



PRUDENTIAL FINANCIAL, INC.

FOURTH QUARTER 2015
EARNINGS CONFERENCE CALL PRESENTATION

FEBRUARY 11, 2016



FOURTH QUARTER EARNINGS⁽¹⁾



	Fourth Quarter	
	2015	2014
Pre-Tax Adjusted Operating Income (AOI)		
Reported	\$ 1,182	\$ 1,345
Market driven and discrete items ⁽²⁾	(93)	(151)
Excluding market driven and discrete items	\$ 1,275	\$ 1,496
Earnings Per Share (EPS)		
Reported	\$ 1.94	\$ 2.12
Market driven and discrete items ⁽²⁾	(0.13)	(0.21)
Excluding market driven and discrete items	\$ 2.07	\$ 2.33
Net Income (Loss)		
Reported	\$ 735	\$ (1,206)
Impact of foreign currency exchange rate remeasurement on net income (loss) ⁽²⁾	\$ (7)	\$ (1,590)

1) Amounts attributable to Prudential Financial, Inc; Represents results of Financial Services Businesses for periods prior to first quarter 2015. Dollar amounts in millions except per share amounts. Per share amounts on diluted basis.

2) Market driven and discrete items as disclosed on page 4; based on application of 35% tax rate for purposes of EPS calculation and net income (loss) impact.

FULL YEAR FINANCIAL HIGHLIGHTS⁽¹⁾



	Year Ended December 31,	
	2015	2014
Pre-Tax Adjusted Operating Income (AOI)		
Reported	\$ 6,231	\$ 5,892
Market driven and discrete items ⁽²⁾	123	(452)
Excluding market driven and discrete items	\$ 6,108	\$ 6,344

Earnings Per Share (EPS)		
Reported	\$ 10.04	\$ 9.21
Market driven and discrete items ⁽²⁾	0.18	(0.63)
Excluding market driven and discrete items	\$ 9.86	\$ 9.84

	December 31,	
	2015	2014
Book Value Per Share of Common Stock		
Reported (including Accumulated Other Comprehensive Income, "AOCI")	\$ 92.39	\$ 88.80
Excluding AOCI and adjusted to remove amounts included for foreign currency exchange rate remeasurement	\$ 73.59	\$ 64.75

	Year Ended December 31,	
	2015	2014
Operating Return on Average Equity⁽³⁾		
Reported	14.5%	14.8%
Excluding impact of market driven and discrete items on AOI	14.2%	15.8%

- 1) Amounts attributable to Prudential Financial, Inc; represents results of Financial Services Businesses for periods prior to first quarter 2015. Dollar amounts in millions except per share amounts. Per share amounts on diluted basis.
- 2) Market driven and discrete items as disclosed on page 25; based on application of 35% tax rate for EPS and operating return on average equity calculations.
- 3) Based on after-tax adjusted operating income. Gives effect to direct equity adjustment for earnings per share calculation for periods prior to first quarter 2015. Based on average attributed equity excluding accumulated other comprehensive income 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.

IMPACT OF MARKET DRIVEN AND DISCRETE ITEMS



	Fourth Quarter			
	2015		2014	
	Pre-tax Adjusted Operating Income ⁽¹⁾	Earnings Per Share ⁽²⁾	Pre-tax Adjusted Operating Income ⁽¹⁾	Earnings Per Share ⁽²⁾
Reported Results⁽³⁾	\$ 1,182	\$ 1.94	\$ 1,345	\$ 2.12
Market driven and discrete items:				
Individual Annuities - Market unlockings and experience true-ups ⁽⁴⁾	7	0.01	(68)	(0.10)
Retirement - Reserve refinements	-	-	15	0.02
Individual Life - Reserve refinements	(20)	(0.03)	(9)	(0.01)
Individual Life - Integration costs for Hartford Life acquisition	-	-	(8)	(0.01)
International Insurance - Life Planner - Reserve refinements	-	-	(8)	(0.01)
International Insurance - Gibraltar Life - Reserve refinements	-	-	(73)	(0.10)
Coporate & Other - Charge related to the administration of certain separate account investments	(80)	(0.11)	-	-
Subtotal	(93)	(0.13)	(151)	(0.21)
Results excluding market driven and discrete items	\$ 1,275	\$ 2.07	\$ 1,496	\$ 2.33

1) In millions.

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

3) Represents results of Financial Services Businesses for periods prior to first quarter 2015.

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

FOURTH QUARTER NON-AOI ITEMS⁽¹⁾



(\$ millions)

	Fourth Quarter	
	2015	2014
Pre-tax realized investment gains (losses), net, and related charges and adjustments included in net income:		
General investment portfolio and related activities	\$ 565	\$ 268
Foreign currency exchange rate remeasurement	(10)	(2,447)
Impairments and credit losses	(92)	(16)
Changes in market value of derivatives used in risk management activities including asset/liability duration management	(125)	277
Product related embedded derivatives and hedging activities	(534)	(799)
Subtotal	\$ (196)	\$ (2,717)
Other Non-AOI pre-tax items:		
Results of divested businesses	(120)	54
Other ⁽²⁾	(21)	(11)
Subtotal	\$ (141)	\$ 43
Total Non-AOI items⁽³⁾	\$ (337)	\$ (2,674)

1) Certain prior period items have been reclassified to conform to current period presentation.

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.

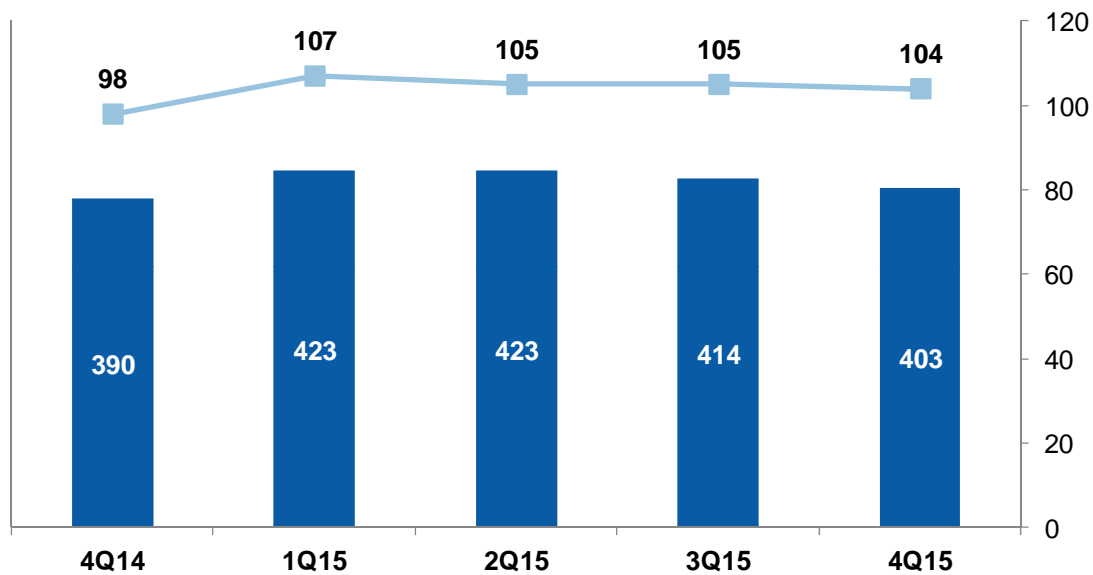
3) See earnings release tables for related tax effect.

