



**PRUDENTIAL FINANCIAL, INC.  
DEBT INVESTORS UPDATE**

**MARCH 2015**

# AGENDA



- ❖ Enterprise Overview
- ❖ U.S. and International Businesses Results and Key Drivers
- ❖ Capital & Liquidity
- ❖ Investment Portfolio

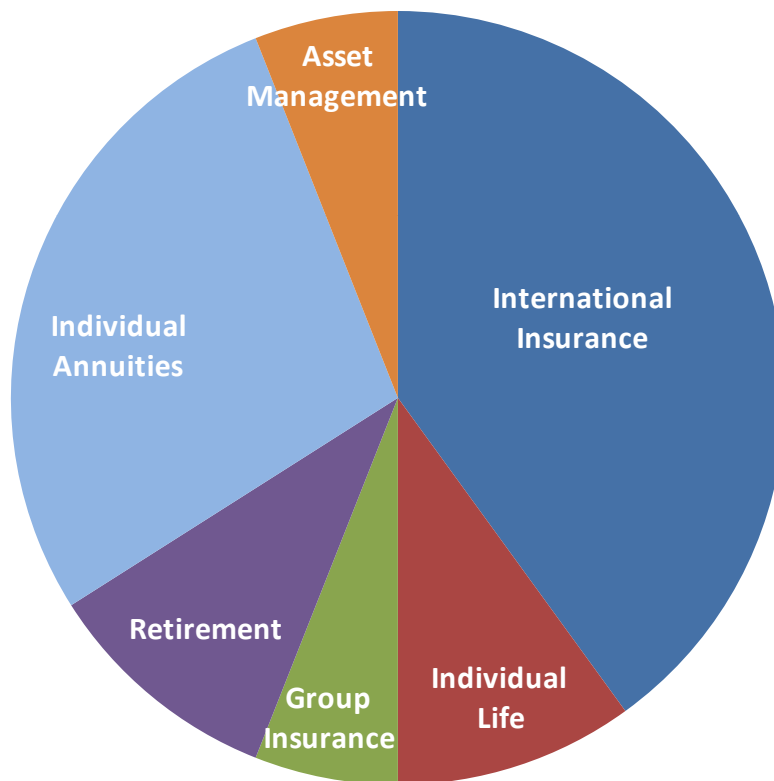


# ENTERPRISE OVERVIEW

# SUPERIOR MIX OF HIGH QUALITY BUSINESSES AND RISKS

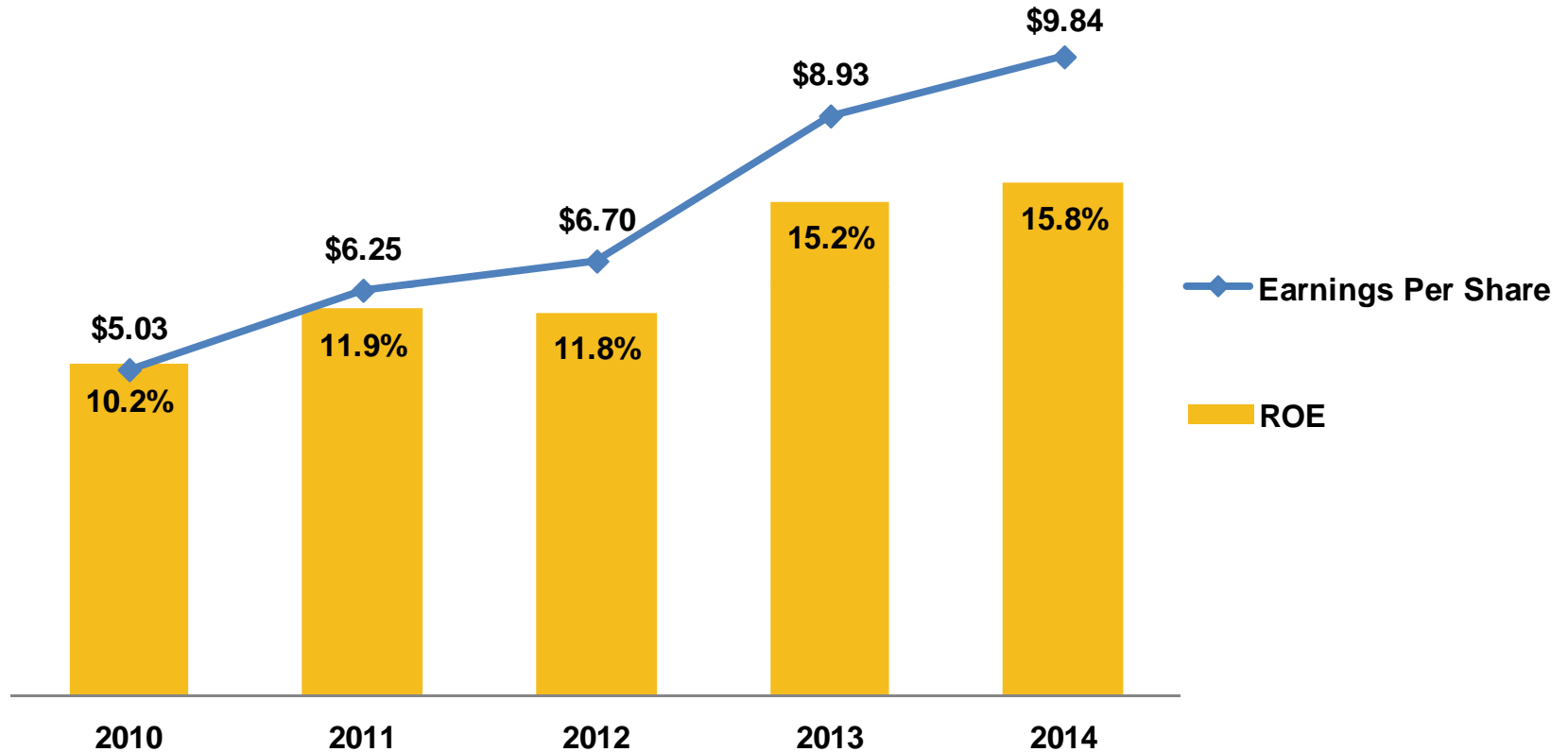


December 31, 2014  
Attributed Equity  
\$29.9 Billion<sup>(1)</sup>



1) Attributed equity of Financial Services Businesses (FSB), excluding accumulated other comprehensive income (AOCI) and impact of foreign currency exchange rate remeasurement, which is attributed to International Insurance. Includes Corporate and Other Operations of \$(1.8) billion, which is excluded from pie chart. See Prudential Financial, Inc.'s Annual Report on Form 10-K, for a discussion of the elimination of the separation of the FSB and the Closed Block Business.

# ROE AND EPS GROWTH<sup>(1)(2)</sup>



- 1) EPS based on after-tax adjusted operating income (AOI) of the FSB excluding market driven and discrete items as disclosed in the company earnings releases.
- 2) ROE based on after-tax AOI of FSB excluding market driven and discrete items as disclosed in the company earnings releases and excludes accumulated other comprehensive income and the impact of foreign currency exchange rate remeasurement on attributed equity.

# FINANCIAL PERFORMANCE



<i>Pre-tax Reported Adjusted Operating Income (AOI)</i> <i>(\$ in millions)</i>	<u>Full Year</u>			
	2011	2012	2013	2014
Individual Annuities	\$ 662	\$ 1,039	\$ 2,085	\$ 1,467
Retirement	594	638	1,039	1,215
Asset Management	888	584	723	785
<b>U.S. Retirement Solutions and Investment Management</b>	<b>2,144</b>	<b>2,261</b>	<b>3,847</b>	<b>3,467</b>
Individual Life	482	384	583	498
Group Insurance	163	16	157	23
<b>U.S. Individual Life and Group Insurance Division</b>	<b>645</b>	<b>400</b>	<b>740</b>	<b>521</b>
Life Planner Operations	1,246	1,481	1,517	1,589
Gibraltar Life and Other Operations	1,017	1,223	1,635	1,663
<b>International Insurance Division</b>	<b>2,263</b>	<b>2,704</b>	<b>3,152</b>	<b>3,252</b>
Corporate and Other	(1,112)	(1,338)	(1,370)	(1,348)
<b>Financial Services Businesses</b>	<b>3,940</b>	<b>4,027</b>	<b>6,369</b>	<b>5,892</b>
Market driven and discrete items <sup>(1)</sup>	(209)	(211)	534	(452)
<b>Results excluding market driven and discrete items</b>	<b>\$ 4,149</b>	<b>\$ 4,238</b>	<b>\$ 5,835</b>	<b>\$ 6,344</b>

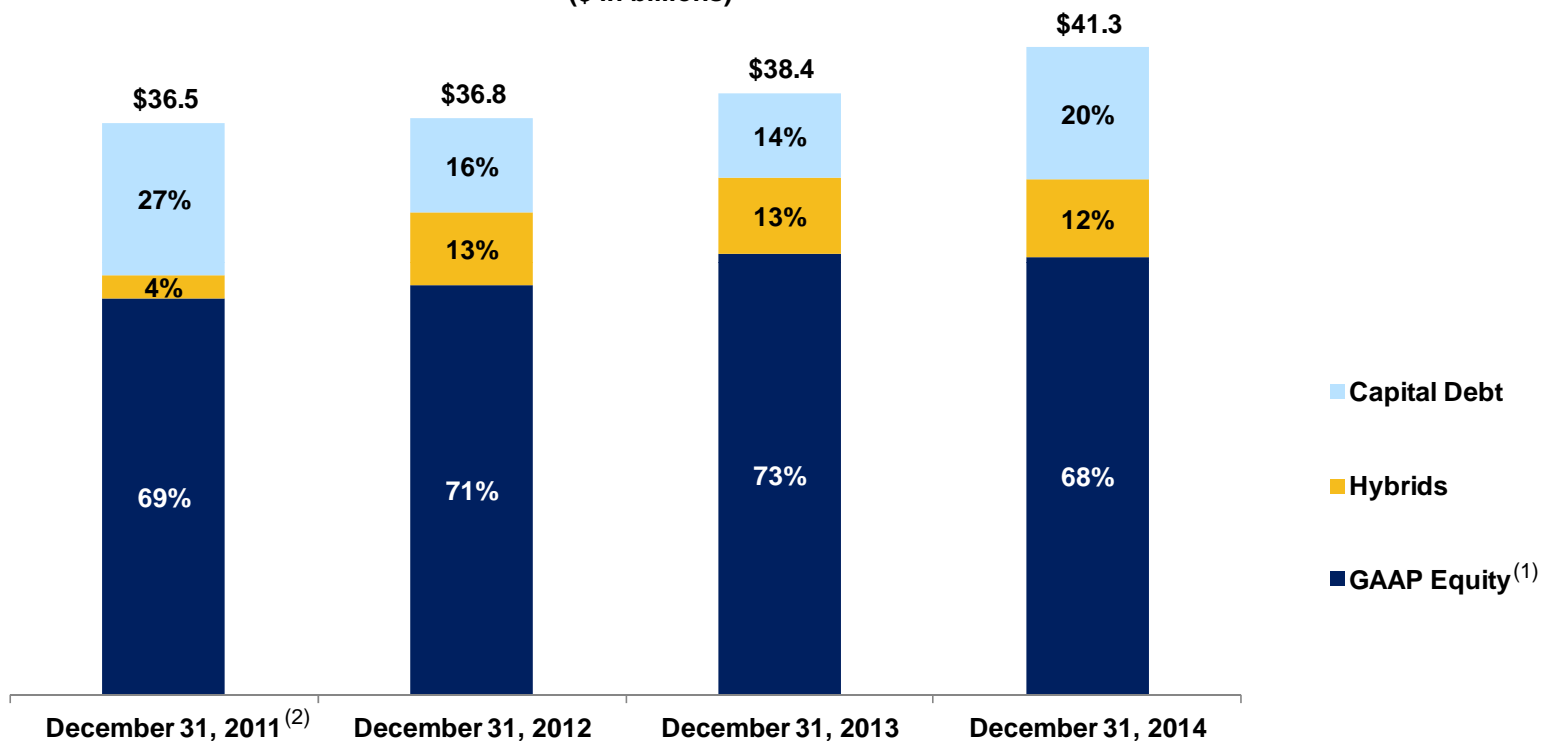
1) As disclosed in company earnings releases

