraps                                            | 70,196  | 70,576  | 69,808  | 69,637  | 69,239  |
| 40,072                                                | 29,959   | Longevity reinsurance (2)                                                     | 29,959  | 32,004  | 33,138  | 36,053  | 40,072  |
| 85,181                                                | 83,221   | Group annuities and other products                                            | 83,221  | 82,535  | 83,664  | 82,709  | 85,181  |
| 194,492                                               | 183,376  | Ending total account value                                                    | 183,376 | 185,115 | 186,610 | 188,399 | 194,492 |

- (1) "Other" activity includes the effect of foreign exchange rate changes associated with our United Kingdom longevity reinsurance business; net presentation of receipts and payments related to funding agreements backed commercial paper which typically have maturities of less than 90 days, and changes in asset balances for externally-managed accounts.
- (2) Represents notional amounts based on present value of future benefits under longevity reinsurance contracts which have not been significantly pre-funded.

U.S. WORKPLACE SOLUTIONS DIVISION - SUPPLEMENTARY INFORMATION FOR GROUP INSURANCE  
(dollar amounts in millions)

| Year-to-date                                             |            |                                                   | 2016          | 2017          |               |               |               |
|----------------------------------------------------------|------------|---------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| 2017                                                     | 2016       |                                                   | 4Q            | 1Q            | 2Q            | 3Q            | 4Q            |
| <b>GROUP INSURANCE ANNUALIZED NEW BUSINESS PREMIUMS:</b> |            |                                                   |               |               |               |               |               |
| 287                                                      | 316        | Group life                                        | 31            | 186           | 56            | 23            | 22            |
| 153                                                      | 119        | Group disability                                  | 6             | 115           | 14            | 12            | 12            |
| <u>440</u>                                               | <u>435</u> | Total                                             | <u>37</u>     | <u>301</u>    | <u>70</u>     | <u>35</u>     | <u>34</u>     |
| Future Policy Benefits (1) (2):                          |            |                                                   |               |               |               |               |               |
|                                                          |            | Group life                                        | 2,238         | 2,166         | 2,139         | 2,087         | 2,286         |
|                                                          |            | Group disability                                  | 3             | 28            | 20            | 9             | 2             |
|                                                          |            | Total                                             | <u>2,241</u>  | <u>2,194</u>  | <u>2,159</u>  | <u>2,096</u>  | <u>2,288</u>  |
| Policyholders' Account Balances (1):                     |            |                                                   |               |               |               |               |               |
|                                                          |            | Group life                                        | 8,634         | 8,614         | 8,516         | 8,599         | 8,737         |
|                                                          |            | Group disability                                  | 224           | 237           | 212           | 231           | 246           |
|                                                          |            | Total                                             | <u>8,858</u>  | <u>8,851</u>  | <u>8,728</u>  | <u>8,830</u>  | <u>8,983</u>  |
| Separate Account Liabilities (1):                        |            |                                                   |               |               |               |               |               |
|                                                          |            | Group life                                        | 23,594        | 23,812        | 24,073        | 23,922        | 23,955        |
|                                                          |            | Group disability                                  | —             | —             | —             | —             | —             |
|                                                          |            | Total                                             | <u>23,594</u> | <u>23,812</u> | <u>24,073</u> | <u>23,922</u> | <u>23,955</u> |
| Group Life Insurance:                                    |            |                                                   |               |               |               |               |               |
| 4,124                                                    | 4,095      | Gross premiums, policy charges and fee income (3) | 1,006         | 1,038         | 1,054         | 1,013         | 1,019         |
| 3,886                                                    | 3,845      | Earned premiums, policy charges and fee income    | 939           | 985           | 981           | 965           | 955           |
| 88.7%                                                    | 88.5%      | Benefits ratio (4)                                | 87.3%         | 92.2%         | 86.3%         | 87.0%         | 89.3%         |
| 11.2%                                                    | 10.6%      | Administrative operating expense ratio            | 10.7%         | 10.8%         | 10.5%         | 11.2%         | 12.5%         |
|                                                          |            | Persistency ratio                                 | 95.2%         | 94.9%         | 94.6%         | 93.9%         | 93.8%         |
| Group Disability Insurance:                              |            |                                                   |               |               |               |               |               |
| 953                                                      | 880        | Gross premiums, policy charges and fee income (3) | 223           | 233           | 237           | 239           | 244           |
| 862                                                      | 805        | Earned premiums, policy charges and fee income    | 207           | 211           | 209           | 220           | 222           |
| 78.9%                                                    | 82.9%      | Benefits ratio (5)                                | 91.3%         | 74.3%         | 76.7%         | 78.7%         | 85.6%         |
| 29.4%                                                    | 31.4%      | Administrative operating expense ratio            | 31.0%         | 29.4%         | 29.0%         | 29.2%         | 29.8%         |
|                                                          |            | Persistency ratio                                 | 91.7%         | 93.7%         | 93.4%         | 91.7%         | 91.4%         |
| Total Group Insurance:                                   |            |                                                   |               |               |               |               |               |
| 86.9%                                                    | 87.5%      | Benefits ratio (6)                                | 88.0%         | 89.1%         | 84.5%         | 85.5%         | 88.6%         |
| 14.6%                                                    | 14.3%      | Administrative operating expense ratio            | 14.4%         | 14.2%         | 13.9%         | 14.6%         | 15.8%         |

(1) As of end of period.

(2) The amounts shown exclude liabilities for unpaid claims and claim adjustment expenses.

(3) Before returns of premiums to participating policyholders for favorable claims experience.

(4) Group Life Insurance benefit ratios excluding market driven and discrete items. Benefit ratios including market driven and discrete items are 89.3%, 87.0%, 86.9%, 92.2%, and 87.3% for the three months ended December 31, 2017, September 30, 2017, June 30, 2017, March 31, 2017, and December 31, 2016, respectively, and 88.9% and 89.1% for year-to-date December 2017 and 2016, respectively.

(5) Group Disability Insurance benefit ratios excluding market driven and discrete items. Benefits ratios including market driven and discrete items are 85.6%, 78.7%, 47.5%, 74.3%, and 91.3% for the three months ended December 31, 2017, September 30, 2017, June 30, 2017, March 31, 2017, and December 31, 2016, respectively, and 71.8% and 75.7% for year-to-date December 2017 and 2016, respectively.

(6) Group Insurance benefit ratios excluding market driven and discrete items. Benefits ratios including market driven and discrete items are 88.6%, 85.5%, 80.0%, 89.1%, and 88.0% for the three months ended December 31, 2017, September 30, 2017, June 30, 2017, March 31, 2017, and December 31, 2016, respectively, and 85.8% and 86.7% for year-to-date December 2017 and 2016, respectively.

STATEMENTS OF OPERATIONS - INVESTMENT MANAGEMENT DIVISION  
(in millions)

| Year-to-date               |       | %<br>Change |                                                      | 2016 | 2017 |     |     |     |   |
|----------------------------|-------|-------------|------------------------------------------------------|------|------|-----|-----|-----|---|
| 2017                       | 2016  |             |                                                      | 4Q   | 1Q   | 2Q  | 3Q  | 4Q  |   |
| Revenues (1):              |       |             |                                                      |      |      |     |     |     |   |
| —                          | —     | —           | Premiums                                             | —    | —    | —   | —   | —   | — |
| —                          | —     | —           | Policy charges and fee income                        | —    | —    | —   | —   | —   | — |
| 170                        | 80    | 113%        | Net investment income                                | 20   | 32   | 37  | 55  | 46  |   |
| 3,185                      | 2,881 | 11%         | Asset management fees, commissions and other income  | 753  | 724  | 750 | 772 | 939 |   |
| 3,355                      | 2,961 | 13%         | Total revenues                                       | 773  | 756  | 787 | 827 | 985 |   |
| Benefits and Expenses (1): |       |             |                                                      |      |      |     |     |     |   |
| —                          | —     | —           | Insurance and annuity benefits                       | —    | —    | —   | —   | —   | — |
| —                          | —     | —           | Interest credited to policyholders' account balances | —    | —    | —   | —   | —   | — |
| 27                         | 15    | 80%         | Interest expense                                     | 4    | 5    | 7   | 7   | 8   |   |
| (6)                        | (10)  | 40%         | Deferral of acquisition costs                        | (2)  | (2)  | (1) | (2) | (1) |   |
| 11                         | 15    | -27%        | Amortization of acquisition costs                    | 4    | 4    | 2   | 2   | 3   |   |
| 2,344                      | 2,154 | 9%          | General and administrative expenses                  | 543  | 553  | 561 | 561 | 669 |   |
| 2,376                      | 2,174 | 9%          | Total benefits and expenses                          | 549  | 560  | 569 | 568 | 679 |   |
| 979                        | 787   | 24%         | Adjusted operating income before income taxes        | 224  | 196  | 218 | 259 | 306 |   |

(1) Revenues exclude realized investment gains, net of losses. Benefits and expenses include charges for income attributable to noncontrolling interests.

INVESTMENT MANAGEMENT DIVISION - SUPPLEMENTARY REVENUE AND ASSETS UNDER MANAGEMENT INFORMATION

**Supplementary Revenue Information (in millions):**

| Supplementary Revenue Information (in millions): |              |        |                                          | 2016       | 2017       |            |            |            |
|--------------------------------------------------|--------------|--------|------------------------------------------|------------|------------|------------|------------|------------|
| Year-to-date                                     |              | %      |                                          |            |            |            |            |            |
| 2017                                             | 2016         | Change |                                          | 4Q         | 1Q         | 2Q         | 3Q         | 4Q         |
| Analysis of revenues by type:                    |              |        |                                          |            |            |            |            |            |
| 2,417                                            | 2,227        | 9%     | Asset management fees                    | 579        | 575        | 592        | 619        | 631        |
| 439                                              | 255          | 72%    | Other related revenues (1)               | 65         | 58         | 69         | 83         | 229        |
| 499                                              | 479          | 4%     | Service, distribution and other revenues | 129        | 123        | 126        | 125        | 125        |
| <u>3,355</u>                                     | <u>2,961</u> | 13%    | Total Investment Management revenues     | <u>773</u> | <u>756</u> | <u>787</u> | <u>827</u> | <u>985</u> |
| Analysis of asset management fees by source:     |              |        |                                          |            |            |            |            |            |
| 1,147                                            | 1,046        | 10%    | Institutional customers                  | 275        | 275        | 279        | 296        | 297        |
| 800                                              | 707          | 13%    | Retail customers                         | 183        | 185        | 194        | 203        | 218        |
| 470                                              | 474          | -1%    | General account                          | 121        | 115        | 119        | 120        | 116        |
| <u>2,417</u>                                     | <u>2,227</u> | 9%     | Total asset management fees              | <u>579</u> | <u>575</u> | <u>592</u> | <u>619</u> | <u>631</u> |

**Supplementary Assets Under Management Information (in billions):**

|                         | December 31, 2017 |              |             |                |
|-------------------------|-------------------|--------------|-------------|----------------|
|                         | Equity            | Fixed Income | Real Estate | Total          |
| Institutional customers | 68.0              | 379.4        | 42.1        | 489.5          |
| Retail customers        | 132.4             | 111.5        | 1.7         | 245.6          |
| General account         | 5.8               | 412.5        | 1.9         | 420.2          |
| Total                   | <u>206.2</u>      | <u>903.4</u> | <u>45.7</u> | <u>1,155.3</u> |
|                         | December 31, 2016 |              |             |                |
|                         | Equity            | Fixed Income | Real Estate | Total          |
| Institutional customers | 59.3              | 332.2        | 40.0        | 431.5          |
| Retail customers        | 112.4             | 94.5         | 2.3         | 209.2          |
| General account         | 6.4               | 391.3        | 1.7         | 399.4          |
| Total                   | <u>178.1</u>      | <u>818.0</u> | <u>44.0</u> | <u>1,040.1</u> |

(1) Other related revenues for 4Q17 include \$95 million of revenues associated with noncontrolling interests which are fully offset in general and administrative expenses.

