



PRUDENTIAL FINANCIAL, INC.

FIRST QUARTER 2017
EARNINGS CONFERENCE CALL PRESENTATION

MAY 4, 2017



FIRST QUARTER FINANCIAL HIGHLIGHTS⁽¹⁾



	First Quarter	
	2017	2016
Pre-Tax Adjusted Operating Income (AOI)		
Reported	\$ 1,660	\$ 1,325
Market driven and discrete items ⁽²⁾	19	(53)
Excluding market driven and discrete items	\$ 1,641	\$ 1,378
Earnings Per Share (EPS)		
Reported	\$ 2.79	\$ 2.18
Market driven and discrete items ⁽²⁾	0.03	(0.08)
Excluding market driven and discrete items	\$ 2.76	\$ 2.26
Net Income		
Reported	\$ 1,369	\$ 1,336
Book Value Per Share of Common Stock		
	March 31, 2017	December 31, 2016
Reported (including Accumulated Other Comprehensive Income, "AOCI")	\$ 107.09	\$ 104.91
Adjusted⁽³⁾	\$ 80.77	\$ 78.95
Operating Return on Average Equity⁽⁴⁾		
	Year to Date March 31, 2017	2016
Reported	14.2%	11.9%
Excluding impact of market driven and discrete items on AOI	14.1%	12.3%

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

2) Market driven and discrete items as disclosed on page 3; based on application of 35% tax rate for purposes of EPS calculation.

3) See reconciliation on page 24.

4) Annualized; based on after-tax AOI. Based on average attributed equity excluding AOCI and adjusted to remove amounts included for foreign currency exchange rate remeasurement. Impact of latter adjustment on attributed equity represents cumulative impact of gains and losses resulting from foreign currency exchange rate remeasurement included in net income (loss); based on application of 35% tax rate.

AOI IMPACT OF MARKET DRIVEN AND DISCRETE ITEMS



	First Quarter			
	2017		2016	
	Pre-tax AOI ⁽¹⁾	EPS ⁽²⁾	Pre-tax AOI ⁽¹⁾	EPS ⁽²⁾
Reported Results	\$ 1,660	\$ 2.79	\$ 1,325	\$ 2.18
Market driven and discrete items:				
Individual Annuities - Market unlockings and experience true-ups ⁽³⁾	19	0.03	(53)	(0.08)
Subtotal	19	0.03	(53)	(0.08)
Results excluding market driven and discrete items	\$ 1,641	\$ 2.76	\$ 1,378	\$ 2.26

1) In millions.

2) Diluted; based on after-tax AOI; tax effect for market driven and discrete items at 35%.

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

FIRST QUARTER NON-AOI ITEMS



(\$ millions)

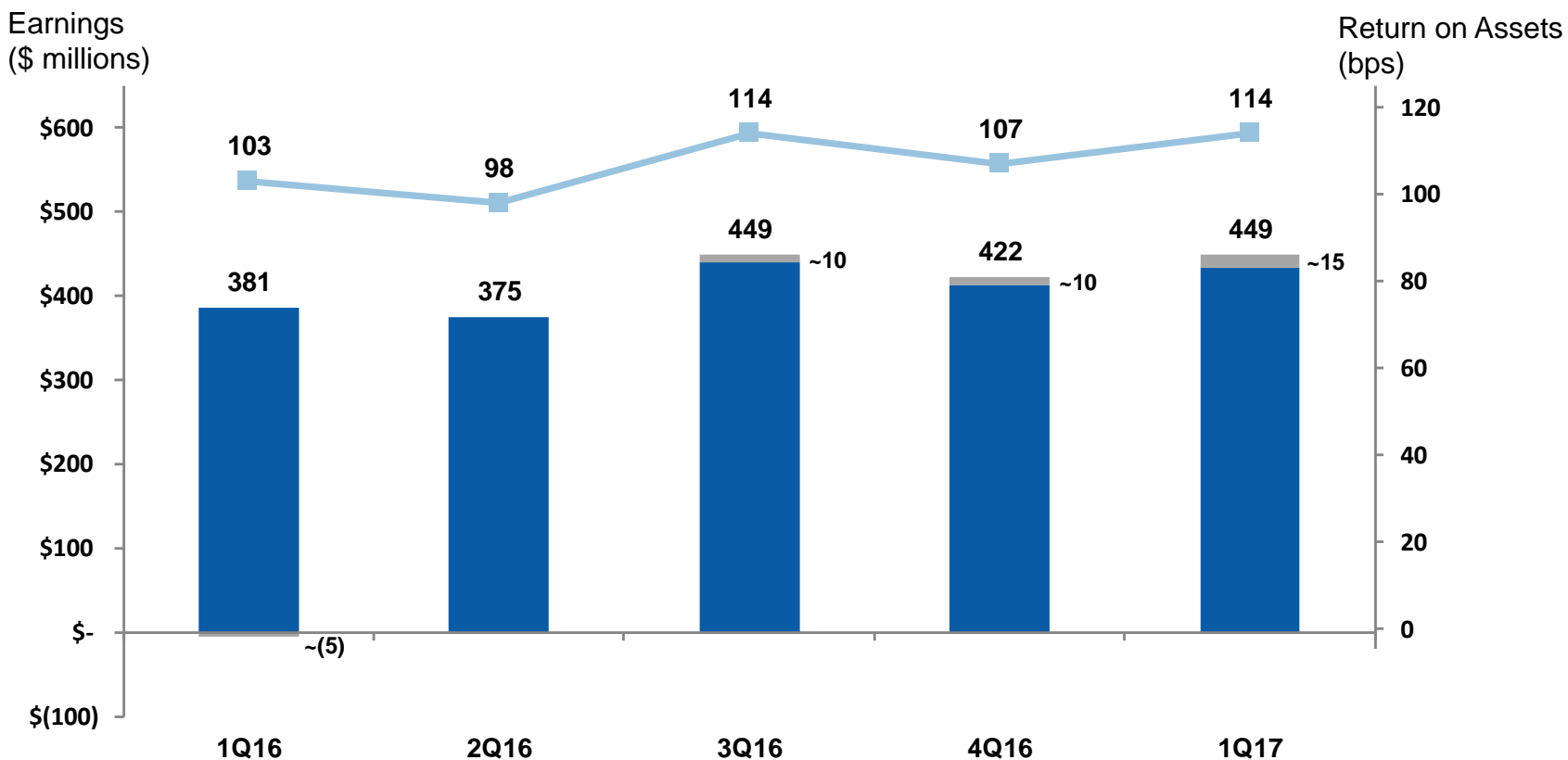
	First Quarter	
	2017	2016
Pre-tax realized investment gains (losses), net, and related charges and adjustments included in net income:		
General investment portfolio and related activities ⁽¹⁾	\$ 180	\$ (6)
Product related embedded derivatives or guarantees and associated hedging activities	48	282
Impairments and credit losses	(19)	(106)
Risk management activities including changes in market value of derivatives used in asset/liability duration management	(171)	168
Subtotal	\$ 38	\$ 338
Other Non-AOI pre-tax items:		
Results of divested businesses	40	(42)
Other ⁽²⁾	32	86
Subtotal	\$ 72	\$ 44
Total Non-AOI items⁽³⁾	\$ 110	\$ 382

1) Includes amounts for foreign currency exchange rate remeasurement.

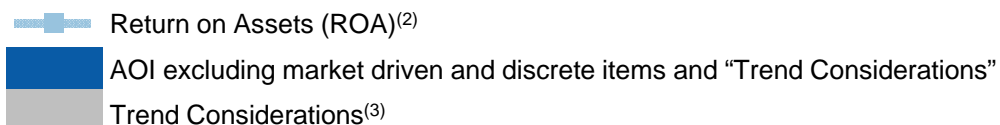
2) Includes changes in recorded asset values and liabilities representing changes in value which are expected to ultimately accrue to contractholders, primarily from mark to market adjustments. Excludes pre-tax reconciling item between AOI and U.S. GAAP for equity in earnings of operating joint ventures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

3) See earnings release tables for related tax effect.

