



PRUDENTIAL FINANCIAL, INC.

FIRST QUARTER 2018
EARNINGS CONFERENCE CALL PRESENTATION

MAY 3, 2018



FIRST QUARTER FINANCIAL HIGHLIGHTS⁽¹⁾



	First Quarter	
	2018	2017
Pre-Tax Adjusted Operating Income (AOI)		
Reported	\$ 1,721	\$ 1,660
Market driven and discrete items ⁽²⁾	16	19
Excluding market driven and discrete items	\$ 1,705	\$ 1,641

Earnings Per Share (EPS)		
Reported	\$ 3.08	\$ 2.79
Market driven and discrete items ⁽²⁾	0.03	0.03
Excluding market driven and discrete items	\$ 3.05	\$ 2.76

Net Income		
Reported	\$ 1,363	\$ 1,369

	March 31, 2018	December 31, 2017
Book Value Per Share of Common Stock⁽³⁾		
Reported (including Accumulated Other Comprehensive Income, "AOCI")	\$ 120.99	\$ 125.63
Adjusted⁽⁴⁾	\$ 93.55	\$ 88.67

	Year to Date March 31, 2018	2017
Operating Return on Average Equity⁽⁴⁾⁽⁵⁾		
Reported	13.7%	14.1%
Excluding impact of market driven and discrete items on AOI	13.6%	14.0%

1) Dollar amounts in millions except per share amounts. Per share amounts on diluted basis.

2) Market driven and discrete items consist of quarterly market unlockings and experience true-ups in the Individual Annuities business; based on application of 21% tax rate in 2018 and 35% tax rate in 2017 for purposes of EPS calculation.

3) See reconciliation on page 22.

4) Prior period amounts have been revised as a result of the elimination of Gibraltar Life's one-month reporting lag.

5) Based on after-tax AOI and average adjusted book value.

FIRST QUARTER NON-AOI ITEMS



	First Quarter	
	2018	2017
Pre-tax realized investment gains (losses), net, and related charges and adjustments included in net income:		
Product related embedded derivatives or guarantees and associated hedging activities	\$ 340	\$ 48
General investment portfolio and related activities ⁽¹⁾	28	180
Impairments and credit losses	(35)	(19)
Risk management activities including changes in market value of derivatives used in asset/liability duration management	(269)	(171)
Subtotal	\$ 64	\$ 38
Other Non-AOI pre-tax items:		
Results of divested businesses	(81)	40
Other ⁽²⁾	15	32
Subtotal	\$ (66)	\$ 72
Total Non-AOI items⁽³⁾	\$ (2)	\$ 110

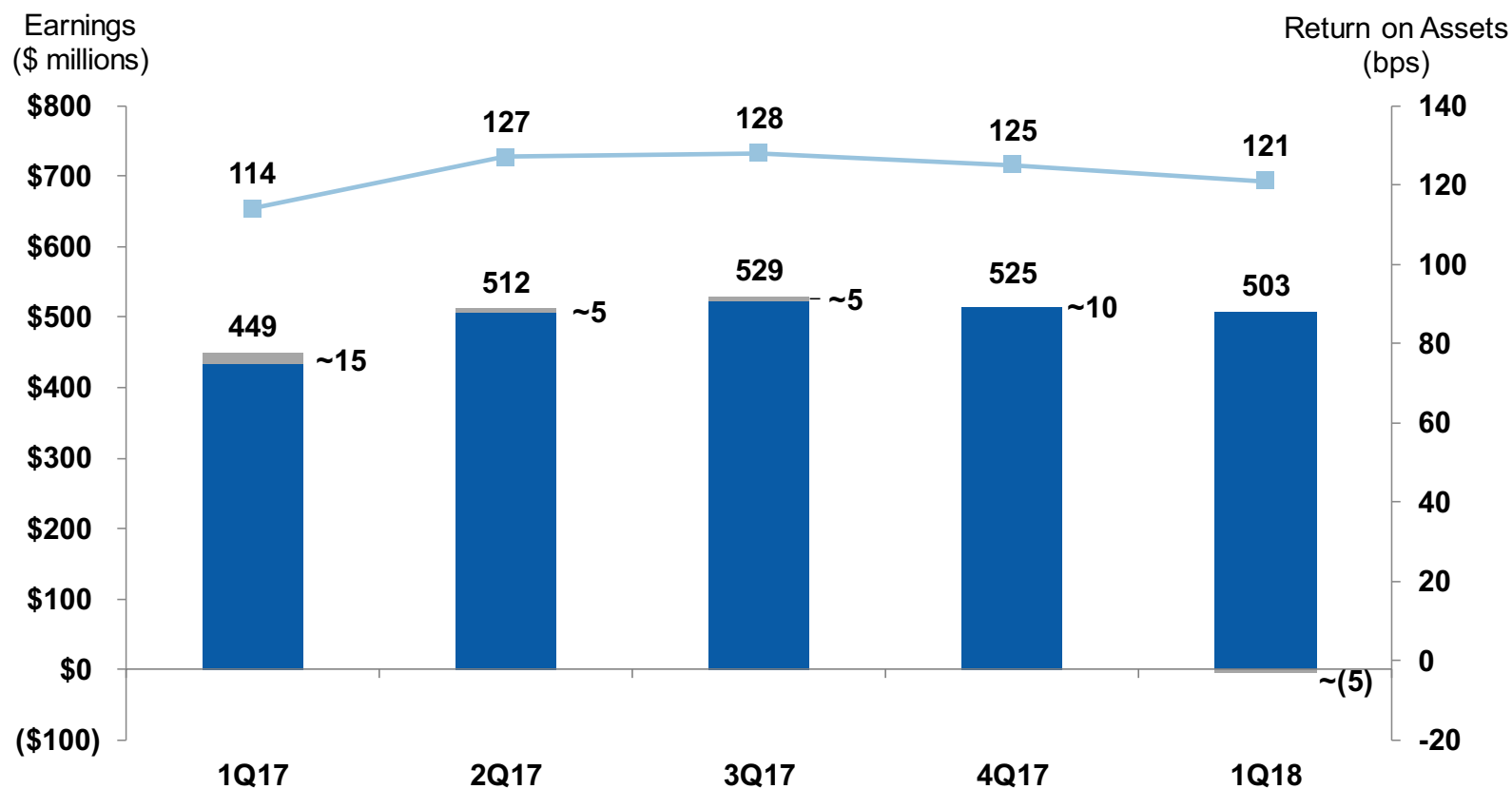
1) Includes amounts for foreign currency exchange rate remeasurement.

2) Includes changes in recorded asset values and liabilities representing changes in value which are expected to ultimately accrue to contractholders, primarily from mark to market adjustments. Excludes pre-tax reconciling items between AOI and U.S. GAAP for equity in earnings of operating joint ventures and earnings attributable to non-controlling interests.

3) See earnings release tables for related tax effect.

