



1Q21 Earnings Call

May 5, 2021

Key Messages

**On track with key
initiatives**

**Returning additional
capital to
shareholders**

**Supported by our
rock solid balance
sheet**

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



On Track with Key Initiatives

Initiatives	Commentary	Status
Cost Savings Program	<ul style="list-style-type: none">• Realized ~\$110 million in 1Q21 versus full year 2021 target of \$400 million• Run-rate cost savings target of \$750 million by year-end 2023• Intended outcome: increase efficiency and improve customer and employee experience	On Track
Reallocating \$5-10 billion of capital	<ul style="list-style-type: none">• Continue to advance divestiture opportunities• Remaining disciplined with capital deployment• Intended outcome: de-risk business and increase growth potential	On Track

Emerge as a higher growth, less market sensitive, more nimble business



Returning Additional Capital to Shareholders



Increased dividend by 5%, representing a 5% yield on adjusted book value

Increased share repurchase authorization

Expect total capital to be returned to shareholders from 2021 to 2023

Note: Capital returned to shareholders in the first quarter of \$842 million includes share repurchases of \$375 million and dividends of \$467 million.



Supported by our Rock Solid Balance Sheet




Capital continues to support AA rating level as of March 31, 2021



Highly liquid assets of \$5.4 billion⁽¹⁾



Conservative investment portfolio



Significant additional resources available

⁽¹⁾ Represents the highly liquid asset balance as of March 31, 2021, as well as the proceeds from the 1Q21 sale of Prudential's interest in Pramerica SGR that were received by PFI in April 2021.



Continued Commitment to Long-Term Sustainability



Environmental

- Established operational and investment targets in Global Environmental Commitment
- Enhanced disclosures to highlight progress, including with climate change



Social

- Published EEO-1 data of U.S. workforce
- Renewed and expanded Inclusion and Diversity Compensation Modifier



Governance

- Board appointment in 2021 increased membership to 13
- 82% of independent directors are diverse

These actions measure our progress and underscore our commitment to fulfilling our company's purpose of solving the financial challenges of our changing world for all our stakeholders



First Quarter 2021 Highlights

(\$ millions, except per share amounts)

Financial Highlights

	<u>1Q21</u>
Record Pre-Tax Adjusted Operating Income⁽¹⁾	\$2,088
Adjusted Operating Income Per Share⁽¹⁾	\$4.11
GAAP Net Income Per Share	\$6.98
Adjusted Operating ROE⁽²⁾	17.0%
Adjusted Book Value Per Share⁽¹⁾	\$100.49

Earnings Drivers

U.S. Businesses

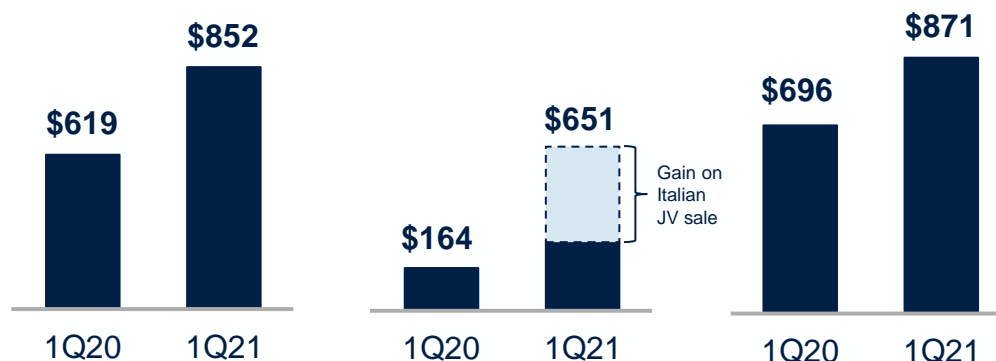
- + Higher spread income
- + Higher fee income
- Less favorable underwriting

PGIM

- + Gain on sale of Italian JV
- + Higher asset management fees
- + Higher Other Related Revenues
- Higher expenses

International Businesses

- + Higher spread income
- + Business growth
- + More favorable underwriting
- + Higher JV earnings



Note: See Appendix for segment results.

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

(2) Based on year-to-date 2021 after-tax Adjusted Operating Income and average Adjusted Book Value. See Appendix for more information. Adjusted Operating ROE excluding the gain on sale of Italian JV was 14%.

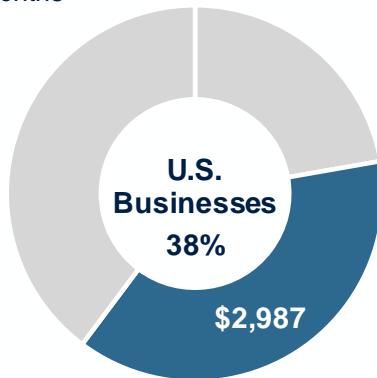


U.S. Businesses

Diversified Portfolio with Expanding Market Opportunities and Improving Risk Profile