INDIVIDUAL ANNUITIES – EARNINGS TREND⁽¹⁾ AND RETURN ON ASSETS



Average Account Values (\$ billions)	1Q16	2Q16	3Q16	4Q16	1Q17
	\$148	\$154	\$158	\$156	\$159



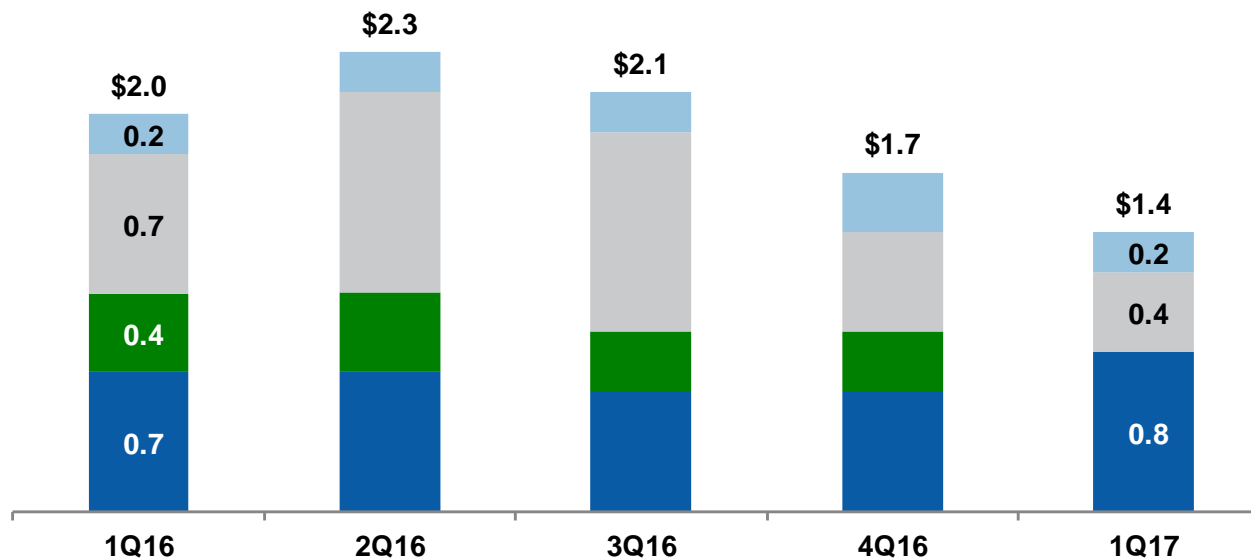
- 1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 25.
- 2) Annualized pre-tax AOI excluding market driven and discrete items divided by average account values based on daily averages for separate accounts.
- 3) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 22.

INDIVIDUAL ANNUITIES – SALES AND PRODUCT MIX

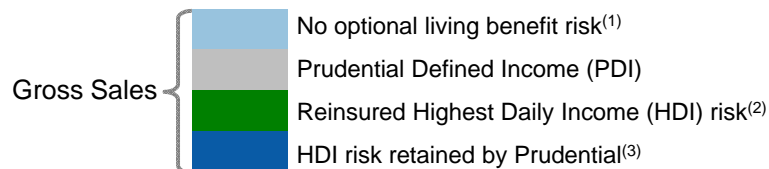


Gross Sales

(\$ billions)



Net Sales (\$ millions)	1Q16	2Q16	3Q16	4Q16	1Q17
	\$238	\$341	\$87	(\$493)	(\$913)

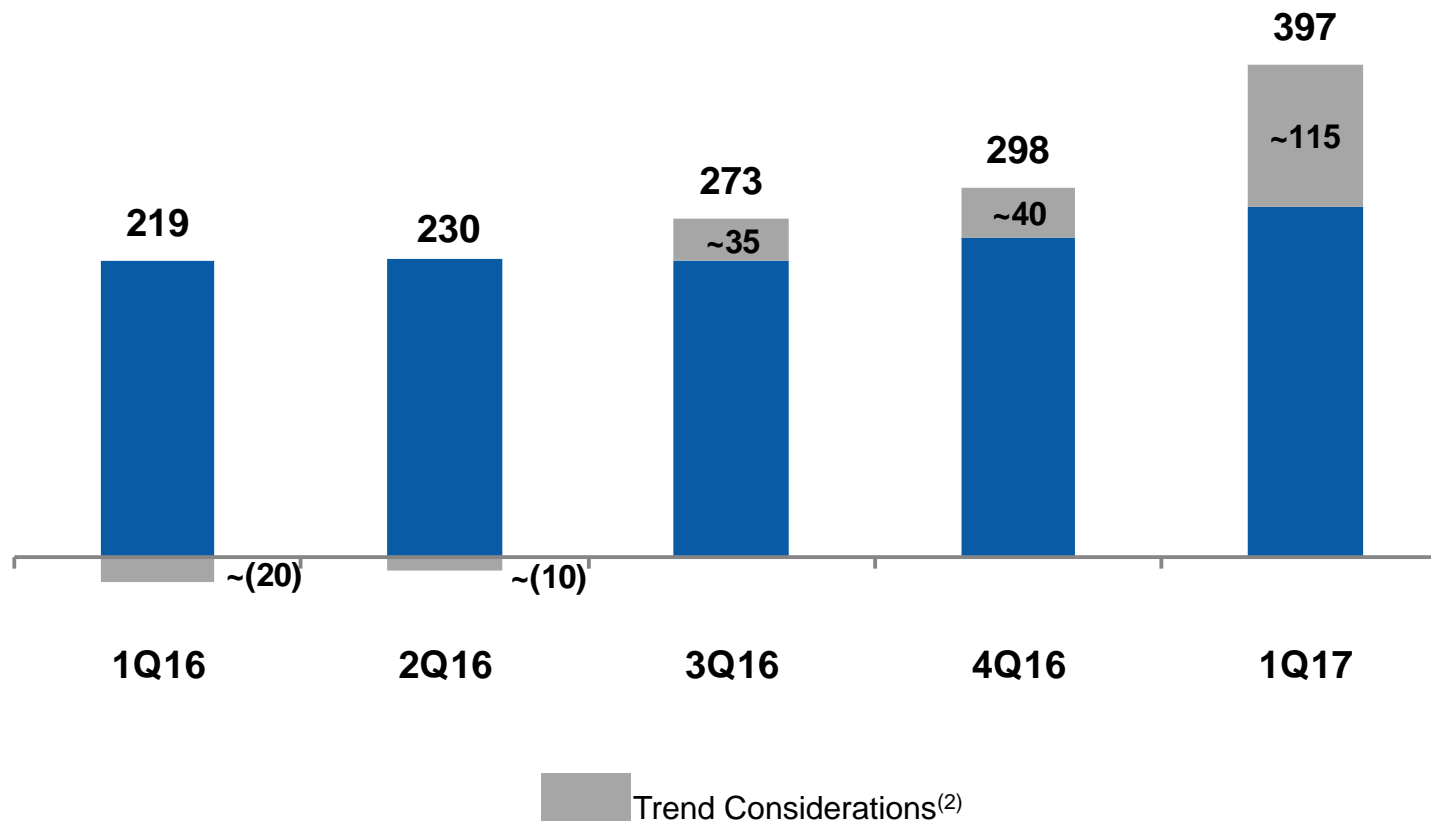


- 1) Includes Prudential Premier Investment contracts, and other annuities without optional living benefit guarantees.
- 2) Includes portion of account values for certain variable annuities for which living benefits are covered under an external reinsurance agreement which was effective from April 1, 2015 through December 31, 2016.
- 3) Includes predecessor product optional living benefits.

