



PRUDENTIAL FINANCIAL, INC.

THIRD QUARTER 2016
EARNINGS CONFERENCE CALL PRESENTATION

NOVEMBER 3, 2016



THIRD QUARTER FINANCIAL HIGHLIGHTS⁽¹⁾



	Third Quarter	
	2016	2015
Pre-Tax Adjusted Operating Income (AOI)		
Reported	\$ 1,558	\$ 1,463
Market driven and discrete items ⁽²⁾	105	(84)
Excluding market driven and discrete items	\$ 1,453	\$ 1,547
Earnings Per Share (EPS)		
Reported	\$ 2.66	\$ 2.40
Market driven and discrete items ⁽²⁾	0.15	(0.12)
Excluding market driven and discrete items	\$ 2.51	\$ 2.52
Net Income		
Reported	\$ 1,827	\$ 1,465
Book Value Per Share of Common Stock		
	September 30, 2016	December 31, 2015
Reported (including Accumulated Other Comprehensive Income, "AOCI")	\$ 128.37	\$ 92.39
Excluding AOCI and adjusted to remove amounts included for foreign currency exchange rate remeasurement	\$ 79.55	\$ 73.59
Operating Return on Average Equity⁽³⁾		
	Year to Date September 30, 2016	2015
Reported	11.8%	15.7%
Excluding impact of market driven and discrete items on AOI	12.8%	15.2%

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) 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



	Third Quarter			
	2016		2015	
	Pre-tax AOI ⁽¹⁾	EPS ⁽²⁾	Pre-tax AOI ⁽¹⁾	EPS ⁽²⁾
Reported Results	\$ 1,558	\$ 2.66	\$ 1,463	\$ 2.40
Market driven and discrete items:				
Individual Annuities - Primarily market unlockings and experience true-ups ⁽³⁾	139	0.20	(104)	(0.15)
Retirement - Costs relating to legal matters	(34)	(0.05)	-	-
Retirement - Reserve refinements	-	-	20	0.03
Subtotal	105	0.15	(84)	(0.12)
Results excluding market driven and discrete items	\$ 1,453	\$ 2.51	\$ 1,547	\$ 2.52

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 and charge for potential contract cancellations in third quarter 2015.

THIRD QUARTER NON-AOI ITEMS⁽¹⁾



(\$ millions)

	Third Quarter	
	2016	2015
Pre-tax realized investment gains (losses), net, and related charges and adjustments included in net income:		
Product related embedded derivatives and associated hedging activities	\$ 553	\$ 69
General investment portfolio and related activities ⁽²⁾	250	231
Impairments and credit losses	(40)	(166)
Risk management activities including changes in market value of derivatives used in asset/liability duration management	(114)	304
Subtotal	\$ 649	\$ 438
Other Non-AOI pre-tax items:		
Results of divested businesses	87	116
Other ⁽³⁾	38	30
Subtotal	\$ 125	\$ 146
Total Non-AOI items⁽⁴⁾	\$ 774	\$ 584

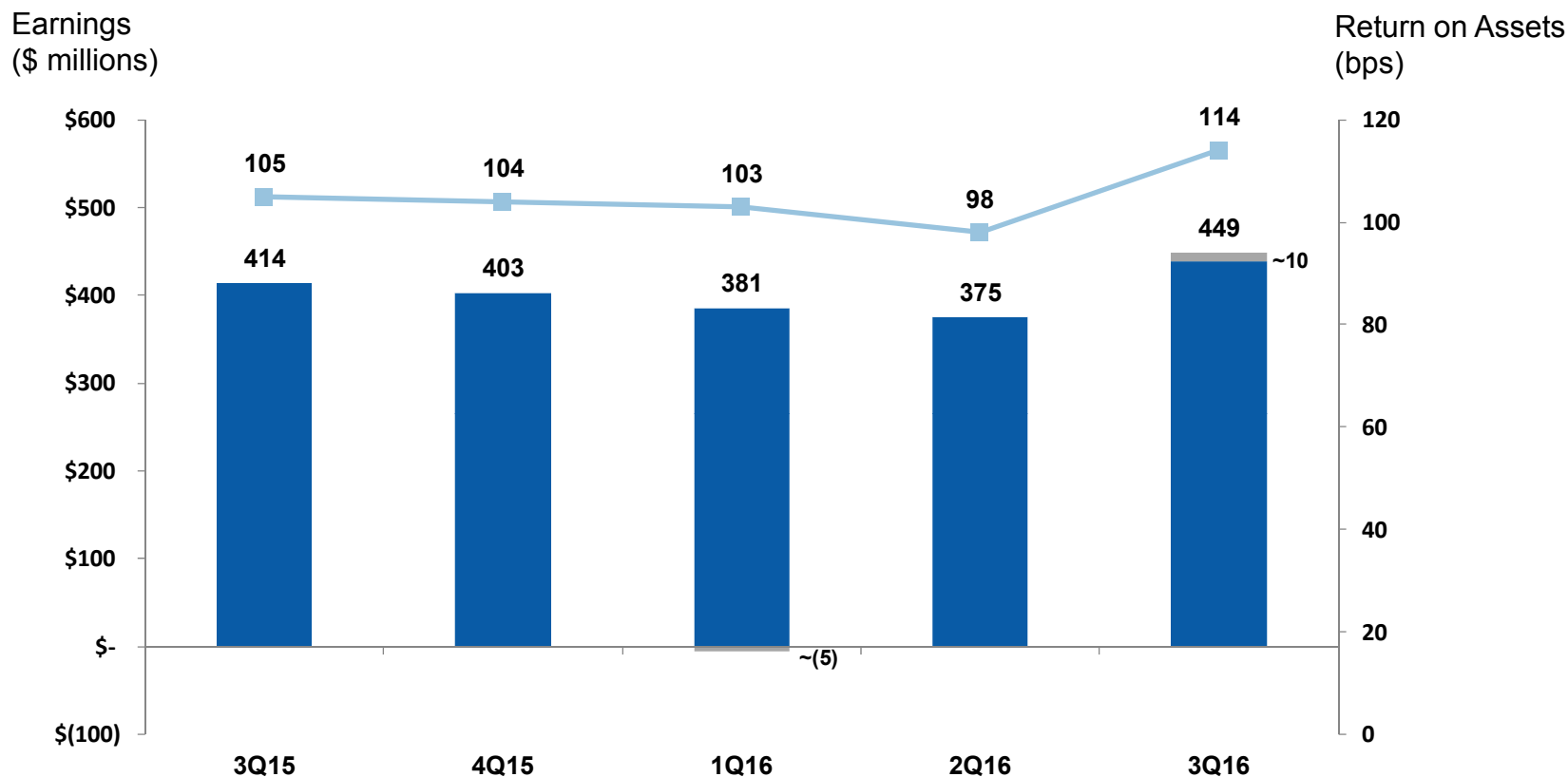
1) Certain prior period items have been reclassified to conform to current period presentation.