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



Earnings
(\$ millions)

Return on Assets
(bps)



Average Account Values (\$ billions)	4Q14	1Q15	2Q15	3Q15	4Q15
	\$157.5	\$160.0	\$161.9	\$156.2	\$154.6

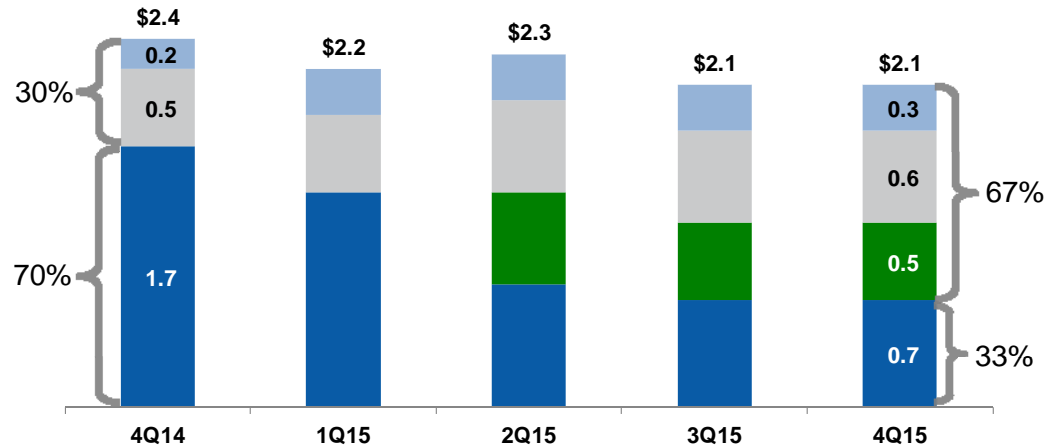
AOI excluding market driven and discrete items
 Return on Assets (ROA)⁽²⁾

- 1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 26.
- 2) Annualized pre-tax AOI excluding market driven and discrete items divided by average account values based on daily averages for separate accounts.

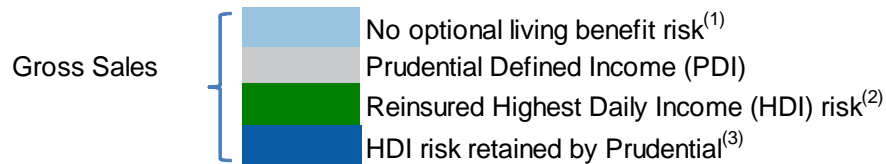
INDIVIDUAL ANNUITIES – SALES AND PRODUCT MIX



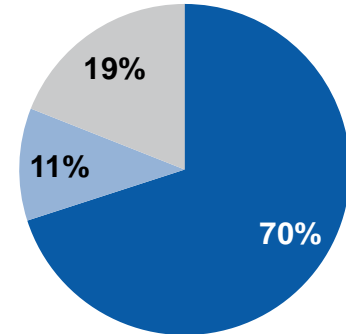
Gross Sales (\$ billions)



Net Sales (\$ millions)	4Q14	1Q15	2Q15	3Q15	4Q15
	\$193	\$31	\$138	\$128	\$68

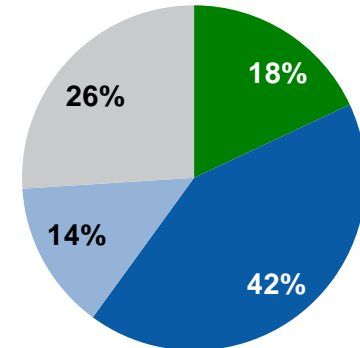


Year Ended 12/31/14 Gross Sales \$10.0 billion



Net Sales \$1,156 million

Year Ended 12/31/15 Gross Sales \$8.8 billion



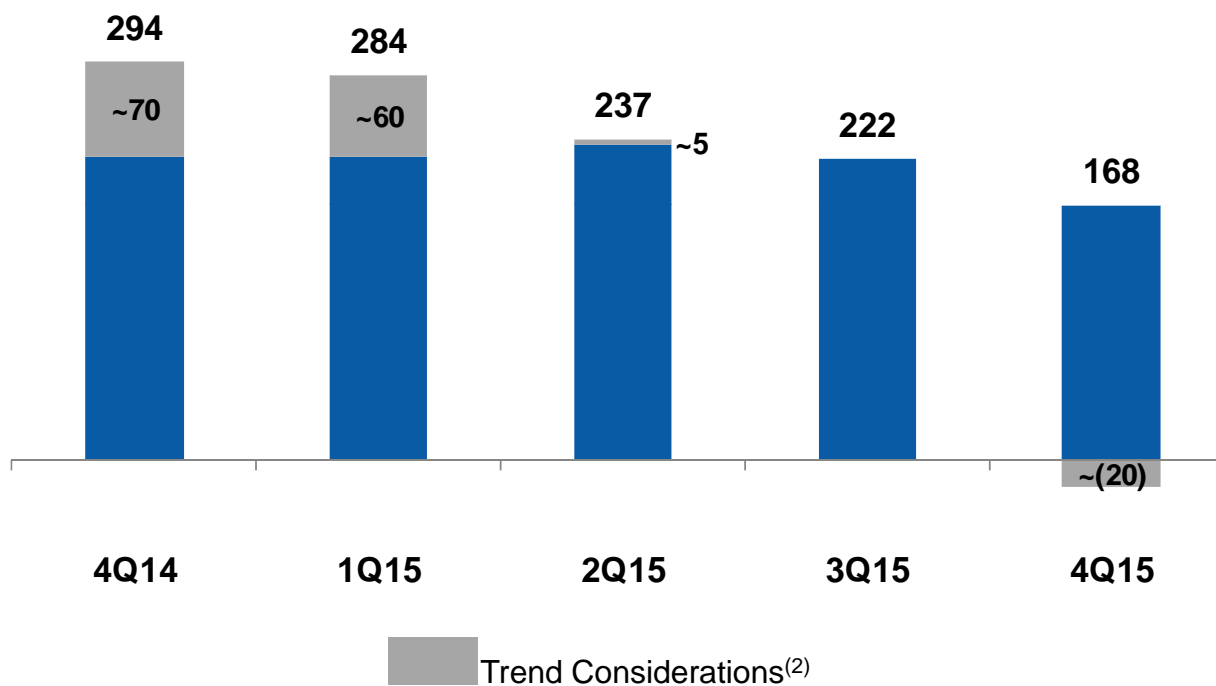
Net Sales \$365 million

- 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 became effective April 1, 2015.
- 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 26.