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

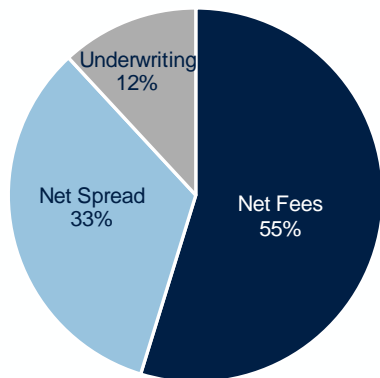


Key Priorities

- Create higher value, less market sensitive sources of earnings through product pivots and de-risking actions
- Deliver on savings commitments while transforming our capabilities to improve customer experiences
- Leverage the capabilities of Prudential and Assurance IQ to expand our addressable market

Diversified Sources of Earnings

Trailing twelve months⁽²⁾



Key Performance Indicators

- Continued success of Annuities FlexGuard product, representing 84% of 1Q21 sales
- Individual Life sales growth of 9% over prior year quarter driven by higher variable life sales
- Record account values in Retirement
- Strong persistency in Full Service and Group Insurance
- Assurance IQ revenue growth of 80% over prior year quarter
- On track to deliver targeted efficiencies

Note: See Appendix for segment results.

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

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

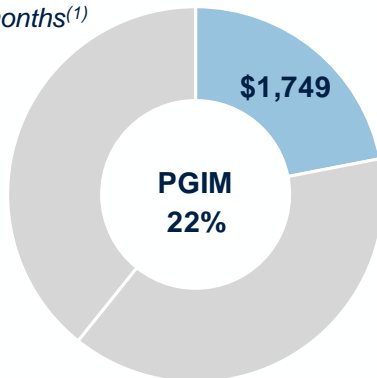


PGIM

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

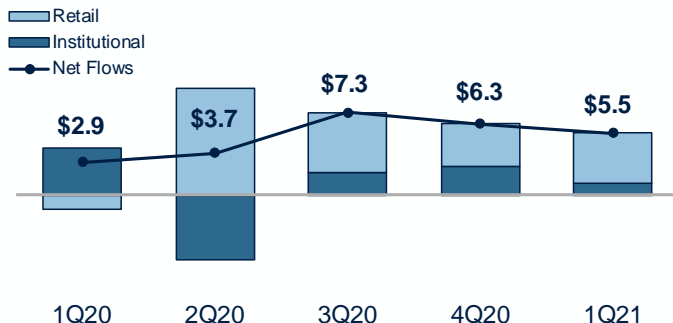
Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)



3rd Party Net Flows

(\$ billions)

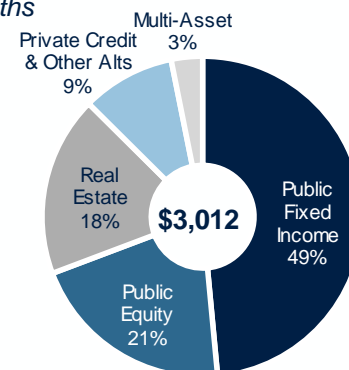


Key Priorities

- Maintain strong investment performance⁽²⁾
 - Percentage of AUM⁽³⁾ outperforming public benchmarks: 3 Year: 89%, 5 Year: 94%, 10 Year: 96%
- Capture synergies with broader Prudential enterprise and leverage scale to drive operating leverage
- Globalize the product and client footprint and continue to diversify into alternatives and other high margin areas
- Selectively acquire new capabilities through programmatic M&A opportunities

Asset Management Fees

Trailing twelve months
(\$ millions)



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

(2) PGIM calculations as of March 31, 2021 for \$845 billion of third-party AUM managed against public benchmarks. Past performance is not a guarantee or reliable indicator of future results. All investments involve risk, including the possible loss of capital. Performance is defined as outperformance (gross of fees) relative to each individual strategy's respective benchmark(s).

(3) Represents PGIM's benchmarked AUM (77% of total third-party AUM is benchmarked over 3 years, 70% over 5 years, and 47% over 10 years, respectively). This calculation does not include non-benchmarked assets (including general account assets and assets not managed by PGIM). Returns are calculated gross of investment management fees, which would reduce an investor's net return. Excess performance is based on all actively managed Fixed Income, Equity, and Real Estate AUM for Jennison Associates, PGIM Fixed Income, Quantitative Management Associates (QMA), PGIM Real Estate, PGIM Private Capital, and PGIM Global Partners.

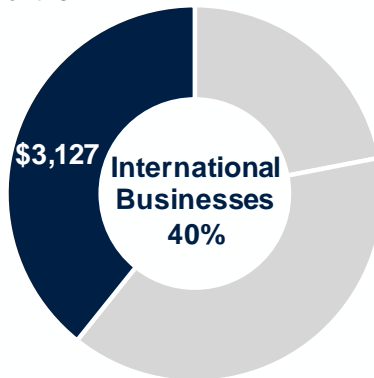


International Businesses

Market Leader in Japan with Expanding Presence in Growth Markets

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

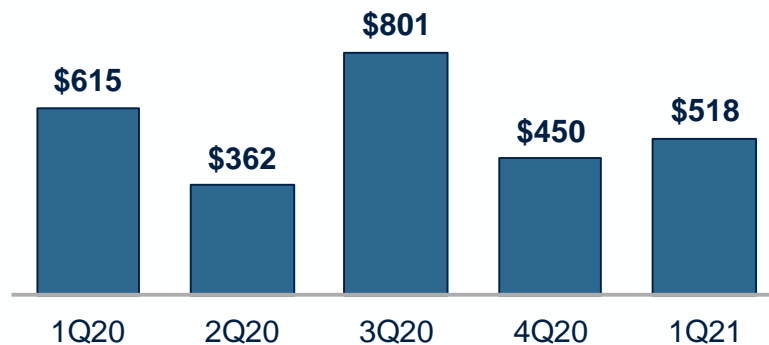


Key Priorities

- Continue to leverage our unique distribution model to capture market share and expand product offerings to meet customers' evolving needs
- Expand existing emerging market platforms including through selective programmatic M&A opportunities
- Optimize operating model and seek efficiencies

