



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

MARCH 2017



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

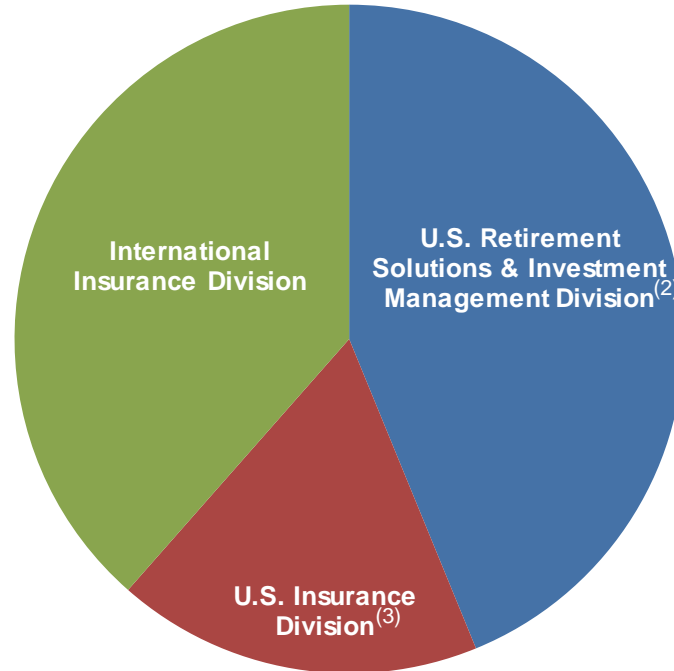


ENTERPRISE OVERVIEW

SUPERIOR MIX OF HIGH QUALITY BUSINESSES AND RISKS



December 31, 2016
Adjusted Book Value
\$34.4 Billion⁽¹⁾

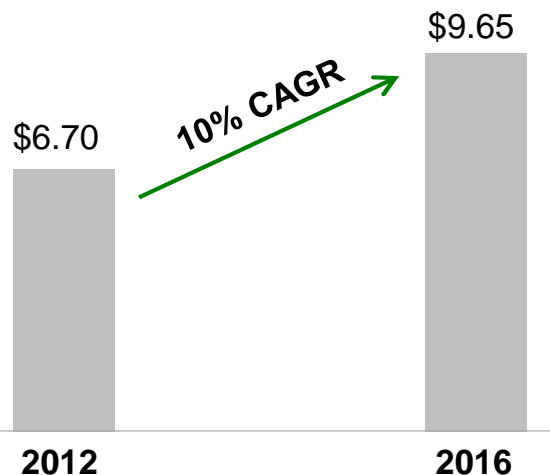


- 1) See reconciliation to GAAP book value on slide 45; total includes attributed equity for Corporate and Other Operations of \$2,306 million and Closed Block Division of (\$1,399) million, which are excluded from pie chart.
- 2) Includes U.S. Individual Annuities, Asset Management and Retirement.
- 3) Includes U.S. Individual Life and Group Insurance.

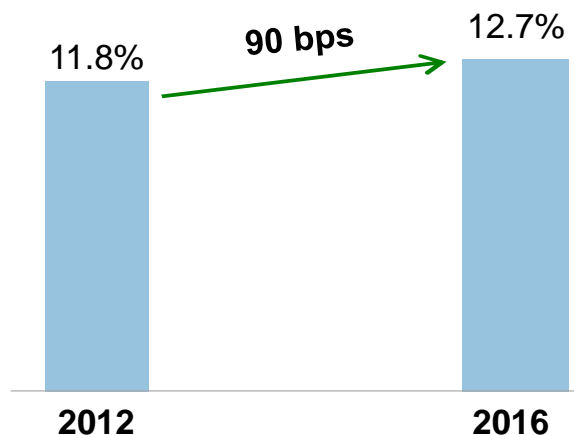
TRACK RECORD OF FINANCIAL PERFORMANCE⁽¹⁾