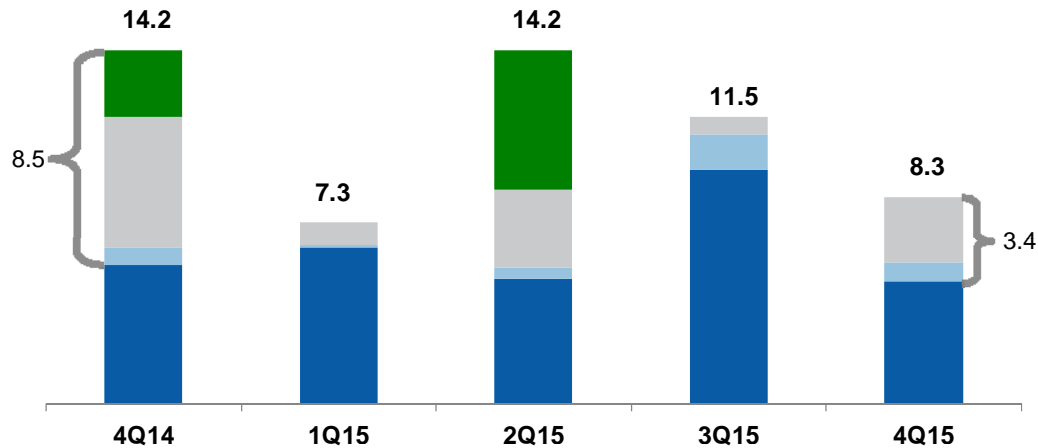
2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 23.

RETIREMENT – SALES AND ACCOUNT VALUES



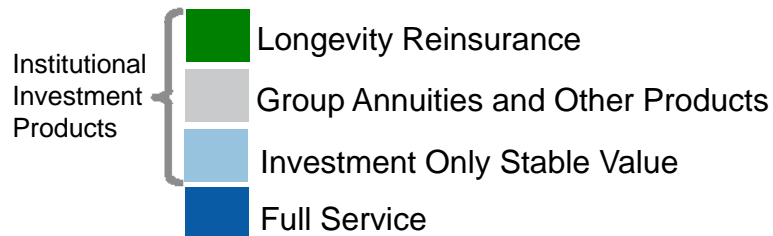
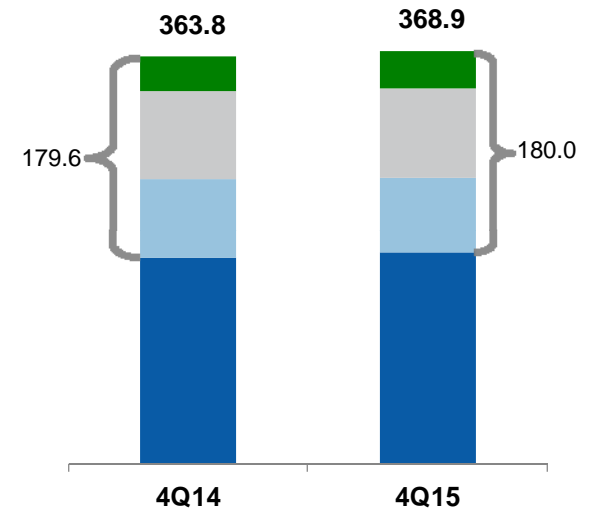
Gross Sales and Deposits

(\$ billions)



Account Values⁽¹⁾

(\$ billions)

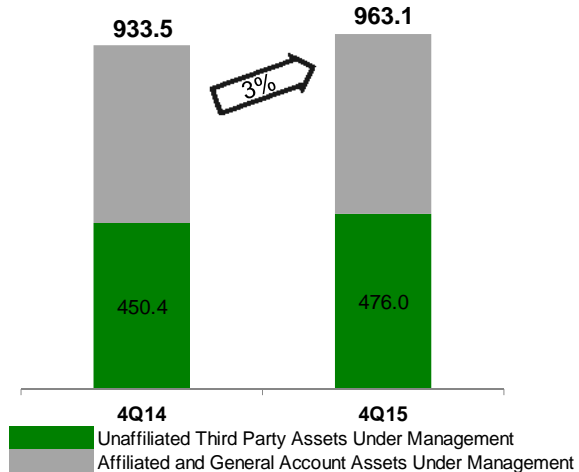


1) As of end of period.

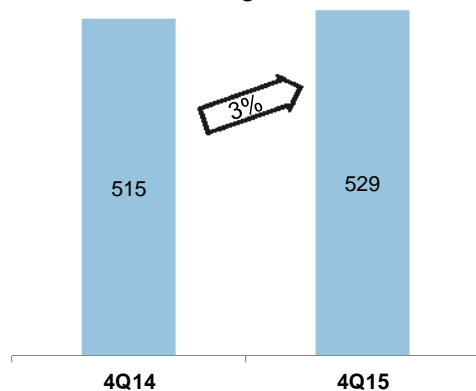
ASSET MANAGEMENT – EARNINGS TREND AND KEY BUSINESS DRIVERS



Assets Under Management⁽²⁾

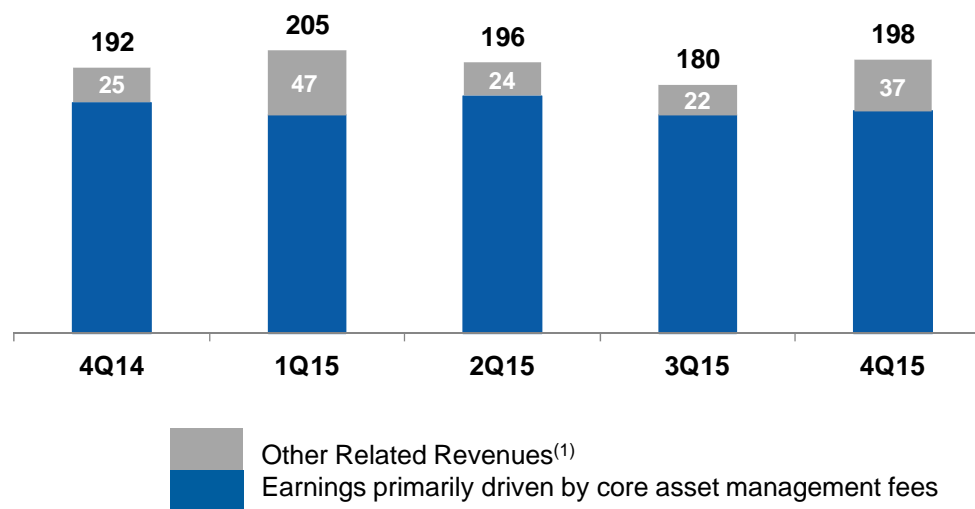


Asset Management Fees⁽³⁾



Earnings

(\$ millions)