RETIREMENT – EARNINGS TREND⁽¹⁾



(\$ millions)



1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 25.

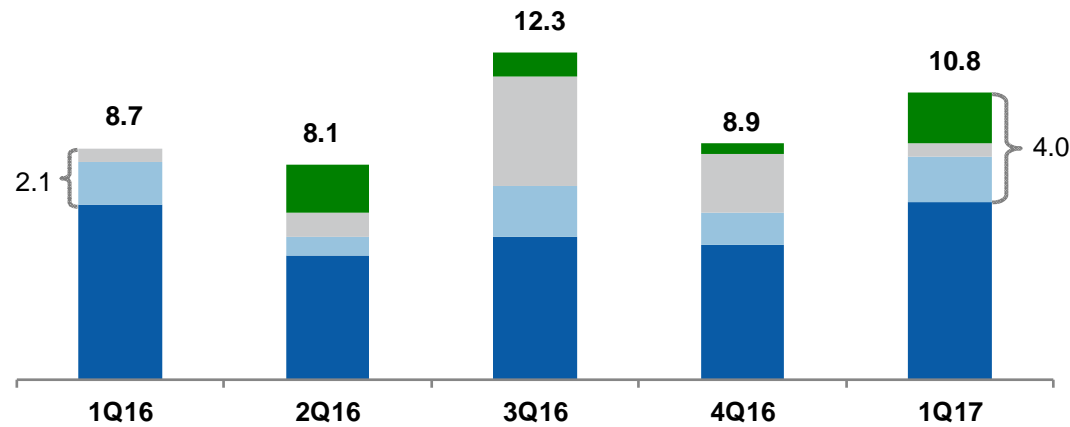
2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 22.

RETIREMENT – SALES AND ACCOUNT VALUES



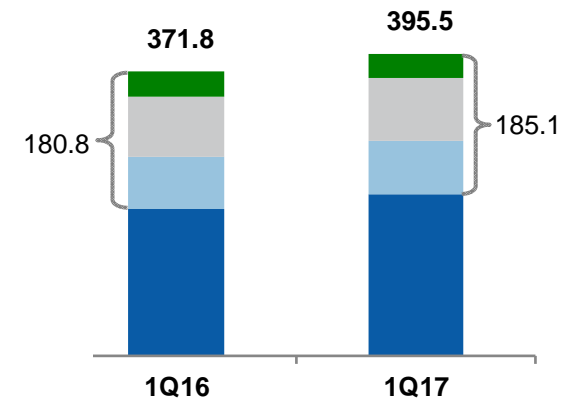
Gross Sales and Deposits

(\$ billions)

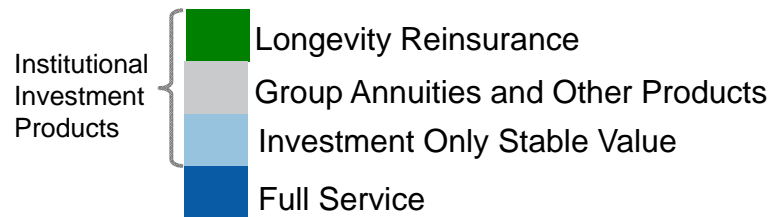


Account Values⁽¹⁾

(\$ billions)

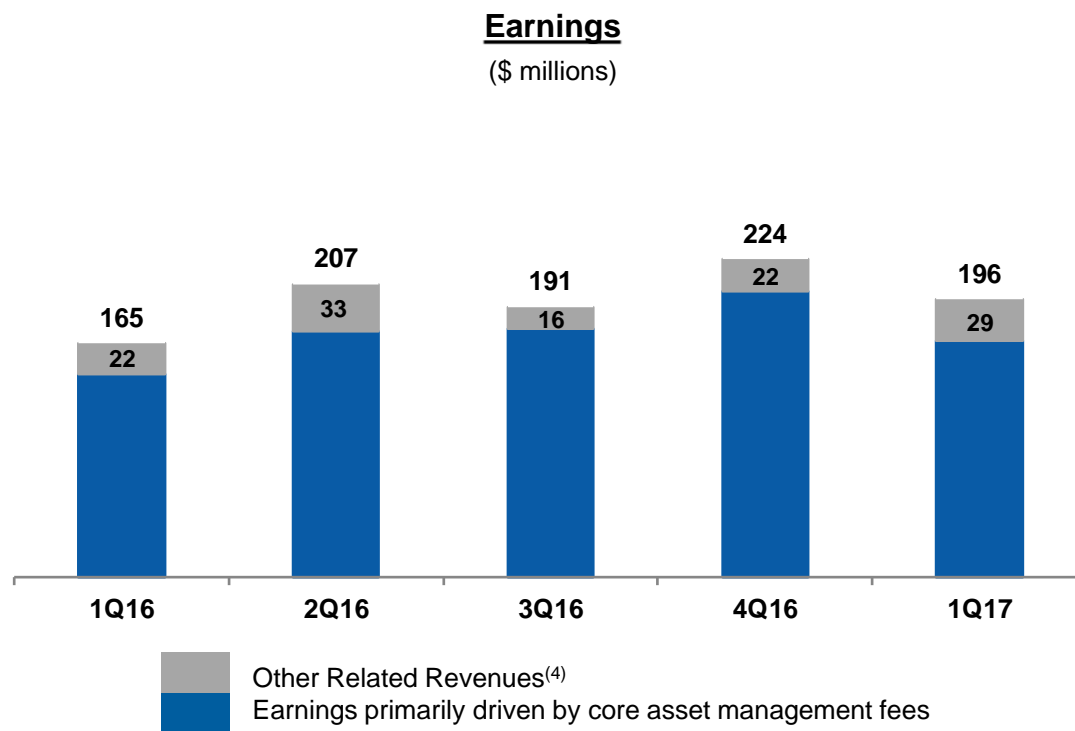
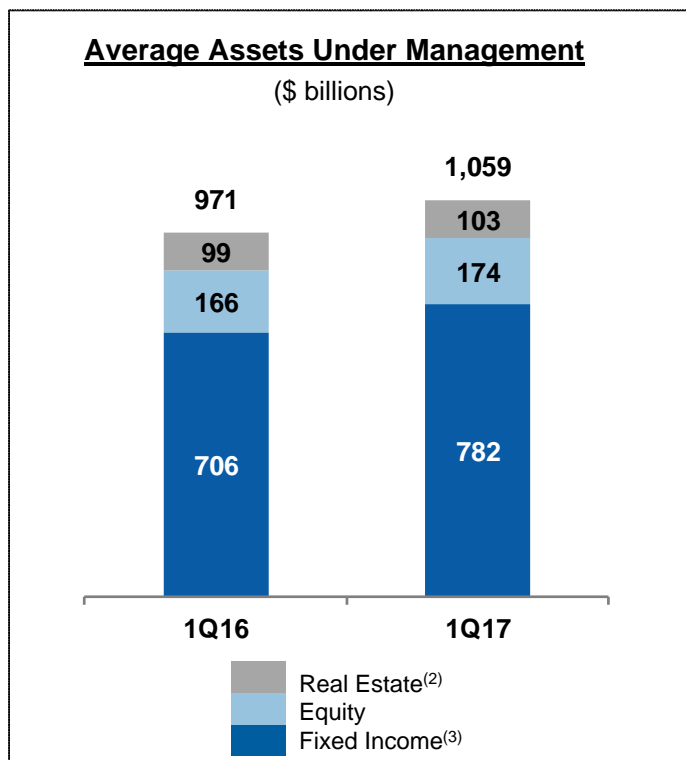


Net Flows (\$ billions)	1Q16	2Q16	3Q16	4Q16	1Q17
	\$0.6	\$0.5	\$5.0	(\$0.3)	(\$0.2)



1) As of end of period.