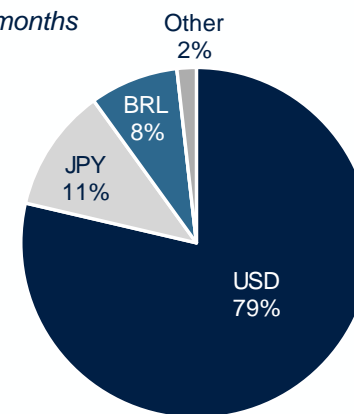
Sales⁽²⁾

(\$ millions)



Sales – Currency Mix⁽²⁾

Trailing twelve months



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

(2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 103 per USD and Brazilian Real (BRL) 4.1 per USD. USD-denominated activity is included based on the amounts as transacted in USD. Sales represented by annualized new business premiums.



Adjusted Operating Income & EPS Considerations

(\$ millions, except per share amounts)

		Adjusted Operating Income Pre-Tax	Adjusted Operating Income Per Share After-Tax
1Q21 Reported⁽¹⁾		\$2,088	\$4.11
Variable Investment Income	<ul style="list-style-type: none"> Assumes a normalized level 	(275)	(0.54)
Underwriting	<ul style="list-style-type: none"> 1Q21 normalized and 2Q21 adjusted for seasonal and estimated COVID-19 impacts 	160	0.31
Expenses & Other	<ul style="list-style-type: none"> Net earnings impacts from certain segments, including normalizing for the gain on sale of Italian JV 	(493)	(0.97)
Interest Rates⁽²⁾	<ul style="list-style-type: none"> 2Q21 quarterly reduction in net investment income from portfolio reinvestment 	(10)	(0.02)
2Q21 Baseline⁽³⁾		\$1,470	\$2.89

2Q21 baseline includes items specific to the second quarter that reduce EPS by \$0.08⁽⁴⁾

Note: See Appendix for segment detail.

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

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

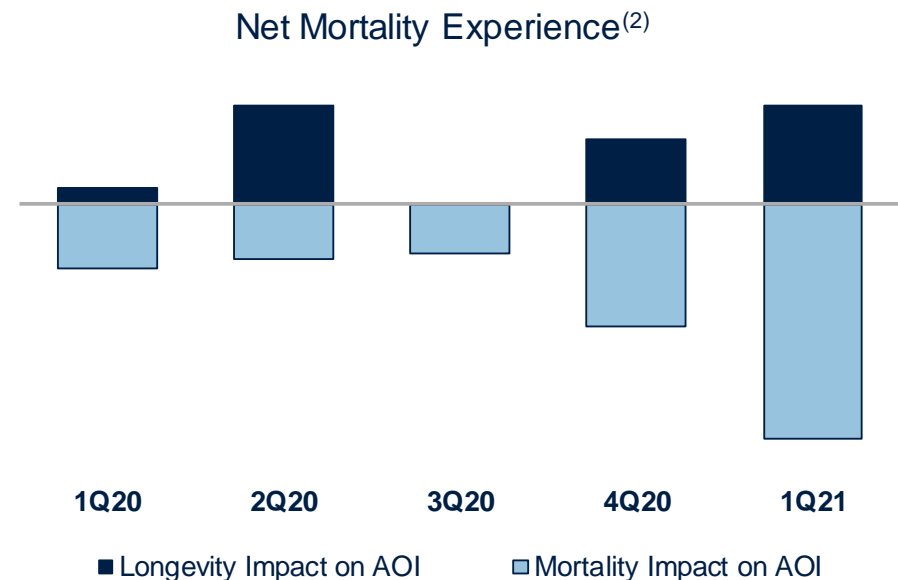
(3) EPS rollforward list of considerations not intended to be exhaustive and rollforward is not a projection of 2Q21 results. Does not consider future items such as share repurchases, business growth, and certain market impacts.

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



COVID-19 Potential Net Mortality Sensitivity

- Mitigating mortality risk with longevity risk
- Compared to general population, impacts are mitigated by our younger age distribution, lower insured mortality reflecting impact of underwriting, and offsets associated with longevity business
- For every incremental 100,000 U.S. fatalities⁽¹⁾:
 - May result in ~\$85 million in reduced earnings
 - Impact depends on factors such as infection and fatality rates, geographic concentration, the insured vs. general population mortality, the speed and effectiveness of the vaccine rollout, and U.K. fatalities



(1) Sensitivity includes the impact of U.K. fatalities using the U.S. fatalities as a proxy.