2) Includes amounts for foreign currency exchange rate remeasurement.

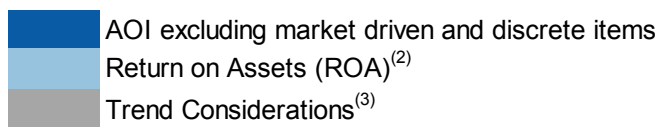
3) Includes changes in recorded asset values and liabilities representing changes in value which are expected to ultimately accrue to contractholders, primarily from mark to market adjustments. Excludes pre-tax reconciling item between AOI and U.S. GAAP for equity in earnings of operating joint ventures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

4) See earnings release tables for related tax effect.

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



Average Account Values (\$ billions)	3Q15	4Q15	1Q16	2Q16	3Q16
	\$156.2	\$154.6	\$147.9	\$153.6	\$157.8

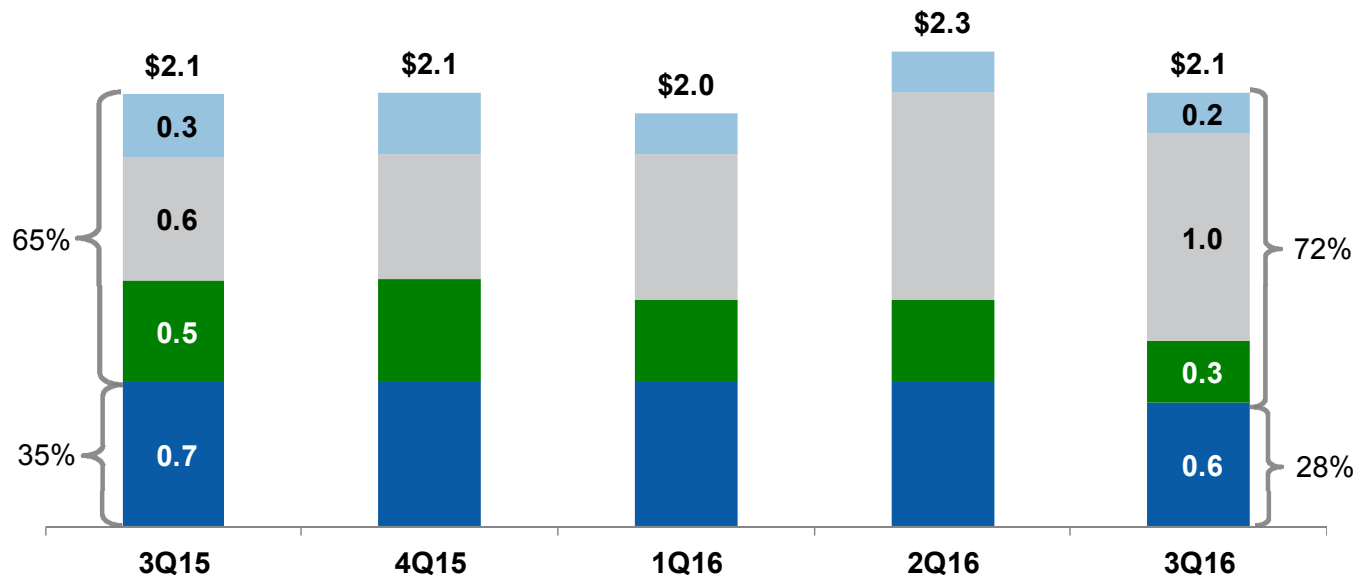


- 1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 24.
- 2) Annualized pre-tax AOI excluding market driven and discrete items divided by average account values based on daily averages for separate accounts.
- 3) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 21.

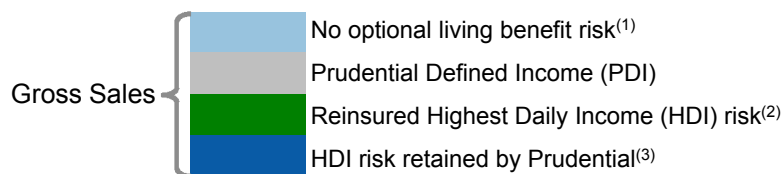
INDIVIDUAL ANNUITIES – SALES AND PRODUCT MIX



Gross Sales (\$ billions)