U.S. INDIVIDUAL SOLUTIONS – INDIVIDUAL ANNUITIES

EARNINGS TREND⁽¹⁾ AND RETURN ON ASSETS



Average Account Values (\$ billions)

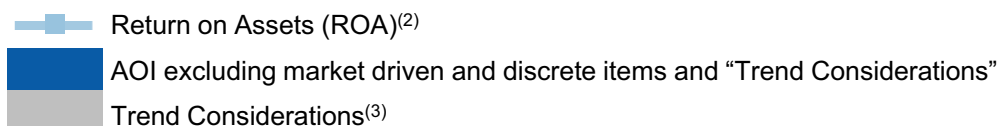
\$159

\$162

\$164

\$167

\$168



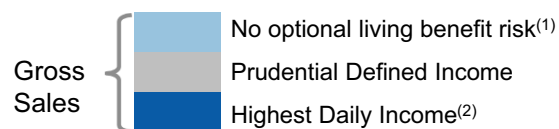
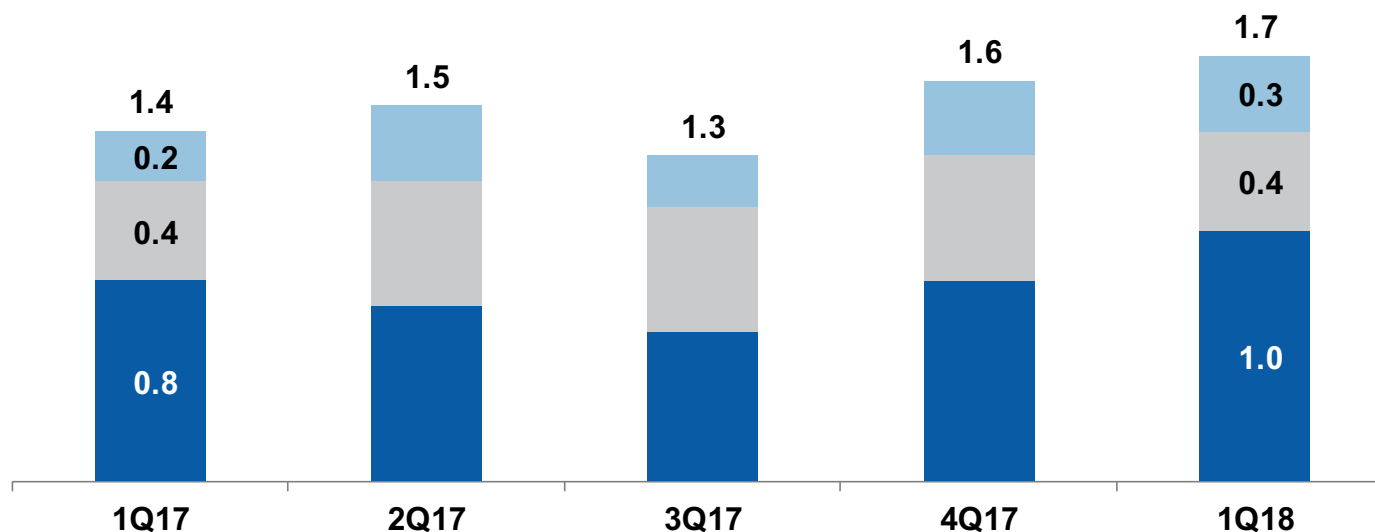
- 1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 23.
- 2) Annualized pre-tax AOI excluding market driven and discrete items divided by average account values based on daily averages for separate accounts.
- 3) Trend considerations do not include seasonality impacts or quarterly expense patterns as described on page 20.

U.S. INDIVIDUAL SOLUTIONS – INDIVIDUAL ANNUITIES SALES AND PRODUCT MIX



Gross Sales

(\$ billions)



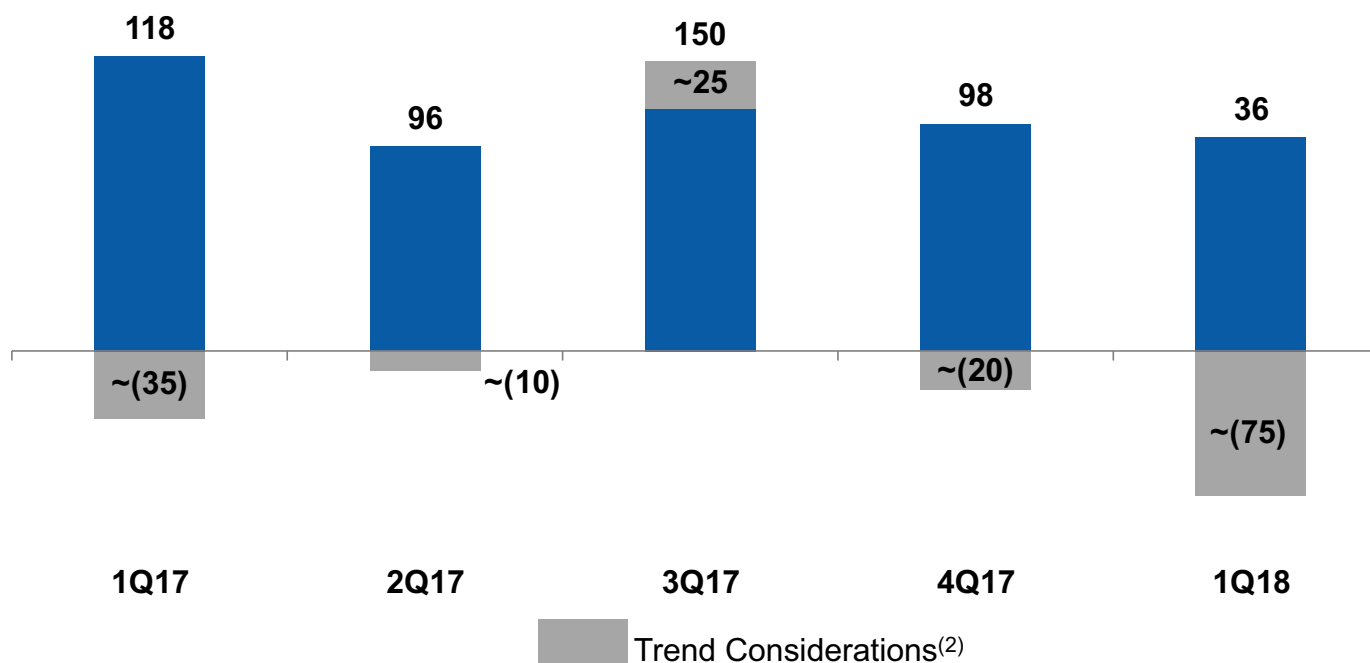
1) Includes Prudential Premier Investment contracts, Legacy Protection Plus (LPP) death benefits, and other annuities without optional living benefit guarantees.

2) Includes predecessor product optional living benefits.

U.S. INDIVIDUAL SOLUTIONS – INDIVIDUAL LIFE EARNINGS TREND⁽¹⁾



(\$ millions)



1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 23.