INVESTMENT MANAGEMENT DIVISION - SUPPLEMENTARY ASSETS UNDER MANAGEMENT INFORMATION  
(in billions)

| Year-to-date                                                              |        |                                                                            | 2016   | 2017   |        |        |        |  |
|---------------------------------------------------------------------------|--------|----------------------------------------------------------------------------|--------|--------|--------|--------|--------|--|
| 2017                                                                      | 2016   |                                                                            | 4Q     | 1Q     | 2Q     | 3Q     | 4Q     |  |
| <b>Institutional Customers - Assets Under Management:</b>                 |        |                                                                            |        |        |        |        |        |  |
| Assets gathered by Investment Management & Advisory Services sales force: |        |                                                                            |        |        |        |        |        |  |
| 386.4                                                                     | 347.1  | Beginning assets under management                                          | 398.9  | 386.4  | 399.1  | 414.6  | 431.0  |  |
| 65.2                                                                      | 59.4   | Additions                                                                  | 15.7   | 15.9   | 17.2   | 15.9   | 16.2   |  |
| (53.6)                                                                    | (54.1) | Withdrawals                                                                | (13.2) | (15.4) | (10.7) | (11.2) | (16.3) |  |
| 38.0                                                                      | 21.8   | Change in market value                                                     | (10.6) | 9.6    | 10.8   | 9.1    | 8.5    |  |
| 1.3                                                                       | 11.8   | Net money market flows                                                     | (1.1)  | 2.0    | (1.7)  | 2.6    | (1.6)  |  |
| 0.6                                                                       | 0.4    | Other (1)                                                                  | (3.3)  | 0.6    | (0.1)  | —      | 0.1    |  |
| 437.9                                                                     | 386.4  | Ending assets under management                                             | 386.4  | 399.1  | 414.6  | 431.0  | 437.9  |  |
| 51.6                                                                      | 45.1   | Affiliated institutional assets under management                           | 45.1   | 46.1   | 46.6   | 47.3   | 51.6   |  |
| 489.5                                                                     | 431.5  | Total assets managed for institutional customers at end of period          | 431.5  | 445.2  | 461.2  | 478.3  | 489.5  |  |
| 11.6                                                                      | 5.3    | Net institutional additions (withdrawals), excluding money market activity | 2.5    | 0.5    | 6.5    | 4.7    | (0.1)  |  |
| <b>Retail Customers - Assets Under Management:</b>                        |        |                                                                            |        |        |        |        |        |  |
| Assets gathered by Investment Management & Advisory Services sales force: |        |                                                                            |        |        |        |        |        |  |
| 136.6                                                                     | 128.9  | Beginning assets under management                                          | 137.7  | 136.6  | 144.2  | 150.0  | 157.5  |  |
| 49.7                                                                      | 42.1   | Additions                                                                  | 9.9    | 13.0   | 10.8   | 11.9   | 14.0   |  |
| (45.6)                                                                    | (41.7) | Withdrawals                                                                | (11.5) | (12.9) | (9.6)  | (10.6) | (12.5) |  |
| 23.5                                                                      | 4.5    | Change in market value                                                     | (1.7)  | 7.4    | 4.6    | 6.2    | 5.3    |  |
| —                                                                         | (0.1)  | Net money market flows                                                     | —      | —      | —      | —      | —      |  |
| 0.1                                                                       | 2.9    | Other (1)                                                                  | 2.2    | 0.1    | —      | —      | —      |  |
| 164.3                                                                     | 136.6  | Ending assets under management                                             | 136.6  | 144.2  | 150.0  | 157.5  | 164.3  |  |
| 81.3                                                                      | 72.6   | Affiliated retail assets under management                                  | 72.6   | 73.4   | 81.2   | 82.4   | 81.3   |  |
| 245.6                                                                     | 209.2  | Total assets managed for retail customers at end of period                 | 209.2  | 217.6  | 231.2  | 239.9  | 245.6  |  |
| 4.1                                                                       | 0.4    | Net retail additions (withdrawals), excluding money market activity        | (1.6)  | 0.1    | 1.2    | 1.3    | 1.5    |  |

(1) "Other" activity represents a \$2 billion reclassification of assets under management from institutional to retail in 4Q'16 and FX related to International assets under management.



DEFERRED POLICY ACQUISITION COSTS & DEFERRED SALES INDUCEMENTS - INDIVIDUAL ANNUITIES, INDIVIDUAL LIFE AND GROUP INSURANCE  
(in millions)

| Year-to-date                             |              |                                                          | 2016         | 2017         |              |              |              |  |
|------------------------------------------|--------------|----------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--|
| 2017                                     | 2016         |                                                          | 4Q           | 1Q           | 2Q           | 3Q           | 4Q           |  |
| <b>DEFERRED POLICY ACQUISITION COSTS</b> |              |                                                          |              |              |              |              |              |  |
| <b>INDIVIDUAL ANNUITIES:</b>             |              |                                                          |              |              |              |              |              |  |
| 4,871                                    | 4,916        | Beginning balance                                        | 4,515        | 4,871        | 4,865        | 5,312        | 5,089        |  |
| 314                                      | 408          | Capitalization                                           | 87           | 79           | 80           | 71           | 84           |  |
| (464)                                    | (484)        | Amortization - operating results                         | (134)        | (128)        | (102)        | (116)        | (118)        |  |
| 464                                      | 21           | Amortization - realized investment gains and losses      | 347          | 50           | 505          | (173)        | 82           |  |
| (55)                                     | 10           | Impact of unrealized (gains) or losses on AFS securities | 56           | (7)          | (36)         | (5)          | (7)          |  |
| —                                        | —            | Other                                                    | —            | —            | —            | —            | —            |  |
| <u>5,130</u>                             | <u>4,871</u> | Ending balance                                           | <u>4,871</u> | <u>4,865</u> | <u>5,312</u> | <u>5,089</u> | <u>5,130</u> |  |
| <b>INDIVIDUAL LIFE INSURANCE:</b>        |              |                                                          |              |              |              |              |              |  |
| 5,278                                    | 4,883        | Beginning balance                                        | 4,840        | 5,278        | 5,393        | 5,330        | 5,355        |  |
| 691                                      | 706          | Capitalization                                           | 203          | 183          | 166          | 161          | 181          |  |
| (483)                                    | (115)        | Amortization - operating results                         | (69)         | (71)         | (258)        | (71)         | (83)         |  |
| 101                                      | (100)        | Amortization - realized investment gains and losses      | 4            | 2            | 105          | (2)          | (4)          |  |
| (182)                                    | (96)         | Impact of unrealized (gains) or losses on AFS securities | 300          | 1            | (76)         | (63)         | (44)         |  |
| <u>5,405</u>                             | <u>5,278</u> | Ending balance                                           | <u>5,278</u> | <u>5,393</u> | <u>5,330</u> | <u>5,355</u> | <u>5,405</u> |  |
| <b>GROUP INSURANCE:</b>                  |              |                                                          |              |              |              |              |              |  |
| 176                                      | 182          | Beginning balance                                        | 178          | 176          | 175          | 173          | 163          |  |
| —                                        | —            | Capitalization                                           | —            | —            | —            | —            | —            |  |
| (14)                                     | (6)          | Amortization - operating results                         | (2)          | (1)          | (2)          | (10)         | (1)          |  |
| —                                        | —            | Amortization - realized investment gains and losses      | —            | —            | —            | —            | —            |  |
| —                                        | —            | Impact of unrealized losses on AFS securities            | —            | —            | —            | —            | —            |  |
| <u>162</u>                               | <u>176</u>   | Ending balance                                           | <u>176</u>   | <u>175</u>   | <u>173</u>   | <u>163</u>   | <u>162</u>   |  |
| <b>DEFERRED SALES INDUCEMENTS</b>        |              |                                                          |              |              |              |              |              |  |
| <b>INDIVIDUAL ANNUITIES:</b>             |              |                                                          |              |              |              |              |              |  |
| 1,082                                    | 1,188        | Beginning balance                                        | 1,012        | 1,082        | 1,064        | 1,211        | 1,133        |  |
| 2                                        | 3            | Capitalization                                           | —            | —            | 1            | 1            | —            |  |
| (141)                                    | (168)        | Amortization - operating results                         | (44)         | (41)         | (30)         | (34)         | (36)         |  |
| 195                                      | 56           | Amortization - realized investment gains and losses      | 103          | 25           | 184          | (43)         | 29           |  |
| (13)                                     | 3            | Impact of unrealized (gains) or losses on AFS securities | 11           | (2)          | (8)          | (2)          | (1)          |  |
| —                                        | —            | Other                                                    | —            | —            | —            | —            | —            |  |
| <u>1,125</u>                             | <u>1,082</u> | Ending balance                                           | <u>1,082</u> | <u>1,064</u> | <u>1,211</u> | <u>1,133</u> | <u>1,125</u> |  |

COMBINED STATEMENTS OF OPERATIONS - INTERNATIONAL INSURANCE DIVISION  
(in millions)

| Year-to-date               |         | %<br>Change |                                                      | 2016  | 2017  |       |       |       |  |
|----------------------------|---------|-------------|------------------------------------------------------|-------|-------|-------|-------|-------|--|
| 2017                       | 2016    |             |                                                      | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    |  |
| Revenues (1):              |         |             |                                                      |       |       |       |       |       |  |
| 15,707                     | 15,348  | 2%          | Premiums                                             | 3,814 | 3,962 | 4,032 | 3,891 | 3,822 |  |
| 503                        | 499     | 1%          | Policy charges and fee income                        | 129   | 134   | 112   | 128   | 129   |  |
| 5,027                      | 4,759   | 6%          | Net investment income                                | 1,206 | 1,205 | 1,260 | 1,278 | 1,284 |  |
| 323                        | 403     | -20%        | Asset management fees, commissions and other income  | 89    | 108   | 79    | 79    | 57    |  |
| 21,560                     | 21,009  | 3%          | Total revenues                                       | 5,238 | 5,409 | 5,483 | 5,376 | 5,292 |  |
| Benefits and Expenses (1): |         |             |                                                      |       |       |       |       |       |  |
| 13,488                     | 13,232  | 2%          | Insurance and annuity benefits                       | 3,280 | 3,433 | 3,422 | 3,342 | 3,291 |  |
| 899                        | 920     | -2%         | Interest credited to policyholders' account balances | 226   | 226   | 222   | 230   | 221   |  |
| 13                         | 8       | 63%         | Interest expense                                     | 3     | 3     | 3     | 4     | 3     |  |
| (1,807)                    | (1,750) | -3%         | Deferral of acquisition costs                        | (426) | (465) | (507) | (417) | (418) |  |
| 1,138                      | 1,068   | 7%          | Amortization of acquisition costs                    | 264   | 285   | 304   | 275   | 274   |  |
| 4,631                      | 4,414   | 5%          | General and administrative expenses                  | 1,136 | 1,128 | 1,216 | 1,143 | 1,144 |  |
| 18,362                     | 17,892  | 3%          | Total benefits and expenses                          | 4,483 | 4,610 | 4,660 | 4,577 | 4,515 |  |
| 3,198                      | 3,117   | 3%          | Adjusted operating income before income taxes        | 755   | 799   | 823   | 799   | 777   |  |

- (1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities and include revenues representing equity in earnings of operating joint ventures. Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes and include charges for income attributable to noncontrolling interests.

COMBINING STATEMENTS OF OPERATIONS - INTERNATIONAL INSURANCE DIVISION  
(in millions)

|                                                      | Twelve Months Ended December 31, 2017  |                                                   |                                                             | Quarter Ended December 31, 2017        |                                                   |                                                             |
|------------------------------------------------------|----------------------------------------|---------------------------------------------------|-------------------------------------------------------------|----------------------------------------|---------------------------------------------------|-------------------------------------------------------------|
|                                                      | Total International Insurance Division | International Insurance - Life Planner Operations | International Insurance - Gibraltar Life & Other Operations | Total International Insurance Division | International Insurance - Life Planner Operations | International Insurance - Gibraltar Life & Other Operations |
| <b>Revenues (1):</b>                                 |                                        |                                                   |                                                             |                                        |                                                   |                                                             |
| Premiums                                             | 15,707                                 | 7,953                                             | 7,754                                                       | 3,822                                  | 1,966                                             | 1,856                                                       |
| Policy charges and fee income                        | 503                                    | 357                                               | 146                                                         | 129                                    | 92                                                | 37                                                          |
| Net investment income                                | 5,027                                  | 2,119                                             | 2,908                                                       | 1,284                                  | 554                                               | 730                                                         |
| Asset management fees, commissions and other income  | 323                                    | 215                                               | 108                                                         | 57                                     | 50                                                | 7                                                           |
| Total revenues                                       | 21,560                                 | 10,644                                            | 10,916                                                      | 5,292                                  | 2,662                                             | 2,630                                                       |
| <b>Benefits and Expenses (1):</b>                    |                                        |                                                   |                                                             |                                        |                                                   |                                                             |
| Insurance and annuity benefits                       | 13,488                                 | 7,019                                             | 6,469                                                       | 3,291                                  | 1,741                                             | 1,550                                                       |
| Interest credited to policyholders' account balances | 899                                    | 238                                               | 661                                                         | 221                                    | 56                                                | 165                                                         |
| Interest expense                                     | 13                                     | 8                                                 | 5                                                           | 3                                      | 2                                                 | 1                                                           |
| Deferral of acquisition costs                        | (1,807)                                | (959)                                             | (848)                                                       | (418)                                  | (221)                                             | (197)                                                       |
| Amortization of acquisition costs                    | 1,138                                  | 563                                               | 575                                                         | 274                                    | 133                                               | 141                                                         |
| General and administrative expenses                  | 4,631                                  | 2,282                                             | 2,349                                                       | 1,144                                  | 568                                               | 576                                                         |
| Total benefits and expenses                          | 18,362                                 | 9,151                                             | 9,211                                                       | 4,515                                  | 2,279                                             | 2,236                                                       |
| Adjusted operating income before income taxes        | 3,198                                  | 1,493                                             | 1,705                                                       | 777                                    | 383                                               | 394                                                         |
|                                                      |                                        |                                                   |                                                             |                                        |                                                   |                                                             |
|                                                      | Twelve Months Ended December 31, 2016  |                                                   |                                                             | Quarter Ended December 31, 2016        |                                                   |                                                             |
|                                                      | Total International Insurance Division | International Insurance - Life Planner Operations | International Insurance - Gibraltar Life & Other Operations | Total International Insurance Division | International Insurance - Life Planner Operations | International Insurance - Gibraltar Life & Other Operations |
| <b>Revenues (1):</b>                                 |                                        |                                                   |                                                             |                                        |                                                   |                                                             |
| Premiums                                             | 15,348                                 | 7,471                                             | 7,877                                                       | 3,814                                  | 1,831                                             | 1,983                                                       |
| Policy charges and fee income                        | 499                                    | 346                                               | 153                                                         | 129                                    | 90                                                | 39                                                          |
| Net investment income                                | 4,759                                  | 1,952                                             | 2,807                                                       | 1,206                                  | 492                                               | 714                                                         |
| Asset management fees, commissions and other income  | 403                                    | 217                                               | 186                                                         | 89                                     | 64                                                | 25                                                          |
| Total revenues                                       | 21,009                                 | 9,986                                             | 11,023                                                      | 5,238                                  | 2,477                                             | 2,761                                                       |
| <b>Benefits and Expenses (1):</b>                    |                                        |                                                   |                                                             |                                        |                                                   |                                                             |
| Insurance and annuity benefits                       | 13,232                                 | 6,607                                             | 6,625                                                       | 3,280                                  | 1,608                                             | 1,672                                                       |
| Interest credited to policyholders' account balances | 920                                    | 234                                               | 686                                                         | 226                                    | 55                                                | 171                                                         |
| Interest expense                                     | 8                                      | 5                                                 | 3                                                           | 3                                      | 2                                                 | 1                                                           |
| Deferral of acquisition costs                        | (1,750)                                | (834)                                             | (916)                                                       | (426)                                  | (211)                                             | (215)                                                       |
| Amortization of acquisition costs                    | 1,068                                  | 506                                               | 562                                                         | 264                                    | 121                                               | 143                                                         |
| General and administrative expenses                  | 4,414                                  | 1,929                                             | 2,485                                                       | 1,136                                  | 507                                               | 629                                                         |
| Total benefits and expenses                          | 17,892                                 | 8,447                                             | 9,445                                                       | 4,483                                  | 2,082                                             | 2,401                                                       |
| Adjusted operating income before income taxes        | 3,117                                  | 1,539                                             | 1,578                                                       | 755                                    | 395                                               | 360                                                         |