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

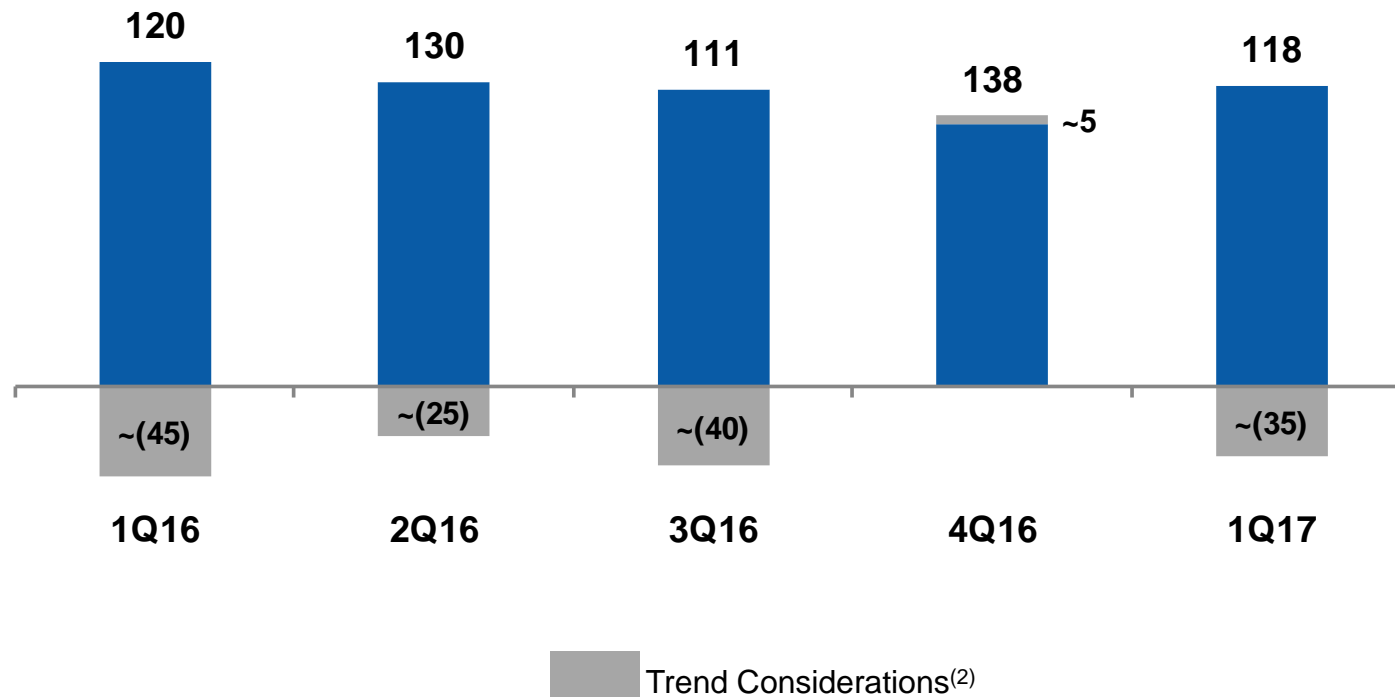


- 1) Pre-tax AOI.
- 2) Includes real estate related assets managed by PGIM.
- 3) Includes International Investments.
- 4) Earnings contribution from incentive, transaction, strategic investing and commercial mortgage activities, net of expenses.

INDIVIDUAL LIFE – EARNINGS TREND⁽¹⁾



(\$ millions)



1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 25.

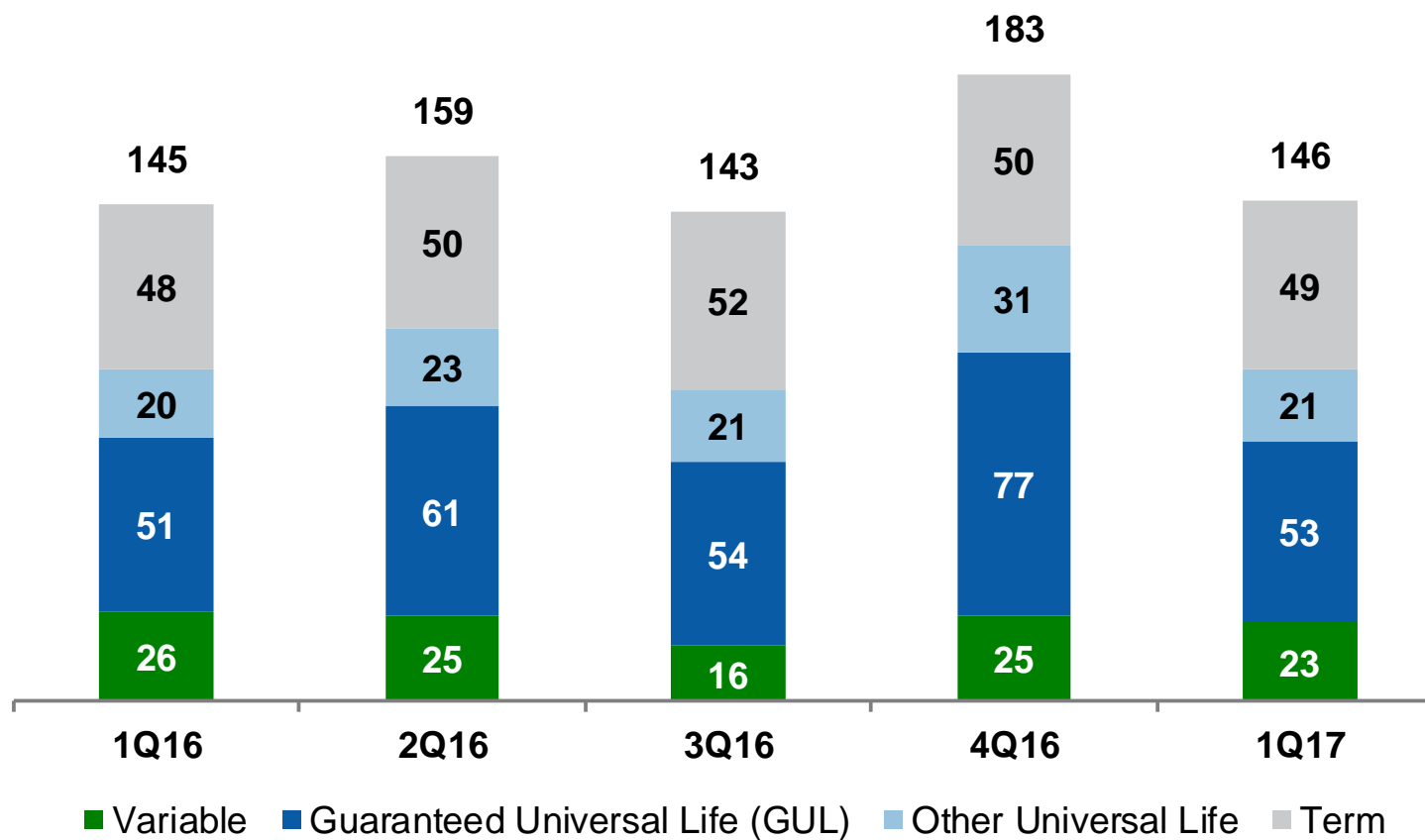
2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 22.

