PRUDENTIAL FINANCIAL, INC.

SECOND QUARTER 2018
EARNINGS CONFERENCE CALL PRESENTATION

AUGUST 2, 2018

2Q18 Earnings Call Key Messages

Bringing financial opportunity to more customers

- Continue to attract U.S. customers to our integrated solutions, including financial wellness
- Provide international customers with protection and retirement solutions

Generating strong ROE and growth

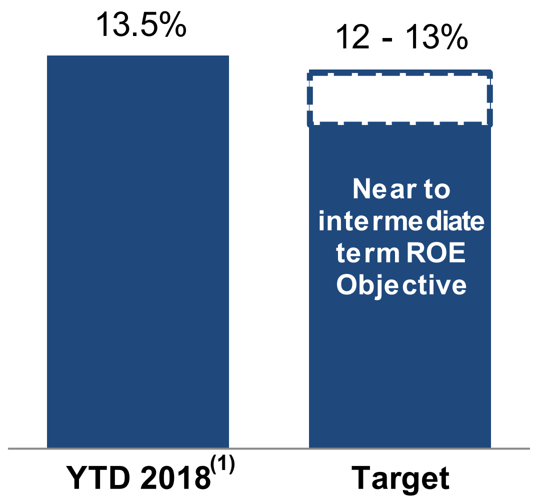
- Adjusted operating return on equity of 13.5%
- Double-digit growth in adjusted earnings per share and adjusted book value per share

Maintaining strong capital position

- Distributed ~$760 million to shareholders
- Strengthened Long-Term Care reserves
- Continue to hold capital above AA level

Second Quarter Financial Highlights

Adjusted Operating Return on Equity



Financials

$ in millions except per share amounts

	2Q18	2Q17
After-tax GAAP Net Income	$197	$491
After-tax GAAP Net Income Per Share	$0.46	$1.12
Pre-tax Adjusted Operating Income[2]	$1,661	$1,228
After-tax Adjusted Earnings Per Share[2]	$3.01	$2.09
Adjusted Book Value Per Share[3]	$92.60	$81.00

Financial Highlights

Net Income includes:

- Strengthening of LTC reserves, including the removal of morbidity improvement assumption
  - Continue to assume mortality improvement

Adjusted Earnings Per Share up significantly

- Driven by business growth, tax reform, and assumption updates

Adjusted Book Value Per Share growth of 14%

- Including payment of $3.30 per share of common stock dividends over the past four quarters

Business Segment highlights:

- PGIM unaffiliated third-party net flows totaled $7.3 billion driven by new and existing fixed income client mandates
- Retirement record account values of $433 billion with net flows of $2.8 billion largely driven by pension risk transfer and full service sales
- Annuities sales of $2.1 billion, up 37% from prior year and 20% sequentially
- International in-force growth steady with high persistency

1) Based on year to date (YTD) 2018 annualized after-tax Adjusted Operating Income and average Adjusted Book Value. See appendix for more information.
2) See reconciliation on page 24 for Adjusted Operating Income and page 25 for Adjusted Earnings Per Share.
3) See reconciliation on page 26 for Adjusted Book Value Per Share.

Financial Wellness - Momentum Continues To Build With Customers

✓ Dramatically enhances and scales our ability to bring financial security within reach for existing and new customers

✓ Distinctively leverages all parts of our business system

- Hybrid advisory capabilities
- Solutions across income, investments, and protection
- Personalized, needs-based engagement powered by investments in digital and data analytics

✓ Expands access through workplace and digital channels

- Over 20 million workplace customers
- Launched digital financial wellness platform in 2017

Resonating value proposition among employers

Over 350 employers have adopted Prudential Pathways representing **over 4 million employees**

Several marquee wins directly tied to financial wellness capabilities

~200 employers on digital financial wellness platform

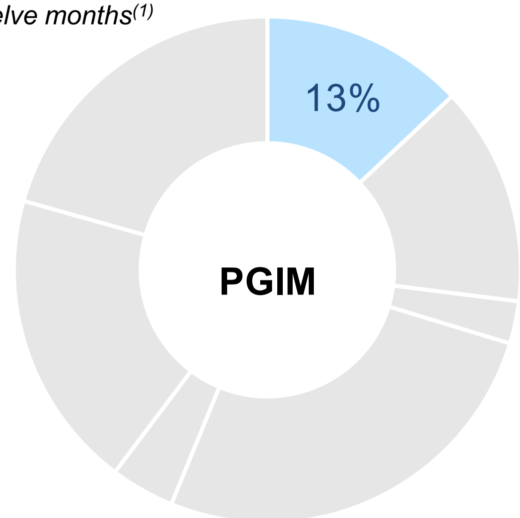
Prudential PATHWAYS
A Financial Wellness Series

Prudential Pathways, our cornerstone solution launched in 2015, leverages our customer-centric business model to provide financial wellness education to Prudential's extensive U.S. customer base

PGIM - Diversified Global Active Asset Manager with a Multi-Manager Model

Earnings Contribution to Prudential

Trailing twelve months[1]

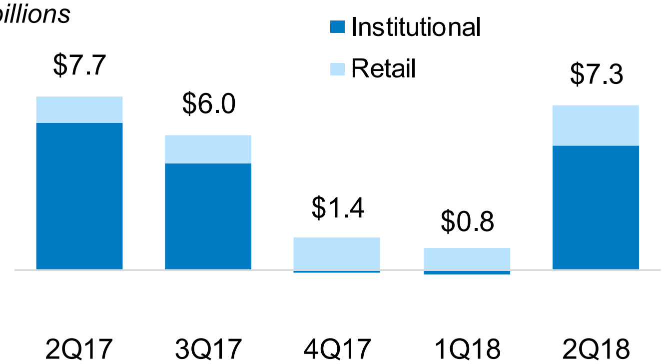


Key Priorities to Grow Earnings

- Maintain strong investment performance[2]
  - Percentage of AUM[3] outperforming benchmark[4]: 3 Year: 95%, 5 Year: 97%, 10 Year: 97%
- Leverage scale of $1+ trillion multi-manager model and Prudential enterprise relationship
- Expand global footprint
- Continue to diversify products into higher margin areas
- Selectively acquire new capabilities