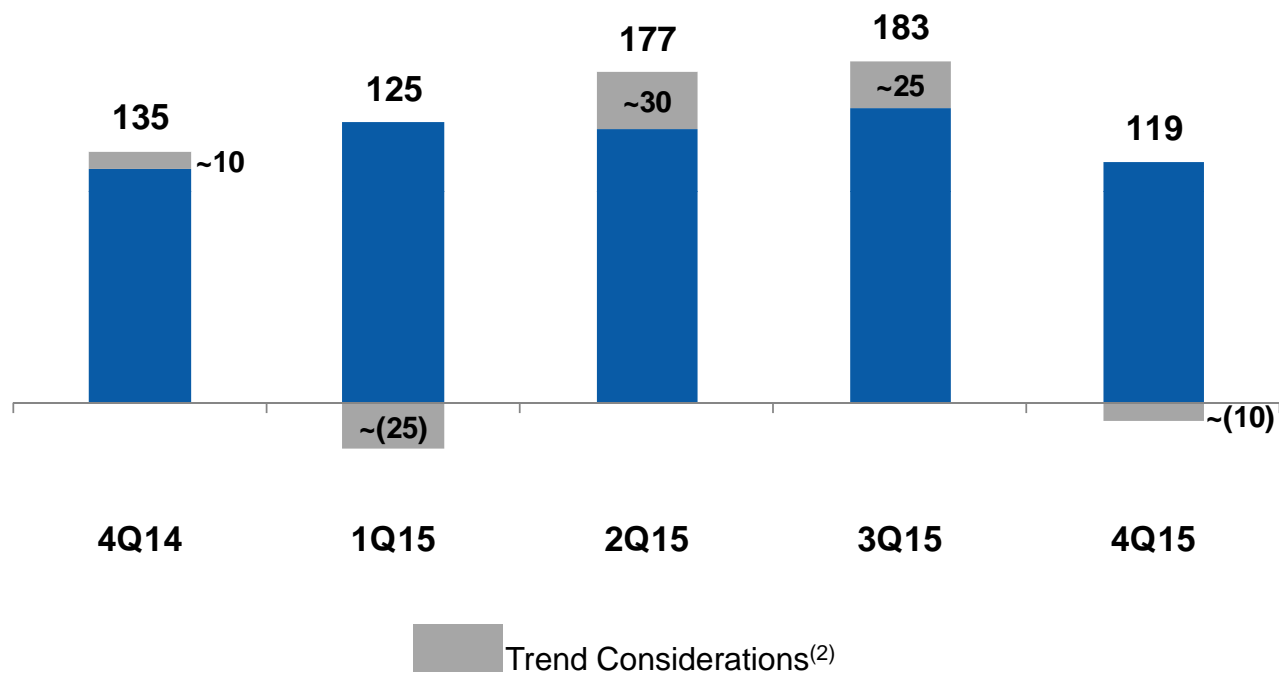


- 1) Earnings contribution from incentive, transaction, strategic investing and commercial mortgage activities, net of expenses.
- 2) \$ billions, as of end of period.
- 3) \$ millions.

INDIVIDUAL LIFE – EARNINGS TREND⁽¹⁾



(\$ millions)



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

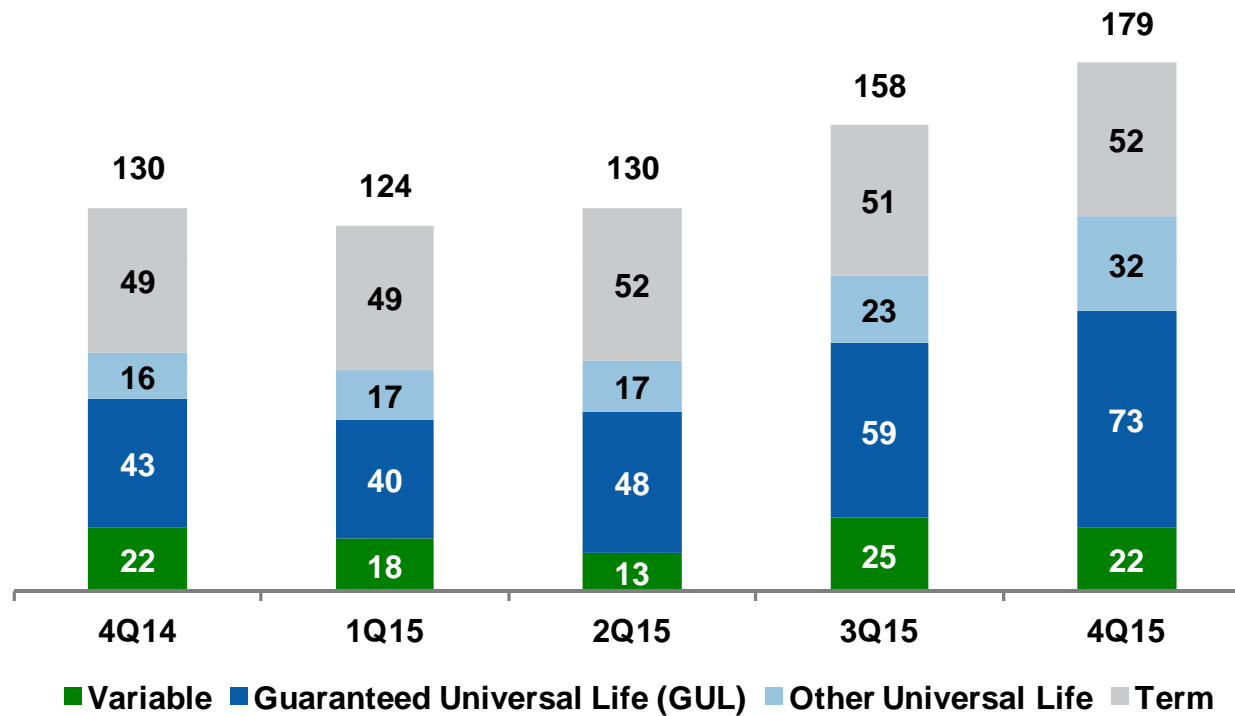
2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 23.

INDIVIDUAL LIFE – SALES



Annualized New Business Premiums

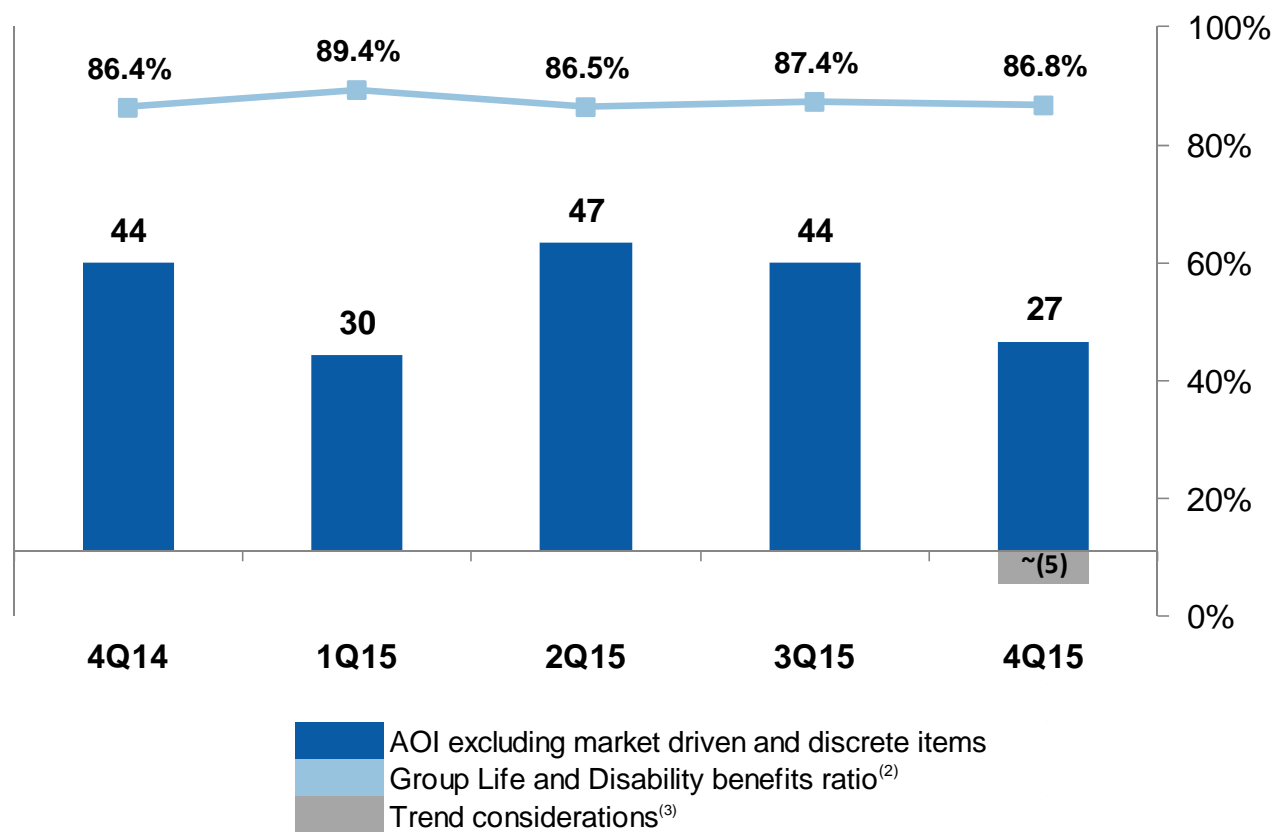
(\$ millions)