# CAPITAL STRUCTURE



## Composition of Outstanding Capital

(\$ in billions)

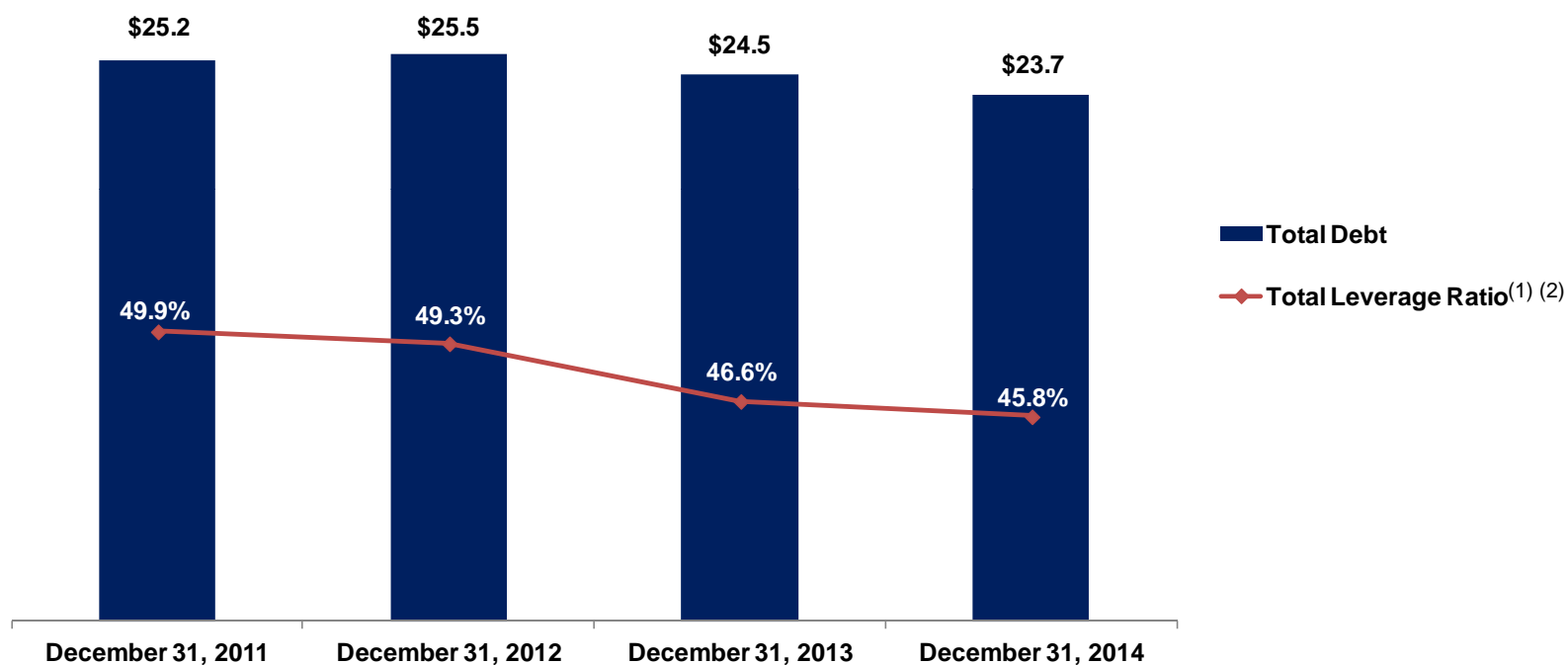


- 1) GAAP Equity represents total equity of the FSB excluding the impact of Foreign Currency Exchange Rate Remeasurement, Non-Performance Risk (net of deferred policy acquisition costs), and Accumulated Other Comprehensive Income on GAAP equity totaling \$7.9 billion, \$11.5 billion, \$6.3 billion, and \$13.6 billion for 2011, 2012, 2013, and 2014 respectively.
- 2) Reflects the retrospective adoption of amended accounting guidance for deferred policy acquisition costs effective January 1, 2012, which reduced GAAP equity by \$2.8 billion. Also reflects a discretionary change in accounting principle related to the Company's pension plans.

# REDUCTION IN TOTAL LEVERAGE



(\$ billions)



- 1) For the FSB. Total Leverage Ratio is defined as total unaffiliated debt on-balance sheet divided by total capital (Total Debt plus GAAP Equity)
- 2) GAAP Equity represents total equity of the FSB excluding the impact of Foreign Currency Exchange Rate Remeasurement, Non-Performance Risk (net of deferred policy acquisition costs), and Accumulated Other Comprehensive Income on GAAP equity totaling \$7.9 billion, \$11.5 billion, \$6.3 billion, and \$13.6 billion for 2011, 2012, 2013, and 2014 respectively.



# FINANCIAL STRENGTH AND CREDIT RATINGS<sup>(1)</sup>



	Prudential Financial, Inc.		Prudential Insurance Company of America		Outlook
	Senior Debt	Short-Term Debt	Financial Strength	Short-Term Debt <sup>(2)</sup>	
<b>S&amp;P</b>	A	A-1	AA-	A-1+	Stable
<b>Moody's</b>	Baa1	P-2	A1	P-1	Stable
<b>Fitch</b>	BBB+	F2	A+	F1	Positive
<b>A.M. Best</b>	a-	AMB-1	A+	AMB-1	Stable

Note: As of February 4, 2015

- 1) Financial strength ratings represent the opinions of rating agencies regarding the financial ability of an insurance company to meet its obligations under an insurance policy. Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. The ratings set forth above reflect current opinions of each rating agency. Each rating should be evaluated independently of any other rating. These ratings are reviewed periodically and may be changed at any time by the rating agencies. As a result, there can be no assurance that we will maintain our current ratings in the future.
- 2) Ratings for Prudential Funding, LLC, a wholly owned subsidiary of The Prudential Insurance Company of America ("PICA").



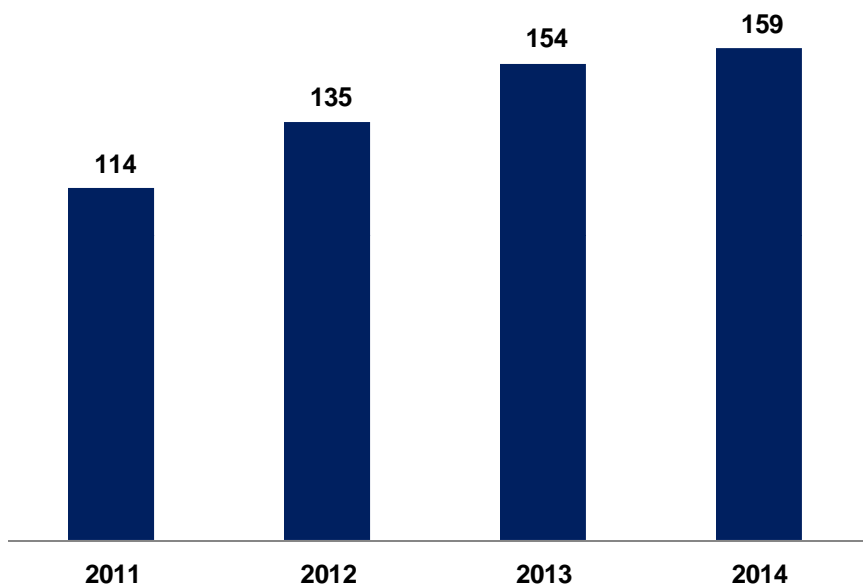
# **U.S. AND INTERNATIONAL BUSINESSES RESULTS AND KEY DRIVERS**

# INDIVIDUAL ANNUITIES – ACCOUNT VALUE AND SALES TREND

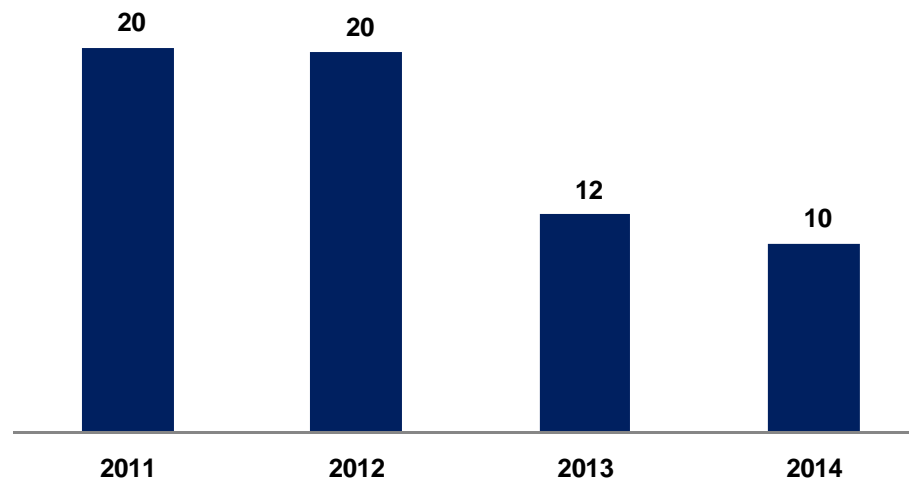


(\$ billions)