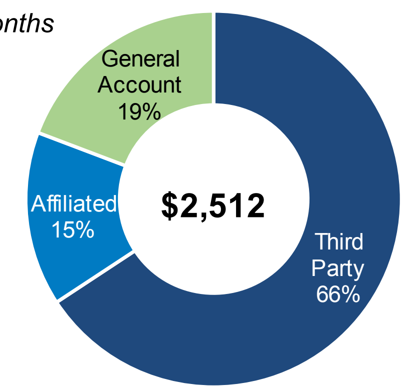
3rd Party Net Flows

$ in billions



Asset Management Fees

Trailing twelve months
$ in millions

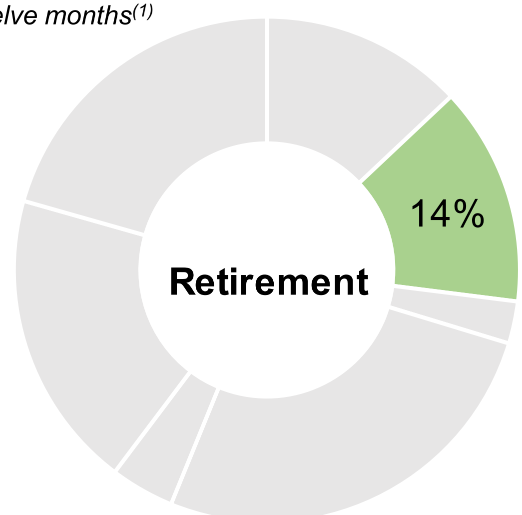


1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.
2) Performance shown represents each individual AUMs respective fund or strategies benchmark.
3) Represents PGIM's benchmarked AUM and excludes the general account. 89% of total AUM excluding the general account is benchmarked over 3 years, 88% over 5 years, and 75% over 10 years. Private assets that are not benchmarked are not included in this calculation.
4) Performance as of June 30, 2018. Represents excess performance gross of fees, based on all actively managed Fixed Income and Equity AUM reported in eVestment for Jennison Associates, PGIM Fixed Income, Quantitative Management Associates, and PGIM Real Estate. Composite assets reported in eVestment assumed to represent full strategy AUM.

RETIREMENT - DIFFERENTIATED CAPABILITIES TO DRIVE GROWTH IN PENSION RISK TRANSFER, FULL SERVICE, AND STABLE VALUE MARKETS

Earnings Contribution to Prudential

Trailing twelve months(1)

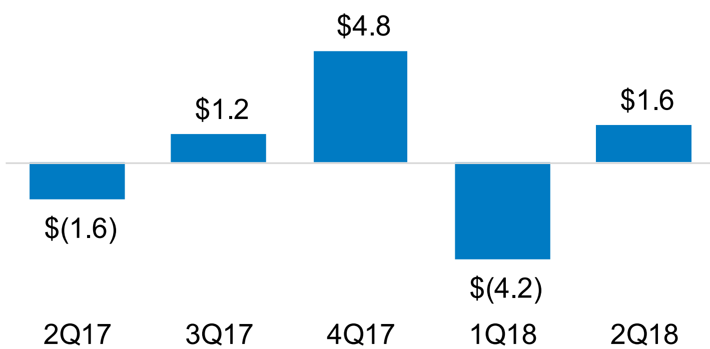


Key Priorities to Grow Earnings

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

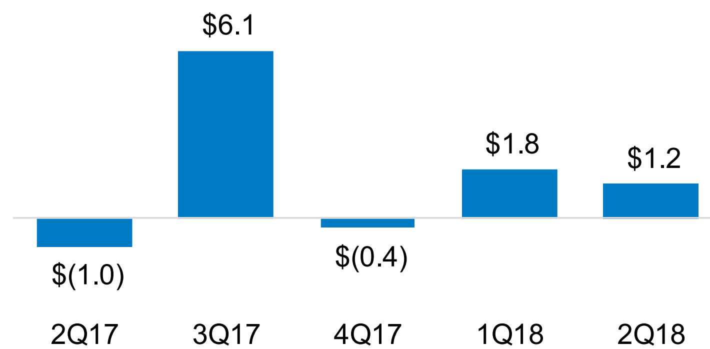
Institutional Investment Products Net Flows

$ in billions



Full Service Net Flows

$ in billions

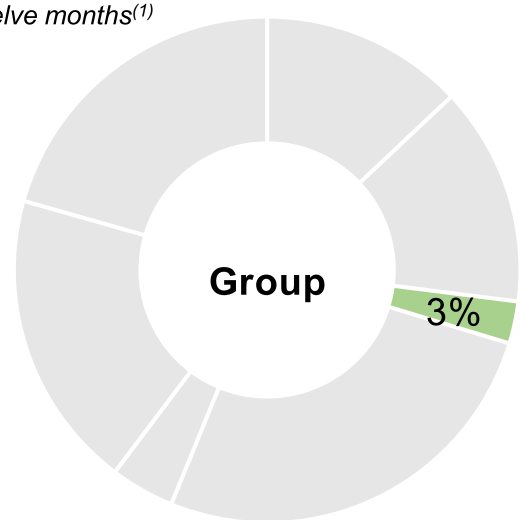


1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.