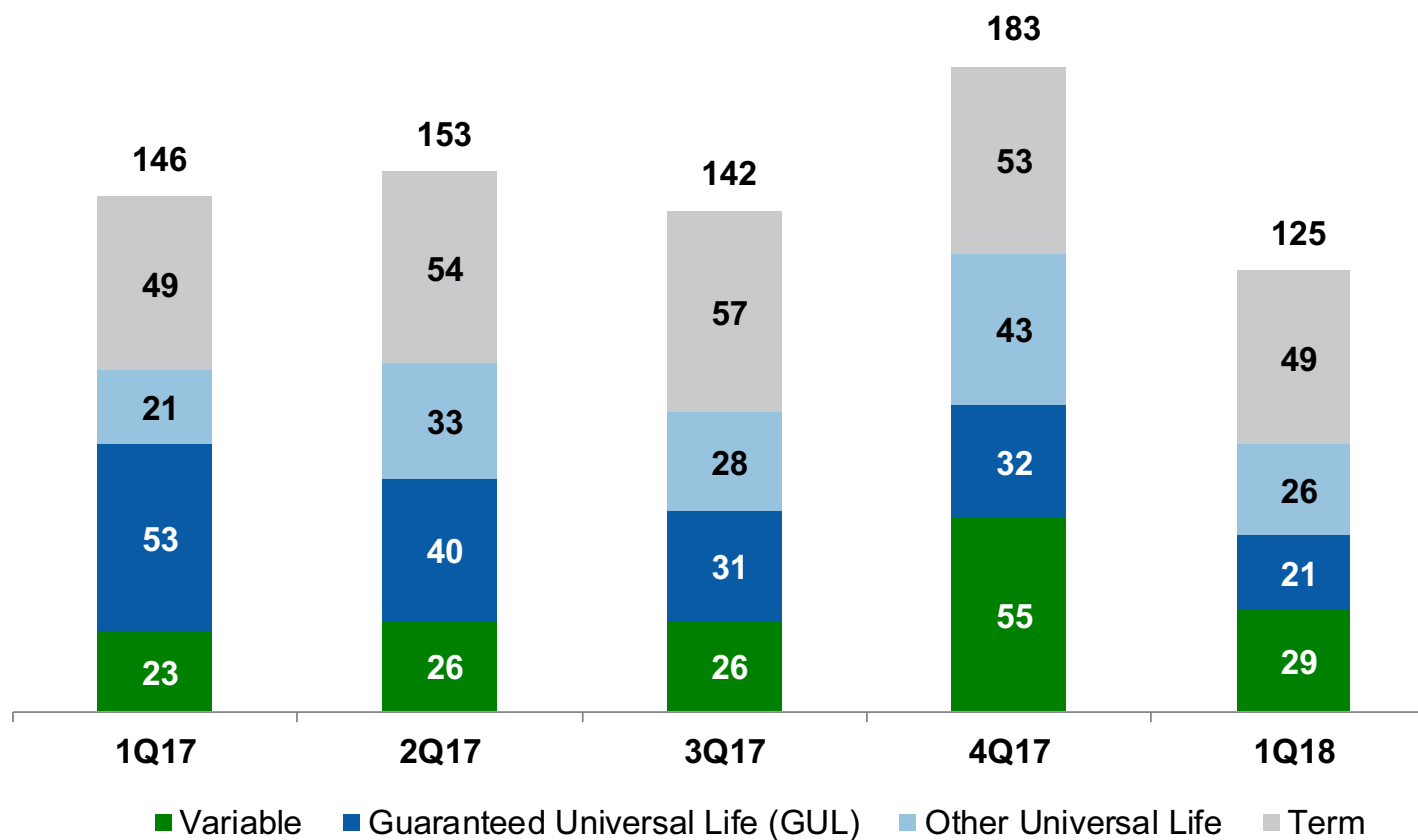
2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 20.

U.S. INDIVIDUAL SOLUTIONS – INDIVIDUAL LIFE SALES



Annualized New Business Premiums

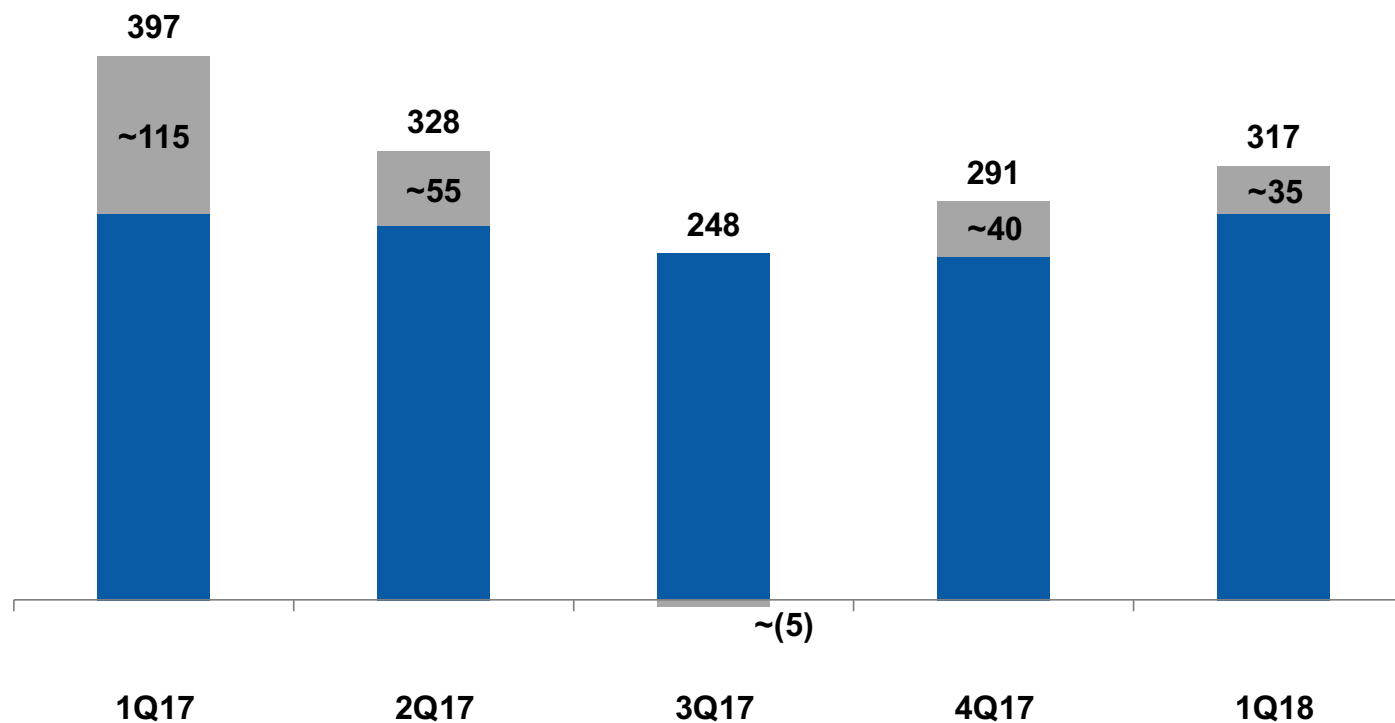
(\$ millions)



U.S. WORKPLACE SOLUTIONS – RETIREMENT EARNINGS TREND⁽¹⁾



(\$ millions)



 Trend Considerations⁽²⁾

1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 23.

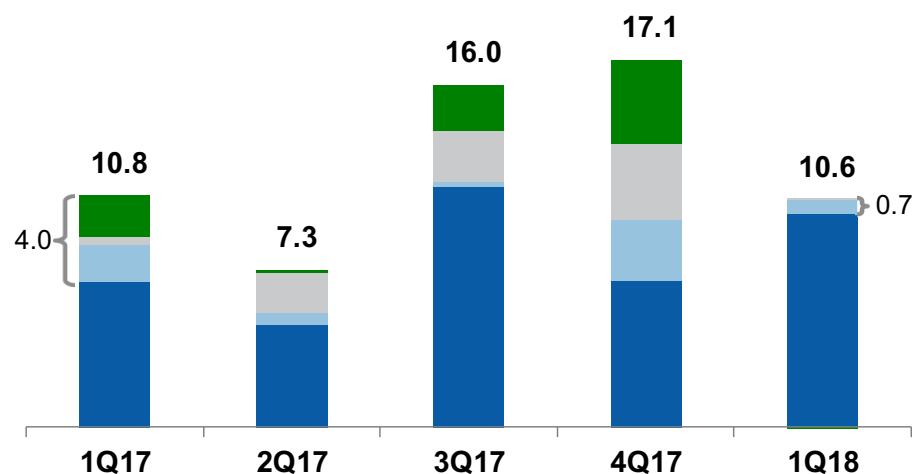
2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 20.