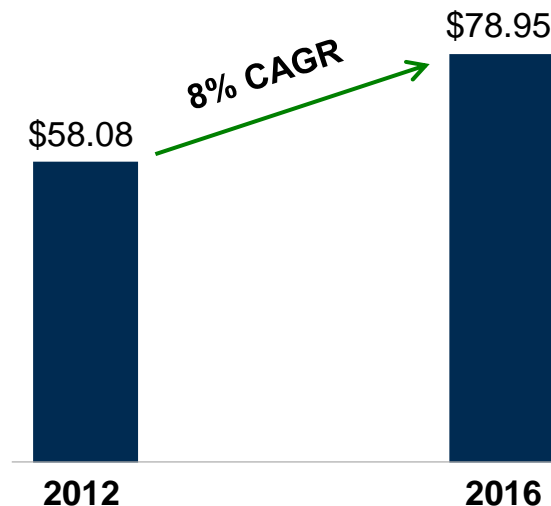
Earnings Per Share⁽²⁾



Return on Equity⁽²⁾⁽³⁾



Adjusted Book Value Per Share⁽⁴⁾



Near to Intermediate Term ROE Objective of 12% - 13%

- 1) Amounts attributable to Prudential Financial, Inc. (PFI); represents results of the former Financial Services Businesses (FSB) for periods prior to 2015. Per share data amounts on diluted basis.
- 2) Based on after-tax adjusted operating income (AOI), excluding market driven and discrete items as shown in the reconciliation section; based on application of 35% tax rate for earnings per share (EPS) and ROE calculations.
- 3) ROE gives effect to direct equity adjustment for EPS calculation for periods prior to 2015. Based on average attributed equity excluding accumulated other comprehensive income (AOCI) and adjusted to remove amount included for foreign currency exchange rate remeasurement.
- 4) See reconciliation on page 45.

BUILDING PRUDENTIAL'S INVESTOR VALUE PROPOSITION



Achieve Key Financial Objectives

- Maintain differentiated ROE
- Solid earnings and book value growth; continue to manage volatility
- Free cash flow⁽¹⁾ ~60% of after-tax adjusted operating income (AOI) over time
- Active capital management supporting balanced deployment for business growth opportunities and returns to shareholders including dividends and share repurchases
- Maintain strong capital position; manage to “AA” financial strength standards

Fortify Leadership Position

- Focus on Protection, Retirement and Asset Management
- Continued investments to support innovation in products, distribution, data and digital, as well as systems and technology
- Talent, culture and collaboration drive superior execution

Challenges and Considerations

- Sustained low interest rate environment
- Near-term impact of expenses associated with investments to support innovation
- Evolving regulatory environment

1) Includes capital deployed through subsidiaries.