INDIVIDUAL LIFE – SALES

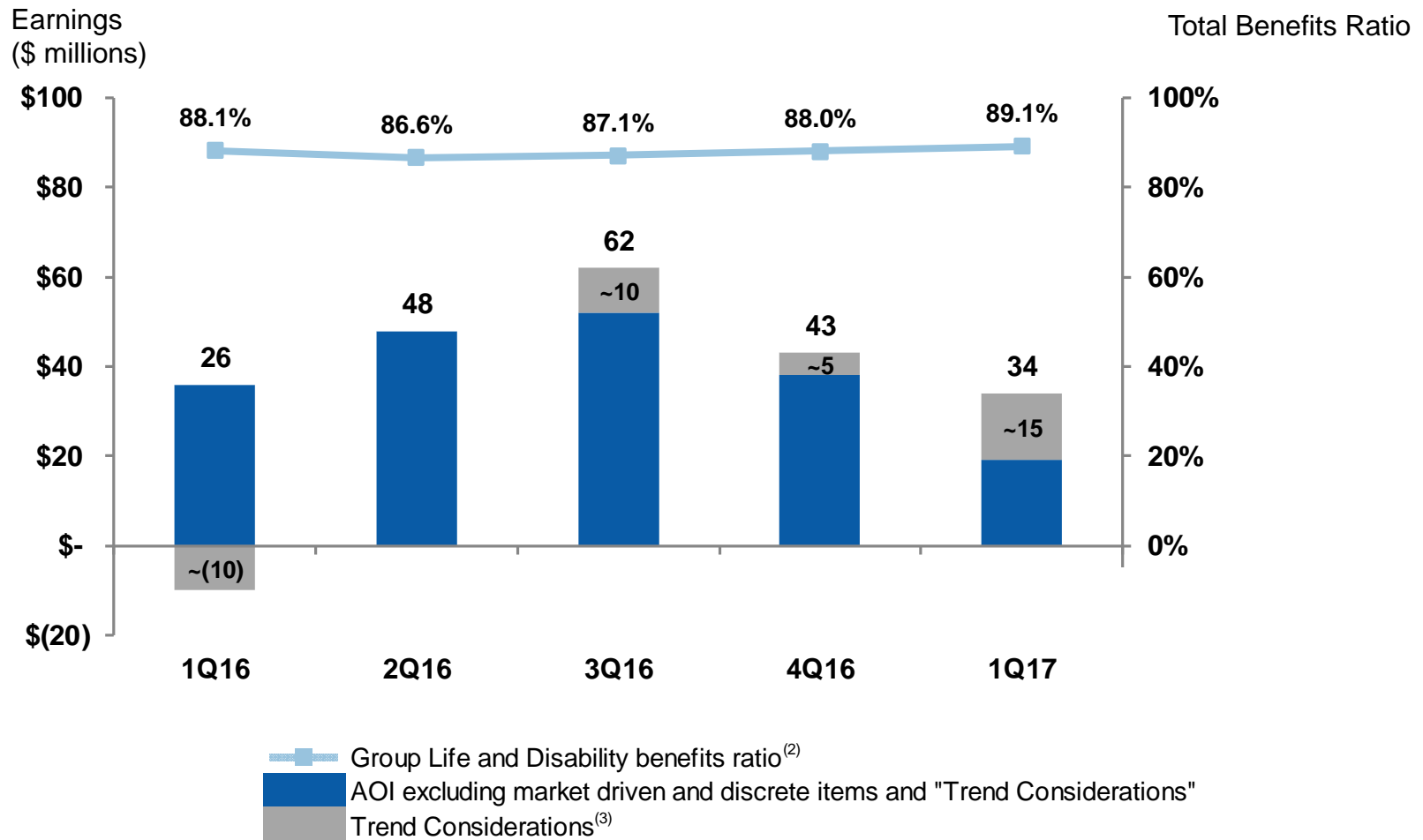


Annualized New Business Premiums

(\$ millions)



GROUP INSURANCE – EARNINGS TREND⁽¹⁾ AND BENEFITS RATIOS



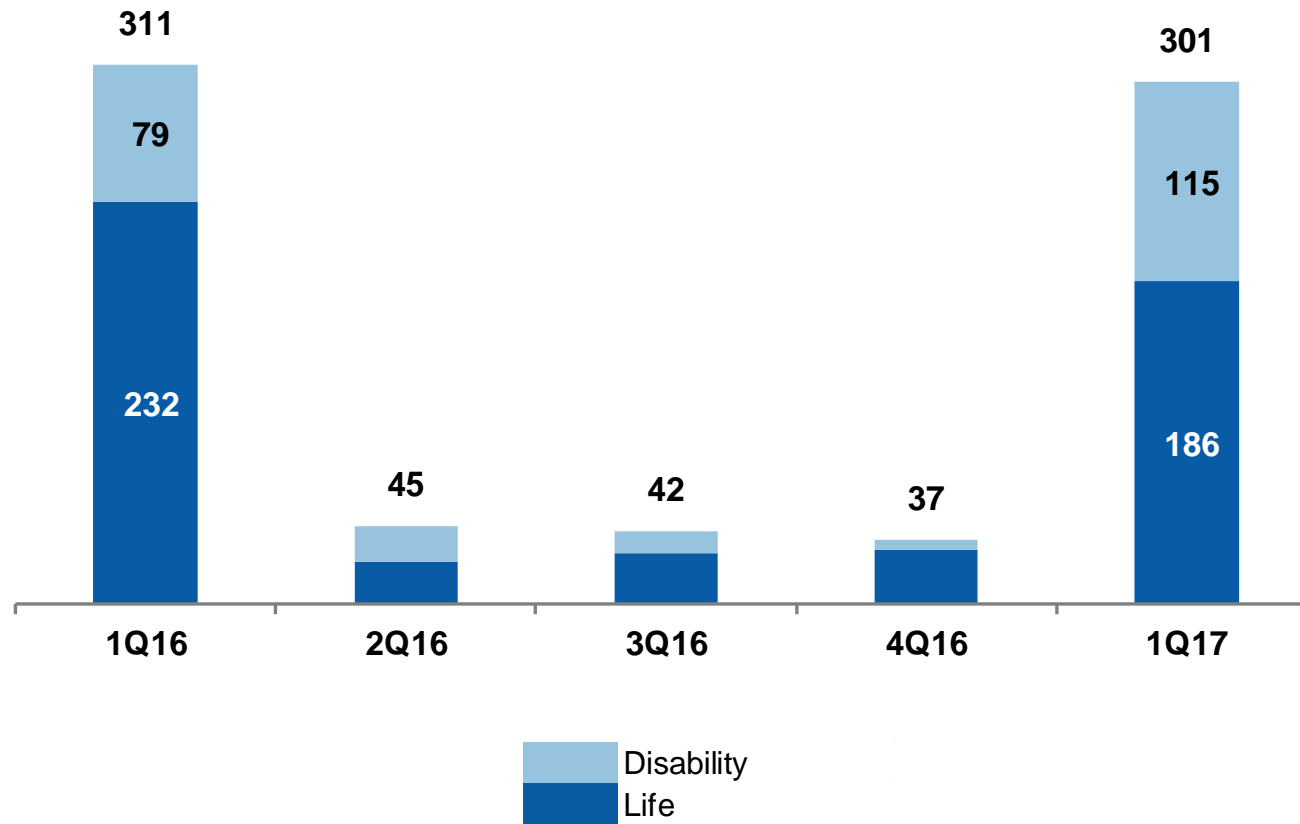
- 1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 25.
- 2) Benefits ratios excluding impact of market driven and discrete items as disclosed on page 25.
- 3) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 22.