Net Sales (\$ millions)	3Q15	4Q15	1Q16	2Q16	3Q16
	\$128	\$68	\$238	\$341	\$87

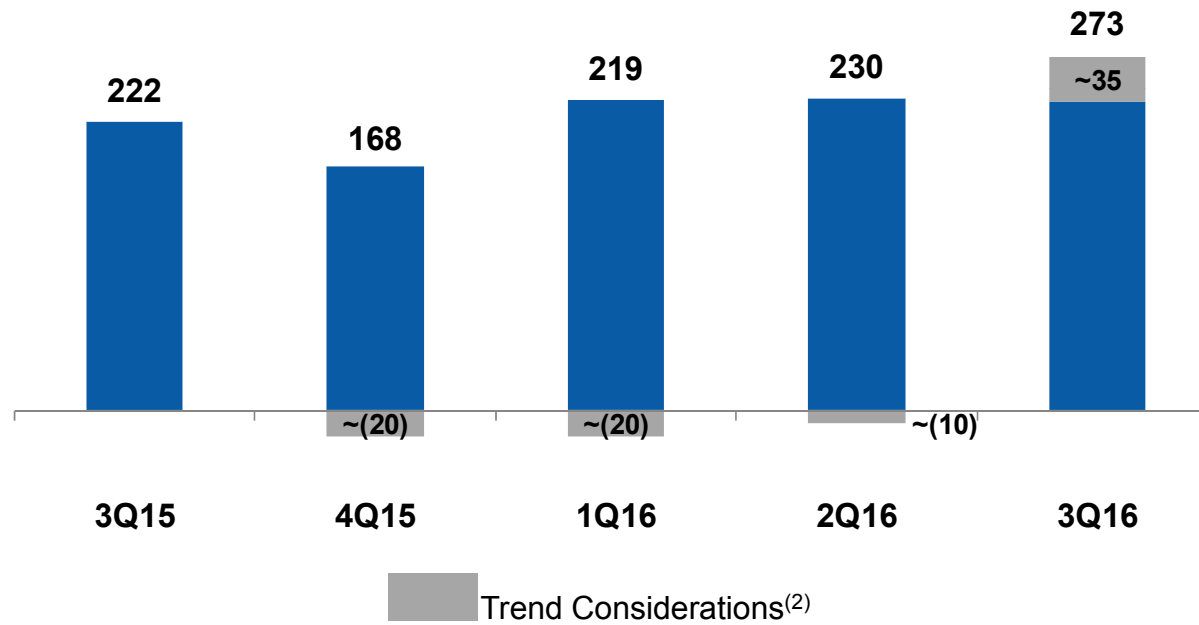


- 1) Includes Prudential Premier Investment contracts, and other annuities without optional living benefit guarantees.
- 2) Includes portion of account values for certain variable annuities for which living benefits are covered under an external reinsurance agreement which became effective April 1, 2015.
- 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 24.

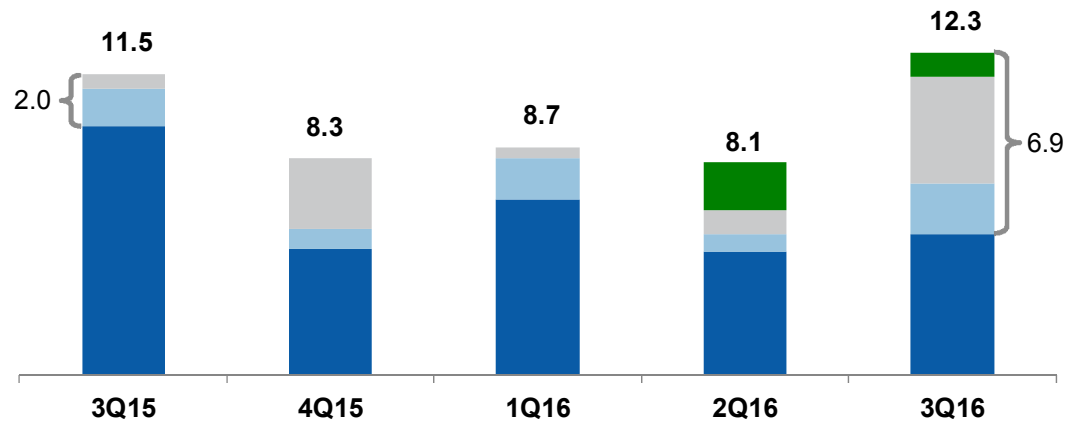
2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 21.

RETIREMENT – SALES AND ACCOUNT VALUES



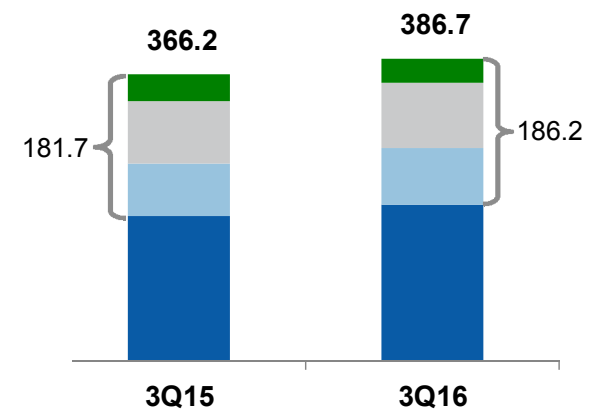
Gross Sales and Deposits

(\$ billions)

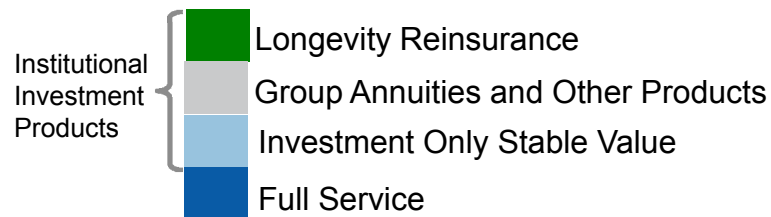


Account Values⁽¹⁾

(\$ billions)