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities and include revenues representing equity in earnings of operating joint ventures. Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes and include charges for income attributable to noncontrolling interests.

INTERNATIONAL INSURANCE DIVISION - SALES RESULTS AND SUPPLEMENTARY INFORMATION  
(in millions)

| Year-to-date                                              |        |                                     | 2016  | 2017  |       |       |       |
|-----------------------------------------------------------|--------|-------------------------------------|-------|-------|-------|-------|-------|
| 2017                                                      | 2016   |                                     | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    |
| INTERNATIONAL INSURANCE OPERATING DATA:                   |        |                                     |       |       |       |       |       |
| <b>Actual exchange rate basis (1):</b>                    |        |                                     |       |       |       |       |       |
| Net premiums, policy charges and fee income:              |        |                                     |       |       |       |       |       |
| 6,056                                                     | 5,875  | Japan, excluding Gibraltar Life     | 1,386 | 1,691 | 1,467 | 1,459 | 1,439 |
| 7,900                                                     | 8,030  | Gibraltar Life                      | 2,022 | 1,884 | 2,134 | 1,989 | 1,893 |
| 2,254                                                     | 1,942  | All other countries                 | 535   | 521   | 543   | 571   | 619   |
| 16,210                                                    | 15,847 | Total                               | 3,943 | 4,096 | 4,144 | 4,019 | 3,951 |
| Annualized new business premiums:                         |        |                                     |       |       |       |       |       |
| 913                                                       | 840    | Japan, excluding Gibraltar Life (2) | 205   | 336   | 251   | 162   | 164   |
| 1,598                                                     | 1,726  | Gibraltar Life                      | 408   | 358   | 483   | 400   | 357   |
| 478                                                       | 436    | All other countries (2)             | 124   | 128   | 106   | 115   | 129   |
| 2,989                                                     | 3,002  | Total (2)                           | 737   | 822   | 840   | 677   | 650   |
| Annualized new business premiums by distribution channel: |        |                                     |       |       |       |       |       |
| 1,391                                                     | 1,276  | Life Planner Operations (2)         | 329   | 464   | 357   | 277   | 293   |
| 740                                                       | 740    | Gibraltar Life Consultants          | 175   | 167   | 230   | 180   | 163   |
| 612                                                       | 716    | Banks                               | 158   | 132   | 161   | 171   | 148   |
| 246                                                       | 270    | Independent Agency                  | 75    | 59    | 92    | 49    | 46    |
| 2,989                                                     | 3,002  | Total (2)                           | 737   | 822   | 840   | 677   | 650   |
| <b>Constant exchange rate basis (3):</b>                  |        |                                     |       |       |       |       |       |
| Net premiums, policy charges and fee income:              |        |                                     |       |       |       |       |       |
| 6,061                                                     | 5,752  | Japan, excluding Gibraltar Life     | 1,365 | 1,707 | 1,457 | 1,449 | 1,448 |
| 7,917                                                     | 7,898  | Gibraltar Life                      | 1,946 | 1,912 | 2,134 | 1,977 | 1,894 |
| 2,194                                                     | 1,971  | All other countries                 | 542   | 512   | 532   | 551   | 599   |
| 16,172                                                    | 15,621 | Total                               | 3,853 | 4,131 | 4,123 | 3,977 | 3,941 |
| Annualized new business premiums:                         |        |                                     |       |       |       |       |       |
| 914                                                       | 824    | Japan, excluding Gibraltar Life     | 202   | 339   | 249   | 161   | 165   |
| 1,601                                                     | 1,706  | Gibraltar Life                      | 389   | 362   | 483   | 399   | 357   |
| 460                                                       | 439    | All other countries                 | 122   | 124   | 103   | 111   | 122   |
| 2,975                                                     | 2,969  | Total                               | 713   | 825   | 835   | 671   | 644   |
| Annualized new business premiums by distribution channel: |        |                                     |       |       |       |       |       |
| 1,374                                                     | 1,263  | Life Planner Operations             | 324   | 463   | 352   | 272   | 287   |
| 741                                                       | 733    | Gibraltar Life Consultants          | 170   | 169   | 230   | 179   | 163   |
| 614                                                       | 716    | Banks                               | 157   | 133   | 162   | 171   | 148   |
| 246                                                       | 257    | Independent Agency                  | 62    | 60    | 91    | 49    | 46    |
| 2,975                                                     | 2,969  | Total                               | 713   | 825   | 835   | 671   | 644   |

(1) Translated based on applicable average exchange rates for the period shown.

(2) The amounts for the first quarter of 2017 have been revised to correct the previously reported amounts.

(3) Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 112 per U.S. dollar and Korean won 1,130 per U.S. dollar. U.S. dollar-denominated activity is included based on the amounts as transacted in U.S. dollars.

INTERNATIONAL INSURANCE DIVISION - SALES RESULTS AND SUPPLEMENTARY INFORMATION

|                                                                                                                       | 2016<br>4Q | 2017<br>1Q | 2Q     | 3Q     | 4Q     |
|-----------------------------------------------------------------------------------------------------------------------|------------|------------|--------|--------|--------|
| Face amount of individual policies in force at end of period (in billions) (1) (2):<br>(Constant exchange rate basis) |            |            |        |        |        |
| Japan, excluding Gibraltar Life                                                                                       | 318        | 327        | 332    | 334    | 337    |
| Gibraltar Life                                                                                                        | 327        | 330        | 333    | 336    | 337    |
| All other countries                                                                                                   | 123        | 124        | 126    | 129    | 130    |
| Total                                                                                                                 | 768        | 781        | 791    | 799    | 804    |
| Number of individual policies in force at end of period (in thousands) (2):                                           |            |            |        |        |        |
| Japan, excluding Gibraltar Life                                                                                       | 3,488      | 3,581      | 3,632  | 3,674  | 3,714  |
| Gibraltar Life                                                                                                        | 7,182      | 7,191      | 7,207  | 7,222  | 7,220  |
| All other countries                                                                                                   | 2,076      | 2,105      | 2,122  | 2,146  | 2,169  |
| Total                                                                                                                 | 12,746     | 12,877     | 12,961 | 13,042 | 13,103 |
| International life insurance policy persistency:                                                                      |            |            |        |        |        |
| <u>Life Planner Operations:</u>                                                                                       |            |            |        |        |        |
| 13 months                                                                                                             | 93.0%      | 93.0%      | 93.0%  | 92.9%  | 92.9%  |
| 25 months                                                                                                             | 86.3%      | 86.3%      | 86.5%  | 86.1%  | 86.2%  |
| <u>Gibraltar Life (3):</u>                                                                                            |            |            |        |        |        |
| 13 months                                                                                                             | 93.5%      | 93.3%      | 93.4%  | 93.4%  | 93.4%  |
| 25 months                                                                                                             | 86.2%      | 86.7%      | 86.9%  | 87.2%  | 87.2%  |
| Number of Life Planners at end of period:                                                                             |            |            |        |        |        |
| Japan                                                                                                                 | 3,824      | 3,932      | 3,861  | 3,951  | 3,941  |
| All other countries                                                                                                   | 3,856      | 3,887      | 3,874  | 3,880  | 3,890  |
| Total Life Planners                                                                                                   | 7,680      | 7,819      | 7,735  | 7,831  | 7,831  |
| Gibraltar Life Consultants                                                                                            | 8,884      | 8,752      | 8,509  | 8,327  | 8,326  |

- (1) Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 112 per U.S. dollar and Korean won 1,130 per U.S. dollar. U.S. dollar-denominated activity is included based on the amounts as transacted in U.S. dollars.
- (2) Direct business only; policy count includes annuities.
- (3) Reflects business sold by Life Consultants and Independent Agents.

INVESTMENT PORTFOLIO COMPOSITION  
(in millions)

|                                                                        | December 31, 2017 |                       |                                            |            | December 31, 2016 |                       |                                            |            |
|------------------------------------------------------------------------|-------------------|-----------------------|--------------------------------------------|------------|-------------------|-----------------------|--------------------------------------------|------------|
|                                                                        | Total Portfolio   | Closed Block Division | PFI Excluding Closed Block Division Amount | % of Total | Total Portfolio   | Closed Block Division | PFI Excluding Closed Block Division Amount | % of Total |
| Fixed maturities:                                                      |                   |                       |                                            |            |                   |                       |                                            |            |
| Public, available-for-sale, at fair value                              | 287,878           | 27,448                | 260,430                                    | 64.7%      | 268,118           | 24,917                | 243,201                                    | 64.2%      |
| Public, held-to-maturity, at amortized cost                            | 1,747             | —                     | 1,747                                      | 0.4%       | 1,772             | —                     | 1,772                                      | 0.5%       |
| Private, available-for-sale, at fair value                             | 58,293            | 13,814                | 44,479                                     | 11.1%      | 53,061            | 13,987                | 39,074                                     | 10.3%      |
| Private, held-to-maturity, at amortized cost                           | 302               | —                     | 302                                        | 0.1%       | 372               | —                     | 372                                        | 0.1%       |
| Trading account assets supporting insurance liabilities, at fair value | 22,097            | —                     | 22,097                                     | 5.5%       | 21,840            | —                     | 21,840                                     | 5.8%       |
| Other trading account assets, at fair value                            | 2,383             | 339                   | 2,044                                      | 0.5%       | 1,805             | 284                   | 1,521                                      | 0.4%       |
| Equity securities, available-for-sale, at fair value                   | 6,166             | 2,340                 | 3,826                                      | 1.0%       | 9,735             | 2,572                 | 7,163                                      | 1.9%       |
| Commercial mortgage and other loans, at book value                     | 55,411            | 9,017                 | 46,394                                     | 11.5%      | 52,208            | 9,437                 | 42,771                                     | 11.2%      |
| Policy loans, at outstanding balance                                   | 11,891            | 4,543                 | 7,348                                      | 1.8%       | 11,755            | 4,660                 | 7,095                                      | 1.9%       |
| Other long-term investments (1)                                        | 10,664            | 3,159                 | 7,505                                      | 1.9%       | 10,251            | 3,020                 | 7,231                                      | 1.9%       |
| Short-term investments                                                 | 6,734             | 631                   | 6,103                                      | 1.5%       | 7,494             | 837                   | 6,657                                      | 1.8%       |
| Subtotal (2)                                                           | 463,566           | 61,291                | 402,275                                    | 100.0%     | 438,411           | 59,714                | 378,697                                    | 100.0%     |
| Invested assets of other entities and operations (3)                   | 6,305             | —                     | 6,305                                      |            | 5,829             | —                     | 5,829                                      |            |
| Total investments                                                      | 469,871           | 61,291                | 408,580                                    |            | 444,240           | 59,714                | 384,526                                    |            |