GROUP INSURANCE – EARNINGS TREND⁽¹⁾ AND BENEFITS RATIOS

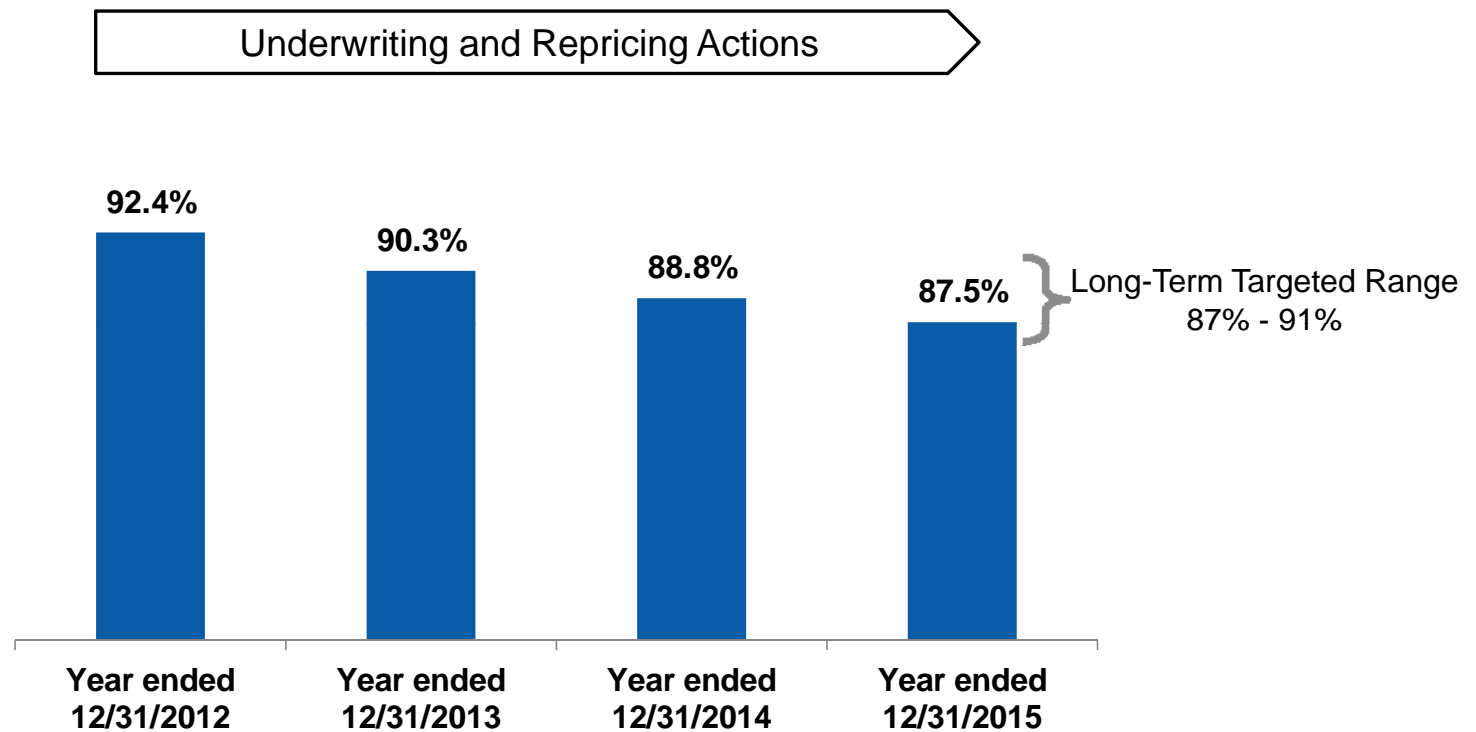


Earnings
(\$ millions)



- 1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 26.
- 2) Benefits ratios excluding impact of market driven and discrete items disclosed on page 26.
- 3) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 23.

GROUP INSURANCE – BENEFITS RATIOS TREND⁽¹⁾

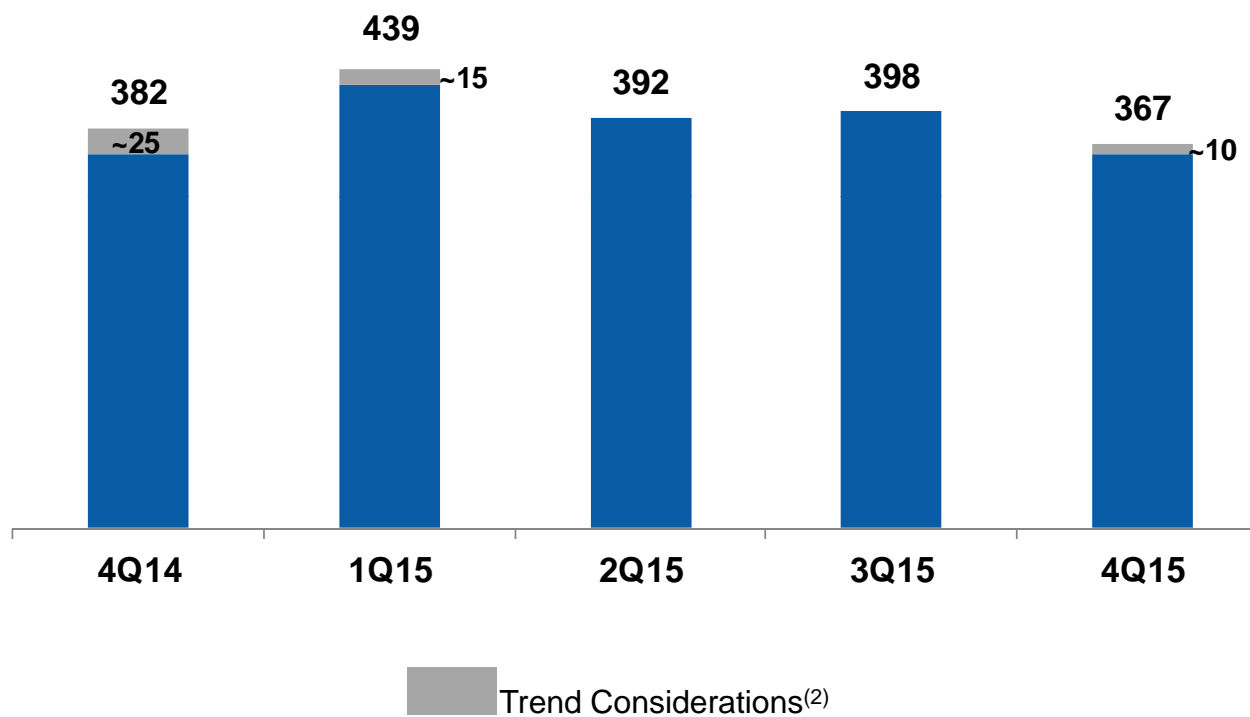


1) Benefit ratios exclude the impact of our annual review of actuarial assumptions and other refinements in each period.