GROUP INSURANCE – SALES

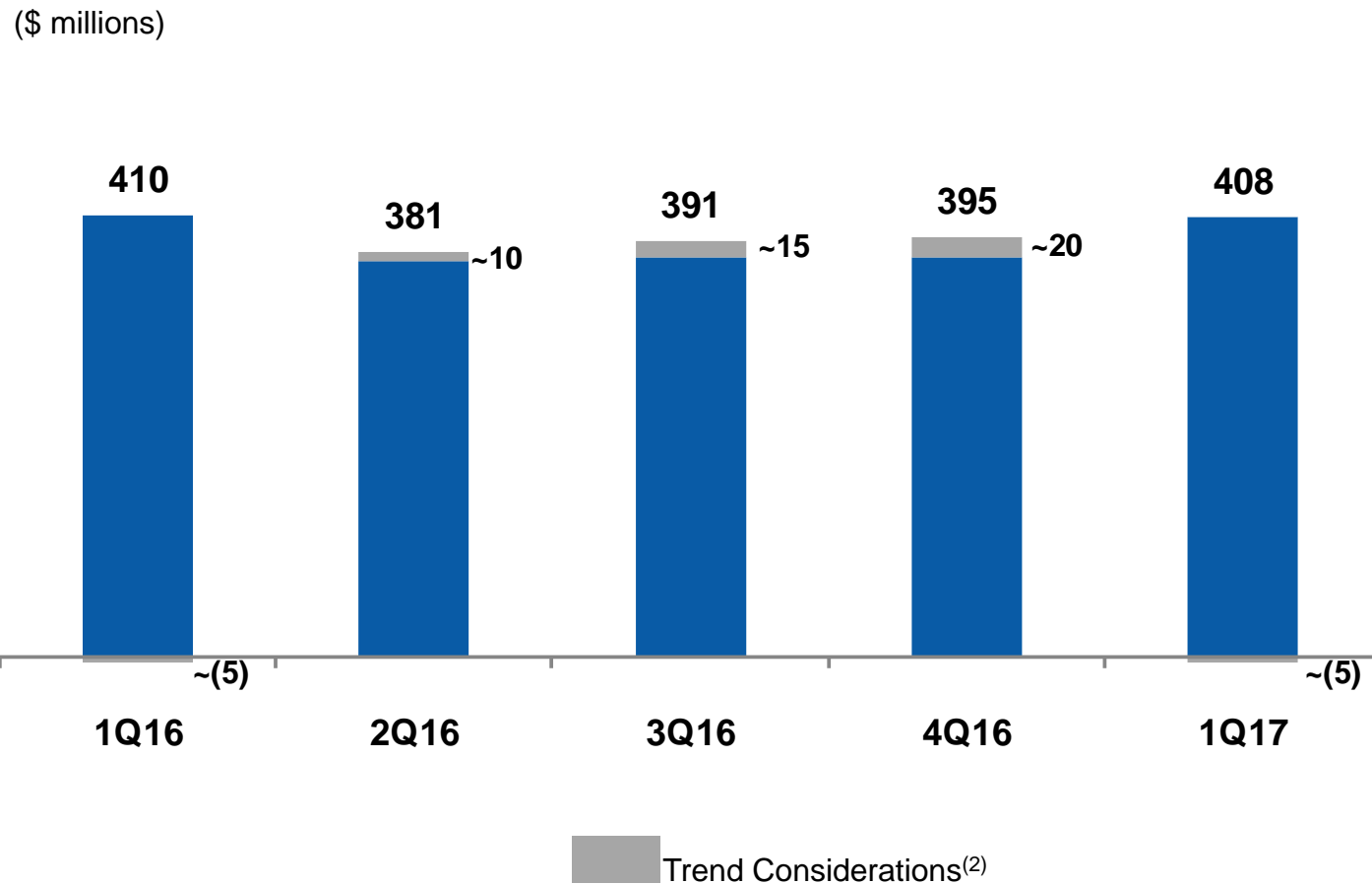


Annualized New Business Premiums

(\$ millions)

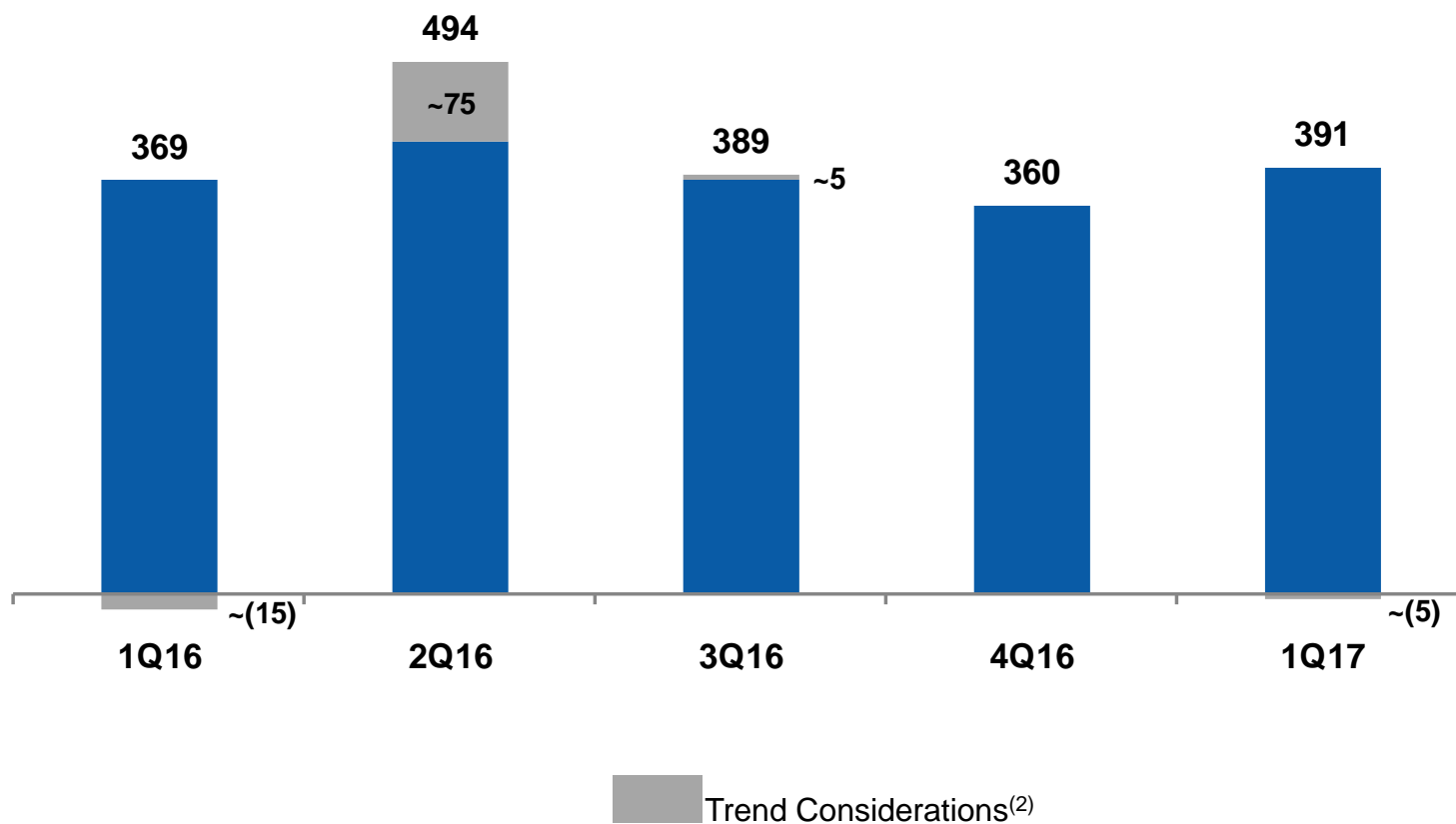


INTERNATIONAL INSURANCE DIVISION – LIFE PLANNER OPERATIONS – EARNINGS TREND⁽¹⁾



- 1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 26.
- 2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 22.