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



Robust Capital Position Supports Increased Shareholder Distributions

Capital Position

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

Sources of Funding

- Parent company highly liquid assets of \$5.4 billion⁽¹⁾
- Free cash flow⁽²⁾ ~65% of earnings over time

Off-Balance Sheet Resources

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

As of March 31, 2021.

- (1) Highly liquid assets predominantly include cash, short-term investments, U.S. Treasury securities, obligations of other U.S. government authorities and agencies, and/or foreign government bonds. This amount represents the highly liquid asset balance as of March 31, 2021, as well as the proceeds from the 1Q21 sale of Prudential's interest in Pramerica SGR that were received by PFI in April 2021.
- (2) Management view of free cash flow as a percentage of after-tax adjusted operating income includes dividends and returns of capital, net receipts from capital related intercompany loans, capital contributions to subsidiaries, and adjustments for M&A funding. Percentage is not intended to report results over any given time period.



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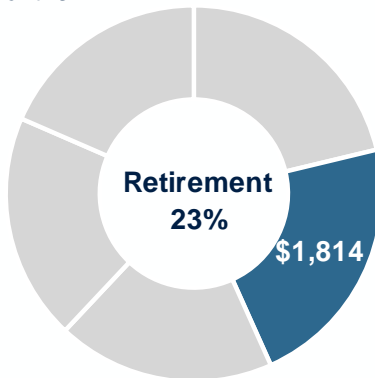
Appendix

Retirement

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

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

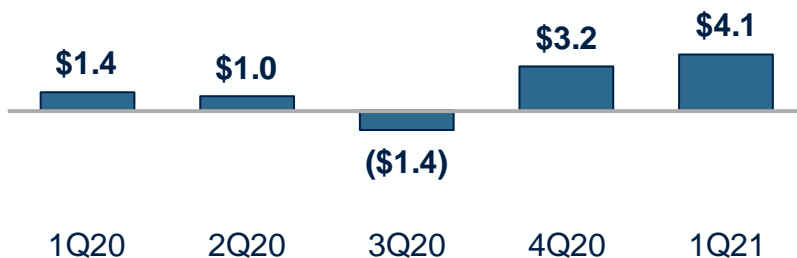


Key Priorities

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

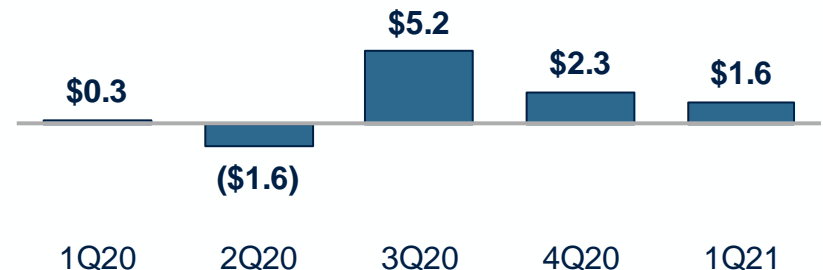
Institutional Investment Products Net Flows

(\$ billions)



Full Service Net Flows

(\$ billions)



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

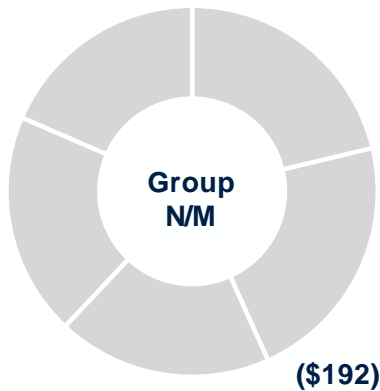


Group Insurance

Leading Group Benefits Provider with Opportunity to Further Diversify

Earnings Contribution to Prudential

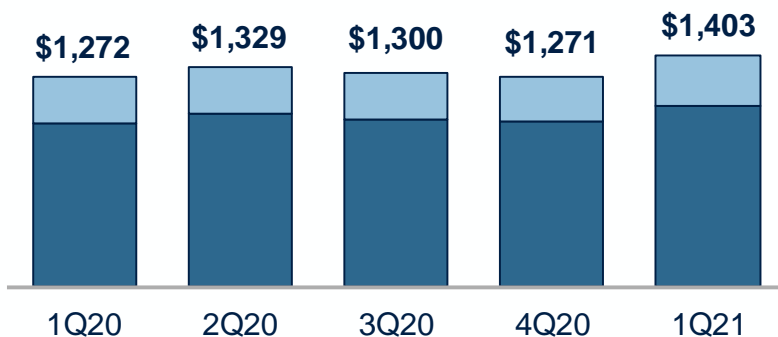
Trailing twelve months⁽¹⁾
(\$ millions)



Earned Premiums & Fees

(\$ millions)