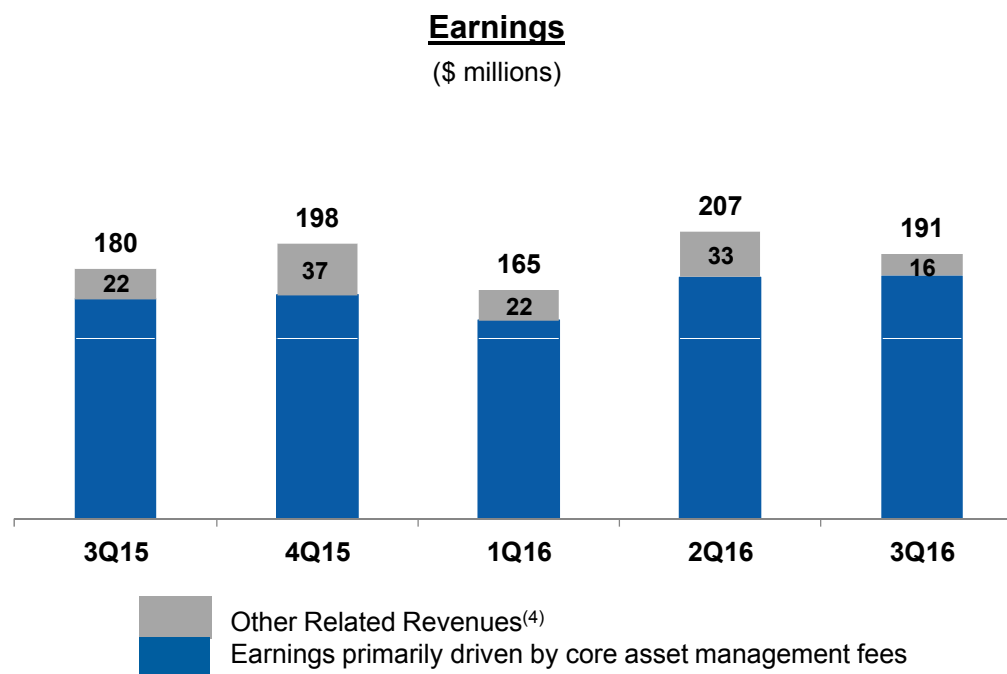
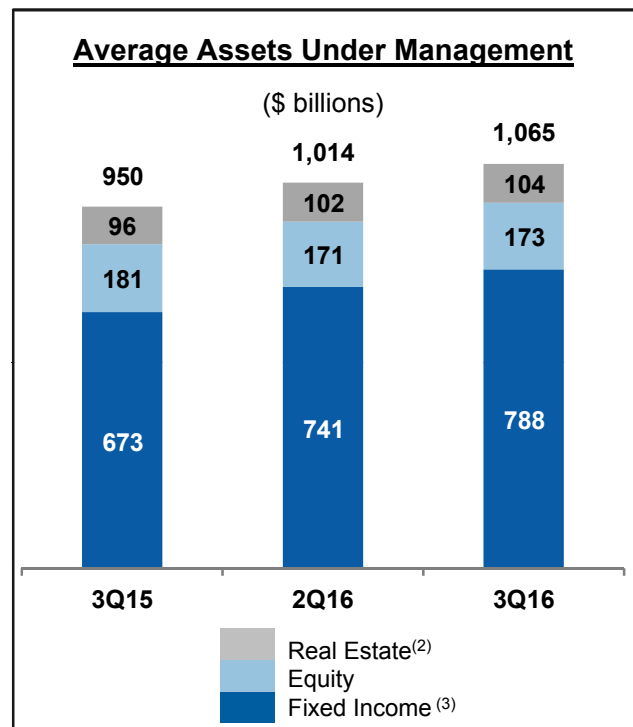


Net Flows (\$ billions)	3Q15	4Q15	1Q16	2Q16	3Q16
	\$2.4	(\$1.4)	\$0.6	\$0.5	\$5.0



1) As of end of period.

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

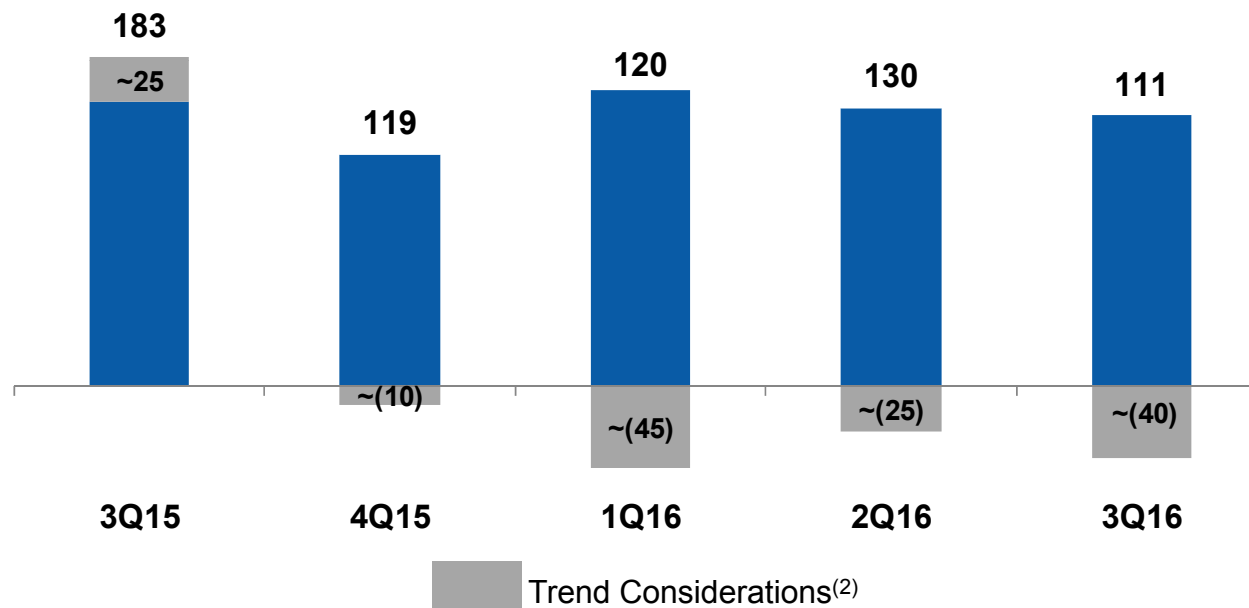


- 1) Pre-tax AOI.
- 2) Includes real estate related assets managed by PGIM Real Estate Finance (formerly Prudential Mortgage Capital Company).
- 3) Includes International Investments.
- 4) Earnings contribution from incentive, transaction, strategic investing and commercial mortgage activities, net of expenses.

INDIVIDUAL LIFE – EARNINGS TREND⁽¹⁾



(\$ millions)