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



(\$ millions)

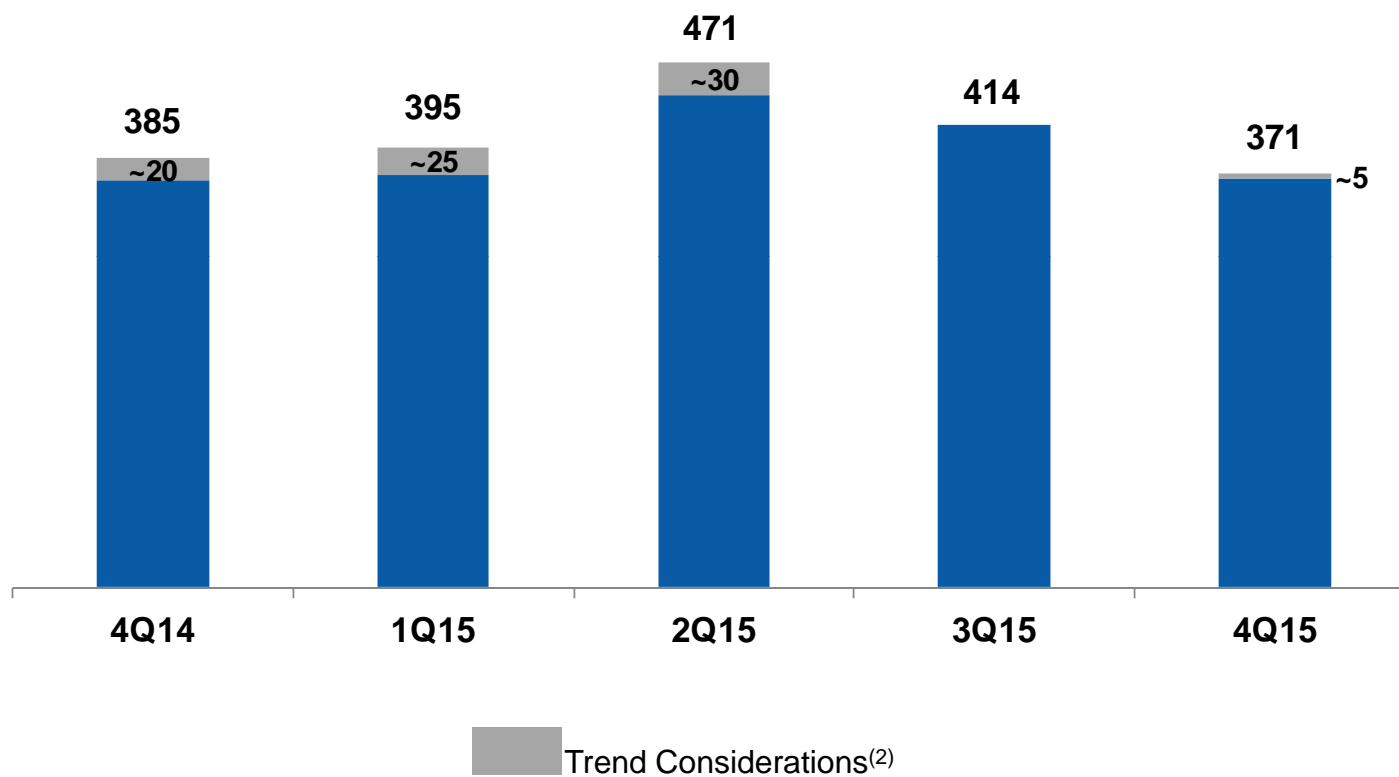


- 1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 27.
- 2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 23.

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 27.

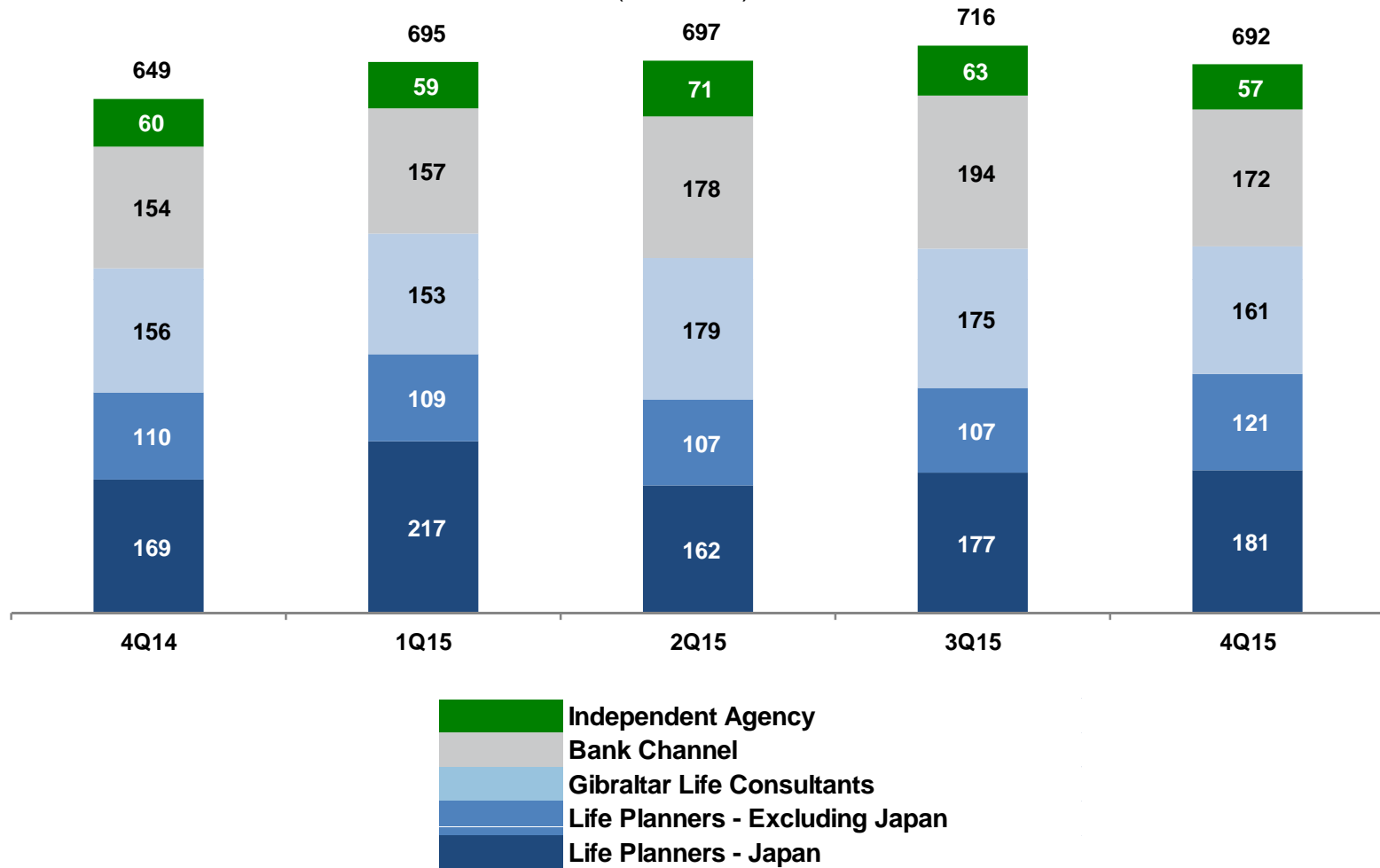
2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 23.