HIGHLIGHTS OF CAPITAL STRENGTH



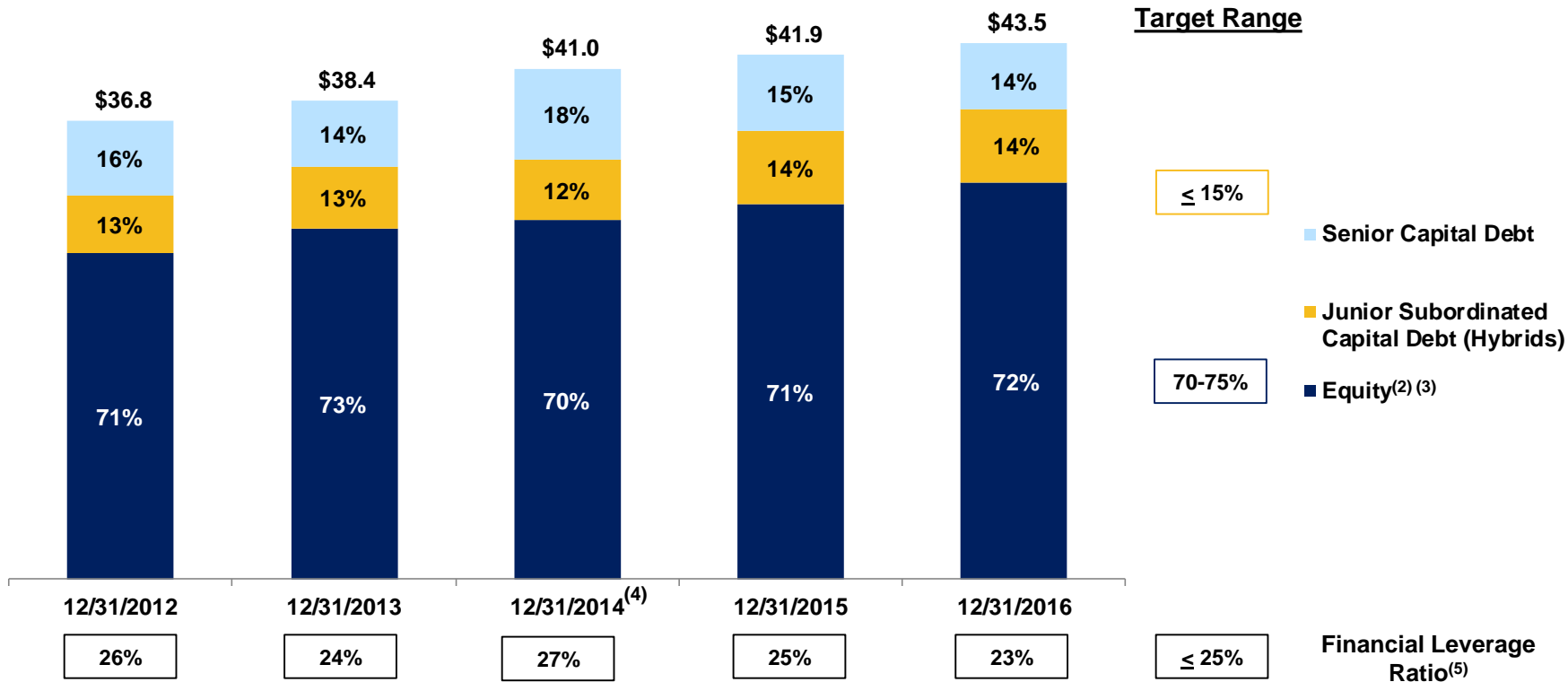
- Capital protection framework
 - Comprehensive analysis of market and business risks at an enterprise level
 - Ability to sustain more severe scenarios with substantial resources on and off balance sheet
- Conservative balance sheet
 - Significant adverse experience absorption capacity in statutory and GAAP reserves
 - Annuities living benefits recapture expected to increase capital flexibility by reducing capital volatility
- Solid capital generation in ongoing businesses
 - Deployable cash flow expected to be ~60% of after-tax adjusted operating income over time
 - Japan equity hedge protects value of our largest international operation and contribution to overall returns and capital generation
- Effective capital deployment
 - Share repurchase authorization for 2017 of \$1.25 billion; increased quarterly dividend by 7% to \$0.75 per share of common stock in 1Q17
 - Strong recent track record of deploying capital to support outsized organic growth, M&A, dividends and buybacks

CAPITAL STRUCTURE



Composition of Outstanding Capital⁽¹⁾

(\$ billions)



1) Represents the former FSB for periods prior to 2015.

2) Represents total equity including non-controlling interests and adjusted to exclude: the impact of foreign currency exchange rate remeasurement; non-performance risk (NPR) net of deferred policy acquisition costs (DAC); and AOCI; the aggregate exclusions totaling \$11.5 billion, \$6.3 billion, \$13.6 billion, and \$11.9 billion as of December 31, 2012, 2013, 2014 and 2015, respectively.

3) As of December 31, 2016, represents total equity including NPR net of DAC and FAS 158, adjusted to exclude: the impact of non-controlling interests; foreign currency exchange rate remeasurement; and AOCI (except for pension and postretirement unrecognized costs); the aggregate exclusions totaling \$14.2B.