Fixed Maturities by Credit Quality (2):

|                                               | December 31, 2017                   |                        |                         |            |            | December 31, 2016                   |                        |                         |            |            |
|-----------------------------------------------|-------------------------------------|------------------------|-------------------------|------------|------------|-------------------------------------|------------------------|-------------------------|------------|------------|
|                                               | PFI Excluding Closed Block Division |                        |                         |            |            | PFI Excluding Closed Block Division |                        |                         |            |            |
|                                               | Amortized Cost                      | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value | % of Total | Amortized Cost                      | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value | % of Total |
| Public Fixed Maturities:                      |                                     |                        |                         |            |            |                                     |                        |                         |            |            |
| NAIC Rating (4)                               |                                     |                        |                         |            |            |                                     |                        |                         |            |            |
| 1                                             | 195,968                             | 26,830                 | 872                     | 221,926    | 84.4%      | 184,831                             | 26,239                 | 2,261                   | 208,809    | 85.1%      |
| 2                                             | 26,795                              | 3,040                  | 142                     | 29,693     | 11.3%      | 26,922                              | 2,479                  | 454                     | 28,947     | 11.8%      |
| Subtotal - High or Highest Quality Securities | 222,763                             | 29,870                 | 1,014                   | 251,619    | 95.7%      | 211,753                             | 28,718                 | 2,715                   | 237,756    | 96.9%      |
| 3                                             | 5,541                               | 442                    | 44                      | 5,939      | 2.3%       | 4,837                               | 323                    | 90                      | 5,070      | 2.1%       |
| 4                                             | 3,457                               | 467                    | 77                      | 3,847      | 1.5%       | 1,951                               | 178                    | 52                      | 2,077      | 0.8%       |
| 5                                             | 781                                 | 179                    | 32                      | 928        | 0.4%       | 230                                 | 43                     | 6                       | 267        | 0.1%       |
| 6                                             | 196                                 | 10                     | 3                       | 203        | 0.1%       | 152                                 | 4                      | 1                       | 155        | 0.1%       |
| Subtotal - Other Securities                   | 9,975                               | 1,098                  | 156                     | 10,917     | 4.3%       | 7,170                               | 548                    | 149                     | 7,569      | 3.1%       |
| Total                                         | 232,738                             | 30,968                 | 1,170                   | 262,536    | 100.0%     | 218,923                             | 29,266                 | 2,864                   | 245,325    | 100.0%     |
| Private Fixed Maturities:                     |                                     |                        |                         |            |            |                                     |                        |                         |            |            |
| NAIC Rating (4)                               |                                     |                        |                         |            |            |                                     |                        |                         |            |            |
| 1                                             | 11,823                              | 720                    | 53                      | 12,490     | 27.9%      | 10,448                              | 647                    | 164                     | 10,931     | 27.7%      |
| 2                                             | 23,956                              | 1,520                  | 193                     | 25,283     | 56.5%      | 22,364                              | 1,249                  | 627                     | 22,986     | 58.2%      |
| Subtotal - High or Highest Quality Securities | 35,779                              | 2,240                  | 246                     | 37,773     | 84.4%      | 32,812                              | 1,896                  | 791                     | 33,917     | 85.9%      |
| 3                                             | 4,660                               | 228                    | 35                      | 4,853      | 10.8%      | 3,709                               | 131                    | 92                      | 3,748      | 9.5%       |
| 4                                             | 1,224                               | 34                     | 28                      | 1,230      | 2.7%       | 927                                 | 22                     | 30                      | 919        | 2.3%       |
| 5                                             | 885                                 | 46                     | 25                      | 906        | 2.0%       | 649                                 | 30                     | 22                      | 657        | 1.7%       |
| 6                                             | 40                                  | 4                      | 3                       | 41         | 0.1%       | 194                                 | 49                     | 10                      | 233        | 0.6%       |
| Subtotal - Other Securities                   | 6,809                               | 312                    | 91                      | 7,030      | 15.6%      | 5,479                               | 232                    | 154                     | 5,557      | 14.1%      |
| Total                                         | 42,588                              | 2,552                  | 337                     | 44,803     | 100.0%     | 38,291                              | 2,128                  | 945                     | 39,474     | 100.0%     |

- (1) Other long-term investments consist of investments in joint ventures and limited partnerships, investment real estate held through direct ownership, and other miscellaneous investments.
- (2) Excludes (i) assets of our investment management operations, including assets managed for third parties, (ii) derivative operations and (iii) those assets classified as "Separate account assets" on our balance sheet.
- (3) Includes invested assets of our investment management and derivative operations. Excludes assets of our investment management operations that are managed for third parties and those assets classified as "Separate account assets" on our balance sheet.
- (4) Reflects equivalent ratings for investments of the international insurance operations. Includes, as of December 31, 2017 and December 31, 2016, 982 securities with amortized cost of \$6,022 million (fair value \$6,217 million) and 918 securities with amortized cost of \$4,634 million (fair value \$4,759 million), respectively, that have been categorized based on expected NAIC designations pending receipt of SVO ratings.

INVESTMENT PORTFOLIO COMPOSITION - JAPANESE INSURANCE OPERATIONS AND EXCLUDING JAPANESE INSURANCE OPERATIONS (1)  
(in millions)

|                                                                        | December 31, 2017 |               | December 31, 2016 |               |
|------------------------------------------------------------------------|-------------------|---------------|-------------------|---------------|
|                                                                        | Amount            | % of Total    | Amount            | % of Total    |
| <b>Japanese Insurance Operations (2):</b>                              |                   |               |                   |               |
| Fixed maturities:                                                      |                   |               |                   |               |
| Public, available-for-sale, at fair value                              | 128,332           | 76.0%         | 123,285           | 77.9%         |
| Public, held-to-maturity, at amortized cost                            | 1,747             | 1.0%          | 1,772             | 1.1%          |
| Private, available-for-sale, at fair value                             | 14,538            | 8.6%          | 11,646            | 7.4%          |
| Private, held-to-maturity, at amortized cost                           | 302               | 0.2%          | 372               | 0.2%          |
| Trading account assets supporting insurance liabilities, at fair value | 2,586             | 1.5%          | 2,166             | 1.4%          |
| Other trading account assets, at fair value                            | 492               | 0.3%          | 434               | 0.3%          |
| Equity securities, available-for-sale, at fair value                   | 1,916             | 1.1%          | 2,654             | 1.7%          |
| Commercial mortgage and other loans, at book value                     | 14,268            | 8.5%          | 11,700            | 7.4%          |
| Policy loans, at outstanding balance                                   | 2,545             | 1.5%          | 2,369             | 1.5%          |
| Other long-term investments (3)                                        | 2,021             | 1.2%          | 1,186             | 0.8%          |
| Short-term investments                                                 | 244               | 0.1%          | 398               | 0.3%          |
| Total                                                                  | <u>168,991</u>    | <u>100.0%</u> | <u>157,982</u>    | <u>100.0%</u> |
| <b>Excluding Japanese Insurance Operations (2):</b>                    |                   |               |                   |               |
| Fixed maturities:                                                      |                   |               |                   |               |
| Public, available-for-sale, at fair value                              | 132,098           | 56.6%         | 119,916           | 54.4%         |
| Public, held-to-maturity, at amortized cost                            | —                 | 0.0%          | —                 | 0.0%          |
| Private, available-for-sale, at fair value                             | 29,941            | 12.8%         | 27,428            | 12.4%         |
| Private, held-to-maturity, at amortized cost                           | —                 | 0.0%          | —                 | 0.0%          |
| Trading account assets supporting insurance liabilities, at fair value | 19,511            | 8.3%          | 19,674            | 9.0%          |
| Other trading account assets, at fair value                            | 1,552             | 0.7%          | 1,087             | 0.5%          |
| Equity securities, available-for-sale, at fair value                   | 1,910             | 0.8%          | 4,509             | 2.0%          |
| Commercial mortgage and other loans, at book value                     | 32,126            | 13.8%         | 31,071            | 14.1%         |
| Policy loans, at outstanding balance                                   | 4,803             | 2.1%          | 4,726             | 2.1%          |
| Other long-term investments (3)                                        | 5,484             | 2.4%          | 6,045             | 2.7%          |
| Short-term investments                                                 | 5,859             | 2.5%          | 6,259             | 2.8%          |
| Total                                                                  | <u>233,284</u>    | <u>100.0%</u> | <u>220,715</u>    | <u>100.0%</u> |

(1) Excludes Closed Block Division.

(2) Excludes assets classified as "Separate account assets" on our balance sheet.

(3) Other long-term investments consist of investments in joint ventures and limited partnerships, investment real estate held through direct ownership, derivatives and other miscellaneous investments.

INVESTMENT RESULTS (1)  
(in millions)

|                                                                                | Quarter Ended December 31 |        |                                 |                   |        |                                 |
|--------------------------------------------------------------------------------|---------------------------|--------|---------------------------------|-------------------|--------|---------------------------------|
|                                                                                | 2017                      |        |                                 | 2016              |        |                                 |
|                                                                                | Investment Income         |        | Realized<br>Gains /<br>(Losses) | Investment Income |        | Realized<br>Gains /<br>(Losses) |
|                                                                                | Yield (4)                 | Amount |                                 | Yield (4)         | Amount |                                 |
| General Account (2)                                                            |                           |        |                                 |                   |        |                                 |
| Fixed maturities                                                               | 3.86%                     | 2,594  | (53)                            | 3.84%             | 2,457  | (41)                            |
| Equity securities                                                              | 7.25%                     | 72     | 256                             | 5.02%             | 68     | 109                             |
| Commercial mortgage and other loans                                            | 4.09%                     | 413    | 3                               | 4.22%             | 389    | 1                               |
| Policy loans                                                                   | 4.86%                     | 88     | —                               | 4.89%             | 88     | —                               |
| Short-term investments and cash equivalents                                    | 1.54%                     | 55     | (3)                             | 0.86%             | 35     | —                               |
| Other investments                                                              | 7.15%                     | 167    | (779)                           | 7.54%             | 166    | (2,198)                         |
| Gross investment income before investment expenses                             | 3.96%                     | 3,389  | (576)                           | 3.89%             | 3,203  | (2,129)                         |
| Investment expenses                                                            | -0.14%                    | (129)  | —                               | -0.13%            | (104)  | —                               |
| Subtotal                                                                       | 3.82%                     | 3,260  | (576)                           | 3.76%             | 3,099  | (2,129)                         |
| Investment results of other entities and operations (3)                        |                           | 279    | (7)                             |                   | 264    | 22                              |
| Less, investment income related to adjusted operating income reconciling items |                           | (74)   | —                               |                   | (64)   | —                               |
| Total                                                                          |                           | 3,465  | (583)                           |                   | 3,299  | (2,107)                         |

|                                                                                | Twelve Months Ended December 31 |        |                                 |                   |        |                                 |
|--------------------------------------------------------------------------------|---------------------------------|--------|---------------------------------|-------------------|--------|---------------------------------|
|                                                                                | 2017                            |        |                                 | 2016              |        |                                 |
|                                                                                | Investment Income               |        | Realized<br>Gains /<br>(Losses) | Investment Income |        | Realized<br>Gains /<br>(Losses) |
|                                                                                | Yield (4)                       | Amount |                                 | Yield (4)         | Amount |                                 |
| General Account (2)                                                            |                                 |        |                                 |                   |        |                                 |
| Fixed maturities                                                               | 3.90%                           | 10,088 | 412                             | 3.95%             | 9,515  | 605                             |
| Equity securities                                                              | 6.80%                           | 326    | 565                             | 5.97%             | 307    | 128                             |
| Commercial mortgage and other loans                                            | 4.12%                           | 1,590  | (3)                             | 4.32%             | 1,528  | 2                               |
| Policy loans                                                                   | 4.92%                           | 347    | —                               | 5.00%             | 347    | —                               |
| Short-term investments and cash equivalents                                    | 1.31%                           | 172    | (3)                             | 0.68%             | 122    | 1                               |
| Other investments                                                              | 7.24%                           | 630    | (1,063)                         | 5.67%             | 473    | 970                             |
| Gross investment income before investment expenses                             | 3.99%                           | 13,153 | (92)                            | 3.92%             | 12,292 | 1,706                           |
| Investment expenses                                                            | -0.15%                          | (490)  | —                               | -0.14%            | (413)  | —                               |
| Subtotal                                                                       | 3.84%                           | 12,663 | (92)                            | 3.78%             | 11,879 | 1,706                           |
| Investment results of other entities and operations (3)                        |                                 | 1,119  | (10)                            |                   | 1,063  | 54                              |
| Less, investment income related to adjusted operating income reconciling items |                                 | (283)  | —                               |                   | (247)  | —                               |
| Total                                                                          |                                 | 13,499 | (102)                           |                   | 12,695 | 1,760                           |

(1) Excludes Closed Block Division.

(2) Excludes commercial loans and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders, derivative operations, assets of our investment management operations, including assets that are managed for third parties, and those assets classified as "Separate account assets" on our balance sheet. Realized gains / (losses) for Other investments includes changes in fair value of product-related and other derivatives and embedded derivatives.