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



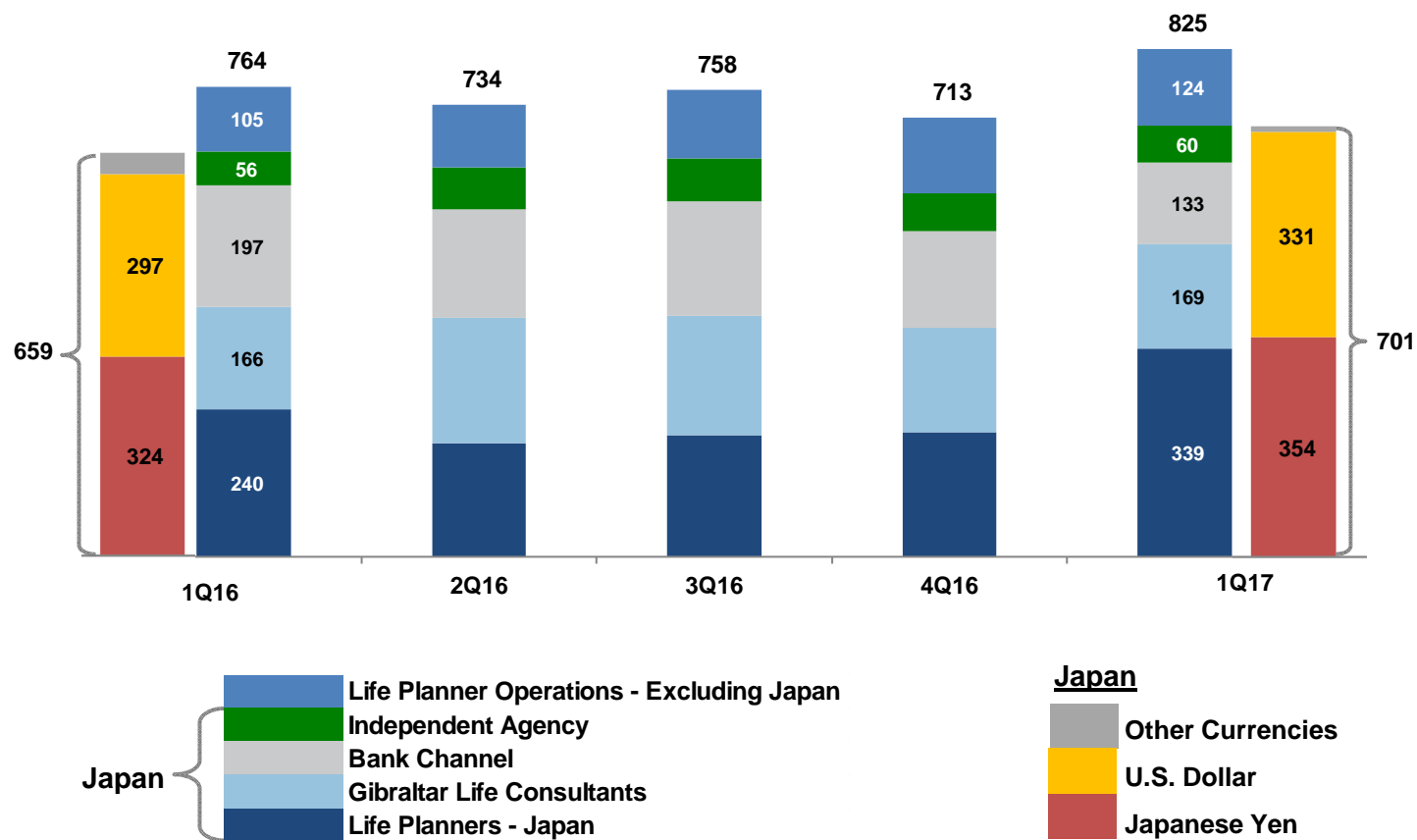
1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 26.

2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 22.

INTERNATIONAL INSURANCE DIVISION – SALES

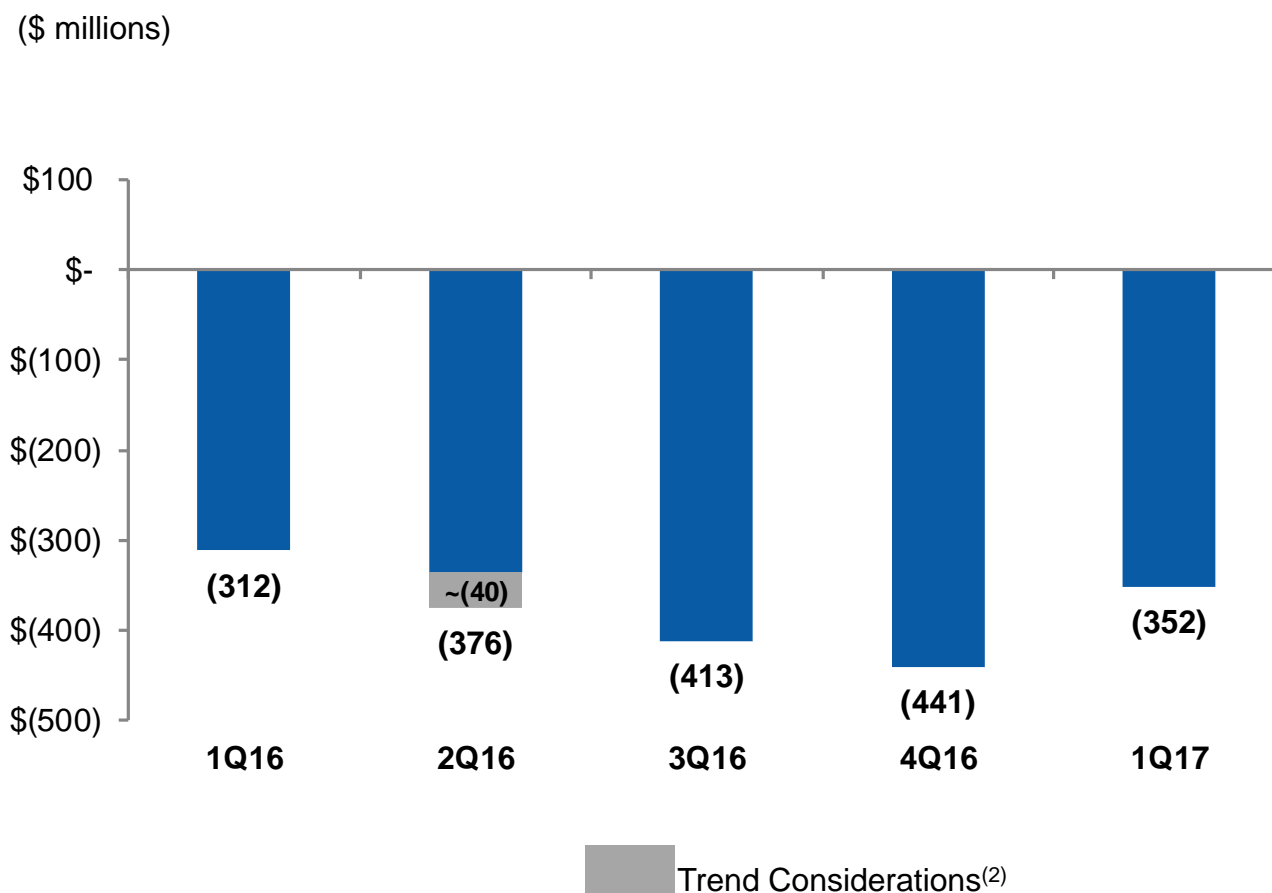


Annualized New Business Premiums⁽¹⁾
(\$ millions)



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.

CORPORATE & OTHER OPERATIONS – RESULTS TREND⁽¹⁾



1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 26.

2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 22.