GROUP INSURANCE - LEADING GROUP BENEFITS PROVIDER WITH SUCCESS IN FINANCIAL WELLNESS

Earnings Contribution to Prudential

Trailing twelve months(1)

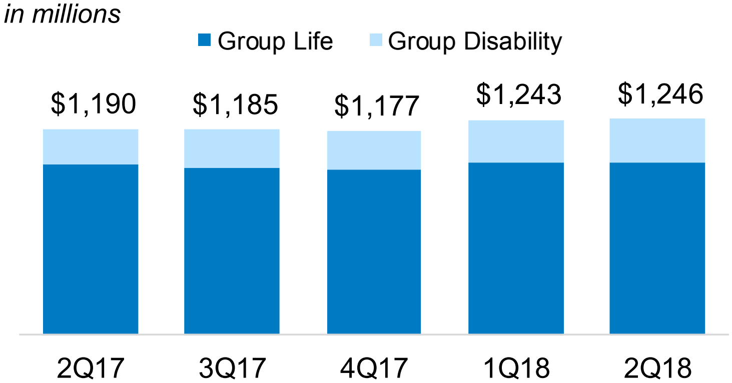


Key Priorities to Grow Earnings

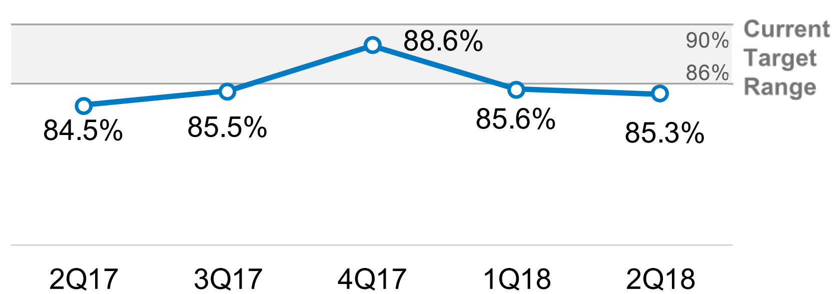
- Deepen employer and participant relationships with financial wellness programs
- Execute on diversification strategy while maintaining pricing discipline
  - Maintain National segment share (>5,000 lives) and grow in Premier segment (100 to 5,000 employees)
  - Diversify further into Group Disability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

Earned Premiums & Fees

$ in millions



Total Group Insurance Benefits Ratio(2)

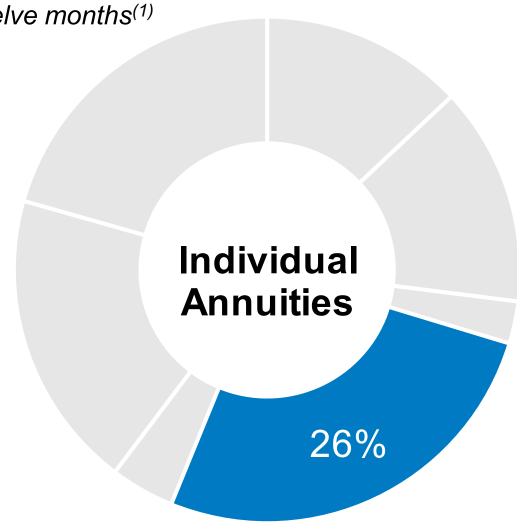


1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.
2) Benefits ratios excluding the impact of the annual assumption update and other refinements in the second quarter. Benefit ratios including these impacts for Total Group Insurance is 80.0% for the three months ended June 30, 2017 and 82.8% for the three months ended June 30, 2018.

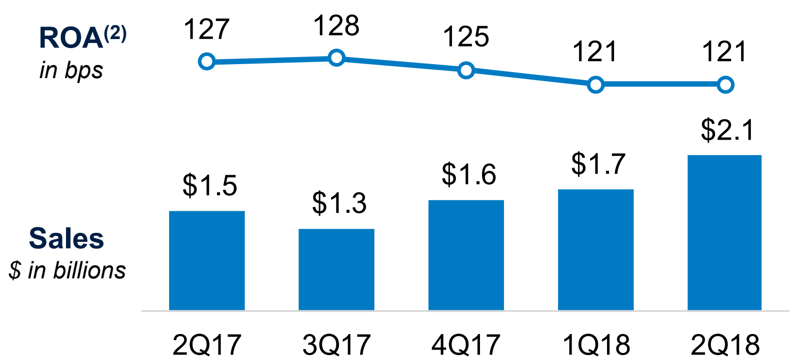
Individual Annuities - Steady Free Cash Flow Generation and Attractive Returns

Earnings Contribution to Prudential

Trailing twelve months(1)



Sales & Return on Assets (ROA)

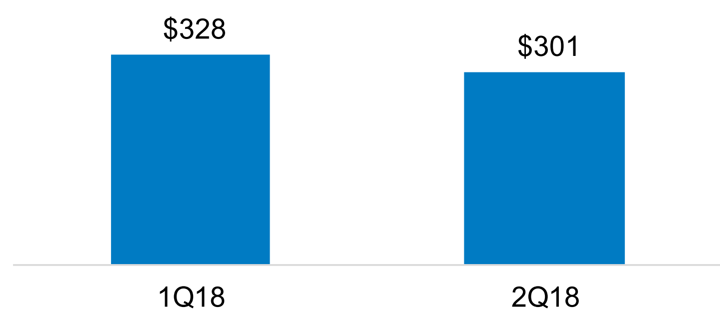


Key Priorities to Grow Earnings

- Generate steady free cash flow and attractive returns
- Continue to grow sales and diversify mix
- Engage a larger addressable market via additional distribution channels
- Extend secure retirement income to workplace relationships

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

$ in millions

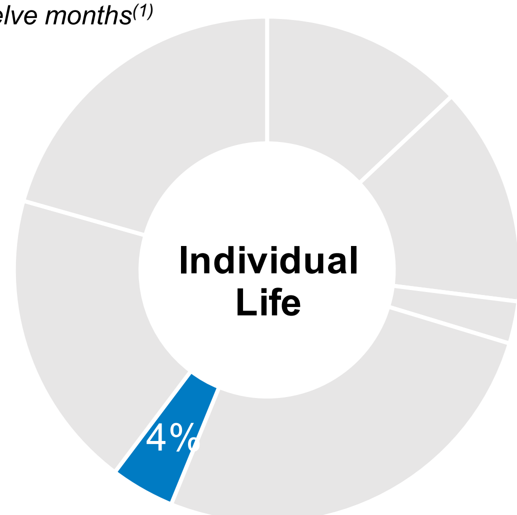


1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.
2) ROA excluding the impact of the annual assumption update and other refinements in the second quarter and impact from updated estimates of profitability driven by market performance versus assumptions in all quarters. ROA including these impacts are 152,140,128,125,123 for the three months ended June 30, 2017, September 30, 2017, December 31, 2017, March 31, 2018 and June 30, 2018, respectively.
3) Dividends include Prudential Annuities Holding Co.