(3) Includes invested income of commercial loans, trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders and our investment management and derivative operations.

(4) Yields are based on net investment income as reported under U.S. GAAP and as such do not include certain interest-related items, such as settlements of duration management swaps which are included in realized investment gains and losses and included in adjusted operating income. Yields are annualized, for interim periods, and are based on quarterly average carrying values except for fixed maturities, equity securities and securities lending activity. Yields for fixed maturities are based on quarterly average amortized cost. Yields for equity securities are based on quarterly average cost. Yields for fixed maturities, short-term investments and cash equivalents are calculated net of liabilities and rebate expenses corresponding to securities lending activity. Yields exclude investment income and assets related to commercial loans and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders and investment income on assets other than those included in invested assets.



INVESTMENT RESULTS - JAPANESE INSURANCE OPERATIONS  
(in millions)

|                                                    | Quarter Ended December 31       |        |                                 |                                |        |
|----------------------------------------------------|---------------------------------|--------|---------------------------------|--------------------------------|--------|
|                                                    | 2017                            |        | Realized<br>Gains /<br>(Losses) | 2016                           |        |
|                                                    | Investment Income<br>Yield (1)  | Amount |                                 | Investment Income<br>Yield (1) | Amount |
| Japanese Insurance Operations:                     |                                 |        |                                 |                                |        |
| Fixed maturities                                   | 3.00%                           | 920    | (39)                            | 3.06%                          | 896    |
| Equity securities                                  | 6.55%                           | 20     | 245                             | 4.57%                          | 19     |
| Commercial mortgage and other loans                | 3.89%                           | 135    | —                               | 4.02%                          | 116    |
| Policy loans                                       | 3.95%                           | 25     | —                               | 4.01%                          | 24     |
| Short-term investments and cash equivalents        | 1.25%                           | 4      | —                               | 0.77%                          | 3      |
| Other investments (2)                              | 4.85%                           | 32     | (82)                            | 5.02%                          | 30     |
| Gross investment income before investment expenses | 3.15%                           | 1,136  | 124                             | 3.19%                          | 1,088  |
| Investment expenses                                | -0.13%                          | (49)   | —                               | -0.12%                         | (43)   |
| Total                                              | 3.02%                           | 1,087  | 124                             | 3.07%                          | 1,045  |
|                                                    |                                 |        |                                 |                                |        |
|                                                    | Twelve Months Ended December 31 |        |                                 |                                |        |
|                                                    | 2017                            |        | Realized<br>Gains /<br>(Losses) | 2016                           |        |
|                                                    | Investment Income<br>Yield (1)  | Amount |                                 | Investment Income<br>Yield (1) | Amount |
| Japanese Insurance Operations:                     |                                 |        |                                 |                                |        |
| Fixed maturities                                   | 3.06%                           | 3,624  | 466                             | 3.14%                          | 3,472  |
| Equity securities                                  | 5.66%                           | 79     | 511                             | 4.80%                          | 75     |
| Commercial mortgage and other loans                | 4.05%                           | 515    | —                               | 4.23%                          | 445    |
| Policy loans                                       | 4.00%                           | 97     | —                               | 4.05%                          | 95     |
| Short-term investments and cash equivalents        | 1.25%                           | 14     | —                               | 0.78%                          | 9      |
| Other investments (2)                              | 6.03%                           | 132    | 115                             | 5.01%                          | 129    |
| Gross investment income before investment expenses | 3.23%                           | 4,461  | 1,092                           | 3.29%                          | 4,225  |
| Investment expenses                                | -0.12%                          | (184)  | —                               | -0.13%                         | (165)  |
| Total                                              | 3.11%                           | 4,277  | 1,092                           | 3.16%                          | 4,060  |

- (1) Yields are based on net investment income as reported under U.S. GAAP and as such do not include certain interest-related items, such as settlements of duration management swaps which are included in realized investment gains and losses and included in adjusted operating income. Yields are annualized, for interim periods, and are based on quarterly average carrying values except for fixed maturities, equity securities and securities lending activity. Yields for fixed maturities are based on quarterly average amortized cost. Yields for equity securities are based on quarterly average cost. Yields for fixed maturities, short-term investments and cash equivalents are calculated net of liabilities and rebate expenses corresponding to securities lending activity. Yields exclude investment income and assets related to commercial loans and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders and investment income on assets other than those included in invested assets.
- (2) Realized gains / (losses) for Other investments includes changes in fair value of product-related and other derivatives and embedded derivatives.

INVESTMENT RESULTS - EXCLUDING JAPANESE INSURANCE OPERATIONS (1)  
(in millions)

|                                                    | Quarter Ended December 31      |        |                                 |                                |                                 |
|----------------------------------------------------|--------------------------------|--------|---------------------------------|--------------------------------|---------------------------------|
|                                                    | 2017                           |        | Realized<br>Gains /<br>(Losses) | 2016                           |                                 |
|                                                    | Investment Income<br>Yield (3) | Amount |                                 | Investment Income<br>Yield (3) | Realized<br>Gains /<br>(Losses) |
| Excluding Japanese Insurance Operations (2):       |                                |        |                                 |                                |                                 |
| Fixed maturities                                   | 4.59%                          | 1,674  | (14)                            | 4.51%                          | 1,561 (126)                     |
| Equity securities                                  | 7.55%                          | 52     | 11                              | 5.21%                          | 49 55                           |
| Commercial mortgage and other loans                | 4.20%                          | 278    | 3                               | 4.31%                          | 273 1                           |
| Policy loans                                       | 5.35%                          | 63     | —                               | 5.35%                          | 64 —                            |
| Short-term investments and cash equivalents        | 1.56%                          | 51     | (3)                             | 0.86%                          | 32 —                            |
| Other investments                                  | 8.00%                          | 135    | (697)                           | 8.49%                          | 136 (1,387)                     |
| Gross investment income before investment expenses | 4.55%                          | 2,253  | (700)                           | 4.38%                          | 2,115 (1,457)                   |
| Investment expenses                                | -0.15%                         | (80)   | —                               | -0.14%                         | (61) —                          |
| Total                                              | 4.40%                          | 2,173  | (700)                           | 4.24%                          | 2,054 (1,457)                   |
| Twelve Months Ended December 31                    |                                |        |                                 |                                |                                 |
|                                                    | 2017                           |        | Realized<br>Gains /<br>(Losses) | 2016                           |                                 |
|                                                    | Investment Income<br>Yield (3) | Amount |                                 | Investment Income<br>Yield (3) | Realized<br>Gains /<br>(Losses) |
| Excluding Japanese Insurance Operations (2):       |                                |        |                                 |                                |                                 |
| Fixed maturities                                   | 4.61%                          | 6,464  | (54)                            | 4.63%                          | 6,043 (192)                     |
| Equity securities                                  | 7.26%                          | 247    | 54                              | 6.49%                          | 232 14                          |
| Commercial mortgage and other loans                | 4.16%                          | 1,075  | (3)                             | 4.36%                          | 1,083 (5)                       |
| Policy loans                                       | 5.41%                          | 250    | —                               | 5.49%                          | 252 —                           |
| Short-term investments and cash equivalents        | 1.31%                          | 158    | (3)                             | 0.67%                          | 113 1                           |
| Other investments                                  | 7.64%                          | 498    | (1,178)                         | 5.96%                          | 344 566                         |
| Gross investment income before investment expenses | 4.54%                          | 8,692  | (1,184)                         | 4.36%                          | 8,067 384                       |
| Investment expenses                                | -0.16%                         | (306)  | —                               | -0.16%                         | (248) —                         |
| Total                                              | 4.38%                          | 8,386  | (1,184)                         | 4.20%                          | 7,819 384                       |

(1) Excludes Closed Block Division.

(2) Excludes assets of commercial loans, trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders, derivative operations, assets of our investment management operations, including assets that are managed for third parties, and those assets classified as "Separate account assets" on our balance sheet. Realized gains / (losses) for Other investments includes changes in fair value of product-related and other derivatives and embedded derivatives.

(3) Yields are based on net investment income as reported under U.S. GAAP and as such do not include certain interest-related items, such as settlements of duration management swaps which are included in realized investment gains and losses and included in adjusted operating income. Yields are annualized, for interim periods, and are based on quarterly average carrying values except for fixed maturities, equity securities and securities lending activity. Yields for fixed maturities are based on quarterly average amortized cost. Yields for equity securities are based on quarterly average cost. Yields for fixed maturities, short-term investments and cash equivalents are calculated net of liabilities and rebate expenses corresponding to securities lending activity. Yields exclude investment income and assets related to commercial loans and trading account assets supporting insurance liabilities where the investment results generally accrue to contractholders and investment income on assets other than those included in invested assets.

LINE ITEM IMPACT OF MARKET DRIVEN AND DISCRETE ITEMS - ADJUSTED OPERATING INCOME  
(in millions)

|                                                  | Fourth Quarter 2017                                 |                                |                                   |                                     |                                   | Fourth Quarter 2016                                 |                                |                                   |                                     |                                   |
|--------------------------------------------------|-----------------------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|-----------------------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
|                                                  | Asset Management Fees, Commissions and Other Income | Insurance and Annuity Benefits | Amortization of Acquisition Costs | General and Administrative Expenses | Pre-Tax Adjusted Operating Income | Asset Management Fees, Commissions and Other Income | Insurance and Annuity Benefits | Amortization of Acquisition Costs | General and Administrative Expenses | Pre-Tax Adjusted Operating Income |
| <b>Individual Annuities:</b>                     |                                                     |                                |                                   |                                     |                                   |                                                     |                                |                                   |                                     |                                   |
| Market performance and experience true-ups       | 5                                                   | (6)                            | (5)                               | —                                   | 16                                | (5)                                                 | (3)                            | (2)                               | —                                   | —                                 |
| Total of above items                             | 5                                                   | (6)                            | (5)                               | —                                   | 16                                | (5)                                                 | (3)                            | (2)                               | —                                   | —                                 |
| Reported amount                                  | 336                                                 | 72                             | 118                               | —                                   | —                                 | 314                                                 | 100                            | 134                               | —                                   | —                                 |
| Amount excluding impact of items indicated above | 331                                                 | 78                             | 123                               | —                                   | —                                 | 319                                                 | 103                            | 136                               | —                                   | —                                 |
| <b>Retirement:</b>                               |                                                     |                                |                                   |                                     |                                   |                                                     |                                |                                   |                                     |                                   |
| Settlement of legal matters                      | —                                                   | —                              | —                                 | —                                   | —                                 | —                                                   | —                              | —                                 | (20)                                | 20                                |
| Total of above items                             | —                                                   | —                              | —                                 | —                                   | —                                 | —                                                   | —                              | —                                 | (20)                                | 20                                |
| Reported amount                                  | —                                                   | —                              | —                                 | —                                   | —                                 | —                                                   | —                              | —                                 | 242                                 | —                                 |
| Amount excluding impact of items indicated above | —                                                   | —                              | —                                 | —                                   | —                                 | —                                                   | —                              | —                                 | 262                                 | —                                 |
| <b>Corporate &amp; Other:</b>                    |                                                     |                                |                                   |                                     |                                   |                                                     |                                |                                   |                                     |                                   |
| Debt exchange costs                              | —                                                   | —                              | —                                 | 12                                  | (12)                              | —                                                   | —                              | —                                 | —                                   | —                                 |
| Total of above items                             | —                                                   | —                              | —                                 | 12                                  | (12)                              | —                                                   | —                              | —                                 | —                                   | —                                 |
| Reported amount                                  | —                                                   | —                              | —                                 | 131                                 | —                                 | —                                                   | —                              | —                                 | —                                   | —                                 |
| Amount excluding impact of items indicated above | —                                                   | —                              | —                                 | 119                                 | —                                 | —                                                   | —                              | —                                 | —                                   | —                                 |