U.S. WORKPLACE SOLUTIONS – RETIREMENT SALES AND ACCOUNT VALUES



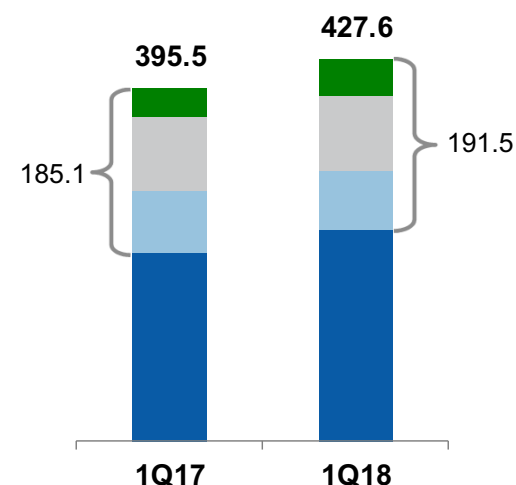
Gross Sales and Deposits

(\$ billions)

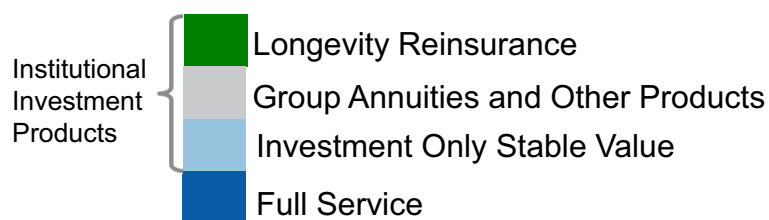


Account Values⁽¹⁾

(\$ billions)

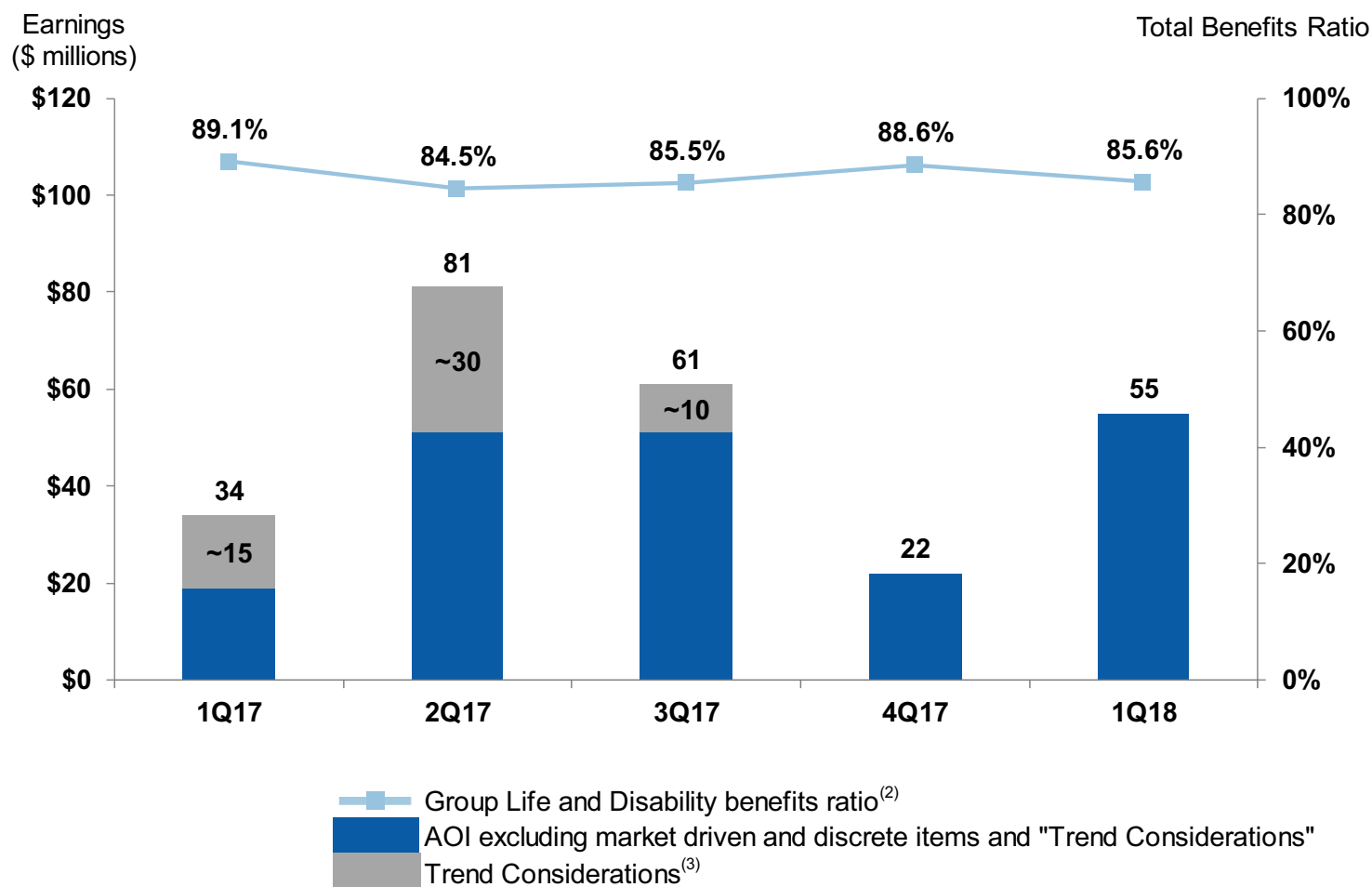


Net Flows (\$ billions)	(\$0.2)	(\$2.6)	\$7.3	\$4.5	(\$2.4)
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1) As of end of period.

U.S. WORKPLACE SOLUTIONS – GROUP INSURANCE EARNINGS TREND⁽¹⁾ AND BENEFITS RATIOS



1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 23.

2) Benefits ratios excluding impact of market driven and discrete items as disclosed on page 23.