Individual Life - Broad Product Portfolio and Multi-Channel Distribution

Earnings Contribution to Prudential

Trailing twelve months[(1)]

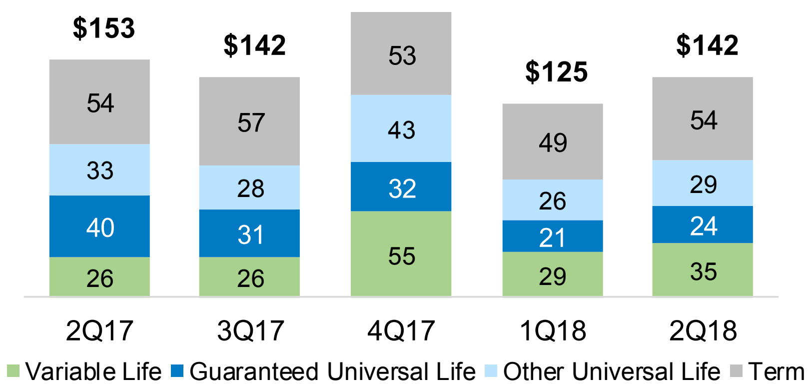


Key Priorities to Grow Earnings

- Deepen existing distribution relationships and add new relationships
- Streamline underwriting process and enhance customer experience
- Extend retail education and solutions to workplace relationships

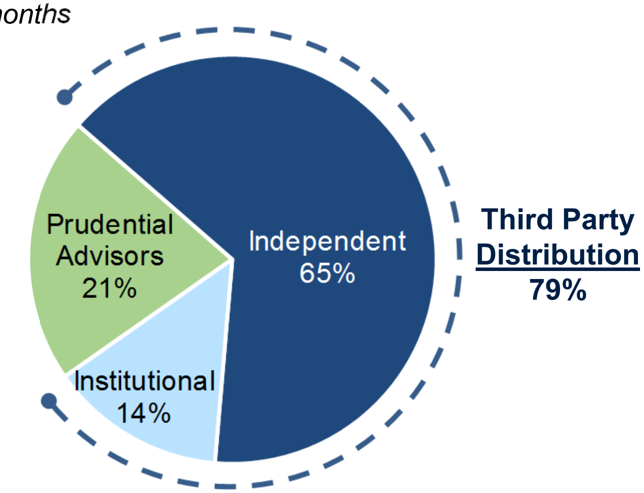
Sales[(2)] – Product Mix

$ in millions



Sales[(2)] – Distribution Mix

Trailing twelve months

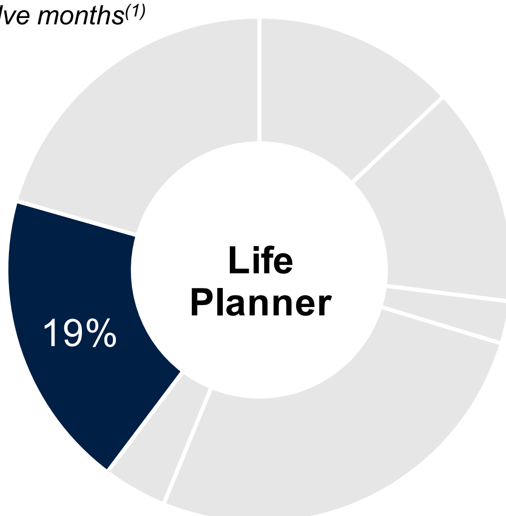


1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.
2) Sales represented by annualized new business premiums.

LIFE PLANNER OPERATIONS - DIFFERENTIATED DISTRIBUTION WITH STEADY LONG-TERM GROWTH POTENTIAL

Earnings Contribution to Prudential

Trailing twelve months(1)

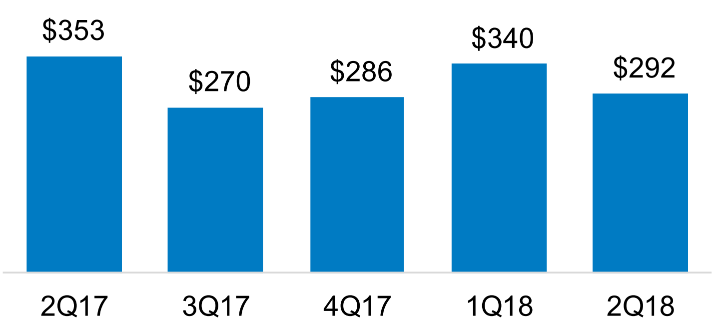


Key Priorities to Grow Earnings

- Lead with protection solutions and innovate as client needs evolve
- Grow Life Planners in all countries
- Build digital, mobile, and data analytics capabilities

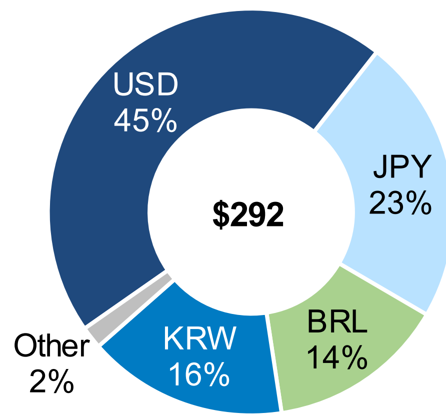
Sales(2)