INTERNATIONAL INSURANCE DIVISION – SALES



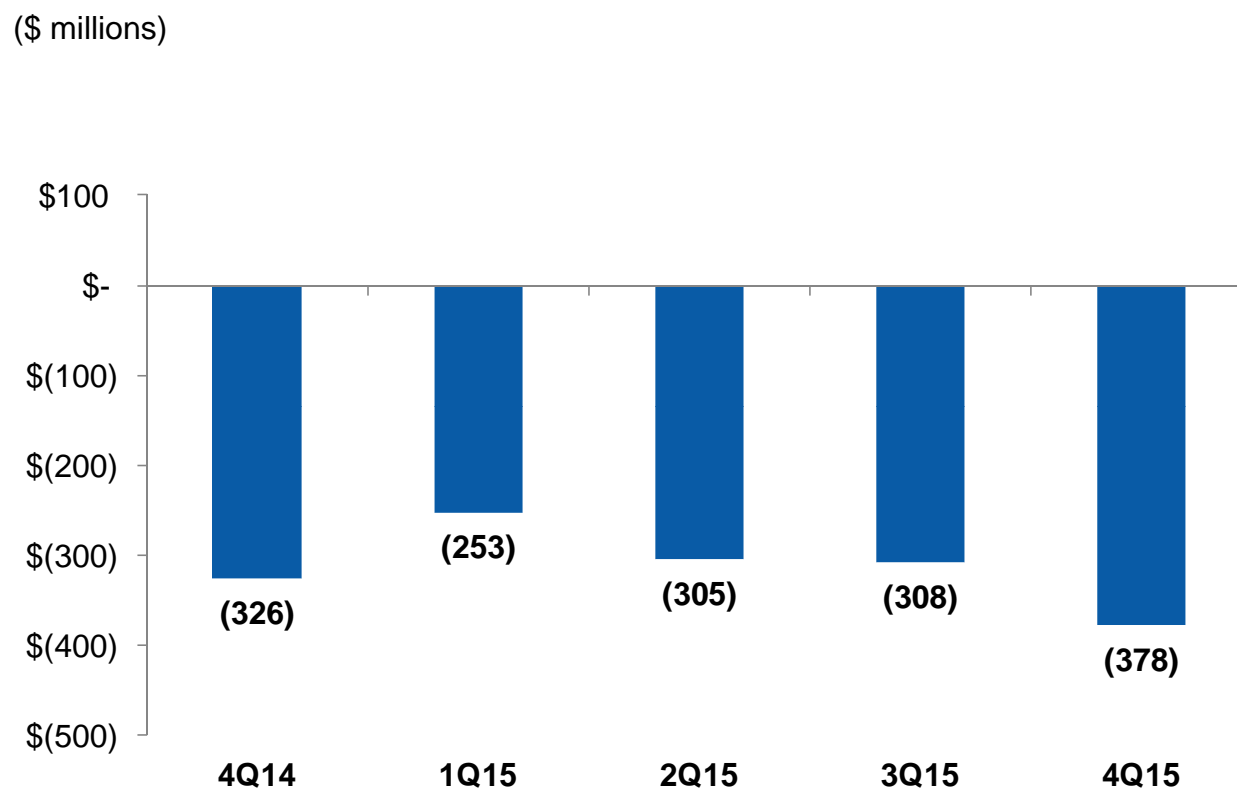
Annualized New Business Premiums⁽¹⁾

(\$ millions)



1) Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 106 per U.S. dollar, and Korean won 1,100 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 27.

FINANCIAL STRENGTH AND FLEXIBILITY HIGHLIGHTS INSURANCE OPERATIONS



Risk Based Capital Ratio (RBC) ⁽¹⁾	Target	December 31, 2014
		498%
Prudential Insurance	400%	Estimated December 31, 2015
		Well Above Target

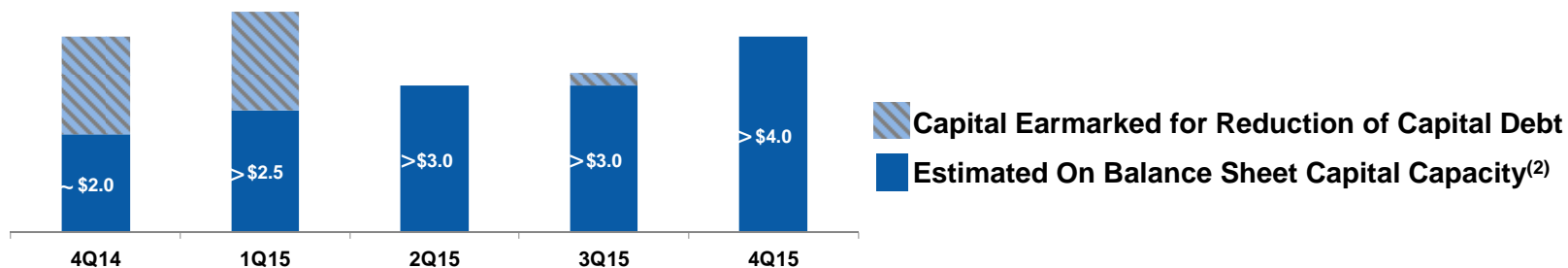
Solvency Margin Ratio	Target	September 30, 2015
Prudential of Japan ⁽²⁾	700%	853%
Gibraltar Life ⁽²⁾⁽³⁾	700%	900%

- 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) Based on Japanese statutory accounting and risk measurement standards applicable to regulatory filings.
- 3) Gibraltar consolidated basis.

FINANCIAL STRENGTH AND FLEXIBILITY HIGHLIGHTS ON BALANCE SHEET CAPITAL CAPACITY AND LIQUIDITY POSITION⁽¹⁾



Estimated On Balance Sheet Capital Capacity



Leverage Ratios:

Financial Leverage (based on capital debt) ⁽³⁾	29.3%	29.7%	23.9%	25.5%	25.0%
Total Leverage (based on total debt) ⁽⁴⁾	45.1%	44.0%	44.0%	42.8%	41.1%

Parent Company
Cash and
Short-Term
Investments⁽⁵⁾

	\$4.2	\$3.7	\$5.6	\$4.2	\$5.0
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- 1) \$ billions; as of end of period.
- 2) Based on targeted RBC ratio of 400% for Prudential Insurance and equivalent levels of capital at other insurance operating entities. Gives pro-forma effect to a targeted 25% financial leverage ratio for periods with actual ratios in excess of target. Represents the former Financial Services Businesses for December 31, 2014.
- 3) 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. Equity includes non-controlling interest and excludes AOCI, impact of foreign currency exchange rate remeasurement, and non-performance risk adjustment, net of deferred policy acquisition costs.
- 4) Represents total debt divided by sum of total debt and equity. Equity includes non-controlling interest and excludes AOCI, impact of foreign currency exchange rate remeasurement, and non-performance risk adjustment, net of deferred policy acquisition costs.
- 5) Net of outstanding commercial paper and cash held in an intra-company liquidity account at PFI.