4) 12/31/14 gives pro-forma effect to ultimate impact of Closed Block restructuring.

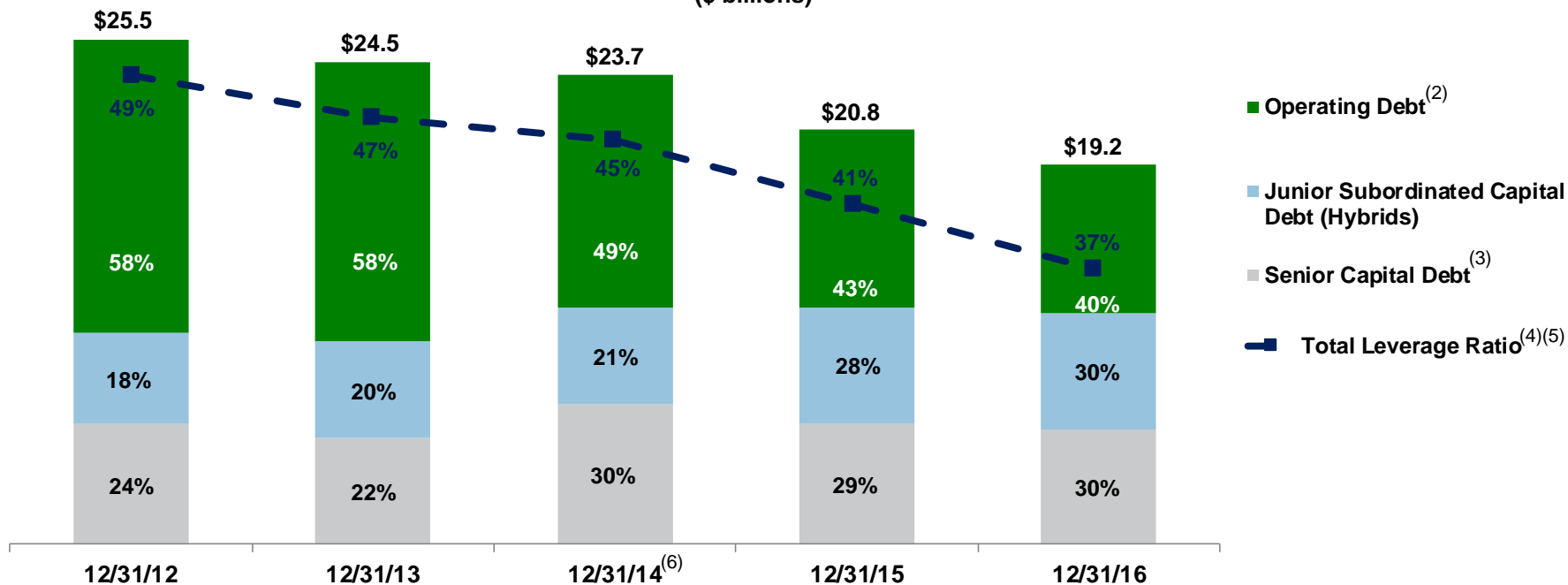
5) Defined as senior capital debt plus 75% hybrids divided by the senior capital debt plus 100% hybrids plus equity as defined above.

REDUCTION IN TOTAL LEVERAGE



Composition of Outstanding Debt⁽¹⁾

(\$ billions)



- 1) Represents the former FSB for periods prior to 2015.
- 2) Operating debt is utilized to finance business funding needs for specific purposes tied to assets or revenue sources as well as to finance invested assets, proceeds of which will service the debt.
- 3) Senior capital debt is utilized to meet capital requirements of the Prudential businesses.
- 4) Prior to 2016, defined as total debt divided by total debt plus total equity including non-controlling interests and adjusted to exclude: the impact of FX remeasurement; NPR (net of DAC); and AOCI; the aggregate exclusions totaling \$11.5 billion, \$6.3 billion, \$13.6 billion, and \$11.9 billion as of December 31, 2012, 2013, 2014 and 2015, respectively.
- 5) As of 12/31/16, leverage ratios exclude the impact of non-controlling interests, FX remeasurement, and AOCI (except for pension and postretirement unrecognized costs) on GAAP equity; the aggregate exclusions totaling \$14.2B. The Total Leverage ratio calculation excludes non-recourse debt.
- 6) 12/31/14 gives pro-forma effect to ultimate impact of Closed Block restructuring.