$ in millions



Sales Mix by Currency(2) – 2Q18

$ in millions

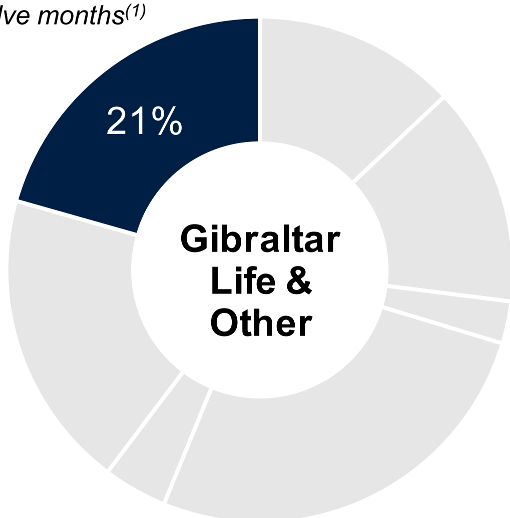


1) Based on pre-tax adjusted operating income excluding Corporate and Other Operations.
2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 111 per U.S. Dollar and Korean Won (KRW) 1,150 per U.S. Dollar. U.S. Dollar-denominated activity is included based on the amounts as transacted in U.S. Dollars. BRL = Brazilian Real. 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]

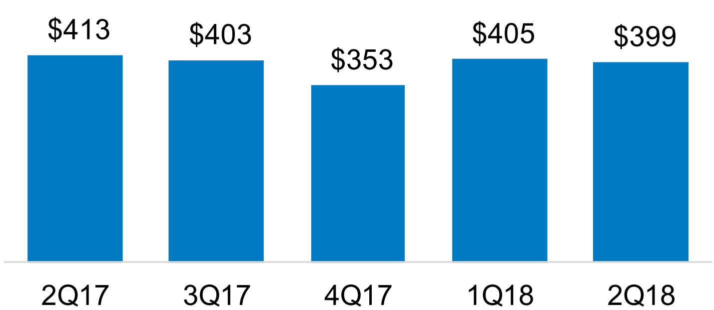


Key Priorities to Grow Earnings

- Lead with protection solutions and innovate as client needs evolve
- Optimize Life Consultant force through quality and productivity
- Strategically expand in Bank and Independent Agency channels
- Build digital, mobile, and data analytics capabilities

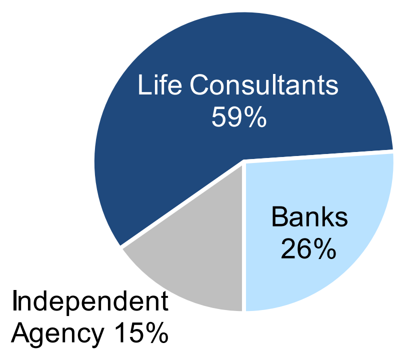
Sales[2]

$ in millions

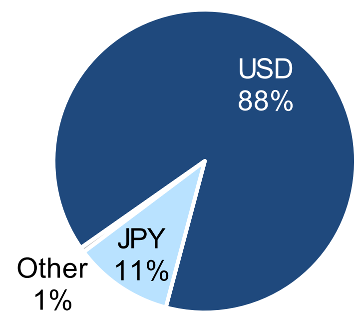


Sales Mix[2] – 2Q18

Distribution



Currency



1) Based on pre-tax adjusted operating income excluding Corporate and 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) 111 per U.S. Dollar. U.S. Dollar-denominated activity is included based on the amounts as transacted in U.S. Dollars. Sales represented by annualized new business premiums.

Second Quarter Notable Items

	$ in Millions Pre-tax	Per Share After-tax
Adjusted Operating Income	**$1,661**	**$3.01**
Notable Items[1]		
• Annual review and update of actuarial assumptions and other refinements	(160)	(0.30)
• Updated estimates of Individual Annuities profitability driven by market performance versus assumptions	(2)	(0.00)
• Returns on non-coupon investments and prepayment fees above / (below) average expectations	(10)	(0.02)
• Underwriting experience above / (below) average expectations	85	0.16
• (Higher) / lower than typical expenses	(15)	(0.03)
Total Notable Items included in Adjusted Operating Income	**$(102)**	**$(0.19)**

1) Notable Items represent the impact on results from our annual reviews and update of assumptions and other refinements, the quarterly updated estimate of Individual Annuities profitability driven by market performance versus assumptions, and the approximate impact attributable to variances from the Company's expectations. 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 notable items do not include seasonality impacts on quarterly revenue or 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. These items, where significant, are individually identified for the respective periods in the Company's earnings releases, available at www.investor.prudential.com and in the appendix. Notable Items after-tax are based on application of 21% tax rate.

Long-Term Care - Removed Morbidity Improvement

Managing the Business Proactively

- Discontinued sales in 2012 (average issue date of 2007)
- Actively pursuing rate increases and expanding benefit reduction options
- Actions taken to optimize cost structure through strategic outsourcing partnerships and continued investments in processes and technology
- Enhancing claims management programs – fall prevention, care, wellness and case management, fraud identification and prevention, and data analytics

Assumptions Reflective of Recent Experience and Industry Data

2Q18 Assumption Update

- Pre-tax impact[1]: -$1.5 billion GAAP and -$0.6 billion statutory
- Driven by the removal of morbidity improvement: -$1.4 billion
- Impact of other assumption updates largely offset by margin in reserves

2Q18 Reserve Balances

- GAAP reserves: $6.6 billion
- Statutory reserves: $7.0 billion

Capital Position Remains Strong

- We do not expect any impact to our capital deployment plans from assumption updates, including the level of shareholder dividends and share repurchases

Detailed policy information, current reserve assumptions, and sensitivities included in Appendix

1) Net of GAAP and Statutory reserve margin.