COMBINED STATEMENTS OF OPERATIONS - AOI TO U.S. GAAP RECONCILIATION OF REVENUES AND BENEFITS AND EXPENSES  
(in millions)

| Three Months Ended December 31, 2017                 |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |        | Three Months Ended December 31, 2016 |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |         |
|------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------|---------------------------|------------------------------------------------------------------------------------------------------|---------------|--------|--------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------|---------------------------|------------------------------------------------------------------------------------------------------|---------------|---------|
| Reconciling Items                                    |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |        | Reconciling Items                    |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |         |
| Adjusted Operating Income basis (1)                  | Total realized investment gains (losses), net, and related charges and adjustments | Investment gains (losses) on trading account assets supporting insurance liabilities, net | Change in experience-rated contractholder liabilities due to asset value changes | Closed Block Division | Other divested businesses | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | U.S. GAAP (2) |        | Adjusted Operating Income basis (1)  | Total realized investment gains (losses), net, and related charges and adjustments | Investment gains (losses) on trading account assets supporting insurance liabilities, net | Change in experience-rated contractholder liabilities due to asset value changes | Closed Block Division | Other divested businesses | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | U.S. GAAP (2) |         |
| <b>Revenues :</b>                                    |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |        |                                      |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |         |
| Premiums                                             | 8,720                                                                              | —                                                                                         | —                                                                                | —                     | 674                       | 95                                                                                                   | —             | 9,489  | 7,296                                | —                                                                                  | —                                                                                         | —                                                                                | 707                   | 94                        | —                                                                                                    | —             | 8,097   |
| Policy charges and fee income                        | 1,604                                                                              | (61)                                                                                      | —                                                                                | —                     | —                         | —                                                                                                    | —             | 1,543  | 1,529                                | (38)                                                                               | —                                                                                         | —                                                                                | —                     | —                         | —                                                                                                    | —             | 1,491   |
| Net investment income                                | 3,465                                                                              | (12)                                                                                      | —                                                                                | —                     | 670                       | 86                                                                                                   | —             | 4,209  | 3,299                                | (8)                                                                                | —                                                                                         | —                                                                                | 625                   | 72                        | —                                                                                                    | —             | 3,988   |
| Realized investment gains (losses), net              | 82                                                                                 | (663)                                                                                     | —                                                                                | —                     | 72                        | (2)                                                                                                  | —             | (511)  | 150                                  | (2,090)                                                                            | —                                                                                         | —                                                                                | 174                   | (167)                     | —                                                                                                    | —             | (1,933) |
| Asset management fees, commissions and other income  | 1,379                                                                              | 121                                                                                       | 6                                                                                | —                     | 28                        | 2                                                                                                    | (1)           | 1,535  | 1,146                                | 644                                                                                | (378)                                                                                     | —                                                                                | 7                     | 1                         | (13)                                                                                                 | —             | 1,407   |
| Total revenues                                       | 15,250                                                                             | (615)                                                                                     | 6                                                                                | —                     | 1,444                     | 181                                                                                                  | (1)           | 16,265 | 13,420                               | (1,492)                                                                            | (378)                                                                                     | —                                                                                | 1,513                 | —                         | (13)                                                                                                 | —             | 13,050  |
| <b>Benefits and Expenses :</b>                       |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |        |                                      |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |         |
| Insurance and annuity benefits                       | 9,163                                                                              | 85                                                                                        | —                                                                                | —                     | 1,311                     | 174                                                                                                  | —             | 10,733 | 7,658                                | (174)                                                                              | —                                                                                         | —                                                                                | 1,429                 | 136                       | —                                                                                                    | —             | 9,049   |
| Interest credited to policyholders' account balances | 929                                                                                | (25)                                                                                      | —                                                                                | (37)                  | 33                        | —                                                                                                    | —             | 900    | 945                                  | (103)                                                                              | —                                                                                         | (283)                                                                            | 33                    | 1                         | —                                                                                                    | —             | 593     |
| Interest expense                                     | 344                                                                                | —                                                                                         | —                                                                                | —                     | —                         | 2                                                                                                    | —             | 346    | 319                                  | —                                                                                  | —                                                                                         | —                                                                                | —                     | 1                         | —                                                                                                    | —             | 320     |
| Deferral of acquisition costs                        | (686)                                                                              | —                                                                                         | —                                                                                | —                     | —                         | —                                                                                                    | —             | (686)  | (711)                                | —                                                                                  | —                                                                                         | —                                                                                | —                     | —                         | —                                                                                                    | —             | (711)   |
| Amortization of acquisition costs                    | 480                                                                                | (76)                                                                                      | —                                                                                | —                     | 10                        | —                                                                                                    | —             | 414    | 468                                  | (343)                                                                              | —                                                                                         | —                                                                                | 8                     | —                         | —                                                                                                    | —             | 133     |
| General and administrative expenses                  | 3,448                                                                              | (18)                                                                                      | —                                                                                | —                     | 94                        | 18                                                                                                   | (100)         | 3,442  | 3,282                                | (48)                                                                               | —                                                                                         | —                                                                                | 101                   | 22                        | (8)                                                                                                  | —             | 3,349   |
| Total benefits and expenses                          | 13,678                                                                             | (34)                                                                                      | —                                                                                | (37)                  | 1,448                     | 194                                                                                                  | (100)         | 15,149 | 11,961                               | (668)                                                                              | —                                                                                         | (283)                                                                            | 1,571                 | 160                       | (8)                                                                                                  | —             | 12,733  |
| <b>Twelve Months Ended December 31, 2017</b>         |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |        |                                      |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |         |
| Reconciling Items                                    |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |        | Reconciling Items                    |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |         |
| Adjusted Operating Income basis (1)                  | Total realized investment gains (losses), net, and related charges and adjustments | Investment gains (losses) on trading account assets supporting insurance liabilities, net | Change in experience-rated contractholder liabilities due to asset value changes | Closed Block Division | Other divested businesses | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | U.S. GAAP (2) |        | Adjusted Operating Income basis (1)  | Total realized investment gains (losses), net, and related charges and adjustments | Investment gains (losses) on trading account assets supporting insurance liabilities, net | Change in experience-rated contractholder liabilities due to asset value changes | Closed Block Division | Other divested businesses | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | U.S. GAAP (2) |         |
| <b>Revenues :</b>                                    |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |        |                                      |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |         |
| Premiums                                             | 29,162                                                                             | —                                                                                         | —                                                                                | —                     | 2,526                     | 403                                                                                                  | —             | 32,091 | 27,953                               | —                                                                                  | —                                                                                         | —                                                                                | 2,620                 | 391                       | —                                                                                                    | —             | 30,964  |
| Policy charges and fee income                        | 5,518                                                                              | (215)                                                                                     | —                                                                                | —                     | —                         | —                                                                                                    | —             | 5,303  | 5,887                                | 19                                                                                 | —                                                                                         | —                                                                                | —                     | —                         | —                                                                                                    | —             | 5,906   |
| Net investment income                                | 13,499                                                                             | (38)                                                                                      | —                                                                                | —                     | 2,653                     | 321                                                                                                  | —             | 16,435 | 12,695                               | (31)                                                                               | —                                                                                         | —                                                                                | 2,578                 | 278                       | —                                                                                                    | —             | 15,520  |
| Realized investment gains (losses), net              | 486                                                                                | (631)                                                                                     | —                                                                                | —                     | 534                       | 43                                                                                                   | —             | 432    | 577                                  | 1,256                                                                              | —                                                                                         | —                                                                                | 434                   | (73)                      | —                                                                                                    | —             | 2,194   |
| Asset management fees, commissions and other income  | 4,981                                                                              | 67                                                                                        | 336                                                                              | —                     | 113                       | 8                                                                                                    | (77)          | 5,428  | 4,462                                | (236)                                                                              | (17)                                                                                      | —                                                                                | 37                    | 6                         | (57)                                                                                                 | —             | 4,195   |

|                                                      |         |       |     |     |       |     |       |         |         |       |      |      |       |     |      |         |
|------------------------------------------------------|---------|-------|-----|-----|-------|-----|-------|---------|---------|-------|------|------|-------|-----|------|---------|
| Total revenues                                       | 53,646  | (817) | 336 | —   | 5,826 | 775 | (77)  | 59,689  | 51,574  | 1,008 | (17) | —    | 5,669 | 602 | (57) | 58,779  |
| Benefits and Expenses :                              |         |       |     |     |       |     |       |         |         |       |      |      |       |     |      |         |
| Insurance and annuity benefits                       | 30,071  | (69)  | —   | —   | 5,226 | 657 | —     | 35,885  | 29,709  | 131   | —    | —    | 5,223 | 594 | —    | 35,657  |
| Interest credited to policyholders' account balances | 3,729   | (191) | —   | 151 | 133   | —   | —     | 3,822   | 3,698   | (50)  | —    | (21) | 134   | —   | —    | 3,761   |
| Interest expense                                     | 1,322   | —     | —   | —   | 1     | 4   | —     | 1,327   | 1,315   | —     | —    | —    | 2     | 3   | —    | 1,320   |
| Deferral of acquisition costs                        | (2,818) | —     | —   | —   | —     | —   | —     | (2,818) | (2,845) | —     | —    | —    | —     | —   | —    | (2,845) |
| Amortization of acquisition costs                    | 2,093   | (550) | —   | —   | 37    | —   | —     | 1,580   | 1,672   | 168   | —    | —    | 37    | —   | —    | 1,877   |
| General and administrative expenses                  | 13,005  | 51    | —   | —   | 384   | 76  | (110) | 13,406  | 12,626  | 236   | —    | —    | 405   | 89  | (52) | 13,304  |
| Total benefits and expenses                          | 47,402  | (759) | —   | 151 | 5,781 | 737 | (110) | 53,202  | 46,175  | 485   | —    | (21) | 5,801 | 686 | (52) | 53,074  |

(1) See page 41 for a definition of AOI.

(2) U.S. generally accepted accounting principles

COMBINED STATEMENTS OF OPERATIONS - AOI TO U.S. GAAP RECONCILIATION OF REVENUES AND BENEFITS AND EXPENSES  
(in millions)

| Three Months Ended March 31, 2017                    |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |        | Three Months Ended June 30, 2017    |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |         |
|------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------|---------------------------|------------------------------------------------------------------------------------------------------|---------------|--------|-------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------|---------------------------|------------------------------------------------------------------------------------------------------|---------------|---------|
| Reconciling Items                                    |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |        | Reconciling Items                   |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |         |
| Adjusted Operating Income basis (1)                  | Total realized investment gains (losses), net, and related charges and adjustments | Investment gains (losses) on trading account assets supporting insurance liabilities, net | Change in experience-rated contractholder liabilities due to asset value changes | Closed Block Division | Other divested businesses | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | U.S. GAAP (2) |        | Adjusted Operating Income basis (1) | Total realized investment gains (losses), net, and related charges and adjustments | Investment gains (losses) on trading account assets supporting insurance liabilities, net | Change in experience-rated contractholder liabilities due to asset value changes | Closed Block Division | Other divested businesses | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | U.S. GAAP (2) |         |
| <b>Revenues :</b>                                    |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |        |                                     |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |         |
| Premiums                                             | 5,774                                                                              | —                                                                                         | —                                                                                | —                     | 604                       | 103                                                                                                  | —             | 6,481  | 7,557                               | —                                                                                  | —                                                                                         | —                                                                                | 670                   | 99                        | —                                                                                                    | —             | 8,326   |
| Policy charges and fee income                        | 1,555                                                                              | (22)                                                                                      | —                                                                                | —                     | —                         | —                                                                                                    | —             | 1,533  | 794                                 | (69)                                                                               | —                                                                                         | —                                                                                | —                     | —                         | —                                                                                                    | —             | 725     |
| Net investment income                                | 3,354                                                                              | (8)                                                                                       | —                                                                                | —                     | 645                       | 70                                                                                                   | —             | 4,061  | 3,335                               | (9)                                                                                | —                                                                                         | —                                                                                | 672                   | 91                        | —                                                                                                    | —             | 4,089   |
| Realized investment gains (losses), net              | 122                                                                                | 27                                                                                        | —                                                                                | —                     | 273                       | 5                                                                                                    | —             | 427    | 161                                 | (1,372)                                                                            | —                                                                                         | —                                                                                | 82                    | 37                        | —                                                                                                    | —             | (1,092) |
| Asset management fees, commissions and other income  | 1,202                                                                              | (85)                                                                                      | 44                                                                               | —                     | 35                        | 3                                                                                                    | (31)          | 1,168  | 1,181                               | 4                                                                                  | 201                                                                                       | —                                                                                | 25                    | 1                         | (19)                                                                                                 | —             | 1,393   |
| Total revenues                                       | 12,007                                                                             | (88)                                                                                      | 44                                                                               | —                     | 1,557                     | 181                                                                                                  | (31)          | 13,670 | 13,028                              | (1,446)                                                                            | 201                                                                                       | —                                                                                | 1,449                 | 228                       | (19)                                                                                                 | —             | 13,441  |
| <b>Benefits and Expenses :</b>                       |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |        |                                     |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |         |
| Insurance and annuity benefits                       | 6,146                                                                              | (39)                                                                                      | —                                                                                | —                     | 1,380                     | 153                                                                                                  | —             | 7,640  | 7,386                               | (69)                                                                               | —                                                                                         | —                                                                                | 1,328                 | 174                       | —                                                                                                    | —             | 8,819   |
| Interest credited to policyholders' account balances | 920                                                                                | (25)                                                                                      | —                                                                                | 12                    | 33                        | —                                                                                                    | —             | 940    | 953                                 | (184)                                                                              | —                                                                                         | 145                                                                              | 33                    | —                         | —                                                                                                    | —             | 947     |
| Interest expense                                     | 322                                                                                | —                                                                                         | —                                                                                | —                     | 1                         | 1                                                                                                    | —             | 324    | 326                                 | —                                                                                  | —                                                                                         | —                                                                                | —                     | 1                         | —                                                                                                    | —             | 327     |
| Deferral of acquisition costs                        | (724)                                                                              | —                                                                                         | —                                                                                | —                     | —                         | —                                                                                                    | —             | (724)  | (755)                               | —                                                                                  | —                                                                                         | —                                                                                | —                     | —                         | —                                                                                                    | —             | (755)   |
| Amortization of acquisition costs                    | 481                                                                                | (53)                                                                                      | —                                                                                | —                     | 11                        | —                                                                                                    | —             | 439    | 662                                 | (586)                                                                              | —                                                                                         | —                                                                                | 8                     | —                         | —                                                                                                    | —             | 84      |
| General and administrative expenses                  | 3,202                                                                              | (9)                                                                                       | —                                                                                | —                     | 98                        | 21                                                                                                   | (3)           | 3,309  | 3,228                               | 72                                                                                 | —                                                                                         | —                                                                                | 98                    | 18                        | (5)                                                                                                  | —             | 3,411   |
| Total benefits and expenses                          | 10,347                                                                             | (126)                                                                                     | —                                                                                | 12                    | 1,523                     | 175                                                                                                  | (3)           | 11,928 | 11,800                              | (767)                                                                              | —                                                                                         | 145                                                                              | 1,467                 | 193                       | (5)                                                                                                  | —             | 12,833  |