- On April 1, recaptured living benefit rider risks from captive reinsurer; phased implementation during 2016
 - Manage rider risk together with host contract and accompanying living benefit risk in statutory entities
 - Effective August 1, fully managing product-related capital markets risks in Annuities business
- Manage capital associated with living benefit risk economically, consistent with historical practice, with the ability to maintain CTE 97 threshold in moderate stress scenarios
- Due to synergies that occur when all product risks are managed together, released \$1 billion of capital from the Annuities business, which supported a \$500 million increase in buyback authorization for 2016
- Expected to reduce fluctuations in capital and enhance capital flexibility

SUMMARY



- Balanced portfolio of businesses with favorable long-term growth prospects and returns
- Risk management supports sustained financial strength
- Positioned for organic business growth and acquisition opportunities as well as distribution of capital to shareholders
- Superior ROE
- Strong capital and liquidity positions
- Focus on talent and leadership



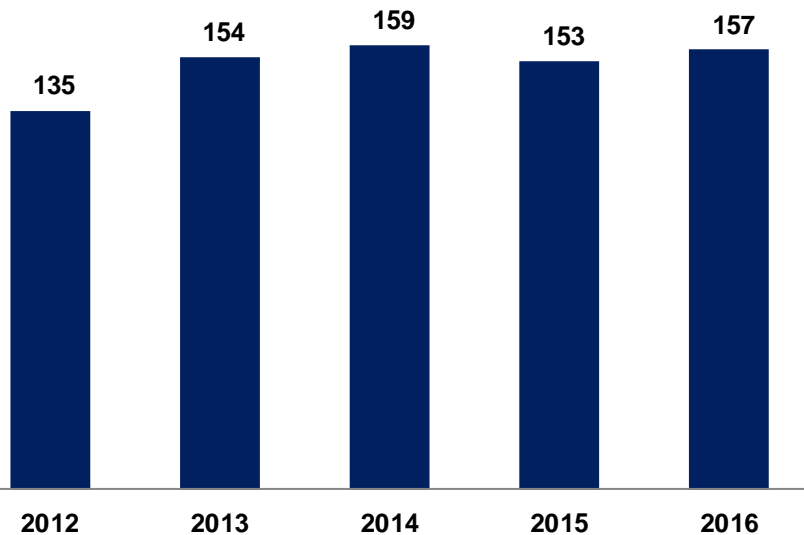
U.S. AND INTERNATIONAL BUSINESSES RESULTS AND KEY DRIVERS