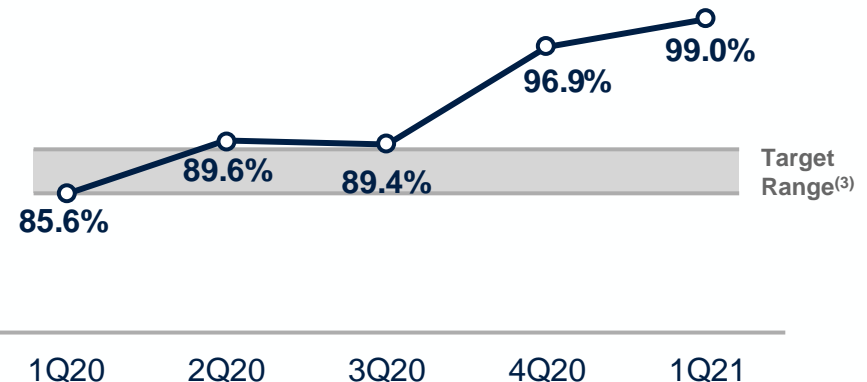
■ Group Life ■ Group Disability



Key Priorities

- Deepen employer and participant relationships with Financial Wellness programs
- Execute on diversification strategy while maintaining pricing discipline
 - Maintain National segment share (>5,000 lives) and grow both Premier segment (100 to 5,000 lives) and Association
 - Diversify further into Group Disability and Voluntary products
- Improve organizational and process efficiencies

Total Group Insurance Benefits Ratio⁽²⁾



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

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

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

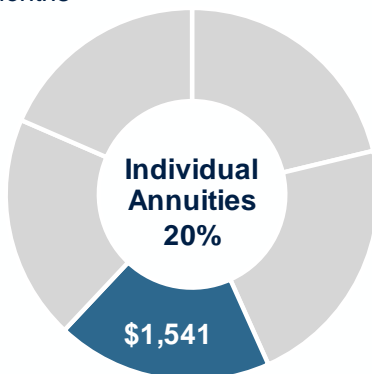


Individual Annuities

Creating Shareholder Value by Protecting Customer Outcomes

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

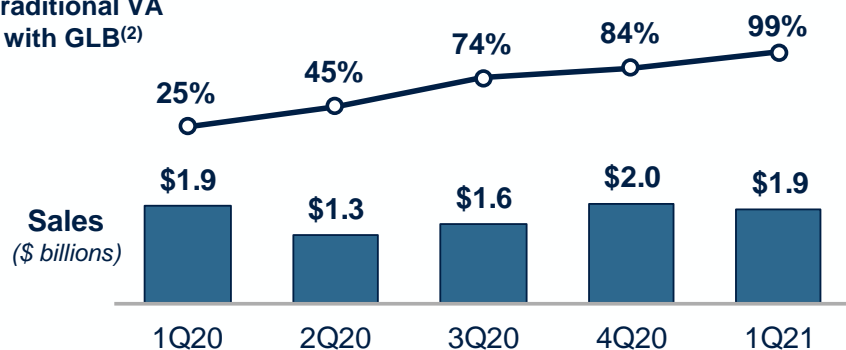


Key Priorities

- Deliver investment strategies and income solutions for growth and protection that create stakeholder value across all economic environments
- Transform the customer experience using technology to improve ease of doing business
- Broaden distribution, eliminating barriers to market adoption and expanding our reach through new platforms and new advisors

Sales

Sales ex.
Traditional VA
with GLB⁽²⁾



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

(\$ millions)



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

(2) Includes fixed annuities, our FlexGuard buffered annuity, and other variable annuities without guaranteed living benefits and excludes Highest Daily Suite and Prudential Defined Income.

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

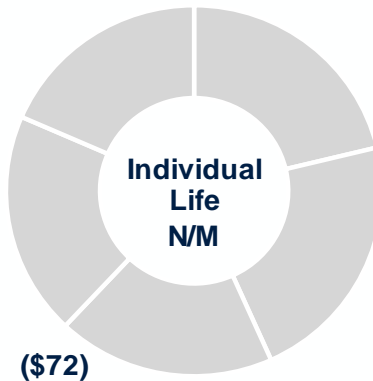


Individual Life

Broad Product Portfolio and Multi-Channel Distribution

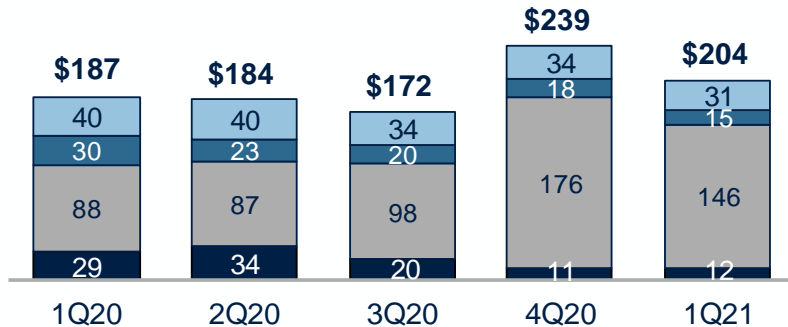
Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)



Sales⁽²⁾ – Product Mix

(\$ millions)