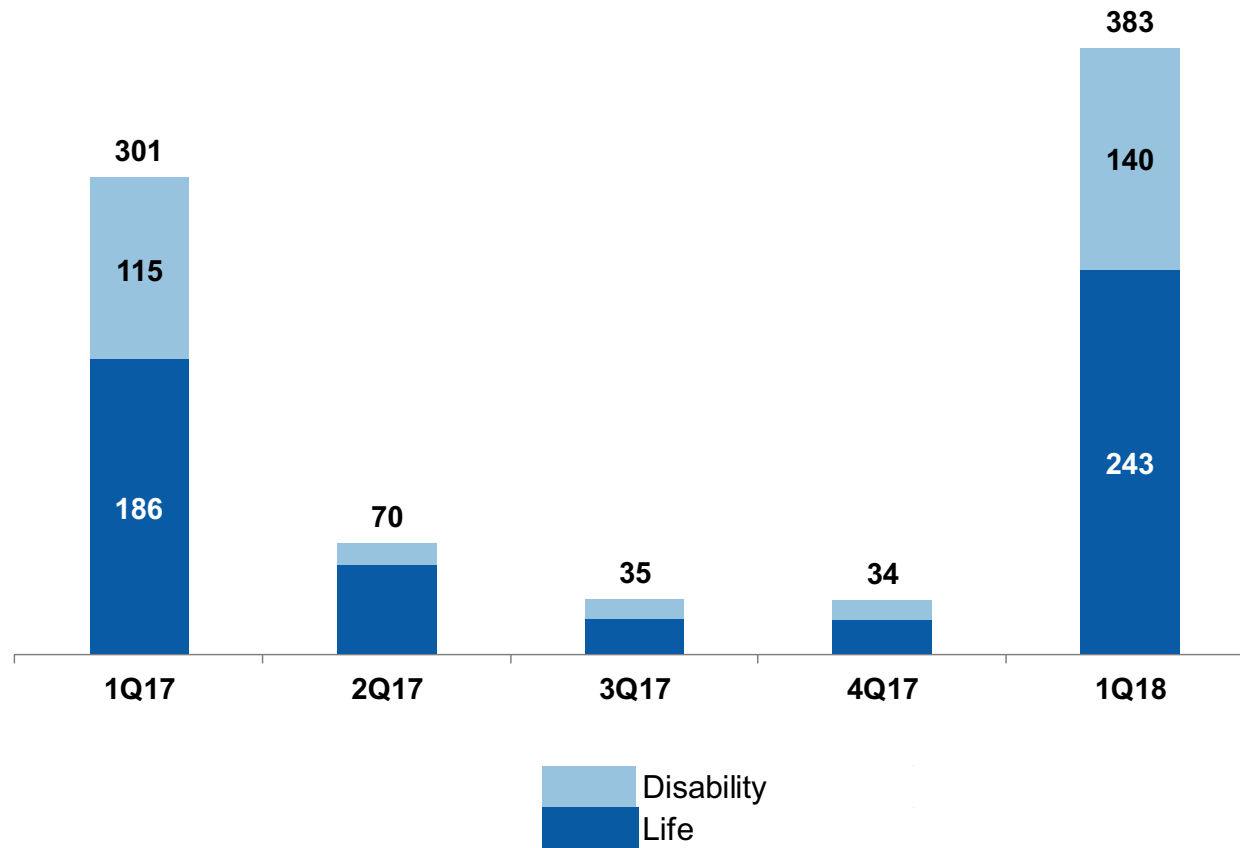
3) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 20.

U.S. WORKPLACE SOLUTIONS – GROUP INSURANCE SALES

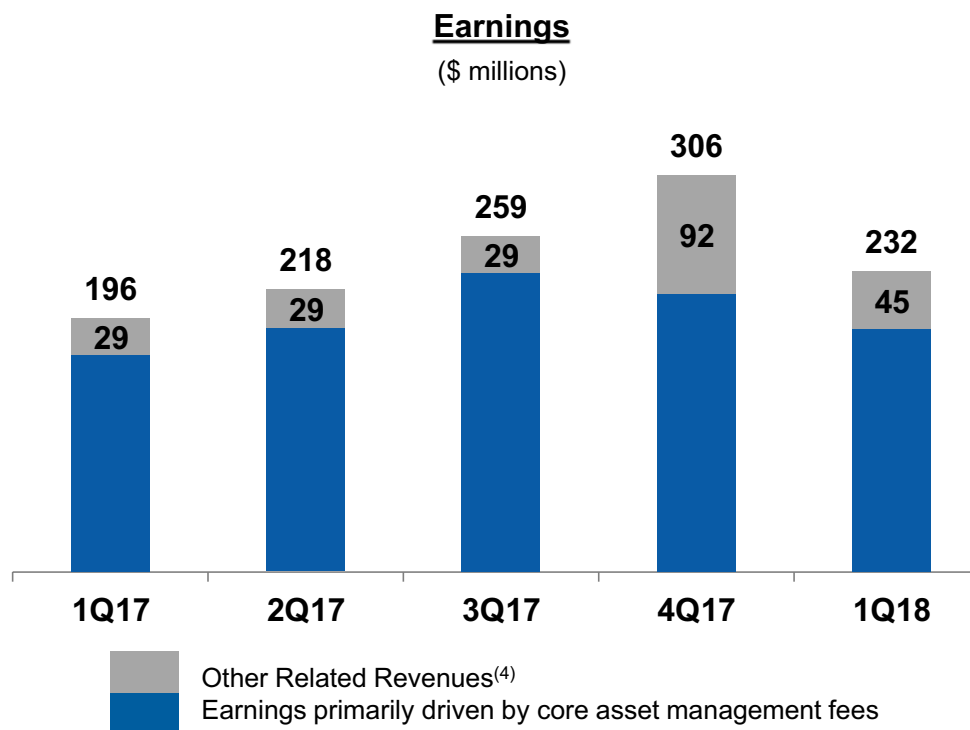
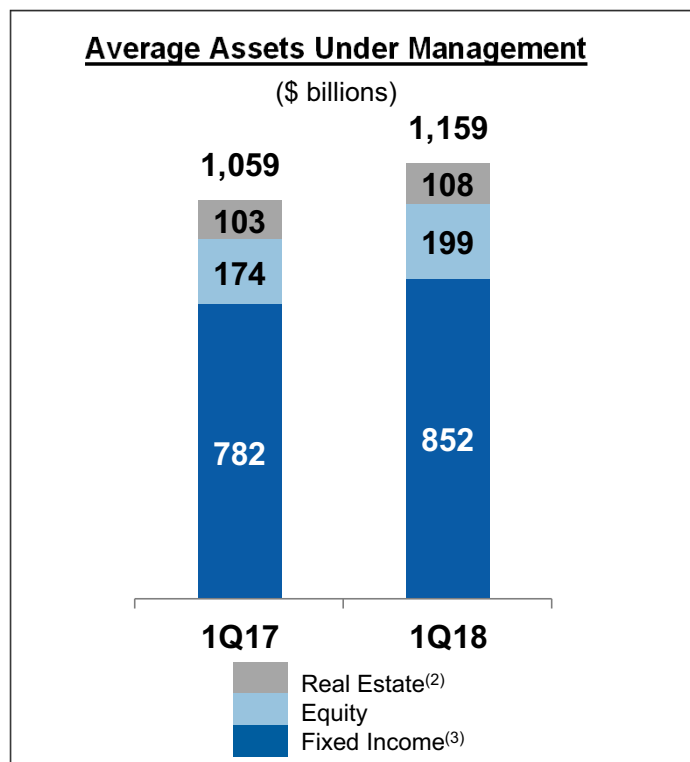


Annualized New Business Premiums

(\$ millions)