| Three Months Ended September 30, 2017                |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |        |
|------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------|---------------------------|------------------------------------------------------------------------------------------------------|---------------|--------|
| Reconciling Items                                    |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |        |
| Adjusted Operating Income basis (1)                  | Total realized investment gains (losses), net, and related charges and adjustments | Investment gains (losses) on trading account assets supporting insurance liabilities, net | Change in experience-rated contractholder liabilities due to asset value changes | Closed Block Division | Other divested businesses | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | U.S. GAAP (2) |        |
| <b>Revenues :</b>                                    |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |        |
| Premiums                                             | 7,111                                                                              | —                                                                                         | —                                                                                | —                     | 578                       | 106                                                                                                  | —             | 7,795  |
| Policy charges and fee income                        | 1,565                                                                              | (63)                                                                                      | —                                                                                | —                     | —                         | —                                                                                                    | —             | 1,502  |
| Net investment income                                | 3,345                                                                              | (9)                                                                                       | —                                                                                | —                     | 666                       | 74                                                                                                   | —             | 4,076  |
| Realized investment gains (losses), net              | 121                                                                                | 1,377                                                                                     | —                                                                                | —                     | 107                       | 3                                                                                                    | —             | 1,608  |
| Asset management fees, commissions and other income  | 1,219                                                                              | 27                                                                                        | 85                                                                               | —                     | 25                        | 2                                                                                                    | (26)          | 1,332  |
| Total revenues                                       | 13,361                                                                             | 1,332                                                                                     | 85                                                                               | —                     | 1,376                     | 185                                                                                                  | (26)          | 16,313 |
| <b>Benefits and Expenses :</b>                       |                                                                                    |                                                                                           |                                                                                  |                       |                           |                                                                                                      |               |        |
| Insurance and annuity benefits                       | 7,376                                                                              | (46)                                                                                      | —                                                                                | —                     | 1,207                     | 156                                                                                                  | —             | 8,693  |
| Interest credited to policyholders' account balances | 927                                                                                | 43                                                                                        | —                                                                                | 31                    | 34                        | —                                                                                                    | —             | 1,035  |
| Interest expense                                     | 330                                                                                | —                                                                                         | —                                                                                | —                     | —                         | —                                                                                                    | —             | 330    |
| Deferral of acquisition costs                        | (653)                                                                              | —                                                                                         | —                                                                                | —                     | —                         | —                                                                                                    | —             | (653)  |
| Amortization of acquisition costs                    | 470                                                                                | 165                                                                                       | —                                                                                | —                     | 8                         | —                                                                                                    | —             | 643    |
| General and administrative expenses                  | 3,127                                                                              | 6                                                                                         | —                                                                                | —                     | 94                        | 19                                                                                                   | (2)           | 3,244  |
| Total benefits and expenses                          | 11,577                                                                             | 168                                                                                       | —                                                                                | 31                    | 1,343                     | 175                                                                                                  | (2)           | 13,292 |

(1) See page 41 for a definition of AOI.



RECLASSIFIED OPERATIONS HIGHLIGHTS

| Year Ended December 31                                                   |         | 2016    |         |         |         | 2017    |         |         |
|--------------------------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2015                                                                     | 2014    | 1Q      | 2Q      | 3Q      | 4Q      | 1Q      | 2Q      | 3Q      |
| <b>Assets Under Management and Administration (\$ billions) (1) (2):</b> |         |         |         |         |         |         |         |         |
| Assets Under Management :                                                |         |         |         |         |         |         |         |         |
| Investment Management Division:                                          |         |         |         |         |         |         |         |         |
| 389.1                                                                    | 370.0   | 403.6   | 418.8   | 445.9   | 431.5   | 445.2   | 461.2   | 478.3   |
| 197.3                                                                    | 186.1   | 198.6   | 202.1   | 209.0   | 209.2   | 217.6   | 231.2   | 239.9   |
| 376.7                                                                    | 377.4   | 400.8   | 426.3   | 430.3   | 399.4   | 406.1   | 412.3   | 415.7   |
| 963.1                                                                    | 933.5   | 1,003.0 | 1,047.2 | 1,085.2 | 1,040.1 | 1,068.9 | 1,104.7 | 1,133.9 |
| 114.5                                                                    | 131.3   | 111.4   | 113.8   | 117.1   | 114.6   | 119.1   | 114.4   | 116.7   |
| 85.1                                                                     | 89.2    | 80.7    | 81.7    | 84.1    | 82.9    | 84.3    | 85.8    | 86.9    |
| 21.0                                                                     | 21.9    | 22.8    | 25.0    | 27.9    | 26.2    | 26.5    | 28.7    | 28.7    |
| 1,183.7                                                                  | 1,175.9 | 1,217.9 | 1,267.7 | 1,314.3 | 1,263.8 | 1,298.8 | 1,333.6 | 1,366.2 |
| 163.2                                                                    | 154.5   | 170.5   | 171.7   | 177.0   | 177.3   | 185.2   | 188.3   | 202.4   |
| 1,346.9                                                                  | 1,330.4 | 1,388.4 | 1,439.4 | 1,491.3 | 1,441.1 | 1,484.0 | 1,521.9 | 1,568.6 |
| 270.5                                                                    | 248.3   | 297.5   | 324.6   | 335.4   | 311.1   | 326.6   | 341.1   | 350.5   |

(1) As of end of period.

(2) At fair market value.



RECLASSIFIED COMBINED STATEMENTS OF OPERATIONS - U.S. INDIVIDUAL SOLUTIONS DIVISION  
(in millions)

| Year Ended December 31            |         |                                                      |       |       |       |       |       |       |       |
|-----------------------------------|---------|------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|
| 2015                              | 2014    |                                                      | 2016  |       |       |       | 2017  |       |       |
|                                   |         |                                                      | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    |
| <b>Revenues (1):</b>              |         |                                                      |       |       |       |       |       |       |       |
| 1,013                             | 953     | Premiums                                             | 242   | 260   | 255   | 262   | 255   | 271   | 264   |
| 4,722                             | 4,792   | Policy charges and fee income                        | 1,190 | 960   | 1,222 | 1,217 | 1,232 | 472   | 1,245 |
| 2,272                             | 2,250   | Net investment income                                | 597   | 606   | 661   | 656   | 672   | 667   | 666   |
| 1,921                             | 1,941   | Asset management fees, commissions and other income  | 446   | 472   | 493   | 482   | 501   | 550   | 540   |
| 9,928                             | 9,936   | Total revenues                                       | 2,475 | 2,298 | 2,631 | 2,617 | 2,660 | 1,960 | 2,715 |
| <b>Benefits and Expenses (1):</b> |         |                                                      |       |       |       |       |       |       |       |
| 2,592                             | 2,621   | Insurance and annuity benefits                       | 725   | 1,006 | 657   | 703   | 730   | 360   | 642   |
| 1,007                             | 1,035   | Interest credited to policyholders' account balances | 264   | 267   | 243   | 268   | 263   | 255   | 263   |
| 619                               | 640     | Interest expense                                     | 159   | 164   | 166   | 165   | 170   | 179   | 183   |
| (1,080)                           | (1,045) | Deferral of acquisition costs                        | (262) | (289) | (273) | (290) | (262) | (246) | (232) |
| 598                               | 888     | Amortization of acquisition costs                    | 221   | 9     | 166   | 203   | 199   | 360   | 187   |
| 3,760                             | 3,832   | General and administrative expenses                  | 920   | 1,004 | 973   | 1,008 | 974   | 997   | 945   |
| 7,496                             | 7,971   | Total benefits and expenses                          | 2,027 | 2,161 | 1,932 | 2,057 | 2,074 | 1,905 | 1,988 |
| 2,432                             | 1,965   | Adjusted operating income before income taxes        | 448   | 137   | 699   | 560   | 586   | 55    | 727   |

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments. Benefits and expenses exclude charges related to realized investment gains, net of losses.

RECLASSIFIED COMBINED STATEMENTS OF OPERATIONS - U.S. WORKPLACE SOLUTIONS DIVISION  
(in millions)

| Year Ended December 31            |               |                                                      |              |              |              |              |              |              |              |
|-----------------------------------|---------------|------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 2015                              | 2014          |                                                      | 2016         |              |              |              | 2017         |              |              |
|                                   |               |                                                      | 1Q           | 2Q           | 3Q           | 4Q           | 1Q           | 2Q           | 3Q           |
| <b>Revenues (1):</b>              |               |                                                      |              |              |              |              |              |              |              |
| 10,613                            | 10,855        | Premiums                                             | 1,648        | 1,992        | 4,746        | 3,227        | 1,564        | 3,259        | 2,962        |
| 800                               | 784           | Policy charges and fee income                        | 204          | 232          | 214          | 194          | 202          | 223          | 204          |
| 4,668                             | 4,822         | Net investment income                                | 1,165        | 1,158        | 1,270        | 1,278        | 1,313        | 1,257        | 1,226        |
| 883                               | 973           | Asset management fees, commissions and other income  | 196          | 223          | 237          | 235          | 241          | 230          | 230          |
| <u>16,964</u>                     | <u>17,434</u> | <b>Total revenues</b>                                | <u>3,213</u> | <u>3,605</u> | <u>6,467</u> | <u>4,934</u> | <u>3,320</u> | <u>4,969</u> | <u>4,622</u> |
| <b>Benefits and Expenses (1):</b> |               |                                                      |              |              |              |              |              |              |              |
| 12,218                            | 12,551        | Insurance and annuity benefits                       | 2,080        | 2,404        | 5,208        | 3,668        | 1,982        | 3,601        | 3,391        |
| 1,698                             | 1,724         | Interest credited to policyholders' account balances | 416          | 417          | 452          | 451          | 431          | 476          | 434          |
| 33                                | 34            | Interest expense                                     | 5            | 6            | 6            | 7            | 7            | 8            | 7            |
| (56)                              | (52)          | Deferral of acquisition costs                        | (7)          | (8)          | (10)         | (6)          | (7)          | (9)          | (9)          |
| 72                                | 39            | Amortization of acquisition costs                    | 8            | 7            | 14           | 10           | 5            | 6            | 17           |
| 1,892                             | 1,900         | General and administrative expenses                  | 466          | 454          | 496          | 443          | 471          | 443          | 473          |
| <u>15,857</u>                     | <u>16,196</u> | <b>Total benefits and expenses</b>                   | <u>2,968</u> | <u>3,280</u> | <u>6,166</u> | <u>4,573</u> | <u>2,889</u> | <u>4,525</u> | <u>4,313</u> |
| <u>1,107</u>                      | <u>1,238</u>  | <b>Adjusted operating income before income taxes</b> | <u>245</u>   | <u>325</u>   | <u>301</u>   | <u>361</u>   | <u>431</u>   | <u>444</u>   | <u>309</u>   |

(1) Revenues exclude realized investment gains, net of losses and related charges and adjustments, investment gains, net of losses, on trading account assets supporting insurance liabilities. Benefits and expenses exclude charges related to realized investment gains, net of losses and change in experience-rated contractholder liabilities due to asset value changes.

## KEY DEFINITIONS AND FORMULAS

### 1. Adjusted operating income before income taxes:

Adjusted operating income is a non-GAAP measure of performance that excludes “Realized investment gains (losses), net,” as adjusted, 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 our tax and capital profile.

Realized investment gains (losses) within certain of our 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. However, the effectiveness of our hedging program will ultimately be reflected in adjusted operating income over time. 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 classified as other trading account assets.

Adjusted operating income also excludes investment gains and losses on trading account assets supporting insurance 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. In addition, adjusted operating income excludes the results of divested businesses, which are not relevant to our ongoing operations. Earnings attributable to noncontrolling interests is presented as a separate component of net income under GAAP and excluded from adjusted operating income.

Adjusted operating income does not equate to “Net income” as determined in accordance with U.S. GAAP but is the measure of profit or loss we use to evaluate segment performance. Adjusted operating income is not a substitute for income determined in accordance with U.S. GAAP, and our definition of adjusted operating income 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.