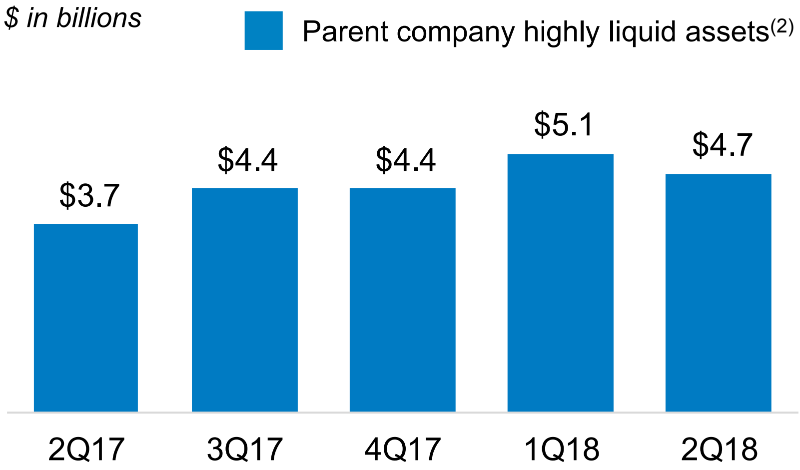
Robust Capital Position Supports Strong Distributions to Shareholders

Capital Position

Capital Deployment	• $750 million of remaining share repurchase authorization for 2018
Capital Level	• Continue to hold capital above our AA financial strength levels
Leverage[1]	• Financial leverage ratio less than 25% • Total leverage ratio less than 40%

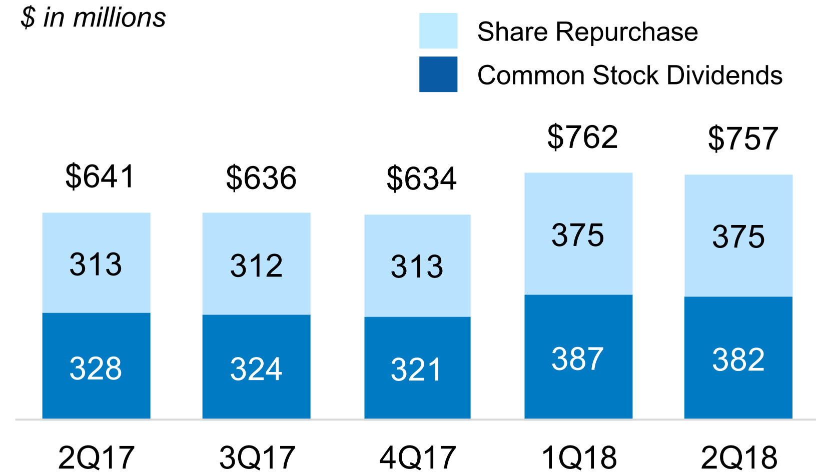
Liquidity Position

$ in billions



Shareholder Distributions

$ in millions



1) 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 the impact of foreign currency exchange rate remeasurement.
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.

2Q18 Earnings Call Key Messages

Bringing financial opportunity to more customers

- Continue to attract U.S. customers to our integrated solutions, including financial wellness
- Provide international customers with protection and retirement solutions

Generating strong ROE and growth

- Adjusted operating return on equity of 13.5%
- Double-digit growth in adjusted earnings per share and adjusted book value per share

Maintaining strong capital position

- Distributed ~$760 million to shareholders
- Strengthened Long-Term Care reserves
- Continue to hold capital above AA level

PRUDENTIAL FINANCIAL, INC.

APPENDIX

AUGUST 2, 2018

2Q18 Business Segment Notable Items

$ in millions (pre-tax)	Pre-tax Adjusted Operating Income	Notable Items: Annual review and update of actuarial assumptions and other refinements	Notable Items: Returns on non-coupon investments and prepayment fees above / (below) average expectations	Notable Items: Underwriting experience above / (below) average expectations	Notable Items: Other
PGIM	254	-	-	-	-
Retirement	277	(68)	(5)	60	-
Group Insurance	82	31	-	10	(15) higher than typical expenses
Individual Annuities	507	10	(5)	-	(2) impact from updated estimates of profitability driven by market performance versus assumptions
Individual Life	43	(55)	-	(15)	-
Life Planner	376	(49)	(5)	10	-
Gibraltar Life & Other	408	(32)	5	20	-
Corporate	(286)	3	-	-	-