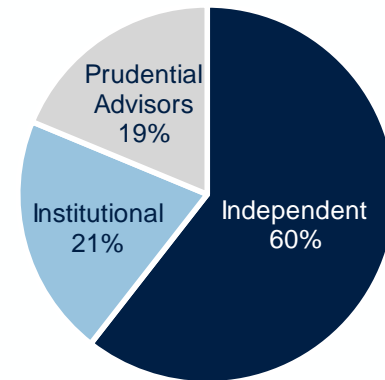
■ Guaranteed Universal Life ■ Variable Life ■ Other Universal Life ■ Term

Key Priorities

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

Sales⁽²⁾ – Distribution Mix

Trailing twelve months



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

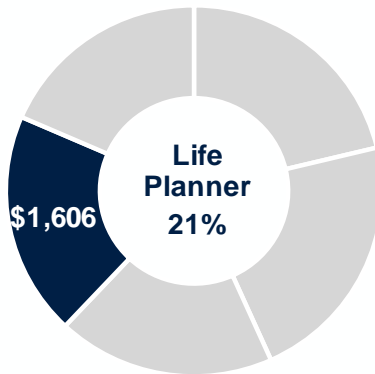


Life Planner

Highly Productive Proprietary Distribution with Steady Long-Term Growth Potential

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

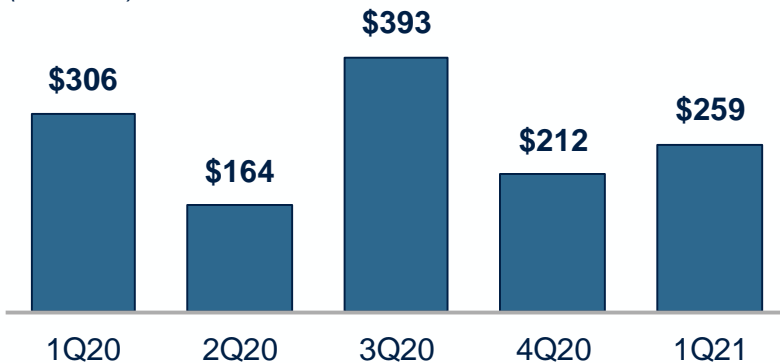


Key Priorities

- Lead with protection solutions and expand product offerings to meet customers' evolving needs
- Nurture and grow Life Planners
- Expand existing emerging market platforms including through selective programmatic M&A opportunities

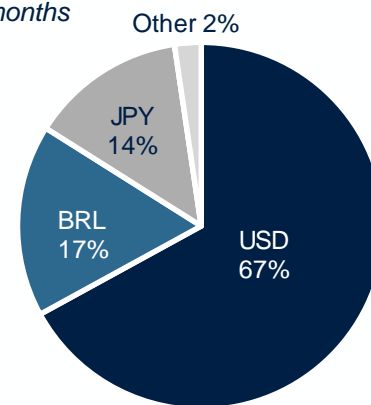
Sales⁽²⁾

(\$ millions)



Sales – Currency Mix⁽²⁾

Trailing twelve months



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

(2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 103 per USD and Brazilian Real (BRL) 4.1 per USD. USD-denominated activity is included based on the amounts as transacted in USD. Sales represented by annualized new business premiums.

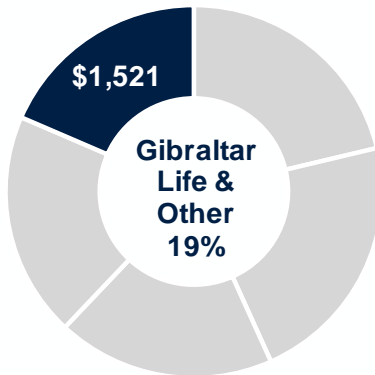


Gibraltar Life and Other

Meeting Client Needs Via Multiple Channels

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

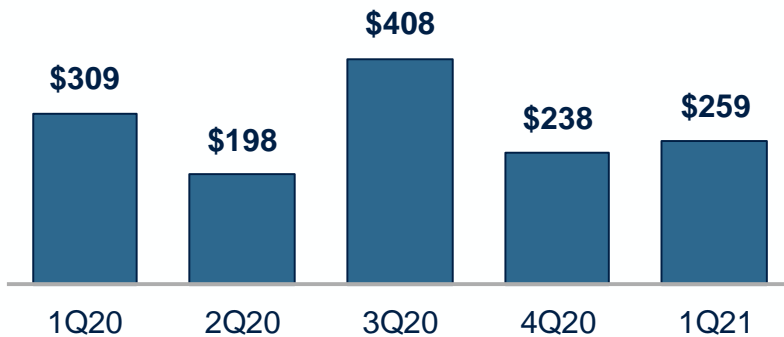


Key Priorities

- Lead with protection solutions and expand product offerings to meet customers' evolving needs
- Optimize Life Consultant force through quality and productivity
- Strategically expand in third-party channels
- Expand existing emerging market platforms including through selective programmatic M&A opportunities

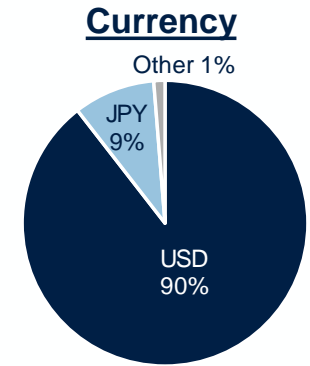
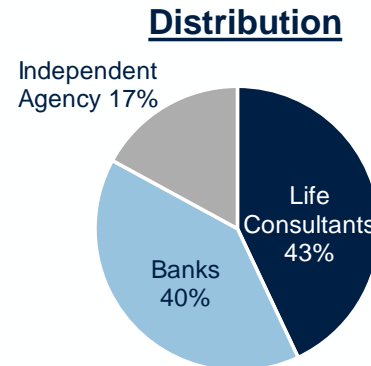
Sales⁽²⁾

(\$ millions)



Sales Mix⁽²⁾

Trailing twelve months



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

(2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 103 per USD. USD-denominated activity is included based on the amounts as transacted in USD. Sales represented by annualized new business premiums.