## Account Values<sup>(1)</sup>



## Gross Sales

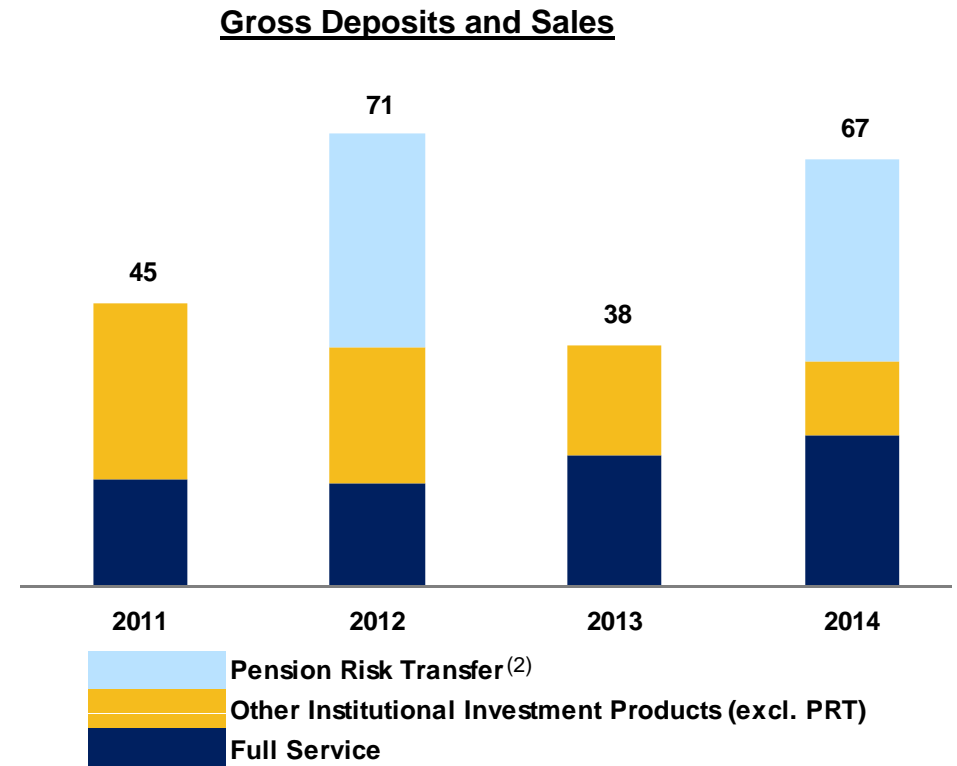
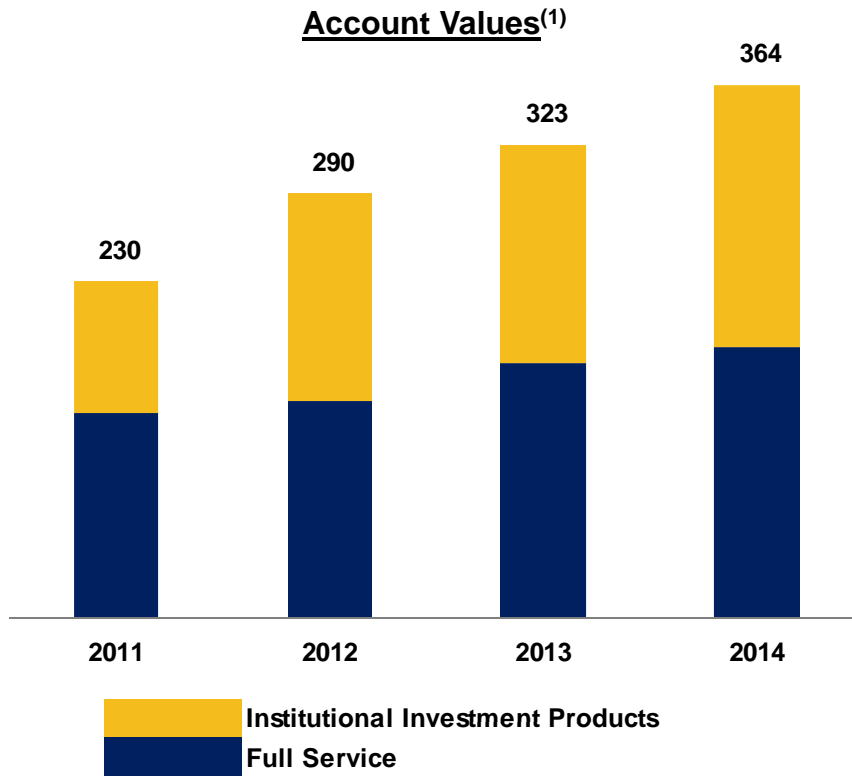


1) At end of period

# RETIREMENT – ACCOUNT VALUES AND SALES TREND



(\$ billions)



1) At end of period.

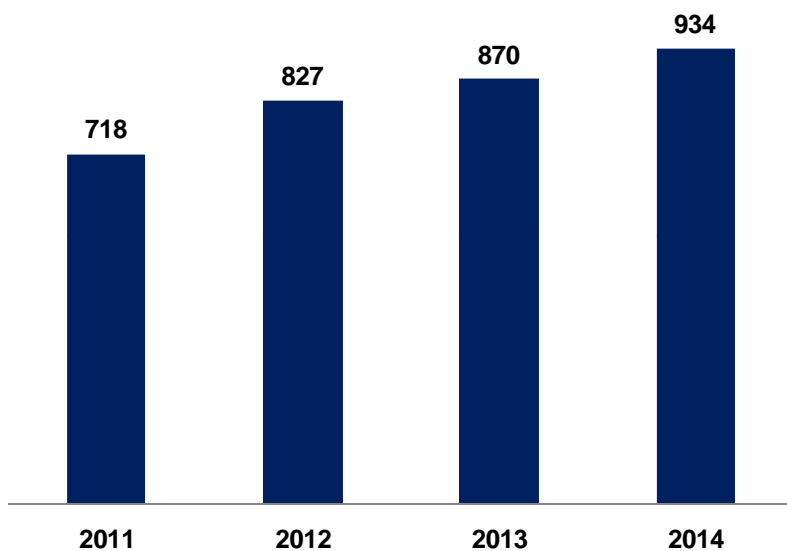
2) Represents significant Pension Risk Transfer transactions recorded in the fourth quarter of 2012 and third and fourth quarters of 2014.

# ASSET MANAGEMENT – AUM AND NET FLOWS

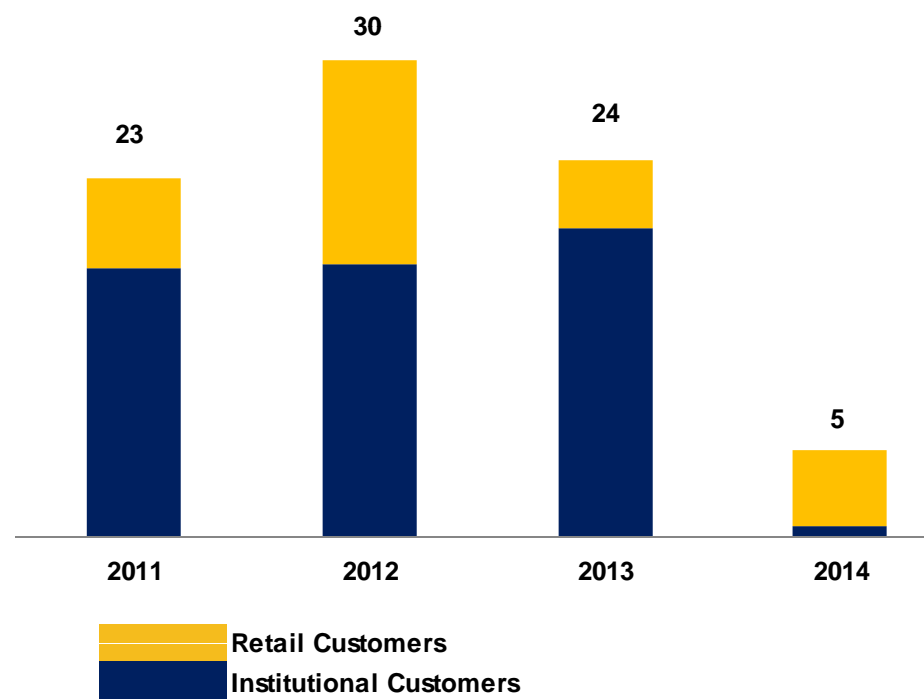


(\$ billions)

## Assets Under Management<sup>(1)</sup>



## Institutional and Retail Customers Net Flows<sup>(2)</sup>



1) At end of period, includes general account

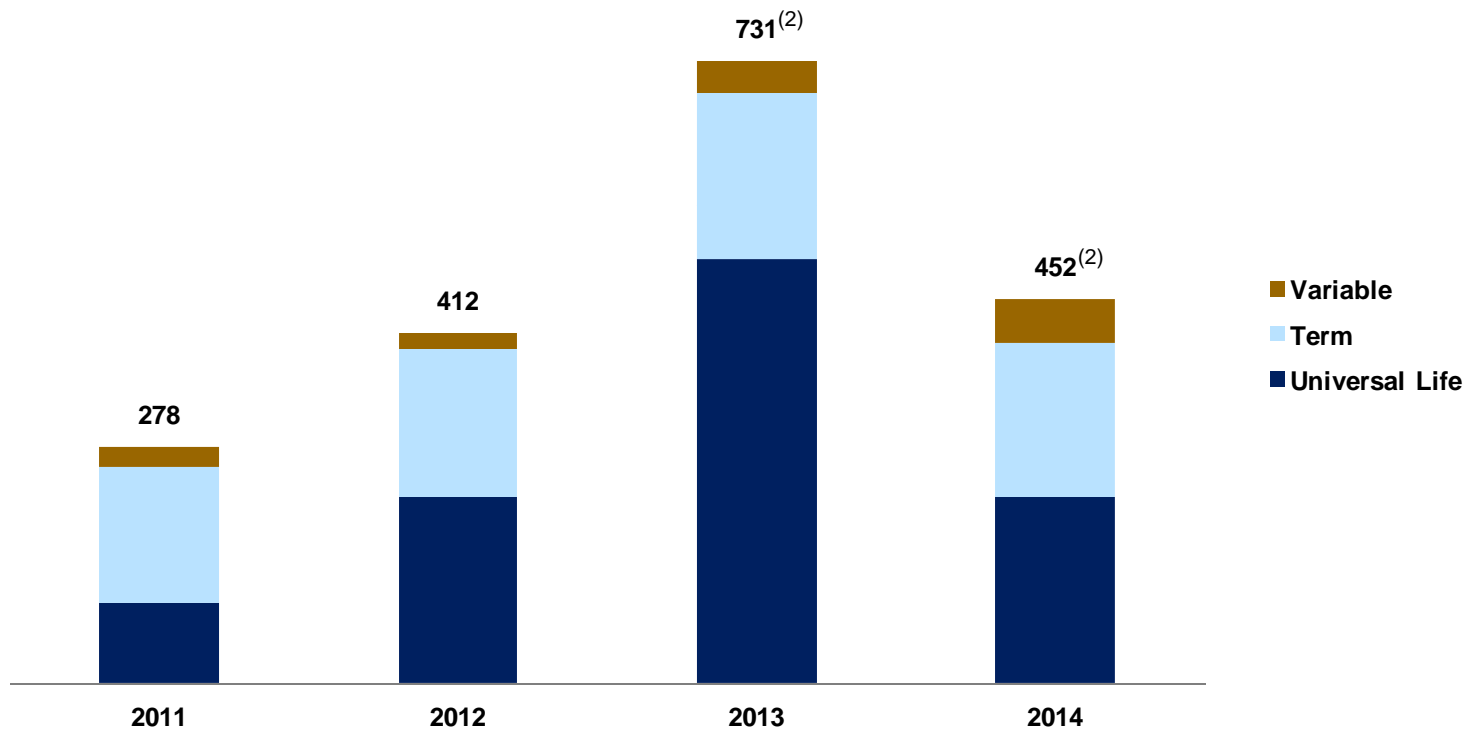
2) Excludes money market activity and affiliated net flows

# INDIVIDUAL LIFE – SALES TREND



(\$ millions)