PRUDENTIAL FINANCIAL, INC.

FOURTH QUARTER 2015
EARNINGS CONFERENCE CALL PRESENTATION

QUESTIONS AND ANSWERS

FEBRUARY 11, 2016



FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURE



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, 2014. 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 return on equity, which is based on adjusted operating income. Adjusted operating income is a measure of performance that is not calculated based on accounting principles generally accepted in the United States of America (GAAP). For additional information about adjusted operating income and the comparable GAAP measure, including a reconciliation between the two, please refer to our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, which are available on our Web site at www.investor.prudential.com. A reconciliation is 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 for the following items, organized by business unit:

- *Retirement*: returns from non-coupon investments, mortgage prepayment income, and case experience;
- *Individual Life*: claims experience including mortality, reserve updates and related amortization, returns from non-coupon investments, level of expenses and financing costs;
- *Group Insurance*: returns from non-coupon investments;
- *Life Planner Operations*: policy benefits experience; and
- *Gibraltar Life & Other Operations*: returns from non-coupon investments, mortgage prepayment income, and policy benefits 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.

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RECONCILIATIONS BETWEEN ADJUSTED OPERATING INCOME AND THE COMPARABLE GAAP MEASURE



(\$ millions)

	Fourth Quarter		Year Ended December 31,	
	2014	2015	2014	2015
After-tax adjusted operating income (1)	\$ 1,008	\$ 891	\$ 4,355	\$ 4,649
Reconciling items:				
Realized investment gains (losses), net, and related charges and adjustments	(2,717)	(196)	(4,130)	1,579
Investment gains (losses) on trading account assets supporting insurance liabilities, net	144	(159)	339	(524)
Change in experience-rated contractholder liabilities due to asset value changes	(155)	138	(294)	433
Divested businesses:				
Closed Block division	-	(80)	-	58
Other divested businesses	54	(40)	167	(66)
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	7	(2)	44	58
Total reconciling items, before income taxes	(2,667)	(339)	(3,874)	1,538
Income taxes, not applicable to adjusted operating income	(457)	(181)	(1,082)	490
Total reconciling items, after income taxes	(2,210)	(158)	(2,792)	1,048
Income (loss) from continuing operations (after-tax) before equity in earnings of operating joint ventures (1)	(1,202)	733	1,563	5,697
Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	(7)	2	(41)	(55)
Income (loss) from continuing operations attributable to Prudential Financial, Inc. (1)	(1,209)	735	1,522	5,642
Earnings attributable to noncontrolling interests	12	5	57	70
Income (loss) from continuing operations (after-tax) (1)	(1,197)	740	1,579	5,712
Income from discontinued operations, net of taxes	3	-	11	-
Net income (loss) (1)	(1,194)	740	1,590	5,712
Less: Income attributable to noncontrolling interests	12	5	57	70
Net income (loss) attributable to Prudential Financial, Inc. (1)	\$ (1,206)	\$ 735	\$ 1,533	\$ 5,642

1) Represents results of Financial Services Businesses for periods prior to first quarter 2015.

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



	Year Ended December 31,			
	2015		2014	
	Pre-tax Adjusted Operating Income ⁽¹⁾	Earnings Per Share ⁽²⁾	Pre-tax Adjusted Operating Income ⁽¹⁾	Earnings Per Share ⁽²⁾
Reported Results⁽³⁾	\$ 6,231	\$ 10.04	\$ 5,892	\$ 9.21
Market driven and discrete items:				
Annual review of actuarial assumptions and reserve refinements ⁽⁴⁾	117	0.17	(277)	(0.38)
Individual Annuities - Primarily market unlockings and experience true-ups ⁽⁵⁾	103	0.14	(143)	(0.21)
Individual Life - Integration costs for Hartford Life acquisition	(17)	(0.02)	(32)	(0.04)
Coporate & Other - Charge related to the administration of certain separate account investments	(80)	(0.11)	-	-
Subtotal	123	0.18	(452)	(0.63)
Results excluding market driven and discrete items	\$ 6,108	\$ 9.86	\$ 6,344	\$ 9.84

1) In millions.

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

3) Represents results of Financial Services Businesses for periods prior to first quarter 2015.

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

5) Includes adjustments to reflect updated estimates of profitability based on market performance in relation to our assumptions in each period and charge for potential contract cancellations in 2015.

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



(\$ millions)

	4Q14	1Q15	2Q15	3Q15	4Q15
Individual Annuities pre-tax AOI	\$ 322	\$ 529	\$ 548	\$ 310	\$ 410
Reconciling items:					
Market unlockings and experience true-ups ⁽¹⁾	(68)	106	94	(104)	7
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	-	31	-	-
Subtotal	(68)	106	125	(104)	7
Individual Annuities pre-tax AOI excluding market driven and discrete items	\$ 390	\$ 423	\$ 423	\$ 414	\$ 403
Retirement pre-tax AOI	\$ 309	\$ 284	\$ 237	\$ 242	\$ 168
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	15	-	-	20	-
Subtotal	15	-	-	20	-
Retirement pre-tax AOI excluding market driven and discrete items	\$ 294	\$ 284	\$ 237	\$ 222	\$ 168
Individual Life pre-tax AOI	\$ 118	\$ 116	\$ 237	\$ 183	\$ 99
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	(9)	-	68	-	(20)
Integration costs for Hartford Life acquisition	(8)	(9)	(8)	-	-
Subtotal	(17)	(9)	60	-	(20)
Individual Life pre-tax AOI excluding market driven and discrete items	\$ 135	\$ 125	\$ 177	\$ 183	\$ 119
Group Insurance pre-tax AOI	\$ 44	\$ 30	\$ 75	\$ 44	\$ 27
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	-	28	-	-
Subtotal	-	-	28	-	-
Group Insurance pre-tax AOI excluding market driven and discrete items	\$ 44	\$ 30	\$ 47	\$ 44	\$ 27

1) Includes adjustments to reflect updated estimates of profitability based on market performance in relation to our assumptions in each period and charge for potential contract cancellations in third quarter 2015.

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

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



(\$ millions)

	4Q14	1Q15	2Q15	3Q15	4Q15
Life Planner Operations pre-tax AOI	\$ 374	\$ 439	\$ 381	\$ 398	\$ 367
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	(8)	-	(11)	-	-
Subtotal	(8)	-	(11)	-	-
Life Planner Operations pre-tax AOI excluding market driven and discrete items	\$ 382	\$ 439	\$ 392	\$ 398	\$ 367
Gibraltar Life pre-tax AOI	\$ 312	\$ 395	\$ 461	\$ 414	\$ 371
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	(73)	-	(10)	-	-
Subtotal	(73)	-	(10)	-	-
Gibraltar Life pre-tax AOI excluding market driven and discrete items	\$ 385	\$ 395	\$ 471	\$ 414	\$ 371
Corporate & Other Operations pre-tax AOI	\$ (326)	\$ (253)	\$ (294)	\$ (308)	\$ (458)
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	-	11	-	-
Charge related to administration of certain separate account investments	-	-	-	-	(80)
Subtotal	-	-	11	-	(80)

1) Includes adjustments to reflect updated estimates of profitability based on market performance in relation to our assumptions in each period and charge for potential contract cancellations in third quarter 2015.

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