Adjusted Operating Income Rollforward by Business

(\$ millions, pre-tax)

	1Q21 Reported ⁽¹⁾	1Q21				2Q21				2Q21 Baseline ⁽⁸⁾
		VII	Underwriting	Expenses ⁽²⁾	Other ⁽³⁾	Underwriting ⁽⁴⁾	Expenses ⁽⁵⁾	Other ⁽⁶⁾	Interest Rates ⁽⁷⁾	
PGIM	\$651	-	-	25	(383)	-	-	-	-	\$293
Retirement	\$623	(180)	(165)	(5)	-	40	-	-	(5)	\$308
Group Insurance	(\$132)	(15)	185	5	-	(45)	-	-	-	(\$2)
Individual Annuities	\$444	(10)	-	-	-	-	-	-	-	\$434
Individual Life	(\$44)	(40)	175	(5)	-	(35)	-	-	(1)	\$50
Assurance IQ	(\$39)	-	-	10	-	-	-	-	-	(\$29)
Life Planner	\$464	(25)	-	-	(45)	(10)	-	(25)	(1)	\$358
Gibraltar Life & Other	\$407	-	15	(10)	(35)	-	5	(15)	(3)	\$364
Corporate & Other	(\$286)	(5)	-	(60)	-	-	45	-	-	(\$306)
Prudential Financial, Inc.	\$2,088	(\$275)	\$210	(\$40)	(\$463)	(\$50)	\$50	(\$40)	(\$10)	\$1,470

Items specific to the second quarter totaling (\$40 million) or (\$0.08)

- (1) See reconciliation for Adjusted Operating Income on slide 26.
- (2) Reflects higher/(lower) than typical expenses. PGIM and Corporate & Other also include long-term compensation expense for retiree eligible employees of \$40 million and \$30 million, respectively.
- (3) PGIM reflects a \$378 million one-time gain on sale of Italian JV and \$5 million of Other Related Revenues above a normalized quarterly level. Life Planner and Gibraltar Life & Other reflect seasonally higher premiums, favorable policyholder experience, and other one-time items.
- (4) Includes placeholder of 55,000 U.S. fatalities due to COVID-19.
- (5) Reflects lower than typical expenses. Corporate & Other full year 2021 loss is expected to be \$1.5 billion.
- (6) Reflects seasonally low annual premiums.
- (7) Impact of low interest rate environment may not be linear and may vary from indicated sensitivities at thresholds greater than those indicated.
- (8) EPS rollforward list of considerations not intended to be exhaustive and rollforward is not a projection of 2Q21 results. Does not consider future items such as share repurchases, business growth, and certain market impacts.



Seasonality of Key Financial Items

(\$ millions, pre-tax)	2Q21	3Q21	4Q21	1Q22
PGIM			Other Related Revenues tend to be higher driven by Incentive & Agency Fees	(\$40) Higher compensation expense ⁽¹⁾
Retirement	\$20 Higher reserve gains	(\$30) Lower reserve gains	(\$30) Lower reserve gains	\$40 Higher reserve gains
Individual Life		\$20 Highest underwriting gains		(\$30) Lowest underwriting gains
Assurance IQ			Higher revenue (annual Medicare enrollment)	
Life Planner	(\$25) Lowest premiums			\$25 Highest premiums
Gibraltar Life & Other	(\$15) Lowest premiums			\$15 Highest premiums
Corporate & Other			(\$75) Higher expenses ⁽²⁾	(\$30) Higher compensation expense ⁽¹⁾

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

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



Diverse Businesses Create Complementary Exposures to Mortality and Longevity

0.60%

Cumulative Net
Mortality⁽¹⁾ as % of AOI
(2013 – YTD 2021)

- Annual net mortality impact on AOI is minimal, ranging from (10.3%) to 2.8%
- Net mortality was a positive contributor to AOI in six out of last eight years