## Annualized New Business Premiums<sup>(1)</sup>



1) Excludes corporate-owned life insurance

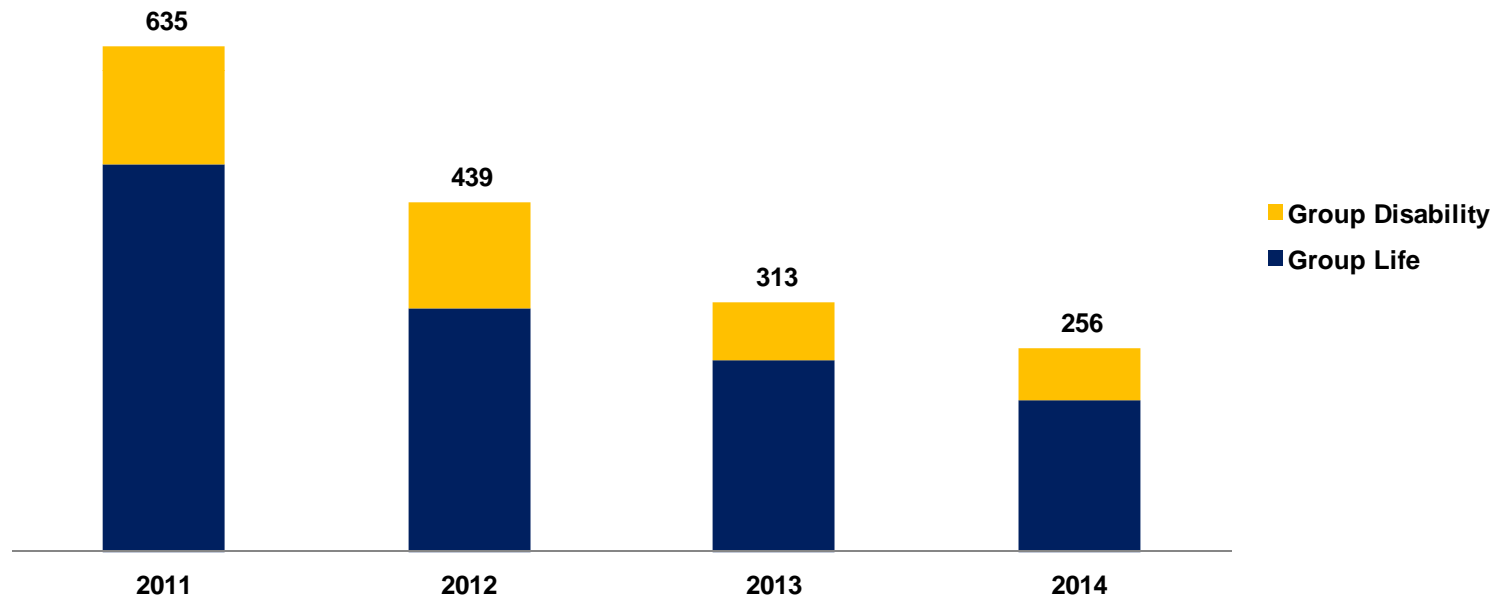
2) Includes new business premiums from the Hartford acquisition

# GROUP INSURANCE – SALES TREND



(\$ millions)

## Annualized New Business Premiums

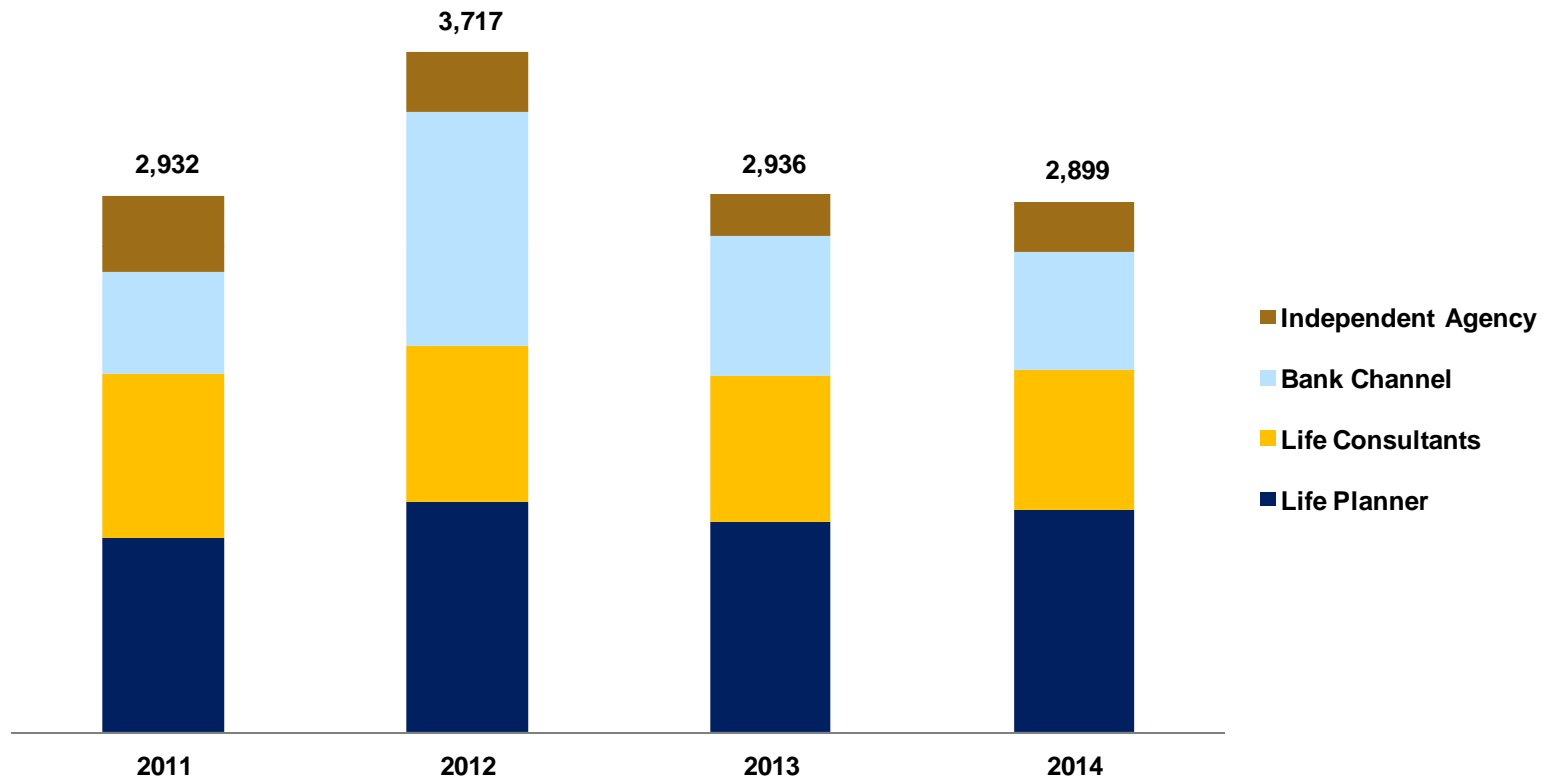


# INTERNATIONAL INSURANCE – SALES TREND



(\$ millions)

Annualized New Business Premiums by Distribution Channel<sup>(1)</sup>



1) Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese Yen 91 per U.S. dollar and Korean won 1120 per U.S. dollar. U.S. dollar-denominated activity is included based on the amounts as transacted in U.S. dollars





# CAPITAL & LIQUIDITY

# APPROACH TO CAPITAL & LIQUIDITY MANAGEMENT



Financial Strength

“AA” standards for capital and leverage

Liquidity

Diverse sources provide significant financial flexibility

Capital Protection Framework

Competitive levels of capital under stress scenarios

# FINANCIAL STRENGTH AND FLEXIBILITY HIGHLIGHTS

## INSURANCE OPERATIONS



Risk Based Capital Ratio (RBC) <sup>(1)</sup>	Target	December 31, 2013
		456%
Prudential Insurance	400%	Estimated Dec. 31, 2014
		Well Above Target

Solvency Margin Ratio	Target	September 30, 2014
Prudential of Japan <sup>(2)</sup>	600% - 700%	858%
Gibraltar Life <sup>(2)(3)</sup>	600% - 700%	931%

- 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.
- 2) Based on Japanese statutory accounting and risk measurement standards applicable to regulatory filings as of September 30, 2014.
- 3) Gibraltar consolidated basis.

# FINANCIAL STRENGTH AND FLEXIBILITY HIGHLIGHTS

## CAPITAL CAPACITY AND LIQUIDITY POSITION



	December 31, 2014
Estimated On Balance Sheet Capital Capacity <sup>(1)</sup>	~\$2 Billion
Capital earmarked for reduction of capital debt	~\$2 Billion
Parent Company Cash and Short Term Investments <sup>(2)</sup>	\$4.2 Billion

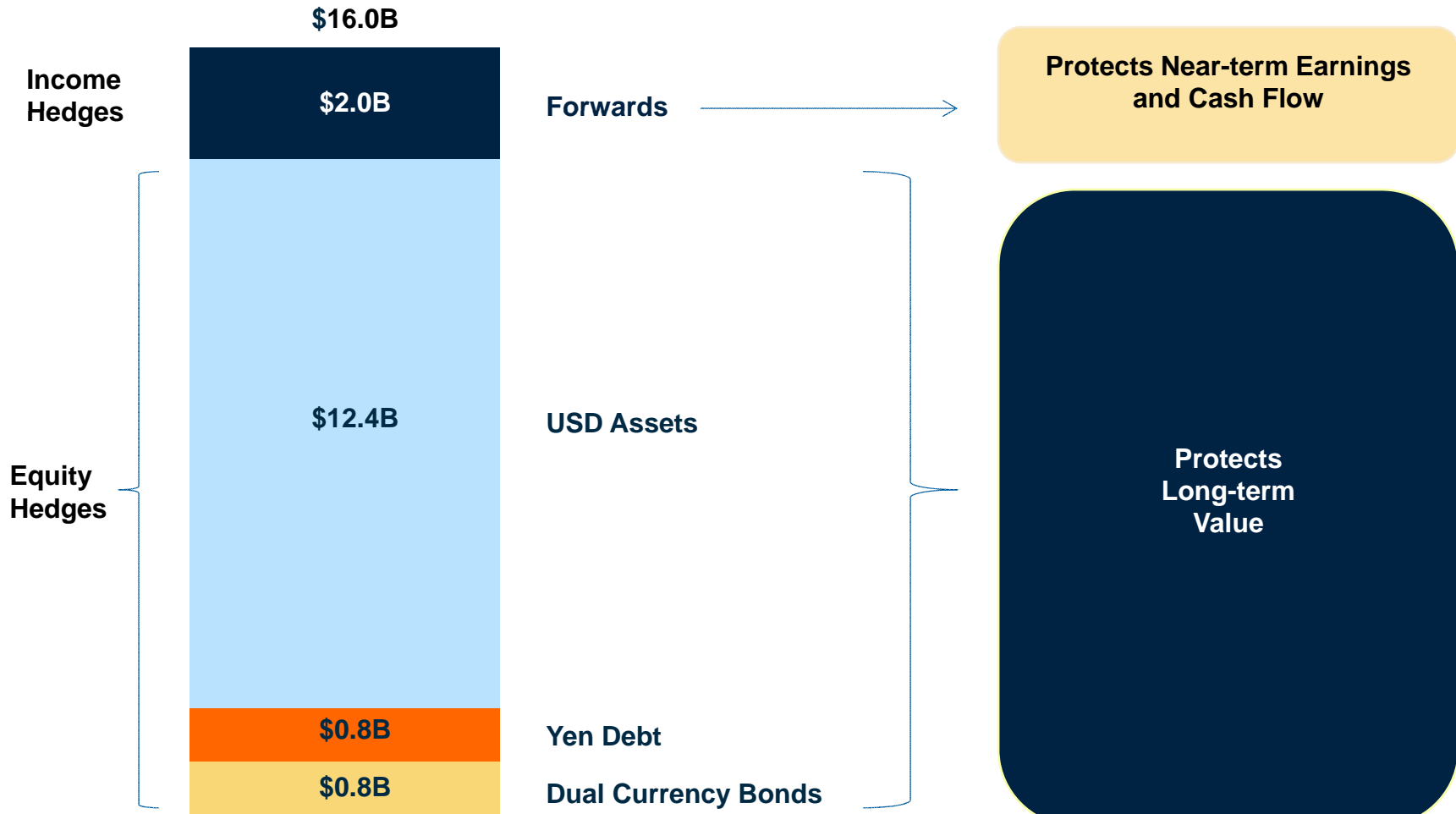
- 1) For the Financial Services Businesses; based on targeted RBC ratio of 400% for Prudential Insurance, equivalent levels of capital at other insurance operating entities and similarly strong levels of capital in our other subsidiaries. Gives pro-forma effect to a targeted 25% debt to capital ratio.
- 2) Net of outstanding commercial paper and cash held in an intra-company liquidity account at PFI.