2Q17 Business Segment Notable Items

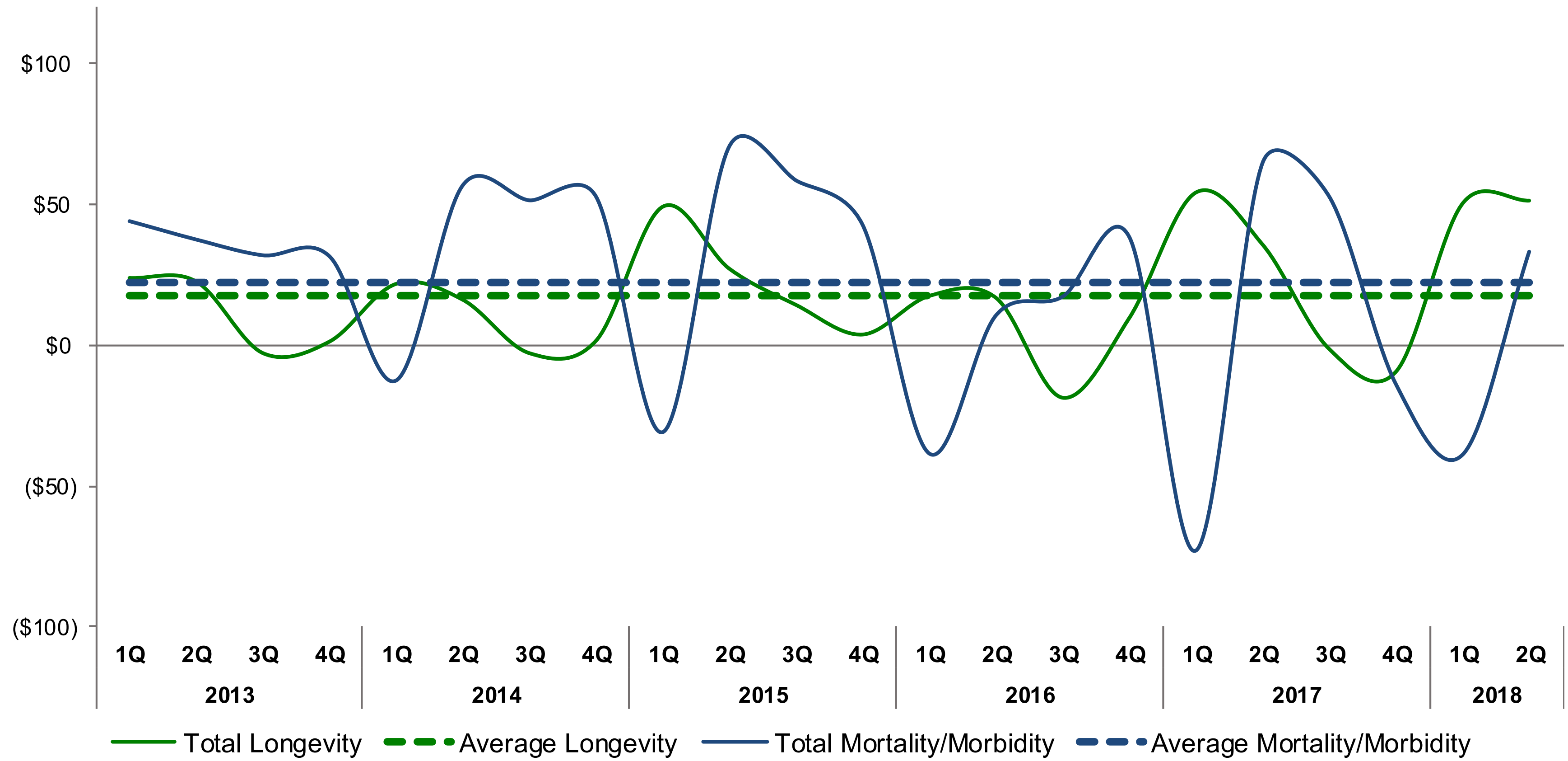
$ in millions (pre-tax)	Pre-tax Adjusted Operating Income	Notable Items: Annual review and update of actuarial assumptions and other refinements	Notable Items: Returns on non-coupon investments and prepayment fees above / (below) average expectations	Notable Items: Underwriting experience above / (below) average expectations	Notable Items: Other
PGIM	218	-	-	-	-
Retirement	308	(20)	25	30	-
Group Insurance	136	55	-	30	-
Individual Annuities	612	46	5	-	54 impact from updated estimates of profitability driven by market performance versus assumptions
Individual Life	(557)	(653)	-	(10)	-
Life Planner	329	(67)	10	20	(25) higher than typical expenses
Gibraltar Life & Other	494	21	15	10	-
Corporate	(312)	(4)	-	-	-

Seasonality Of Key Financial Items

	1Q	2Q	3Q	4Q
PGIM				Other related revenues tend to be highest
Retirement	Case experience tends to be favorable		PRT sales, episodic, tend to be highest in 3Q and 4Q	
Group Insurance	Mortality tends to be unfavorable Sales tend to be highest			
Individual Annuities				
Individual Life	Mortality tends to be unfavorable			Sales tend to be highest
Life Planner	Earnings tend to be highest due to higher annual mode premiums			
Gibraltar Life & Other	Earnings tend to be highest due to higher annual mode premiums			
Corporate	Long-term and deferred compensation expenses tend to fluctuate with Prudential stock price			
All Ongoing Operations		Impact of annual assumption update		Expenses tend to be highest

OFFSETTING EXPOSURES BETWEEN MORTALITY AND LONGEVITY BASED BUSINESSES

AOI Impact
$ in millions (pre-tax)



1) Mortality/Morbidity generated by Individual Life, Group Insurance and International Insurance businesses. Does not include Long-Term Care.
2) Longevity generated by Retirement and Annuities.

LONG-TERM CARE ASSUMPTIONS AND SENSITIVITIES

	Current Assumption	GAAP Sensitivities[1]: Assumption Change	GAAP Sensitivities[1]: Estimated Reserve Increase / (Decrease) *$ in millions*
Morbidity Improvement	None - removed 1% per year for 20 years	Include improvement: 1% per year for 10yrs / 20yrs	$(900) - $(1,400)
Mortality Improvement	1% per year for 20 years	Reduce improvement: 1% per year for 10yrs to none	$(300) - $(850)
Expected Future Claim Costs/Base Morbidity	Based on Company and industry experience; no reflection of future claims management efficiencies	Increase / decrease in expected future claims costs: +5% to -5%	$525 - $(525)
Average Ultimate Lapse Rate	Individual: 0.8% Group: 0.6%	-10bps to +10bps	$125 - $(125)
Investment Rate[2]	Weighted average of 5.36%	-25bps to +25bps	$425 - $(425)
Future Rate Increases/Benefit Reductions	~$1.0 billion future rate increases assumed in reserves not yet approved	Decrease / increase unapproved rate increases by -10% to +10%	$100 - $(100)

1) Table summarizes certain significant assumptions made in establishing reserves for long-term care products and the pre-tax net impact that could result from changes in these assumptions should they occur. The information is for illustrative purposes only and considers only the hypothetical direct impact on June 30, 2018 balances of changes in a single assumption and not changes in any combinations of assumptions. As a result of emerging future experience, changes in the significant assumptions in excess of those illustrated may occur in future periods.
2) Investment Rate reflects the expected investment yield over the life of the block of business, and is derived from the portfolio yield, current reinvestment rates and our intermediate and long-term assumption for investment yields. A 25 bps change in the Investment Rate implies an approximate 75 bps change in reinvestment rates.