INDIVIDUAL ANNUITIES – ACCOUNT VALUE AND SALES TREND

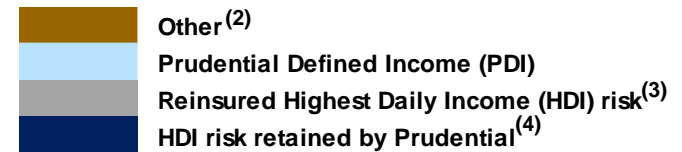
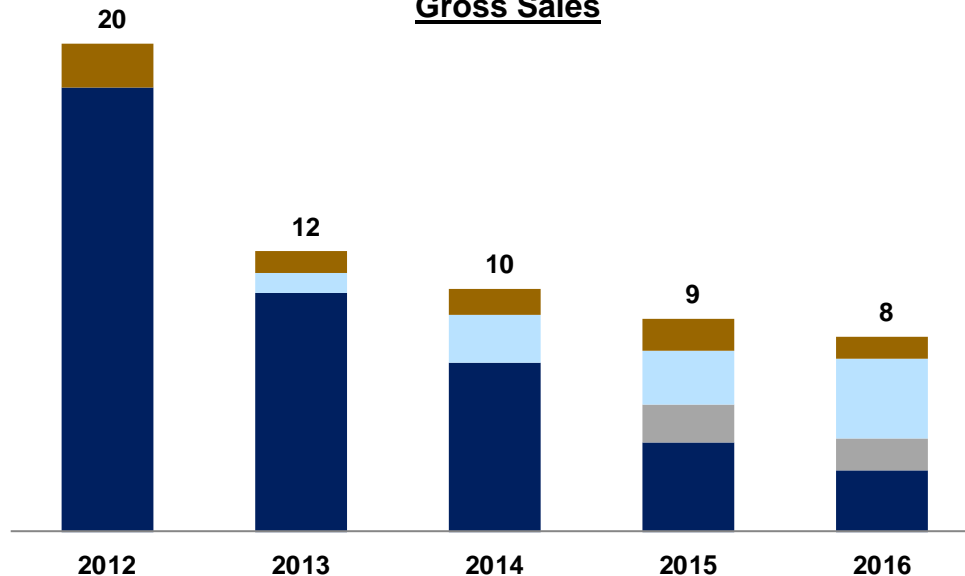


(\$ billions)