# YEN HEDGING STRATEGY – MITIGATES ROE DILUTION



## Hedge Type

## Protection



Existing Hedges as of  
12/31/2014

# CAPITAL PROTECTION FRAMEWORK



## Stress Parameters

Equity Market  
Decline

Interest Rate  
Shock

Credit Shock

Currency Shock

## Our Toolbox

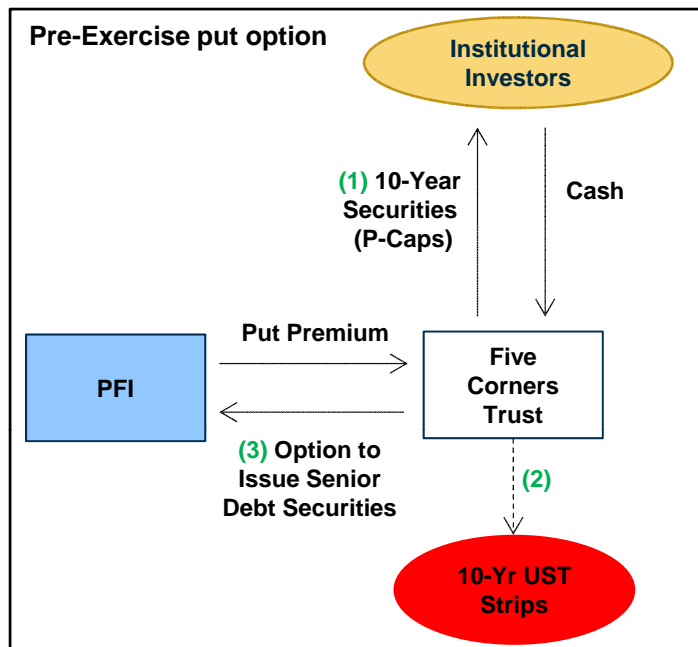
On Balance  
Sheet Capital  
Capacity

Derivatives

Reinsurance

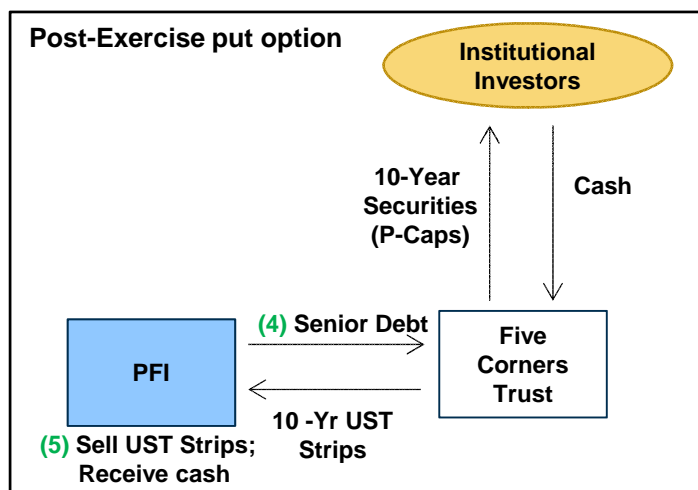
Contingent  
Capital

# CONTINGENT CAPITAL FACILITY



In November 2013, we created a \$1.5 billion fixed income contingent capital facility as part of our Capital Protection Framework

1. A newly created Delaware trust issues 10-year 144A trust securities to Institutional investors
2. Proceeds from issuance are invested by Trust in Eligible Assets (10 year UST via Treasury Strips)
3. Trust grants a Put Option to Prudential Financial, Inc. ("PFI"), giving PFI the right to deliver newly issued 10-year PFI senior debt securities at a rate preset upon inception to the Trust in exchange for Treasury Strips
  - a) Put is exercisable at any time by PFI
  - b) Also subject to certain mandatory draw requirements
4. Upon exercise of the option, PFI issues Senior Debt to the trust in exchange for Treasury Strips
5. Treasury Strips may be sold for cash proceeds



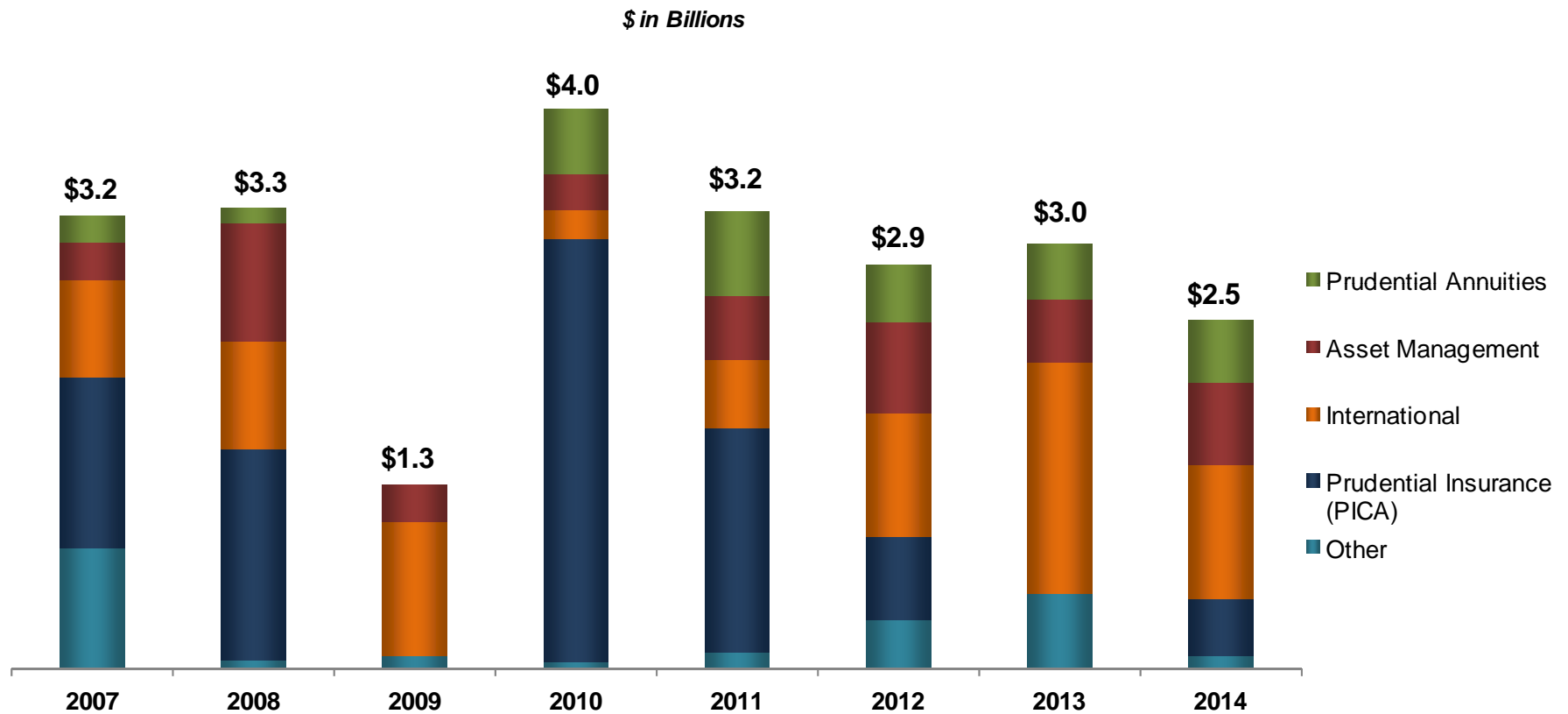
# LIQUIDITY MANAGEMENT PHILOSOPHY



- ❑ Liquidity is managed for each legal entity separately with a robust asset/liability management discipline
- ❑ We manage holding company cash to a Board-approved minimum balance of \$1.3 billion
- ❑ We have access to significant alternative liquidity sources
- ❑ We strive to maintain commercial paper issuance at modest levels
- ❑ We opportunistically pre-fund our debt maturities



# CASH FLOWS FROM SUBSIDIARIES<sup>(1)</sup>

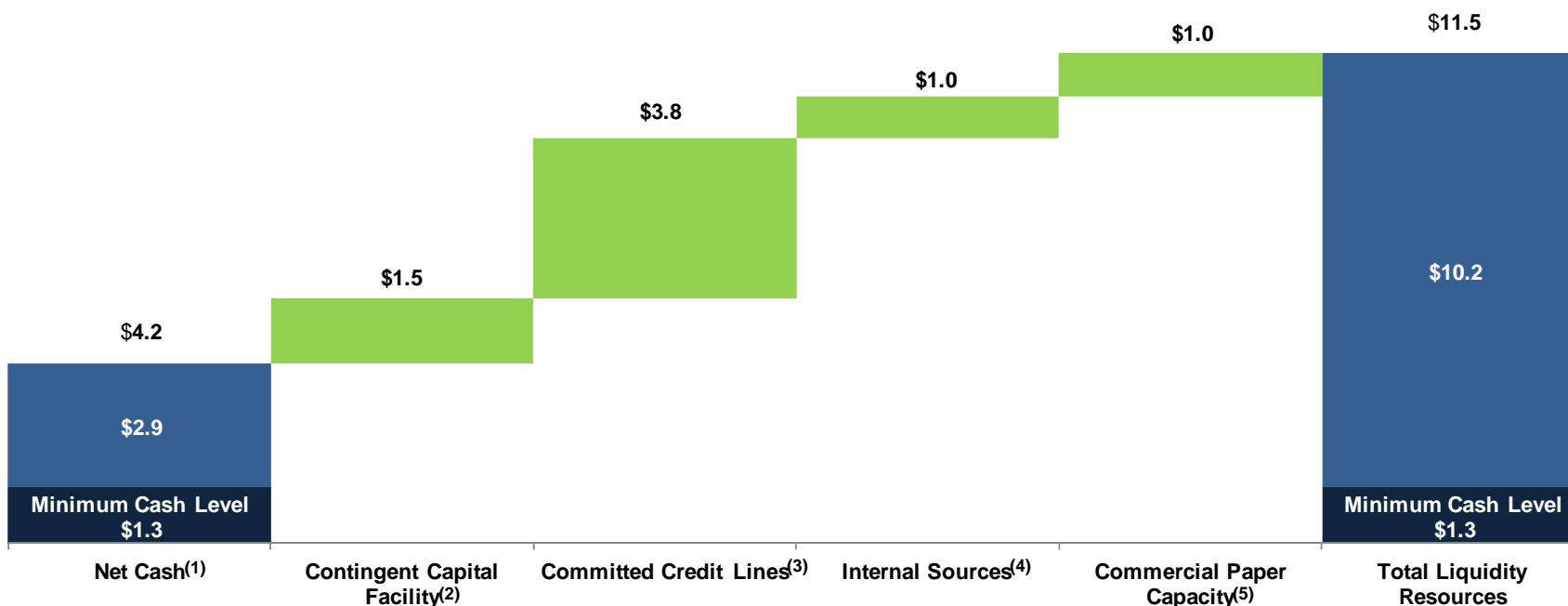


1) Reflects dividends and/or returns of capital to Prudential Financial, Inc..