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

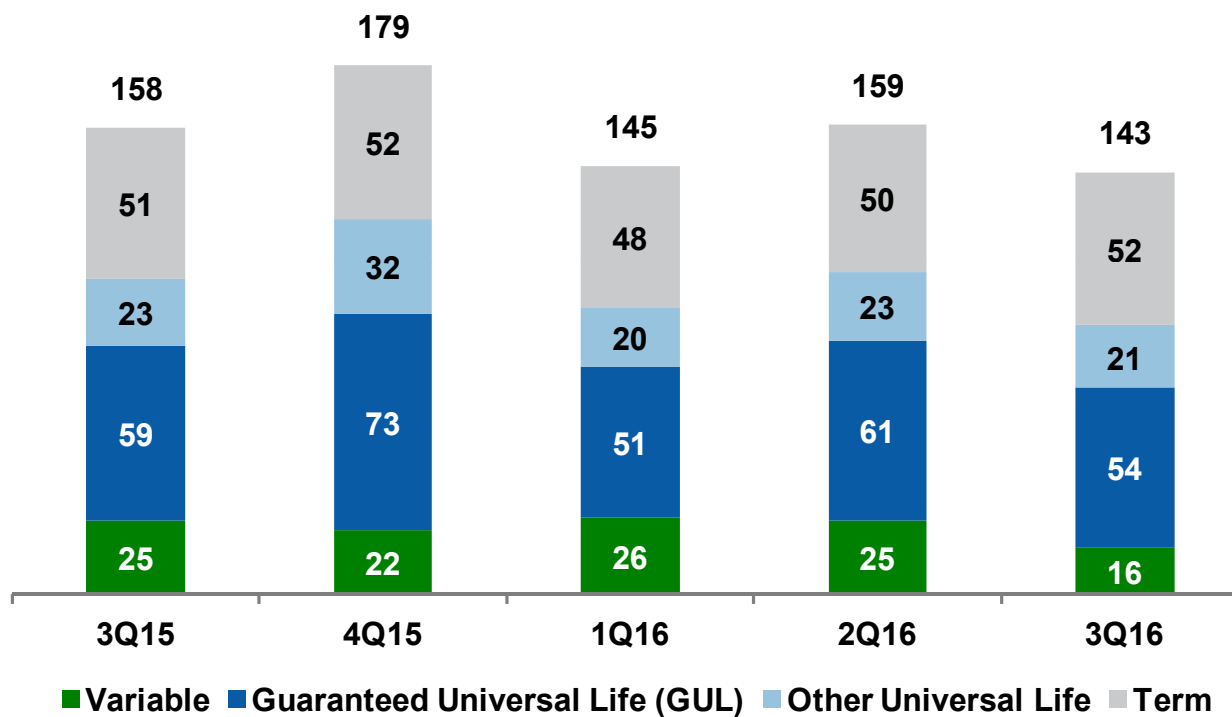
2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 21.

INDIVIDUAL LIFE – SALES

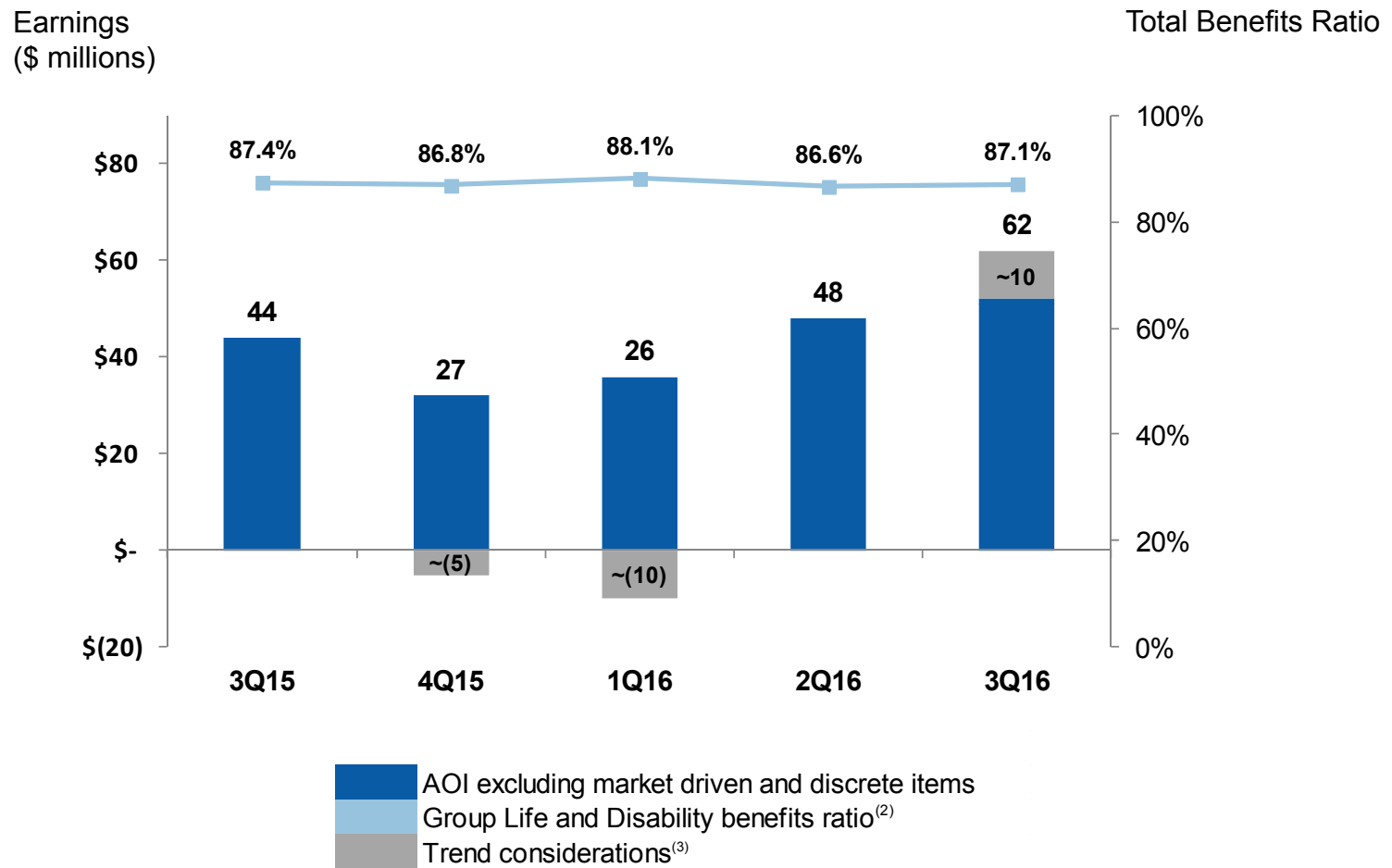


Annualized New Business Premiums

(\$ millions)