INVESTMENT MANAGEMENT – EARNINGS TREND⁽¹⁾ AND KEY BUSINESS DRIVERS

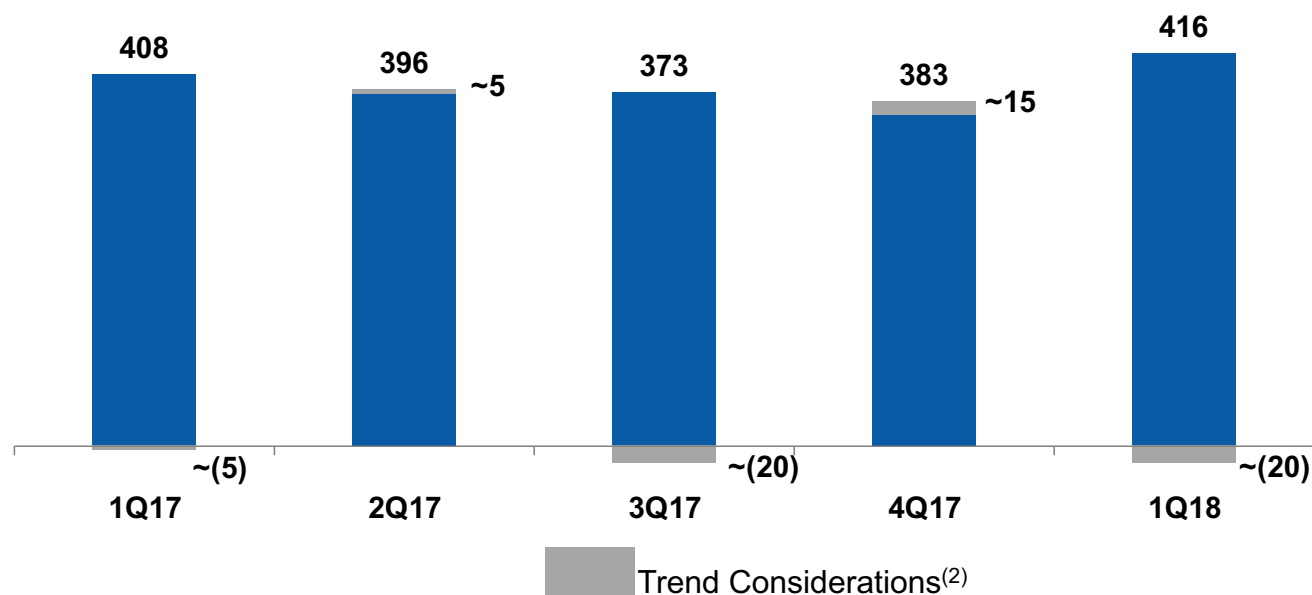


- 1) Pre-tax AOI.
- 2) Includes real estate related assets managed by PGIM.
- 3) Includes International Investments.
- 4) Earnings contribution from incentive, transaction, strategic investing and commercial mortgage activities, net of expenses.

INTERNATIONAL INSURANCE DIVISION – LIFE PLANNER OPERATIONS – EARNINGS TREND⁽¹⁾



(\$ millions)



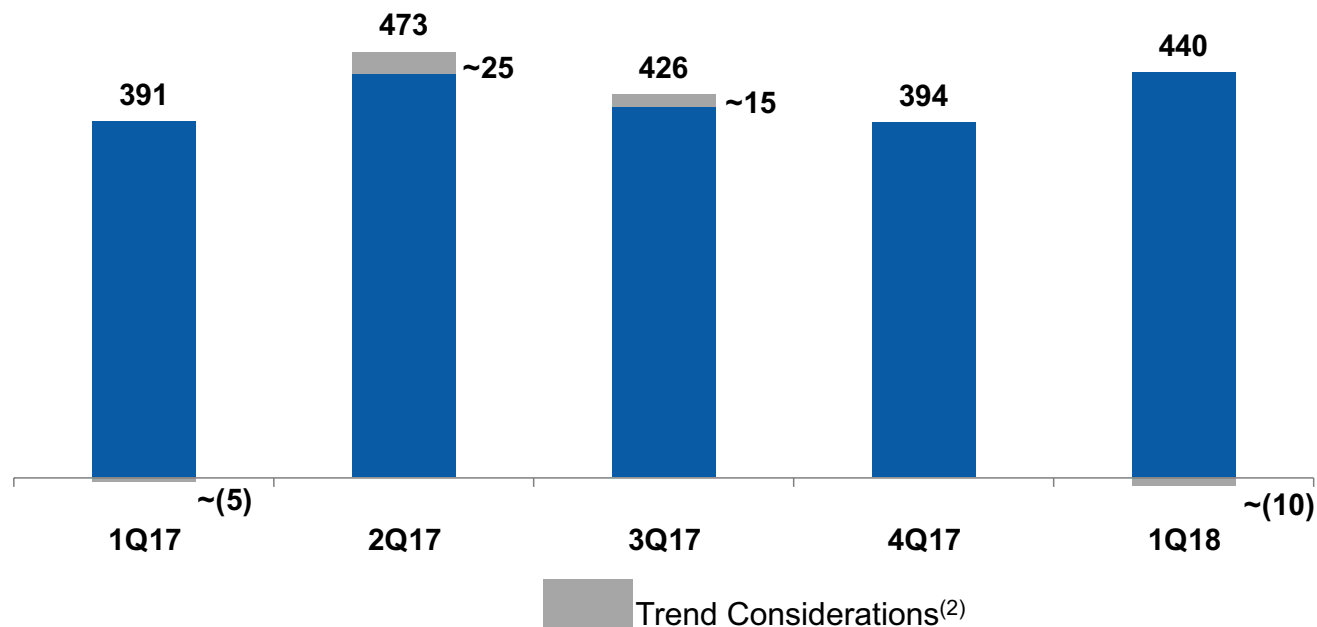
1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 24.

2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 20.

INTERNATIONAL INSURANCE DIVISION – GIBRALTAR LIFE & OTHER OPERATIONS – EARNINGS TREND⁽¹⁾



(\$ millions)



1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 24.

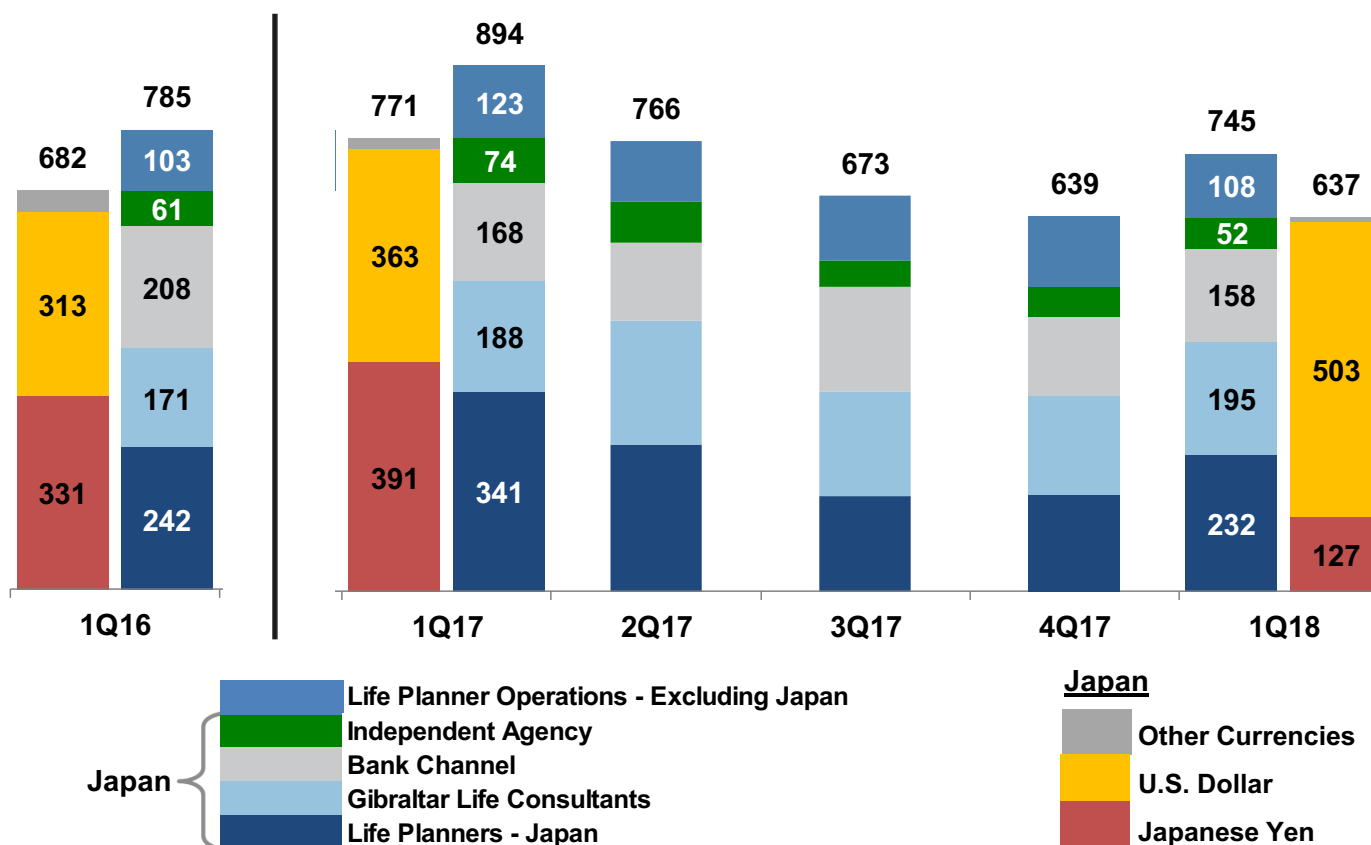
2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 20.