LONG-TERM CARE DETAILED POLICY INFORMATION

As of 6/30/18
$ in millions, except daily benefits

		Individual	Group	Total
Balance Sheet	GAAP Reserves	$ 4,746	$ 1,818	$ 6,564
	Statutory Reserves	$ 4,956	$ 2,066	$ 7,022
In-Force	Policies In-force	74,358	136,798	211,156
	Paid-up Policies (included in policies in-force count)	1,309	0	1,309
	Average Issue Age (Yrs)	57	49	52
	Average Attained Age (Yrs)	68	64	65
	Average Max Daily Benefit (Current)	$ 233	$ 227	$ 229
	Average Max Benefit Period (Non-Lifetime) (Yrs)	4.4	4.7	4.6
	Annual Premiums	$ 215	$ 207	$ 422
Benefit Mix	Lifetime Benefits	24%	2%	9%
(by in-force count)	5% Compound Inflation	50%	12%	26%
% of policies with these features	<5% Compound Inflation	8%	0%	3%
	Simple Inflation	23%	2%	9%
	Combined Lifetime and Inflation Benefits	15%	0%	5%
Open Claims	Policies on Claim	2,076	2,416	4,492
	Average Disabled Age (Yrs) (at disablement)	78	78	78
	Average Max Daily Benefit	$ 213	$ 186	$ 199

FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES

Certain of the statements included in this presentation, including those under the headings “Key Priorities to Grow Earnings” 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.

Sensitivities in this presentation consist of estimates. These estimates are forward-looking statements and may change, possibly materially, due to, among other things, changes in the composition of our business, customer behavior that differs from our expectations, market conditions, and actions Prudential Financial, Inc. may take. Capital deployment plans may be affected by a number of factors including our overall financial condition, results of operations, cash requirements and future prospects; regulatory restrictions including on the payment of dividends by Prudential Financial, Inc.’s subsidiaries, strategic plans and other factors.

This presentation also 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 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 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 Web site at www.investor.prudential.com. Reconciliations are also included as part of this presentation.

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RECONCILIATIONS BETWEEN ADJUSTED OPERATING INCOME AND THE COMPARABLE GAAP MEASURE

$ in millions	Second Quarter 2018	Second Quarter 2017	Year to Date 2018	Year to Date 2017
Net income attributable to Prudential Financial, Inc.	$ 197	$ 491	$ 1,560	$ 1,860
Income attributable to noncontrolling interests	3	5	4	8
Net income	200	496	1,564	1,868
Less: Earnings attributable to noncontrolling interests	3	5	4	8
Income attributable to Prudential Financial, Inc.	197	491	1,560	1,860
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	15	8	37	30
Income (after-tax) before equity in earnings of operating joint ventures	182	483	1,523	1,830
Less: Reconciling Items:				
Realized investment gains, net, and related charges and adjustments	277	(679)	341	(641)
Investment gains on assets supporting experience rated contractholders liabilities, net	(193)	201	(596)	245
Change in experience-rated contractholder liabilities due to asset value changes	85	(145)	503	(157)
Divested businesses:				
Closed Block division	(31)	(18)	(40)	16
Other divested businesses	(1,526)	35	(1,598)	41
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(23)	(14)	(49)	(42)
Total reconciling items, before income taxes	(1,411)	(620)	(1,439)	(538)
Less: Income taxes, not applicable to adjusted operating income	(295)	(184)	(324)	(212)
Total reconciling items, after income taxes	(1,116)	(436)	(1,115)	(326)
After-tax adjusted operating income	1,298	919	2,638	2,156
Income taxes, applicable to adjusted operating income	363	309	744	732
Adjusted operating income before income taxes	$ 1,661	$ 1,228	$ 3,382	$ 2,888
Net Income Return on Equity[(1)]			6.1%	
Adjusted Operating Return on Equity[(1)]			13.5%	

1) Net income return on equity based on year-to-date annualized after-tax net income and average GAAP equity of $51,433. Adjusted operating return on equity based on year-to-date annualized after-tax adjusted operating income and average adjusted book value of $39,106.

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

Per Share

	Second Quarter 2018	Second Quarter 2017	Year to Date 2018	Year to Date 2017
Net income attributable to Prudential Financial, Inc.	$ 0.46	$ 1.12	$ 3.62	$ 4.21
Less: Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	0.65	(1.55)	0.79	(1.46)
Investment gains (losses) on assets supporting experience-rated contractholder liabilities, net	(0.45)	0.46	(1.39)	0.56
Change in experience-rated contractholder liabilities due to asset value changes	0.20	(0.33)	1.17	(0.36)
Divested businesses:				
Closed Block Division	(0.07)	(0.04)	(0.09)	0.04
Other divested businesses	(3.57)	0.08	(3.72)	0.09
Difference in earnings allocated to participating unvested share-based payment awards	0.02	0.01	0.03	0.01
Total reconciling items, before income taxes	(3.22)	(1.37)	(3.21)	(1.12)
Less: Income taxes, not applicable to adjusted operating income	(0.67)	(0.40)	(0.73)	(0.45)
Total reconciling items, after income taxes	(2.55)	(0.97)	(2.48)	(0.67)
After-tax adjusted operating income	$ 3.01	$ 2.09	$ 6.10	$ 4.88

Reconciliations between Adjusted Book Value and the Comparable GAAP Measure

$ in millions, except per share values	**June 30, 2018**	**June 30, 2017**
GAAP book value	$ 48,232	$ 48,611
Less: Accumulated other comprehensive income (AOCI)	11,655	16,362
GAAP book value excluding AOCI	36,577	32,249
Less: Cumulative effect of remeasurement of foreign currency	(2,650)	(2,889)
Adjusted book value	$ 39,227	$ 35,138
Number of diluted shares	429.0	433.8
GAAP book value per Common share - diluted(1)	113.59	111.73
GAAP book value excluding AOCI per Common share - diluted(1)	86.43	74.34
Adjusted book value per Common share - diluted(1)	92.60	81.00

1) As of the second quarter of 2018, 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 second quarter 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).