GROUP INSURANCE – EARNINGS TREND⁽¹⁾ AND BENEFITS RATIOS

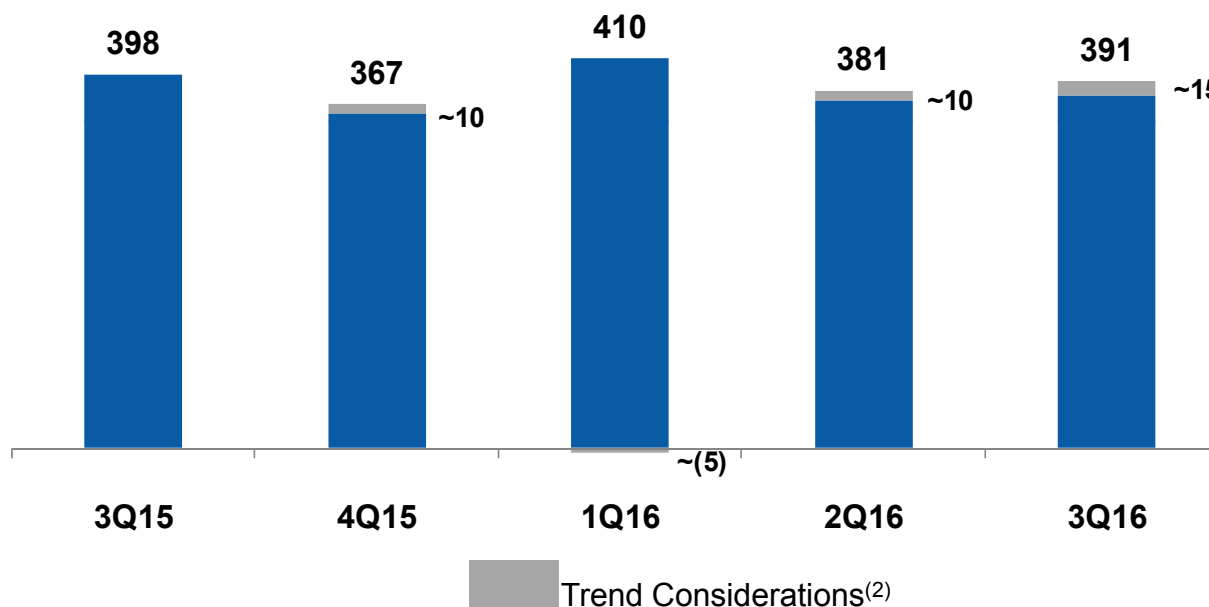


- 1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 24.
- 2) Benefits ratios excluding impact of market driven and discrete items as disclosed on page 24.
- 3) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 21.

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



(\$ millions)

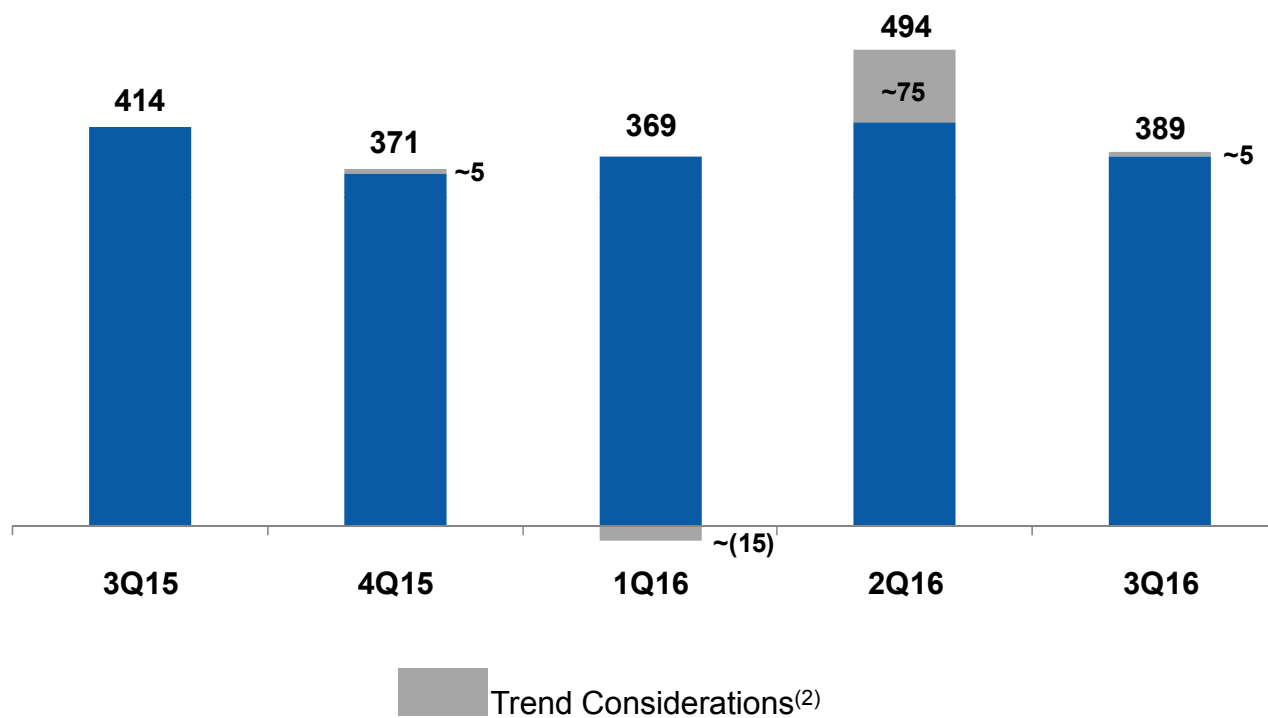


- 1) Pre-tax AOI excluding market driven and discrete items as disclosed on page 25.
- 2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 21.

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 25.