# HOLDING COMPANY LIQUIDITY



## PFI Alternate Sources of Liquidity As of December 31, 2014 (\$ in Billions)

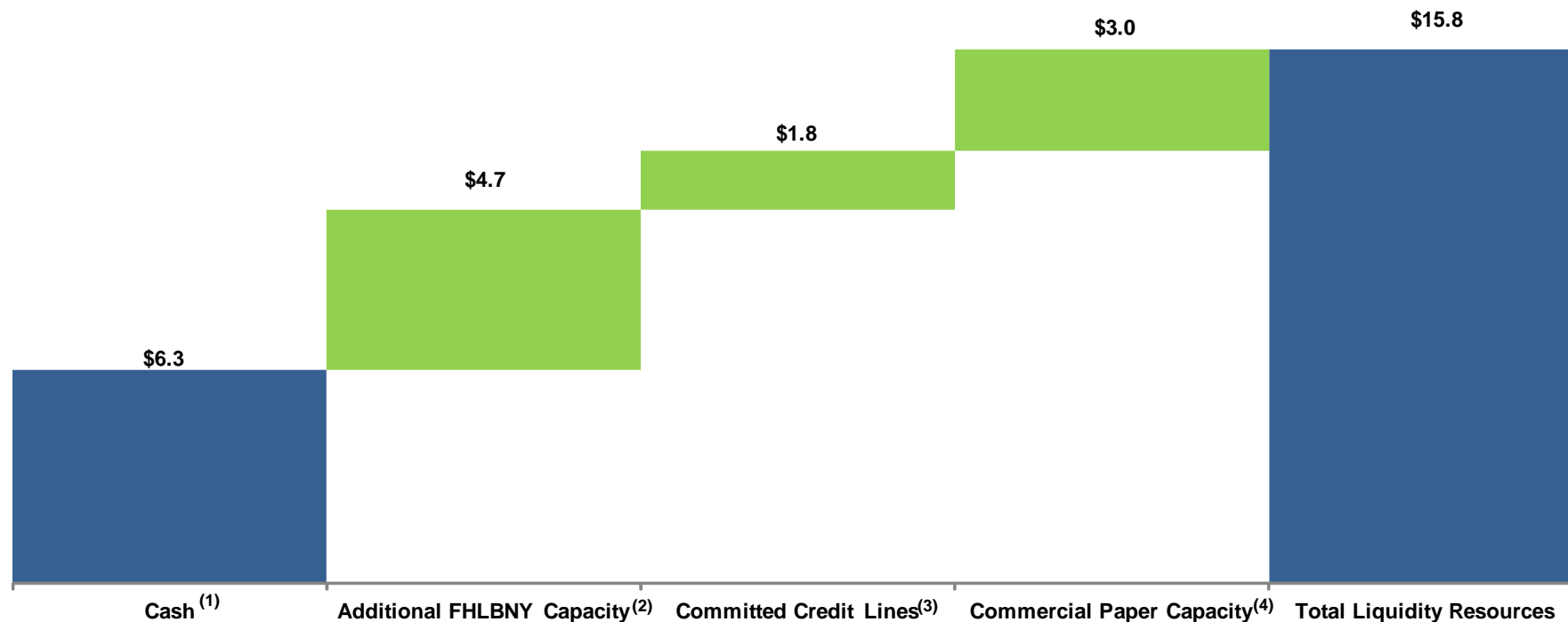


- 1) PFI cash, cash equivalents and short-term investments, less short-term intercompany borrowings and commercial paper.
- 2) PFI has access to liquid assets through a 10-year contingent funding facility, established in November 2013, that can be used to meet liquidity needs and/or to downstream as capital to operating subsidiaries.
- 3) Includes \$1.8 billion shared with Prudential Funding, LLC ("PFLLC"), a subsidiary of PICA
- 4) Primarily includes Enterprise Liquidity Account.
- 5) Represents estimated total capacity. \$97 million of PFI commercial paper was outstanding as of December 31, 2014.

# PICA LIQUIDITY



## PICA Alternate Sources of Liquidity As of December 31, 2014 (\$ in Billions)



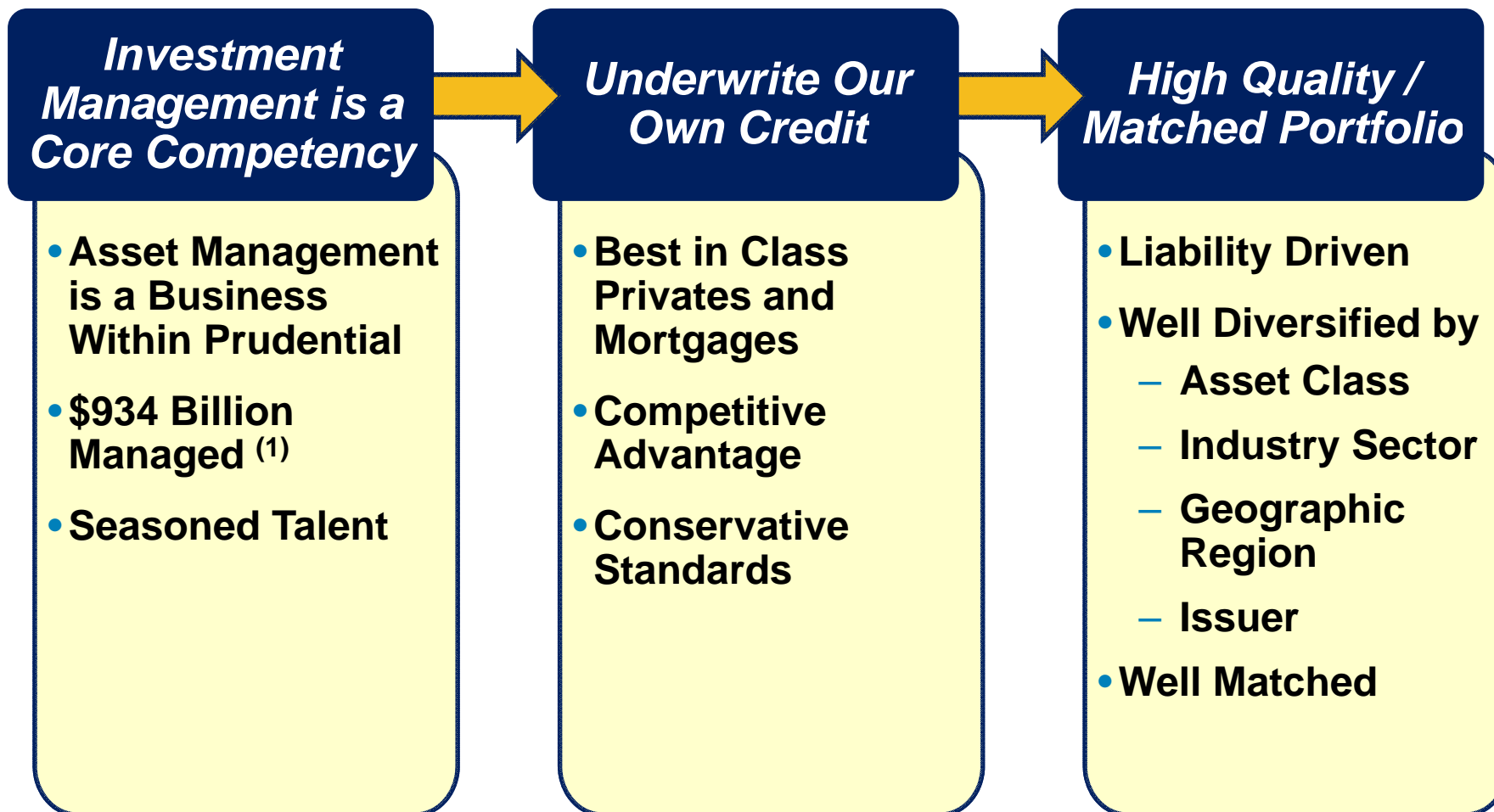
➤ In addition, PICA has substantial available liquid assets for securities lending

- 1) Represents cash, cash equivalents and short-term investments of the Financial Services Businesses and Closed Block Business as of December 31, 2014.
- 2) Represents estimated incremental capacity from the Federal Home Loan Bank of New York ("FHLBNY") based on regulatory limitation. Borrowings are subject to the availability of qualifying assets at PICA and the purchase of required activity based stock. As of December 31, 2014, \$2.2 billion of advances and funding agreements with the FHLBNY were outstanding.
- 3) Credit facility shared between PFI and PFLLC.
- 4) Represents estimated total capacity. \$386 million of PFLLC commercial paper was outstanding as of December 31, 2014.