FINANCIAL STRENGTH HIGHLIGHTS INSURANCE OPERATIONS



Risk Based Capital Ratio (RBC) ⁽¹⁾	Target	December 31, 2016
Prudential Insurance		457%
PALAC ⁽²⁾		867%
Composite Major U.S. ⁽³⁾ Insurance Subsidiaries	400%	527%

Solvency Margin Ratio	Target	December 31, 2016
Prudential of Japan ⁽⁴⁾	700%	841%
Gibraltar Life ⁽⁴⁾	700%	967%

- 1) 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.
- 2) Prudential Annuities Life Assurance Corporation.
- 3) 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.
- 4) Based on Japanese statutory accounting and risk measurement standards applicable to regulatory filings. On a consolidated basis.

LIQUIDITY, LEVERAGE, AND CAPITAL DEPLOYMENT



Liquidity Position⁽¹⁾

- Parent company highly liquid assets, \$4.0 billion⁽²⁾

Leverage⁽¹⁾

- Financial leverage ratio within our 25% target⁽³⁾
- Total leverage ratio within our 40% target⁽³⁾

Capital Deployment Highlights⁽⁴⁾

- Quarterly common stock dividends, \$327 million
- Share repurchases, \$312 million

1) Liquidity position and leverage ratios as of March 31, 2017.

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), and impact of foreign currency exchange rate remeasurement.

4) For the three months ended March 31, 2017.



PRUDENTIAL FINANCIAL, INC.

FIRST QUARTER 2017
EARNINGS CONFERENCE CALL PRESENTATION

QUESTIONS AND ANSWERS

MAY 4, 2017



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. There can be no assurance that future developments affecting Prudential Financial, Inc. and its subsidiaries will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties. 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” section included in Prudential Financial, Inc.’s Annual Report on Form 10-K for the year ended December 31, 2016. Prudential Financial, Inc. does not intend, and is under no obligation, 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;
- *Retirement*: earnings from non-coupon investments and prepayment fees, and case experience;
- *Individual Life*: claims experience (including mortality, reserve updates and related amortization), earnings from non-coupon investments and prepayment fees, updates and refinements of reserves and related items, and higher than typical legal costs where significant;
- *Group Insurance*: earnings from non-coupon investments and prepayment fees;
- *Life Planner Operations*: earnings from non-coupon investments and prepayment fees, and claims experience;
- *Gibraltar Life & Other Operations*: earnings from non-coupon investments and prepayment fees, claims experience, and income from a fixed asset sale; and
- *Corporate & Other operations*: charges related to a tax-advantaged investment.

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.

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RECONCILIATIONS BETWEEN ADJUSTED OPERATING INCOME AND THE COMPARABLE GAAP MEASURE



(\$ millions)

	First Quarter	
	2017	2016
Net income attributable to Prudential Financial, Inc.	\$ 1,369	\$ 1,336
Income attributable to noncontrolling interests	3	33
Net income	<u>1,372</u>	<u>1,369</u>
Less: Earnings attributable to noncontrolling interests	3	33
Income attributable to Prudential Financial, Inc.	1,369	1,336
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	22	(28)
Income (after-tax) before equity in earnings of operating joint ventures	<u>1,347</u>	<u>1,364</u>
Less: Reconciling Items:		
Realized investment gains, net, and related charges and adjustments	38	338
Investment gains on trading account assets supporting insurance liabilities, net	44	216
Change in experience-rated contractholder liabilities due to asset value changes	(12)	(130)
Divested businesses:		
Closed Block division	34	(73)
Other divested businesses	6	31
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(28)	25
Total reconciling items, before income taxes	<u>82</u>	<u>407</u>
Less: Income taxes, not applicable to adjusted operating income	(28)	40
Total reconciling items, after income taxes	<u>110</u>	<u>367</u>
After-tax adjusted operating income	1,237	997
Income taxes, applicable to adjusted operating income	423	328
Adjusted operating income before income taxes	<u>\$ 1,660</u>	<u>\$ 1,325</u>

RECONCILIATIONS BETWEEN ADJUSTED BOOK VALUE AND COMPARABLE GAAP MEASURE



(\$ millions, except per share data)

	March 31,	
	2017	2016
GAAP book value	\$ 46,784	\$ 49,242
Less: Accumulated other comprehensive income (AOCI)	14,643	19,066
GAAP book value excluding AOCI	32,141	30,176
Less: Cumulative effect of foreign exchange remeasurement and currency translation adjustments corresponding to realized gains/losses	(3,060)	(3,628)
Adjusted book value	35,201	33,804
Number of diluted shares	435.8	448.0
GAAP book value per common share - diluted ⁽¹⁾	107.09	109.66
GAAP book value excluding AOCI per share - diluted	73.75	67.36
Adjusted book value per common share - diluted	80.77	75.46

- 1) Book value per share of Common Stock including accumulated other comprehensive income as of March 31, 2016 includes a \$500 million increase in equity and a 5.6 million increase in diluted shares reflecting the dilutive impact of exchangeable surplus notes when book value per share is greater than \$88.90, and as of March 31, 2017 includes a \$500 million increase in equity and a 5.75 million increase in diluted shares reflecting the dilutive impact of exchangeable surplus notes when book value per share is greater than \$86.92.

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



(\$ millions)

	1Q16	2Q16	3Q16	4Q16	1Q17
Individual Annuities pre-tax AOI	\$ 328	\$ 427	\$ 588	\$ 422	\$ 468
Reconciling items:					
Market unlockings and experience true-ups ⁽¹⁾	(53)	48	139	-	19
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	4	-	-	-
Subtotal	(53)	52	139	-	19
Individual Annuities pre-tax AOI excluding market driven and discrete items	\$ 381	\$ 375	\$ 449	\$ 422	\$ 449
Retirement pre-tax AOI	\$ 219	\$ 236	\$ 239	\$ 318	\$ 397
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	6	-	-	-
Costs relating to legal matters	-	-	(34)	20	-
Subtotal	-	6	(34)	20	-
Retirement pre-tax AOI excluding market driven and discrete items	\$ 219	\$ 230	\$ 273	\$ 298	\$ 397
Individual Life pre-tax AOI	\$ 120	\$ (290)	\$ 111	\$ 138	\$ 118
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	(420)	-	-	-
Subtotal	-	(420)	-	-	-
Individual Life pre-tax AOI excluding market driven and discrete items	\$ 120	\$ 130	\$ 111	\$ 138	\$ 118
Group Insurance pre-tax AOI	\$ 26	\$ 89	\$ 62	\$ 43	\$ 34
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	41	-	-	-
Subtotal	-	41	-	-	-
Group Insurance pre-tax AOI excluding market driven and discrete items	\$ 26	\$ 48	\$ 62	\$ 43	\$ 34

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)

	1Q16	2Q16	3Q16	4Q16	1Q17
Life Planner Operations pre-tax AOI	\$ 410	\$ 343	\$ 391	\$ 395	\$ 408
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	(38)	-	-	-
Subtotal	-	(38)	-	-	-
Life Planner Operations pre-tax AOI excluding market driven and discrete items	\$ 410	\$ 381	\$ 391	\$ 395	\$ 408
Gibraltar Life & Other Operations pre-tax AOI	\$ 369	\$ 460	\$ 389	\$ 360	\$ 391
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	(34)	-	-	-
Subtotal	-	(34)	-	-	-
Gibraltar Life & Other pre-tax AOI excluding market driven and discrete items	\$ 369	\$ 494	\$ 389	\$ 360	\$ 391
Corporate & Other Operations pre-tax AOI	\$ (312)	\$ (415)	\$ (413)	\$ (441)	\$ (352)
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	(3)	-	-	-
Costs associated with early debt extinguishment	-	(36)	-	-	-
Subtotal	-	(39)	-	-	-
Corporate & Other Operations pre-tax AOI excluding market driven and discrete items	\$ (312)	\$ (376)	\$ (413)	\$ (441)	\$ (352)

- 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.