INTERNATIONAL INSURANCE DIVISION – SALES⁽¹⁾



Annualized New Business Premiums⁽¹⁾

(\$ millions)

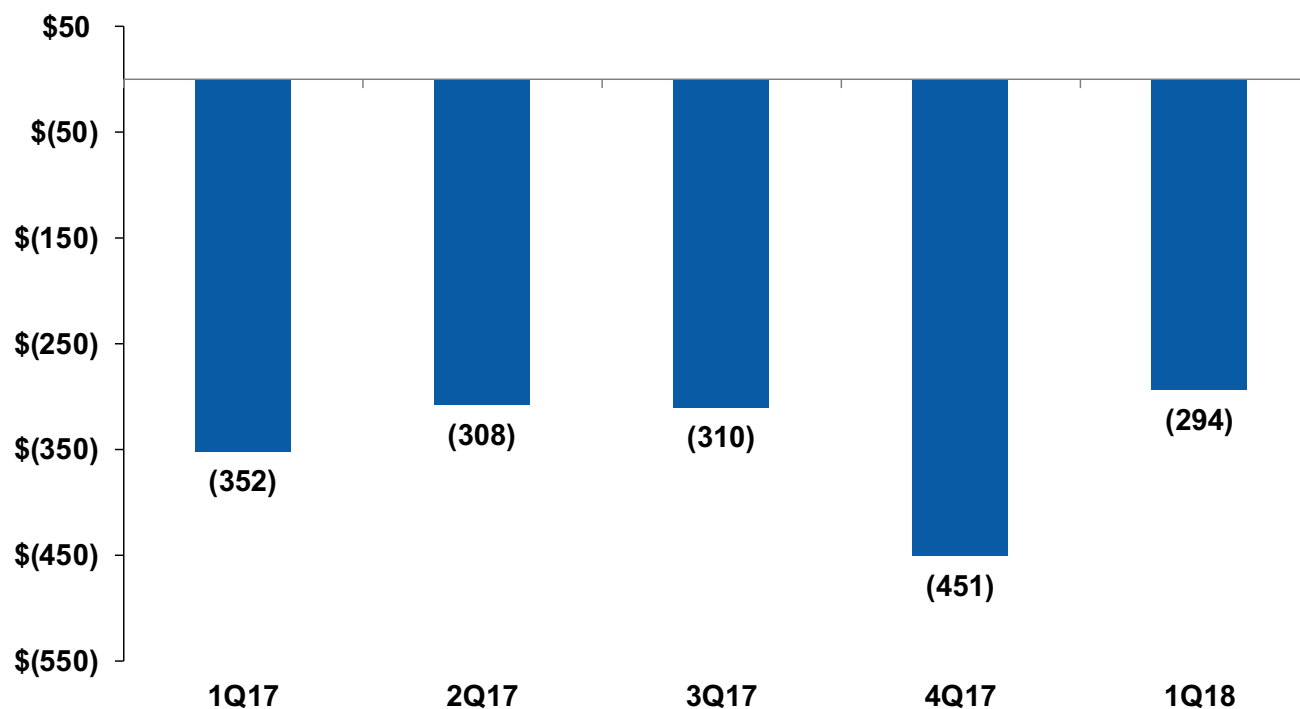


1) Prior period sales amounts have been revised as a result of the elimination of Gibraltar Life's one-month reporting lag. Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 111 per U.S. dollar, and Korean won 1,150 per U.S. dollar. U.S. dollar-denominated activity is included based on the amounts as transacted in U.S. dollars.

CORPORATE & OTHER OPERATIONS – RESULTS TREND⁽¹⁾



(\$ millions)



1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 24.

LIQUIDITY, LEVERAGE AND CAPITAL



Liquidity Position ⁽¹⁾	• Parent company highly liquid assets, \$5.1 billion⁽²⁾
Leverage ⁽¹⁾	• Financial leverage ratio within our 25% target⁽³⁾ • Total leverage ratio within our 40% target⁽³⁾
Capital Deployment Highlights	• Quarterly common stock dividends, \$387 million • Share repurchase, \$375 million

Risk Based Capital Ratios (RBC) ⁽⁴⁾	December 31, 2017	Solvency Margin Ratios ⁽⁷⁾	December 31, 2017
Prudential Insurance	410%	Prudential of Japan	919%
PALAC ⁽⁵⁾	1034%	Gibraltar Life	965%
Composite Major U.S. Insurance Subsidiaries ⁽⁶⁾	529%		

1) Liquidity position and leverage ratios as of March 31, 2018.

2) Highly liquid assets predominantly include cash, short-term investments, U.S. Treasury securities, obligations of other U.S. government authorities and agencies, and/or foreign government bonds.

3) Financial leverage ratio represents capital debt divided by sum of capital debt and equity. Junior subordinated debt treated as 25% equity, 75% capital debt for purposes of calculation. Total leverage ratio represents total debt excluding non-recourse debt divided by sum of total such debt and equity. Equity in each calculation excludes non-controlling interest, AOCI (except for pension and postretirement unrecognized costs), impact of foreign currency exchange rate remeasurement.

4) The inclusion of RBC measures is intended solely for the information of investors and is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities. Indicated target is for purposes of evaluating on balance sheet capital capacity.

5) Prudential Annuities Life Assurance Corporation.

6) Includes Prudential Insurance and its subsidiaries (Pruco Life of Arizona, Pruco Life of New Jersey, Prudential Legacy Insurance Co., Prudential Retirement Insurance and Annuity Co.) and PALAC. Composite RBC is not reported to regulators and is based on summation of total adjusted capital and risk charges for the included companies as determined under statutory accounting and RBC guidance to calculate a composite numerator and denominator, respectively, for purposes of calculating the composite ratio.