# INVESTMENT PORTFOLIO

# WHAT DIFFERENTIATES PRUDENTIAL?



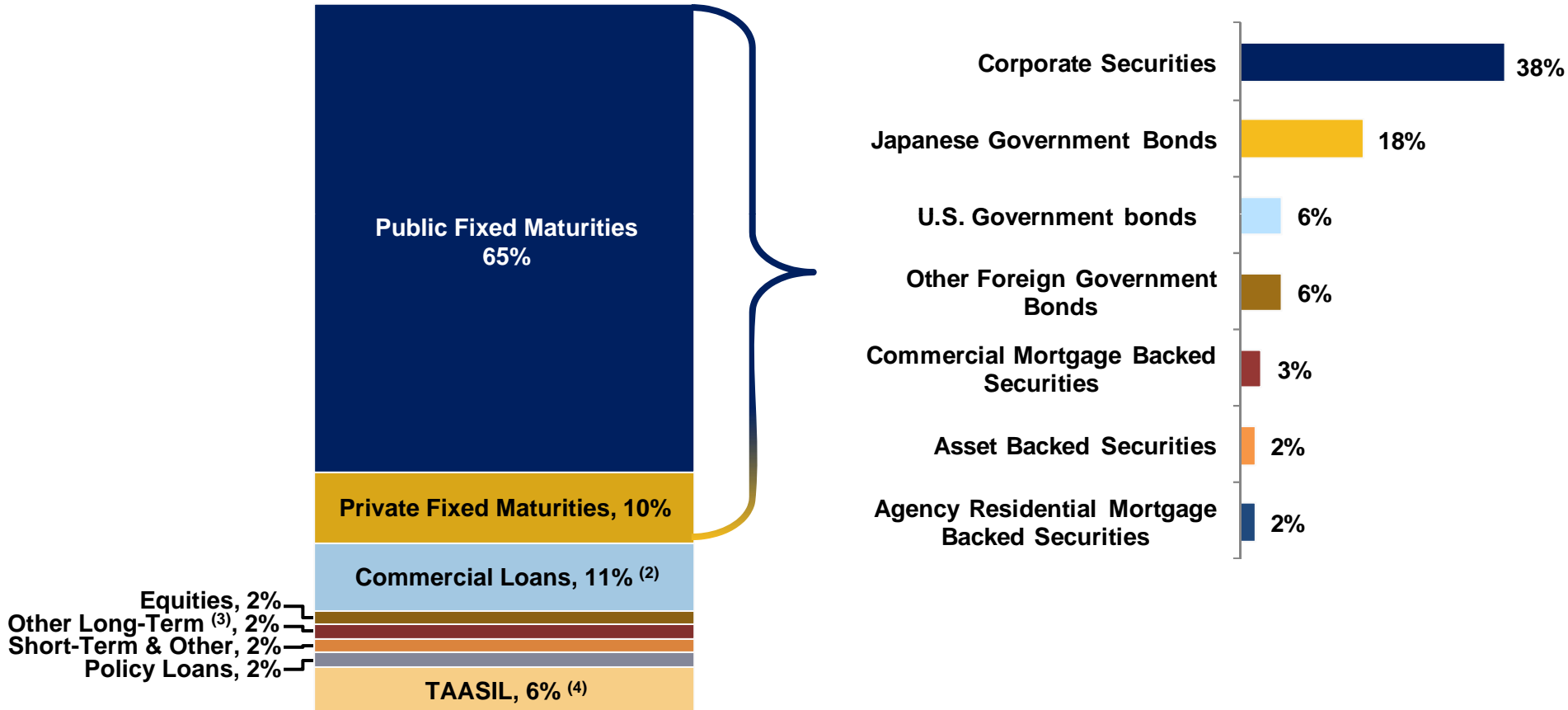
<sup>(1)</sup> Assets managed by Investment Management and Advisory Services as of December 31, 2014.

# BROAD DIVERSIFICATION



**FSB General Account  
Investment Portfolio  
\$342 Billion <sup>(1)</sup>**

**FSB General Account  
Fixed Maturities  
\$258 Billion <sup>(5)</sup>**



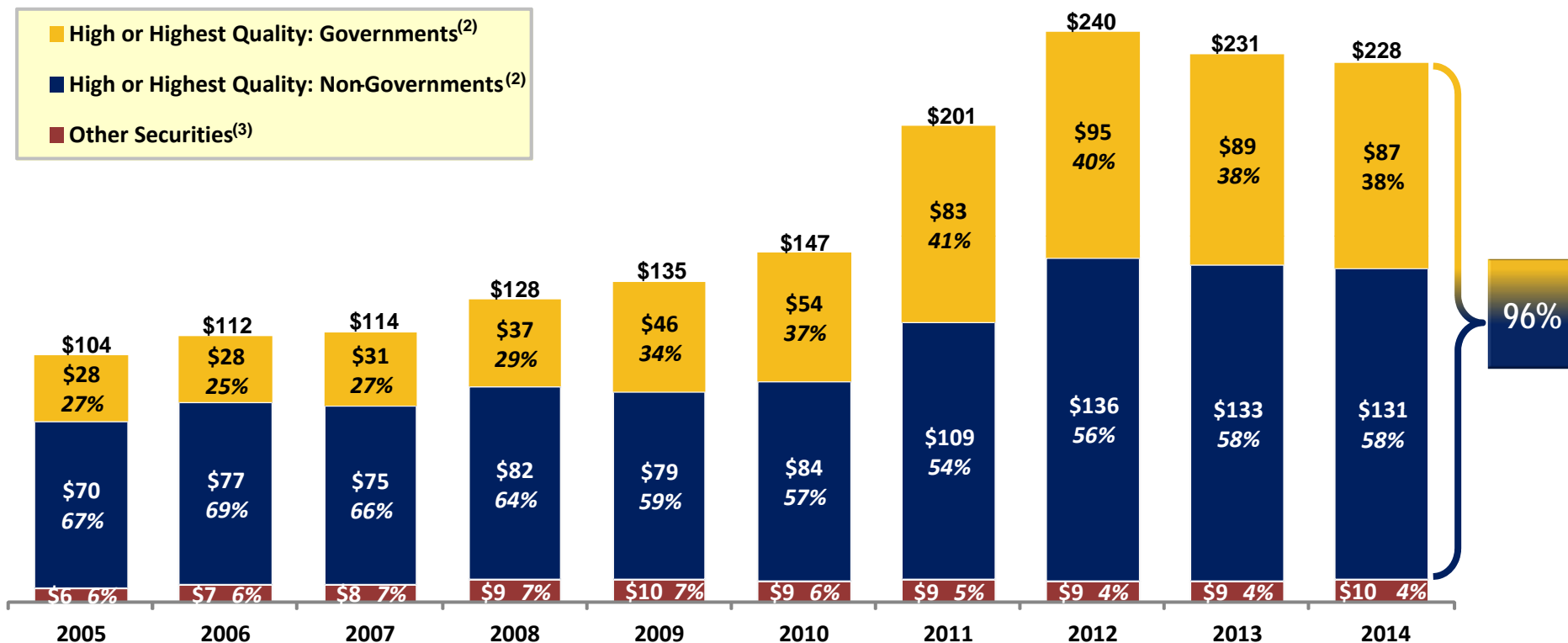
<sup>(1)</sup> As of 12/31/14 at balance sheet carrying amount. Financial Services Businesses excludes invested assets of our derivatives and asset management operations.

<sup>(2)</sup> Commercial Mortgage and other loans. <sup>(3)</sup> Other Long-Term Investments consist of non-coupon assets, which include equity securities and other long-term investments such as JVs and LPs, real estate held through direct ownership and seed money investments in separate accounts. <sup>(4)</sup> Trading Account Assets Supporting Insurance Liabilities (investment results expected to ultimately accrue to contract holders). <sup>(5)</sup> At Fair Value. Percentages represent percentage of total FSB General Account ("GA"). <sup>(6)</sup> Includes state, and municipal securities, and securities related to the Build America Bonds program. <sup>(7)</sup> Includes securities collateralized by sub-prime mortgages.

# ASSET SELECTION – FOCUS ON QUALITY



FSB General Account  
Fixed Maturity Portfolio <sup>(1)</sup>



(1) Amortized Cost. Reflects equivalent ratings for investments of the International Insurance operations.

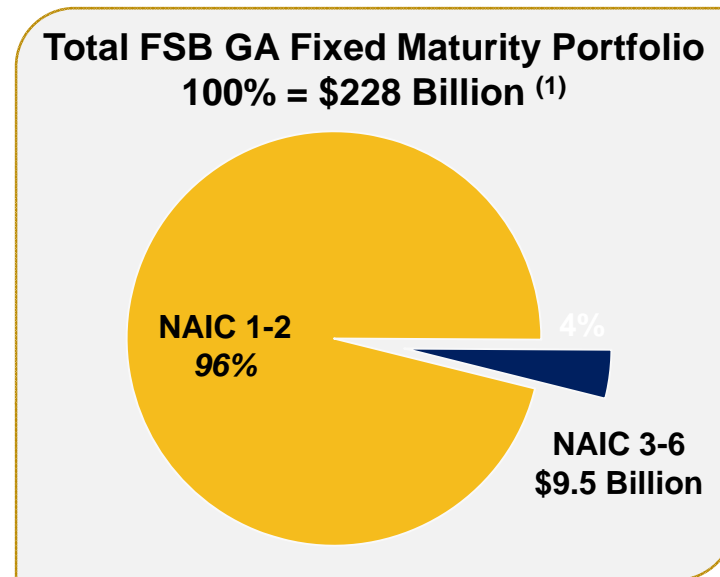
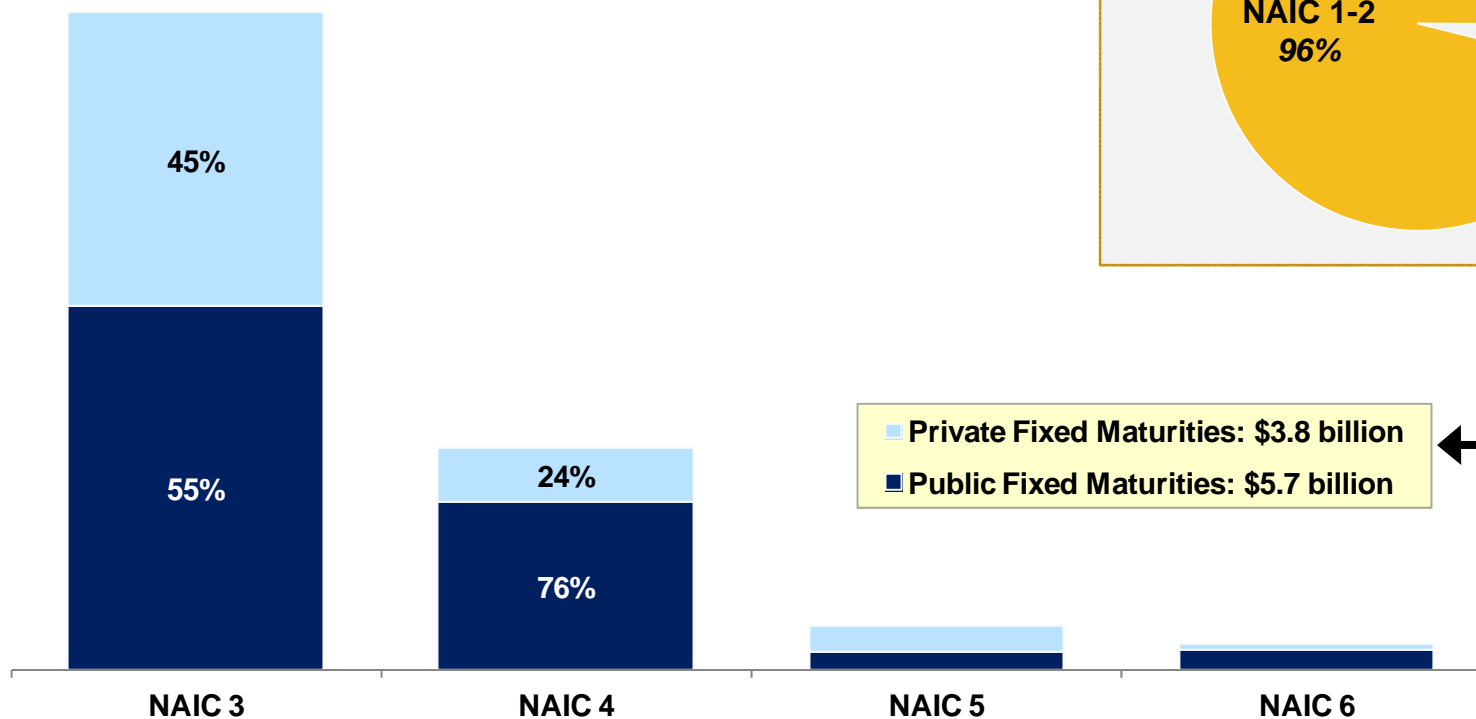
(2) NAIC 1-2.