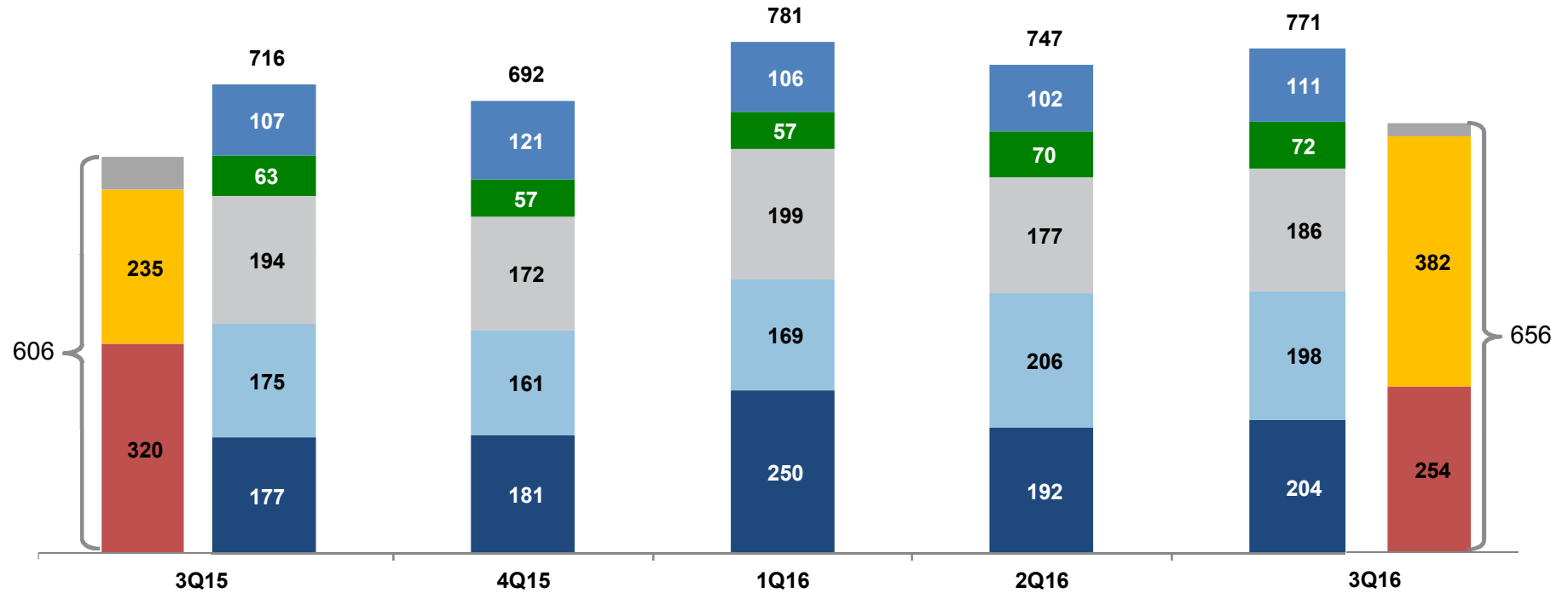
2) Trend considerations do not include seasonality impacts or quarterly expense patterns and are described on page 21.

INTERNATIONAL INSURANCE DIVISION – SALES



Annualized New Business Premiums⁽¹⁾

(\$ millions)

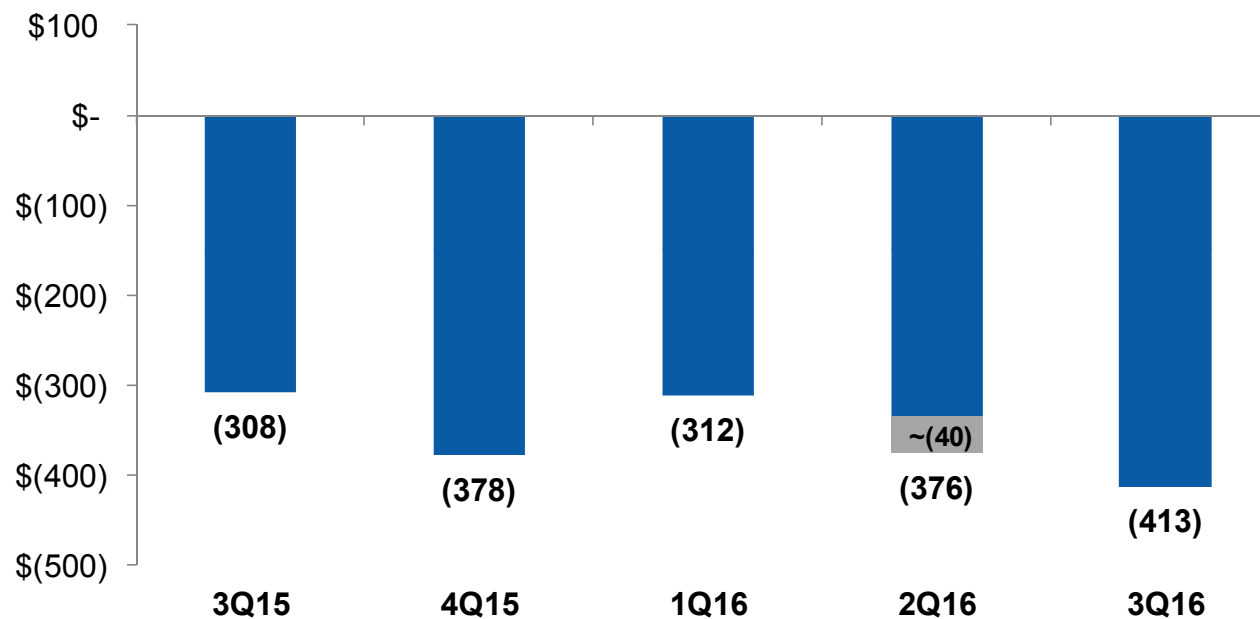


1) Foreign denominated activity translated to U.S. dollars at uniform exchange rates for all periods presented, including Japanese yen 106 per U.S. dollar, and Korean won 1,100 per U.S. dollar. U.S. dollar-denominated activity is included based on the amounts as transacted in U.S. dollars.

CORPORATE & OTHER OPERATIONS – RESULTS TREND⁽¹⁾



(\$ millions)



 Trend Considerations⁽²⁾

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 21.

FINANCIAL STRENGTH HIGHLIGHTS INSURANCE OPERATIONS



Risk Based Capital Ratio (RBC) ⁽¹⁾ December 31, 2015		Target	Estimated September 30, 2016
Prudential Insurance	484%		
PALAC ⁽²⁾	550%		
Composite Major U.S. ⁽³⁾ Insurance Subsidiaries	486%	400%	Well Above Target

Solvency Margin Ratio	Target	June 30, 2016
Prudential of Japan ⁽⁴⁾	700%	840%
Gibraltar Life ⁽⁴⁾	700%	987%

- 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.) 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 cash, short term investments, and U.S. Treasury fixed maturities, \$3.5 billion⁽²⁾

Leverage⁽¹⁾

- Financial leverage ratio ~25%, total leverage ratio ~40%, each within our targets⁽³⁾

Capital Deployment Highlights

- Quarterly common stock dividends, \$309 million⁽⁴⁾
- Share repurchases, \$625 million⁽⁴⁾
- Share repurchase authorization for remainder of 2016 was \$625 million, as of September 30, 2016

1) Liquidity position and leverage ratios as of September 30, 2016.