### 2. After-tax adjusted operating income:

Adjusted operating income before taxes, as defined above, less the income tax effect applicable to adjusted operating income before taxes. The tax effect associated with pre-tax adjusted operating income is based on applicable IRS and foreign tax regulations inclusive of pertinent adjustments.

### 3. Annualized New Business Premiums:

Premiums from new sales that are expected to be collected over a one year period. Group insurance annualized new business premiums exclude new premiums resulting from rate changes on existing policies, from additional coverage issued under our Servicemembers' Group Life Insurance contract, and from excess premiums on group universal life insurance that build cash value but do not purchase face amounts. Group insurance annualized new business premiums include premiums from the takeover of claim liabilities. Excess (unscheduled) and single premium business for the company's domestic individual life and international insurance operations are included in annualized new business premiums based on a 10% credit. Amounts ascribed to Gibraltar Life Consultants include production by captive agents associated with consolidated joint venture of Gibraltar Life and Other Operations.

### 4. Assets Under Management:

Fair market value or account value of assets which Prudential manages directly in proprietary products, such as mutual funds and variable annuities, in separate accounts, wrap-fee products and the general account, and assets invested in investment options included in the Company's products that are managed by third party sub-managers (i.e., the non-proprietary investment options in the Company's products).

### 5. Prudential Financial, Inc. Equity:

Amount of capital assigned to each of the Company's segments for purposes of measuring segment adjusted operating income before income taxes, established at a level which management considers necessary to support the segment's risks. Equity represents all of Prudential Financial, Inc. equity that is not attributable to noncontrolling interests.

### 6. Book value per share of Common Stock:

Equity attributed to Prudential Financial, Inc. divided by the number of Common shares outstanding at end of period, on a diluted basis. Book value per share excluding accumulated other comprehensive income (loss) (“AOCI”) and adjusted to remove amount included for remeasurement of foreign currency exchange rate and certain deferred taxes is a non-GAAP measure. These items are excluded in order to highlight the book value attributable to our core business operations. This non-GAAP measure 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 AOCI under GAAP as well as remeasurement of deferred tax assets and liabilities originally established through AOCI, related to enactment of the Tax Cuts and Jobs Act on December 22, 2017. However, book value per share excluding both AOCI and adjusted to remove amount included for foreign currency exchange rate remeasurement and certain deferred taxes is not a substitute for book value per share including AOCI determined in accordance with GAAP, and the adjustments made to derive the measure are important to an understanding of our overall financial position.

Book value per share of Common Stock - including AOCI: As of the fourth quarter of 2016 and first, second and third quarters of 2017, book value including AOCI per share of common stock includes a \$500 million increase in equity and a 5.75 million increase in diluted shares, reflecting the dilutive impact of exchangeable surplus notes (“ESNs”) when book value per share of common stock is greater than \$86.92. Reflecting the dilutive impact of ESNs when book value per share is greater than \$85.00, to calculate book value including AOCI per share of common stock as of December 31, 2017, equity is increased by \$500 million and diluted shares include 5.88 million shares.

Book value per share of Common Stock - excluding AOCI, and excluding AOCI and remeasurement of foreign currency and certain deferred taxes: The ESNs are subject to customary antidilution adjustments and the exchange rate is accordingly revalued in the fourth quarter of each year. As of the fourth quarter of 2016 and first, second and third quarters of 2017, the conversion of ESNs is antidilutive as book value excluding AOCI per share of common stock and book value excluding AOCI and remeasurement of foreign currency and certain deferred taxes per share of common stock is less than \$86.92. Reflecting the dilutive impact of ESNs when book value per share is greater than \$85.00, to calculate book value excluding AOCI per share of common stock and book value excluding AOCI and remeasurement of foreign currency and certain deferred taxes per share of common stock as of the fourth quarter of 2017, equity is increased by \$500 million and diluted shares include 5.88 million shares.

Diluted shares as of the fourth quarter of 2016 and first, second and third quarters of 2017 do not include shares related to ESNs due to the antidilutive impact of conversion of ESNs when book value per share of common stock (i.e., book value excluding AOCI per share of common stock and book value excluding AOCI and remeasurement of foreign currency and certain deferred taxes per share of common stock) is less than \$86.92. Diluted shares as of December 31, 2017 include 5.88 million shares due to the dilutive impact of conversion of ESNs when book value per share of common stock (i.e., book value excluding AOCI per share of common stock and book value excluding AOCI and remeasurement of foreign currency and certain deferred taxes per share of common stock) is greater than \$85.00.

## KEY DEFINITIONS AND FORMULAS

### **7. Borrowings - Capital Debt:**

Borrowings that are or will be used for capital requirements at Prudential Financial, Inc as well as borrowings invested in equity or debt securities of direct or indirect subsidiaries of Prudential Financial, Inc., and subsidiary borrowings, utilized for capital requirements.

### **8. Borrowings - Operating Debt - Investment Related:**

Debt issued to finance specific investment assets or portfolios of investment assets, including institutional spread lending investment portfolios as well as institutional and insurance company portfolio cash flow timing differences.

### **9. Borrowings - Operating Debt - Specified Businesses:**

Borrowings primarily associated with the investment management business.

### **10. Client Assets:**

Fair market value of assets in client accounts of International brokerage operations, Prudential Bank and mortgage loan servicing business, that are not included in Assets Under Management. Prudential does not receive a management or administrative fee on these assets, but may receive a fee for executing trades, custody or recordkeeping services.

### **11. Divested Businesses:**

Businesses that have been sold or exited, including businesses that have been placed in wind down, but that did not qualify for “discontinued operations” accounting treatment under U.S. GAAP.

### **12. Earned Premiums:**

The portion of a premium, net of any amount ceded, that represents coverage already provided or that belongs to the insurer based on the part of the policy period that has passed.

### **13. Full Service Retirement:**

The Full Service Retirement line of business provides retirement plan products and services to public, private and not-for-profit organizations. This business provides recordkeeping, plan administration, actuarial advisory services, participant education and communication services, trustee services and institutional and retail investment funds. This business mainly services defined contribution and defined benefit plans; non-qualified plans are also serviced. For clients with both defined contribution and defined benefit plans, integrated recordkeeping services are available.

### **14. Full Service Stable Value:**

Our Full Service Stable Value products represent fixed rate options on investment funds offered to Retirement customers. These products contain an obligation to pay interest at a specified rate for a specific period of time. Upon termination these products repay account balances at market value immediately or may be liquidated at book value over time. Substantially all of these products are either fully or partially participating, with annual or semi-annual resets giving effect to previous investment experience. These products are issued through the general account, separate accounts or client-owned trusts. Profits from partially participating general account products result from the spread between the rate of return on investment assets and the interest rates credited to the customer, less expenses. For fully participating products, generally subject to a minimum interest rate guarantee, we earn fee income.

### **15. General Account:**

Invested assets and policyholder liabilities and reserves for which the Company bears the investment risk. Excludes assets recognized for statutory purposes that are specifically allocated to a separate account. General account assets also include assets of the parent company, Prudential Financial, Inc.

### **16. Gibraltar Life:**

Includes results from consolidated joint venture operation of Gibraltar Life and Other Operations.

### **17. Gibraltar Life Consultants:**

Captive insurance agents for Gibraltar Life. Count and policy persistency do not include captive agents associated with consolidated joint venture of Gibraltar Life and Other Operations.

### **18. Group Life Insurance and Group Disability Insurance Administrative Operating Expense Ratios:**

Ratio of administrative operating expenses (excluding commissions) to gross premiums, policy charges and fee income.

### **19. Group Insurance Benefits Ratios:**

Ratio of policyholder benefits to earned premiums, policy charges and fee income.

### **20. Individual Annuity Account Values in General Account and Separate Account:**

Amounts represent the breakdown of invested customer funds in annuities either written or reinsured by the Company.

### **21. Individual Annuities - Net Amounts at Risk:**

Living Benefit Features - For guarantees of benefits that are payable at annuitization, the net amount at risk is generally defined as the present value of the minimum guaranteed annuity payments available to the contractholder determined in accordance with the terms of the contract in excess of the current account balance. For guarantees of benefits that are payable at withdrawal, the net amount at risk is generally defined as the present value of the minimum guaranteed withdrawal payments available to the contractholder determined in accordance with the terms of the contract in excess of the current account balance. For guarantees of accumulation balances, the net amount at risk is generally defined as the guaranteed minimum accumulation balance minus the current account balance.

Death Benefit Features - Net amount at risk is generally defined as the current guaranteed minimum death benefit in excess of the current account balance at the balance sheet date.

## KEY DEFINITIONS AND FORMULAS

### 22. Insurance and Annuity Benefits:

Total death benefits, annuity benefits, disability benefits, other policy benefits, and losses paid or incurred, under insurance and annuity contracts, plus the change in reserves for future policy benefits, losses and loss adjustment expenses.

### 23. International Life Planners:

Captive insurance Advisors in our Life Planner Operations.

### 24. Non-recourse and Limited-recourse Debt:

Limited and non-recourse borrowing is where the holder is entitled to collect only against the assets pledged to the debt as collateral or has only very limited rights to collect against other assets.

### 25. Policy Persistency - Group Insurance:

Percentage of the premiums in force at the end of the prior year that are still in force at the end of the period (excluding Servicemembers' Group Life Insurance and Prudential Employee Benefit Plan).

### 26. Policy Persistency - International Insurance:

13 month persistency represents the percentage of policies issued that are still in force at the beginning of their second policy year. 25 month persistency represents the percentage of policies issued that are still in force at the beginning of their third policy year.

### 27. Prudential Advisors:

Captive financial professionals and field managers in our insurance operations in the United States.

### 28. Prudential Advisor productivity:

Commissions on new sales of all products by Prudential Advisors under contract for the entire period, divided by the number of those Prudential Advisors. Excludes commissions on new sales by Prudential Advisors hired or departed during the period. For interim reporting periods, the productivity measures are annualized.

### 29. Separate Accounts:

Assets of our insurance companies allocated under certain policies and contracts that are segregated from the general account and other separate accounts. The policyholder or contractholder predominantly bears the risk of investments held in a separate account.

### 30. Wrap-Fee Products:

Investment products generating asset-based fees in which the funds of the customer are generally invested in other investment products such as mutual funds.

## RATINGS AND INVESTOR INFORMATION

### FINANCIAL STRENGTH RATINGS

as of February 7, 2018

|                                                               | A.M. Best | Standard & Poor's | Moody's | Fitch Ratings |
|---------------------------------------------------------------|-----------|-------------------|---------|---------------|
| The Prudential Insurance Company of America                   | A+        | AA-               | A1      | AA-           |
| PRUCO Life Insurance Company                                  | A+        | AA-               | A1      | AA-           |
| PRUCO Life Insurance Company of New Jersey                    | A+        | AA-               | NR*     | AA-           |
| Prudential Annuities Life Assurance Corporation               | A+        | AA-               | NR      | AA-           |
| Prudential Retirement Insurance and Annuity Company           | A+        | AA-               | A1      | AA-           |
| The Prudential Life Insurance Co., Ltd. (Prudential of Japan) | NR        | A+                | NR      | NR            |
| Gibraltar Life Insurance Company, Ltd.                        | NR        | A+                | NR      | NR            |
| The Prudential Gibraltar Financial Life Insurance Co. Ltd.    | NR        | A+                | NR      | NR            |
| Prudential Life Insurance Co. of Taiwan, Inc.                 | NR        | twAA+             | NR      | NR            |

### CREDIT RATINGS:

as of February 7, 2018

|                                               |       |      |      |     |
|-----------------------------------------------|-------|------|------|-----|
| Prudential Financial, Inc.:                   |       |      |      |     |
| Short-Term Borrowings                         | AMB-1 | A-1  | P-2  | F1  |
| Long-Term Senior Debt                         | a-    | A    | Baa1 | A-  |
| Junior Subordinated Long-Term Debt            | bbb   | BBB+ | Baa2 | BBB |
| The Prudential Insurance Company of America : |       |      |      |     |
| Capital and surplus notes                     | a     | A    | A3   | A   |
| Prudential Funding, LLC:                      |       |      |      |     |
| Short-Term Debt                               | AMB-1 | A-1+ | P-1  | F1+ |
| Long-Term Senior Debt                         | a+    | AA-  | A2   | A+  |
| PRICOA Global Funding I                       |       |      |      |     |
| Long-Term Senior Debt                         | aa-   | AA-  | A1   | AA- |

\* NR indicates not rated.

(1) Prudential Life Insurance Co. of Taiwan was assigned a financial strength rating by Taiwan Ratings Corporation, a partner of Standard and Poor's.

### INVESTOR INFORMATION:

|                                                                            |                                                                                                                                                          |
|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Corporate Offices:</b>                                                  | <b>Investor Information Hotline:</b>                                                                                                                     |
| Prudential Financial, Inc.<br>751 Broad Street<br>Newark, New Jersey 07102 | Dial 877-998-ROCK for additional printed information or inquiries.<br><br><i>Web Site:</i><br><a href="http://www.prudential.com">www.prudential.com</a> |

#### Common Stock:

Common Stock of Prudential Financial, Inc. is traded on the New York Stock Exchange under the symbol PRU.