7) Based on Japanese statutory accounting and risk measurement standards applicable to regulatory filings. On a consolidated basis.



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QUESTIONS AND ANSWERS

MAY 3, 2018



FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES



Certain of the statements included in this presentation 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. Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in this presentation.

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

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

TREND CONSIDERATIONS



“Trend considerations” represent the approximate impact on results attributable to variances from the Company’s long-term average expectations for the items described below and for the period indicated. These items, where significant, are individually identified for the respective periods in the Company’s earnings releases, available at www.investor.prudential.com. Trend considerations for the reporting periods shown herein include variances as applicable, for the following items, organized by business unit:

- *Individual Annuities*: earnings from non-coupon investments and prepayment fees;
- *Individual Life*: claims experience (including mortality, reserve updates and related amortization), earnings from non-coupon investments and prepayment fees, and updates and refinements of reserves and related items;
- *Retirement*: earnings from non-coupon investments and prepayment fees, and case experience;
- *Group Insurance*: earnings from non-coupon investments and prepayment fees, claims experience, and reserve and premium refinements;
- *Life Planner Operations*: earnings from non-coupon investments and prepayment fees, claims experience and higher than typical expenses where significant; and
- *Gibraltar Life & Other Operations*: earnings from non-coupon investments and prepayment fees, and claims experience.

The Company chooses to highlight the impact of these items because it believes their contribution to results in a given period may not be indicative of future performance. These trend considerations do not include seasonality impacts or quarterly expense patterns and may not encompass all items that could affect earnings trends. Average expectations used for comparison herein are those in effect for the respective periods shown at the time of original reporting and are not adjusted for subsequent changes in the Company’s expectations.

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	
	2018	2017
Net income attributable to Prudential Financial, Inc.	\$ 1,363	\$ 1,369
Income attributable to noncontrolling interests	1	3
Net income	1,364	1,372
Less: Earnings attributable to noncontrolling interests	1	3
Income attributable to Prudential Financial, Inc.	1,363	1,369
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	22	22
Income (after-tax) before equity in earnings of operating joint ventures	1,341	1,347
Less: Reconciling Items:		
Realized investment gains, net, and related charges and adjustments	64	38
Investment gains on assets supporting experience rated contract holders liabilities, net	(403)	44
Change in experience-rated contractholder liabilities due to asset value changes	418	(12)
Divested businesses:		
Closed Block division	(9)	34
Other divested businesses	(72)	6
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(26)	(28)
Total reconciling items, before income taxes	(28)	82
Less: Income taxes, not applicable to adjusted operating income	(29)	(28)
Total reconciling items, after income taxes	1	110
After-tax adjusted operating income	1,340	1,237
Income taxes, applicable to adjusted operating income	381	423
Adjusted operating income before income taxes	\$ 1,721	\$ 1,660

RECONCILIATIONS BETWEEN ADJUSTED BOOK VALUE AND THE COMPARABLE GAAP MEASURE⁽¹⁾



(\$ millions, except per share data)

	March 31, 2018	December 31, 2017
GAAP book value	\$ 51,830	\$ 54,236
Less: Accumulated other comprehensive income (AOCI)	14,761	17,074
GAAP book value excluding AOCI	37,069	37,162
Less: Cumulative effect of remeasurement of foreign currency and certain deferred taxes ⁽²⁾	(2,892)	(969)
Adjusted book value	39,961	38,131
Number of diluted shares	432.5	435.7
GAAP book value per Common share - diluted ⁽³⁾	120.99	125.63
GAAP book value excluding AOCI per Common share - diluted ⁽³⁾	86.86	86.44
Adjusted book value per Common share - diluted ⁽³⁾	93.55	88.67

1) Prior period amounts have been revised resulting from elimination of Gibraltar Life's one-month reporting lag.

2) 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 the enactment of the Tax Cuts and Jobs Act on December 22, 2017.

3) As of the first quarter of 2018 and 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).

RECONCILIATIONS FOR PRE-TAX ADJUSTED OPERATING INCOME EXCLUDING MARKET DRIVEN AND DISCRETE ITEMS



(\$ millions)

	1Q17	2Q17	3Q17	4Q17	1Q18
Individual Annuities pre-tax AOI	\$ 468	\$ 612	\$ 577	\$ 541	\$ 519
Reconciling items:					
Market unlockings and experience true-ups ⁽¹⁾	19	54	48	16	16
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	46	-	-	-
Subtotal	19	100	48	16	16
Individual Annuities pre-tax AOI excluding market driven and discrete items	\$ 449	\$ 512	\$ 529	\$ 525	\$ 503
Individual Life pre-tax AOI	\$ 118	\$ (557)	\$ 150	\$ 98	\$ 36
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	(653)	-	-	-
Subtotal	-	(653)	-	-	-
Individual Life pre tax AOI excluding market driven and discrete items	\$ 118	\$ 96	\$ 150	\$ 98	\$ 36
Retirement pre-tax AOI	\$ 397	\$ 308	\$ 248	\$ 291	\$ 317
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	(20)	-	-	-
Costs relating to legal matters	-	-	-	-	-
Subtotal	-	(20)	-	-	-
Retirement pre-tax AOI excluding market driven and discrete items	\$ 397	\$ 328	\$ 248	\$ 291	\$ 317
Group Insurance pre-tax AOI	\$ 34	\$ 136	\$ 61	\$ 22	\$ 55
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	55	-	-	-
Subtotal	-	55	-	-	-
Group Insurance pre tax AOI excluding market driven and discrete items	\$ 34	\$ 81	\$ 61	\$ 22	\$ 55

1) Includes adjustments to reflect updated estimates of profitability based on market performance in relation to our assumptions in each period.

2) Includes amortization of deferred policy acquisition and other costs.

RECONCILIATIONS FOR PRE-TAX ADJUSTED OPERATING INCOME EXCLUDING MARKET DRIVEN AND DISCRETE ITEMS (CONTINUED)



(\$ millions)

	1Q17	2Q17	3Q17	4Q17	1Q18
Life Planner Operations pre-tax AOI	\$ 408	\$ 329	\$ 373	\$ 383	\$ 416
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽¹⁾	-	(67)	-	-	-
Subtotal	-	(67)	-	-	-
Life Planner Operations pre-tax AOI excluding market driven and discrete items	\$ 408	\$ 396	\$ 373	\$ 383	\$ 416
Gibraltar Life & Other Operations pre-tax AOI	\$ 391	\$ 494	\$ 426	\$ 394	\$ 440
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽¹⁾	-	21	-	-	-
Subtotal	-	21	-	-	-
Gibraltar Life & Other pre-tax AOI excluding market driven and discrete items	\$ 391	\$ 473	\$ 426	\$ 394	\$ 440
Corporate & Other Operations pre-tax AOI	\$ (352)	\$ (312)	\$ (310)	\$ (463)	\$ (294)
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽¹⁾	-	(4)	-	-	-
Debt exchange costs	-	-	-	(12)	-
Subtotal	-	(4)	-	(12)	-
Corporate & Other Operations pre-tax AOI excluding market driven and discrete items	\$ (352)	\$ (308)	\$ (310)	\$ (451)	\$ (294)

1) Includes amortization of deferred policy acquisition and other costs.