(3) NAIC 3-6.

# LIMITED EXPOSURE TO NAIC 3-6 <sup>(1)</sup>



- High Yield exposure <sup>(2)</sup> comprises 4% of the FSB General Account portfolio



■ Private Fixed Maturities: \$3.8 billion  
■ Public Fixed Maturities: \$5.7 billion

<sup>(1)</sup> As of 12/31/14 at Amortized Cost. Reflects equivalent ratings for investments of the International Insurance operations. <sup>(2)</sup> High Yield exposure reflects securities with NAIC ratings 3-6.





## DISCLOSURES

# FORWARD-LOOKING STATEMENTS



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, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including, among others: (1) general economic, market and political conditions, including the performance and fluctuations of fixed income, equity, real estate and other financial markets; (2) the availability and cost of additional debt or equity capital or external financing for our operations; (3) interest rate fluctuations or prolonged periods of low interest rates; (4) the degree to which we choose not to hedge risks, or the potential ineffectiveness or insufficiency of hedging or risk management strategies we do implement; (5) any inability to access our credit facilities; (6) reestimates of our reserves for future policy benefits and claims; (7) differences between actual experience regarding mortality, morbidity, persistency, utilization, interest rates or market returns and the assumptions we use in pricing our products, establishing liabilities and reserves or for other purposes; (8) changes in our assumptions related to deferred policy acquisition costs, value of business acquired or goodwill; (9) changes in assumptions for our pension and other post-retirement benefit plans; (10) changes in our financial strength or credit ratings; (11) statutory reserve requirements associated with term and universal life insurance policies under Regulation XXX and Guideline AXXX; (12) investment losses, defaults and counterparty non-performance; (13) competition in our product lines and for personnel; (14) difficulties in marketing and distributing products through current or future distribution channels; (15) changes in tax law; (16) economic, political, currency and other risks relating to our international operations; (17) fluctuations in foreign currency exchange rates and foreign securities markets; (18) regulatory or legislative changes, including the Dodd-Frank Wall Street Reform and Consumer Protection Act; (19) inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (20) adverse determinations in litigation or regulatory matters and our exposure to contingent liabilities, including in connection with our divestiture or winding down of businesses; (21) domestic or international military actions, natural or man-made disasters including terrorist activities or pandemic disease, or other events resulting in catastrophic loss of life; (22) ineffectiveness of risk management policies and procedures in identifying, monitoring and managing risks; (23) effects of acquisitions, divestitures and restructurings, including possible difficulties in integrating and realizing projected results of acquisitions; (24) interruption in telecommunication, information technology or other operational systems or failure to maintain the security, confidentiality or privacy of sensitive data on such systems; (25) changes in statutory or U.S. GAAP accounting principles, practices or policies; and (26) Prudential Financial, Inc.’s primary reliance, as a holding company, on dividends or distributions from its subsidiaries to meet debt payment obligations and the ability of the subsidiaries to pay such dividends or distributions in light of our ratings objectives and/or applicable regulatory restrictions. Prudential Financial, Inc. does not intend, and is under no obligation, to update any particular forward-looking statement included in this presentation.

See “Risk Factors” included in Prudential Financial, Inc.’s Annual Report on Form 10-K for discussion of certain risks relating to our businesses and investment in our securities.

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

## NON-GAAP MEASURE



This presentation includes references to “adjusted operating income.” Adjusted operating income is a non-GAAP measure of performance of our Financial Services Businesses. Adjusted operating income excludes “Realized investment gains (losses), net,” as adjusted, and related charges and adjustments. A significant element of realized investment gains and losses are impairments and credit-related and interest rate-related gains and losses. Impairments and losses from sales of credit-impaired securities, the timing of which depends largely on market credit cycles, can vary considerably across periods. The timing of other sales that would result in gains or losses, such as interest rate-related gains or losses, is largely subject to our discretion and influenced by market opportunities as well as our tax and capital profile.

Realized investment gains (losses) within certain of our businesses for which such gains (losses) are a principal source of earnings, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments are included in adjusted operating income. Adjusted operating income excludes realized investment gains and losses from products that contain embedded derivatives, and from associated derivative portfolios that are part of a hedging program related to the risk of those products. Adjusted operating income also excludes gains and losses from changes in value of certain assets and liabilities relating to foreign currency exchange movements that have been economically hedged or considered part of our capital funding strategies for our international subsidiaries, as well as gains and losses on certain investments that are classified as other trading account assets.

Adjusted operating income also excludes investment gains and losses on trading account assets supporting insurance liabilities and changes in experience-rated contractholder liabilities due to asset value changes, because these recorded changes in asset and liability values are expected to ultimately accrue to contractholders. Trends in the underlying profitability of our businesses can be more clearly identified without the fluctuating effects of these transactions. In addition, adjusted operating income excludes the results of divested businesses, which are not relevant to our ongoing operations. Discontinued operations, which are presented as a separate component of net income under GAAP, are also excluded from adjusted operating income.

We believe that the presentation of adjusted operating income as we measure it for management purposes enhances the understanding of the results of operations of the Financial Services Businesses by highlighting the results from ongoing operations and the underlying profitability of our businesses. However, adjusted operating income is not a substitute for income determined in accordance with GAAP, and the adjustments made to derive adjusted operating income are important to an understanding of our overall results of operations. The schedules on the following pages provide a reconciliation of adjusted operating income for the Financial Services Businesses to income from continuing operations in accordance with GAAP.

The information referred to above, as well as the risks of our businesses described in our Annual Report on Form 10-K for the year ended December 31, 2014 should be considered by readers when reviewing this presentation. Additional historical information relating to our financial performance is located on our Web site at [www.investor.prudential.com](http://www.investor.prudential.com).

# RECONCILIATION BETWEEN ADJUSTED OPERATING INCOME AND THE COMPARABLE GAAP MEASURE



(\$ millions)

	2011	2012	2013	2014
<b>Financial Services Businesses after-tax adjusted operating income</b>	\$2,917	\$3,019	\$4,586	\$4,355
Reconciling items:				
Realized investment gains (losses), net, and related charges and adjustments	847	(2,809)	(8,149)	(4,130)
Investment gains (losses) on trading account assets supporting insurance liabilities, net	223	610	(250)	339
Change in experience-rated contractholder liabilities due to asset value changes	(123)	(540)	227	(294)
Divested businesses	90	(615)	29	167
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(227)	(29)	28	44
Total reconciling items, before income taxes	810	(3,383)	(8,115)	(3,874)
Income taxes, not applicable to adjusted operating income	424	(816)	(2,857)	(1,082)
Total reconciling items, after income taxes	386	(2,567)	(5,258)	(2,792)
<b>Income (loss) from continuing operations (after-tax) of Financial Services Businesses before equity in earnings of operating joint ventures</b>	3,303	452	(672)	1,563
Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	148	10	(48)	(41)
<b>Income (loss) from continuing operations attributable to Prudential Financial, Inc.</b>	3,451	462	(720)	1,522
Earnings attributable to noncontrolling interests	34	50	107	57
<b>Income (loss) from continuing operations (after-tax) of Financial Services Businesses</b>	3,485	512	(613)	1,579
Income (loss) from discontinued operations, net of taxes	35	17	7	11
<b>Net income (loss) of Financial Services Businesses</b>	3,520	529	(606)	1,590
Less: Income attributable to noncontrolling interests	34	50	107	57
<b>Net income (loss) of Financial Services Businesses attributable to Prudential Financial, Inc.</b>	\$3,486	\$ 479	\$ (713)	\$1,533

# RECONCILIATION FOR EARNINGS PER SHARE EXCLUDING MARKET DRIVEN AND DISCRETE ITEMS<sup>(1)</sup>



<b>Adjusted Operating Income basis: Earnings Per Share</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
	\$ 5.64	\$ 5.97	\$ 6.40	\$ 9.67	\$ 9.21
Reconciling items:					
Unlockings and experience true-ups <sup>(2)</sup>	0.52	(0.27)	(0.03)	0.77	(0.59)
Gains on sale of businesses\investments <sup>(3)</sup>	0.09	0.53	0.15	0.09	-
Impact of earthquake in Japan	-	(0.09)	-	-	-
Integration costs <sup>(4)</sup>	-	(0.29)	(0.21)	(0.09)	(0.04)
Write off of bond issues costs	-	-	(0.04)	(0.03)	-
Other <sup>(5)</sup>	-	(0.16)	(0.17)	-	-
Sub-total	0.61	(0.28)	(0.30)	0.74	(0.63)
<b>Earnings Per Share - excluding market driven and discrete items</b>	<b>\$ 5.03</b>	<b>\$ 6.25</b>	<b>\$ 6.70</b>	<b>\$ 8.93</b>	<b>\$ 9.84</b>

1) As disclosed in company earnings releases.

2) Includes adjustments to reflect updated estimates of profitability based on market performance in relation to our assumptions, as well as annual reviews of actuarial assumptions and refinements of reserves, deferred policy acquisition and other costs.

3) Includes gains on sales of investment in China Pacific, Afore XXI, as well as impairments and gains on certain investments.

4) Includes acquisition and integration expenses related to Star and Edison, and the acquired in force from The Hartford Life.

5) Includes true ups for legal reserves, and employee benefit accruals, and impairments and write offs of intangible assets.

# RECONCILIATION FOR FSB PRE-TAX ADJUSTED OPERATING INCOME EXCLUDING MARKET DRIVEN AND DISCRETE ITEMS<sup>(1)</sup>

(\$ millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Financial Services Businesses pre-tax adjusted operating income</b>	\$3,940	\$4,027	\$6,369	\$5,892
Reconciling items:				
Unlockings and experience true-ups <sup>(2)</sup>	(202)	(10)	574	(420)
Gains on sales of businesses/investments <sup>(3)</sup>	394	104	66	-
Integration costs <sup>(4)</sup>	(213)	(153)	(79)	(32)
Write off of bond issue costs	-	-	(27)	-
Impact of earthquake in Japan	(69)	-	-	-
Other <sup>(5)</sup>	(119)	(152)	-	-
Sub-total	<u>(209)</u>	<u>(211)</u>	<u>534</u>	<u>(452)</u>
<b>Financial Services Businesses pre-tax adjusted operating income excluding market driven and discrete items</b>	<u>\$4,149</u>	<u>\$4,238</u>	<u>\$5,835</u>	<u>\$6,344</u>

1) As disclosed in company earnings releases.

2) Includes adjustments to reflect updated estimates of profitability based on market performance in relation to our assumptions, as well as annual reviews of actuarial assumptions and refinements of reserves, deferred policy acquisition and other costs.

3) Includes gains on sales of investment in China Pacific, Afore XXI, as well as impairments and gains on certain investments.

4) Includes acquisition and integration expenses related to Star and Edison, and the acquired in force from The Hartford Life.

5) Includes true ups for legal reserves, and employee benefit accruals, and impairments and write offs of intangible assets.