2) Net of outstanding commercial paper and cash held in an intra-company liquidity account at parent company.

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 divided by sum of total debt and equity. Equity in each calculation excludes non-controlling interest, AOCI, and impact of foreign currency exchange rate remeasurement.

4) For the three months ended September 30, 2016.



PRUDENTIAL FINANCIAL, INC.

THIRD QUARTER 2016
EARNINGS CONFERENCE CALL PRESENTATION

QUESTIONS AND ANSWERS

NOVEMBER 3, 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, 2015. 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 Report 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 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, and reserve refinements and higher than typical legal costs;
- *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)

	Third Quarter		Year to Date	
	2015	2016	September 30, 2015	2016
After-tax adjusted operating income	\$ 1,110	\$ 1,191	\$ 3,758	\$ 3,017
Reconciling items:				
Realized investment gains (losses), net, and related charges and adjustments	438	649	1,775	1,347
Investment gains (losses) on trading account assets supporting insurance liabilities, net	(228)	37	(365)	361
Change in experience-rated contractholder liabilities due to asset value changes	258	1	295	(262)
Divested businesses:				
Closed Block division	108	31	138	(74)
Other divested businesses	8	56	(26)	76
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	2	(17)	60	-
Total reconciling items, before income taxes	586	757	1,877	1,448
Income taxes, not applicable to adjusted operating income	231	134	671	377
Total reconciling items, after income taxes	355	623	1,206	1,071
Income from continuing operations (after-tax) before equity in earnings of operating joint ventures	1,465	1,814	4,964	4,088
Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	-	13	(57)	(4)
Income from continuing operations attributable to Prudential Financial, Inc.	1,465	1,827	4,907	4,084
Earnings attributable to noncontrolling interests	2	5	65	42
Income from continuing operations (after-tax)	1,467	1,832	4,972	4,126
Income from discontinued operations, net of taxes	-	-	-	-
Net income	1,467	1,832	4,972	4,126
Less: Income attributable to noncontrolling interests	2	5	65	42
Net income attributable to Prudential Financial, Inc.	\$ 1,465	\$ 1,827	\$ 4,907	\$ 4,084

RECONCILIATION FOR PRE-TAX AOI EXCLUDING MARKET DRIVEN AND DISCRETE ITEMS



	Year to Date September 30,			
	2016		2015	
	Pre-tax AOI ⁽¹⁾	EPS ⁽²⁾	Pre-tax AOI ⁽¹⁾	EPS ⁽²⁾
Reported Results	\$ 3,940	\$ 6.67	\$ 5,049	\$ 8.09
Market driven and discrete items:				
Annual review of actuarial assumptions and reserve refinements ⁽³⁾	(444)	(0.64)	137	0.20
Individual Annuities - Primarily market unlockings and experience true-ups ⁽⁴⁾	134	0.19	96	0.13
Retirement - Costs relating to legal matters	(34)	(0.05)	-	-
Individual Life - Integration costs for Hartford Life acquisition	-	-	(17)	(0.02)
Corporate & Other - Early debt extinguishment costs	(36)	(0.05)	-	-
Subtotal	(380)	(0.55)	216	0.31
Results excluding market driven and discrete items	\$ 4,320	\$ 7.22	\$ 4,833	\$ 7.78

1) In millions.

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

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

4) 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.

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



(\$ millions)

	3Q15	4Q15	1Q16	2Q16	3Q16
Individual Annuities pre-tax AOI	\$ 310	\$ 410	\$ 328	\$ 427	\$ 588
Reconciling items:					
Market unlockings and experience true-ups ⁽¹⁾	(104)	7	(53)	48	139
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	-	-	4	-
Subtotal	(104)	7	(53)	52	139
Individual Annuities pre-tax AOI excluding market driven and discrete items	\$ 414	\$ 403	\$ 381	\$ 375	\$ 449
Retirement pre-tax AOI	\$ 242	\$ 168	\$ 219	\$ 236	\$ 239
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	20	-	-	6	-
Costs relating to legal matters	-	-	-	-	(34)
Subtotal	20	-	-	6	(34)
Retirement pre-tax AOI excluding market driven and discrete items	\$ 222	\$ 168	\$ 219	\$ 230	\$ 273
Individual Life pre-tax AOI	\$ 183	\$ 99	\$ 120	\$ (290)	\$ 111
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	(20)	-	(420)	-
Integration costs for Hartford Life acquisition	-	-	-	-	-
Subtotal	-	(20)	-	(420)	-
Individual Life pre-tax AOI excluding market driven and discrete items	\$ 183	\$ 119	\$ 120	\$ 130	\$ 111
Group Insurance pre-tax AOI	\$ 44	\$ 27	\$ 26	\$ 89	\$ 62
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	\$ 44	\$ 27	\$ 26	\$ 48	\$ 62

- 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)

	3Q15	4Q15	1Q16	2Q16	3Q16
Life Planner Operations pre-tax AOI	\$ 398	\$ 367	\$ 410	\$ 343	\$ 391
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	\$ 398	\$ 367	\$ 410	\$ 381	\$ 391
Gibraltar Life & Other Operations pre-tax AOI	\$ 414	\$ 371	\$ 369	\$ 460	\$ 389
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	\$ 414	\$ 371	\$ 369	\$ 494	\$ 389
Corporate & Other Operations pre-tax AOI	\$ (308)	\$ (458)	\$ (312)	\$ (415)	\$ (413)
Reconciling items:					
Annual review of actuarial assumptions and reserve refinements ⁽²⁾	-	-	-	(3)	-
Charge related to administration of certain separate account investments	-	(80)	-	-	-
Costs associated with early debt extinguishment	-	-	-	(36)	-
Subtotal	-	(80)	-	(39)	-
Corporate & Other Operations pre-tax AOI excluding market driven and discrete items	\$ (308)	\$ (378)	\$ (312)	\$ (376)	\$ (413)

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.