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



Forward-Looking Statements and Non-GAAP Measures

Certain of the statements included in this presentation, including those regarding our plans to transform our business over the next three years including our plan to reallocate capital and return money to shareholders, expected cost savings, becoming a higher growth and less market sensitive business, the funding of potential acquisitions, share repurchases, and those under the headings “Key Priorities”, “Adjusted Operating Income & EPS Considerations”, “COVID-19 Potential Net Mortality Sensitivity”, “Adjusted Operating Income Rollforward by Business”, and “Seasonality of Key Financial Items” constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as “expects”, “believes”, “anticipates”, “includes”, “plans”, “assumes”, “estimates”, “projects”, “intends”, “should”, “will”, “shall”, or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management’s current expectations and beliefs concerning future developments and their potential effects upon Prudential Financial, Inc. and its subsidiaries. Prudential Financial, Inc.’s actual results may differ, possibly materially, from expectations or estimates reflected in such forward-looking statements. Certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements can be found in the “Risk Factors” and “Forward-Looking Statements” sections included in Prudential Financial, Inc.’s Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. Our (i) plans to transform our business over the next three years including our plan to reallocate capital and return money to shareholders, expected cost savings, plans to become a higher growth and less market sensitive business, funding of potential acquisitions, share repurchases, “Key Priorities”, and “Adjusted Operating Income & EPS Considerations” are subject to the risk that we will be unable to execute our strategy, (ii) “Seasonality of Key Financial Items” is subject to the risk that different earnings and expense patterns will emerge, and (iii) “COVID-19 Potential Net Mortality Sensitivity” is subject to the risk that actual deaths, mortality/morbidity losses, and expenses will exceed, possibly materially, those indicated, in each case, because of economic, market or competitive conditions, or other factors, including the impact of the COVID-19 pandemic. Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in this presentation.

This presentation includes references to adjusted operating income, adjusted book value, and adjusted operating return on equity, which is based on adjusted operating income and adjusted book value. Consolidated adjusted operating income, adjusted book value, and adjusted operating return on equity are not calculated based on accounting principles generally accepted in the United States of America (GAAP). For additional information about adjusted operating income, adjusted book value, and adjusted operating return on equity and the comparable GAAP measures, including reconciliations between the comparable measures, please refer to our quarterly results news releases, which are available on our website at www.investor.prudential.com. Reconciliations are also included as part of this presentation.

Our 2Q21 earnings rollforward is based on adjusted operating income. Due to the inherent difficulty in reliably quantifying future realized investment gains/losses and changes in asset and liability values given their unknown timing and potential significance, we cannot, without unreasonable effort, provide rollforward based on income from continuing operations, which is the GAAP measure most comparable to adjusted operating income.

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



Reconciliations between Adjusted Operating Income and the Comparable GAAP Measure

(\$ millions)

	First Quarter	
	2021	2020
Net income (loss) attributable to Prudential Financial, Inc.	\$ 2,828	\$ (271)
Income (loss) attributable to noncontrolling interests	(24)	1
Net income (loss)	2,804	(270)
Less: Earnings attributable to noncontrolling interests	(24)	1
Income (loss) attributable to Prudential Financial, Inc.	2,828	(271)
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	50	9
Income (loss) (after-tax) before equity in earnings of operating joint ventures	2,778	(280)
Less: Reconciling Items:		
Realized investment gains (losses), net, and related charges and adjustments	1,025	(503)
Market experience updates	304	(938)
Divested and Run-off Businesses:		
Closed Block Division	34	(1)
Other Divested and Run-off Businesses	30	(69)
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(54)	(9)
Other adjustments ⁽¹⁾	(13)	45
Total reconciling items, before income taxes	1,326	(1,475)
Less: Income taxes, not applicable to adjusted operating income	213	(298)
Total reconciling items, after income taxes	1,113	(1,177)
After-tax adjusted operating income	1,665	897
Income taxes, applicable to adjusted operating income	423	240
Adjusted operating income before income taxes	<u>\$ 2,088</u>	<u>\$ 1,137</u>
Net Income Return on Equity	18.0%	-1.8%
Adjusted Operating Return on Equity ⁽²⁾	17.0%	8.9%

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

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



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

	First Quarter	
	2021	2020
Net income (loss) per share attributable to Prudential Financial, Inc.	\$ 6.98	\$ (0.70)
Less: Reconciling Items:		
Realized investment gains (losses), net, and related charges and adjustments	2.57	(1.26)
Market experience updates	0.76	(2.35)
Divested and Run-off Businesses:		
Closed Block Division	0.09	-
Other Divested and Run-off Businesses	0.08	(0.17)
Difference in earnings allocated to participating unvested share-based payment awards	(0.04)	0.02
Other adjustments ⁽¹⁾	(0.03)	0.11
Total reconciling items, before income taxes	3.43	(3.65)
Less: Income taxes, not applicable to adjusted operating income	0.56	(0.73)
Total reconciling items, after income taxes	2.87	(2.92)
After-tax adjusted operating income per share	\$ 4.11	\$ 2.22

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



Reconciliations between Adjusted Book Value and the Comparable GAAP Measure

(\$ millions, except per share data)

	<u>March 31, 2021</u>
GAAP book value	\$ 58,036
Less: Accumulated other comprehensive income (AOCI)	<u>19,219</u>
GAAP book value excluding AOCI	38,817
Less: Cumulative effect of remeasurement of foreign currency	<u>(1,388)</u>
Adjusted book value	<u><u>\$ 40,205</u></u>
 Number of diluted shares	 <u>400.1</u>
 GAAP book value per Common share - diluted	 \$ 145.05
GAAP book value excluding AOCI per Common share - diluted	\$ 97.02
Adjusted book value per Common share - diluted	\$ 100.49