Account Values⁽¹⁾

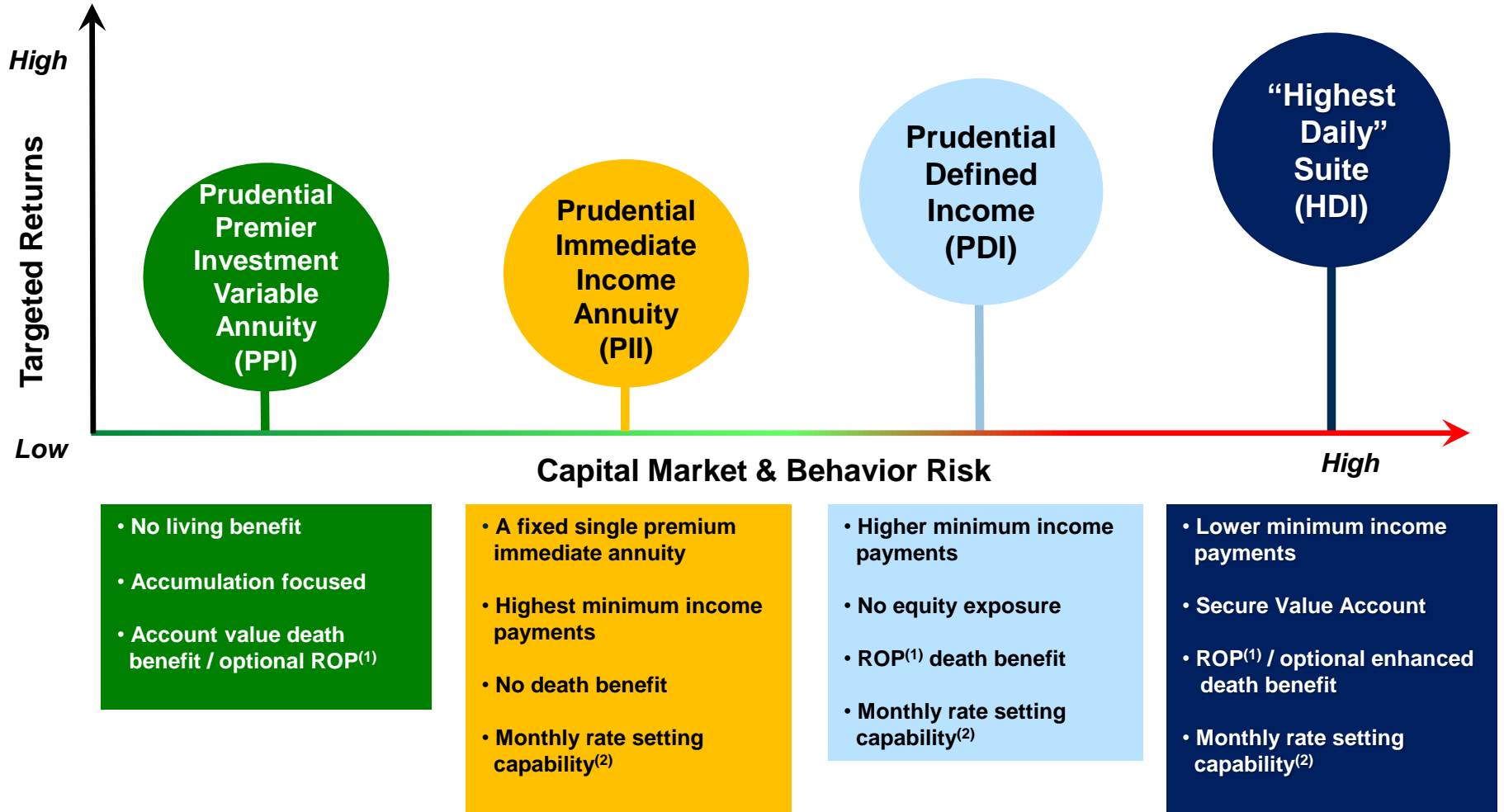


Gross Sales



- 1) Represents Individual Annuities total account values at end of period.
- 2) Includes Prudential Premier Investment contracts, and other annuities without optional living benefit guarantees.
- 3) Includes portion of account values for certain variable annuities for which living benefits are covered under an external reinsurance agreement, which was effective from 4/1/2015 through 12/31/16.
- 4) Includes predecessor product optional living benefits.

PRODUCT PORTFOLIO – DIVERSIFYING RISK



1) Return of Premium (ROP) is a standard death benefit on variable annuity contracts. Optional ROP is available on PPI contracts for an extra charge.

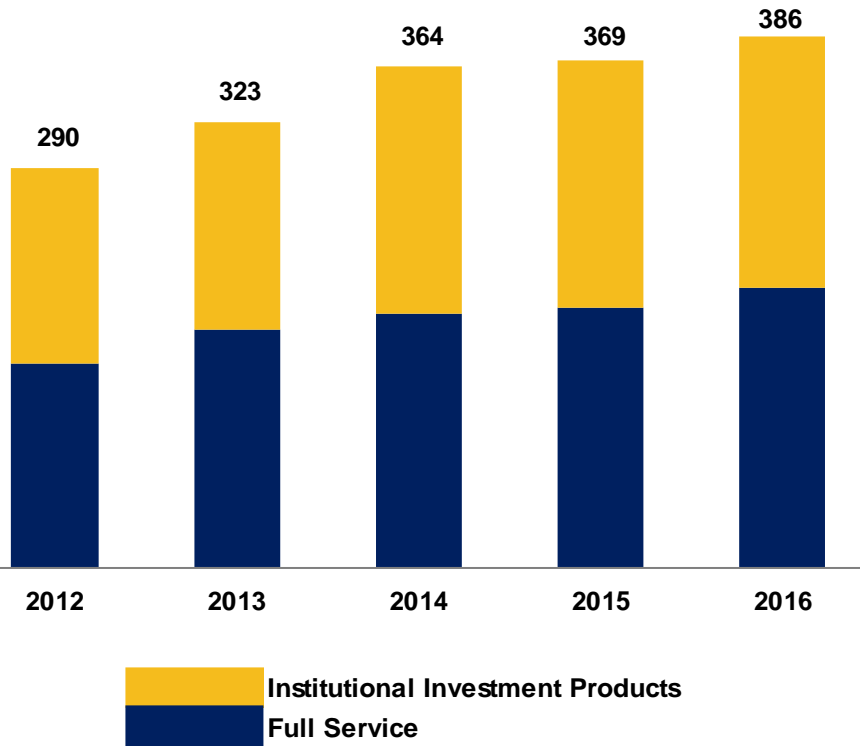
2) For new business.

RETIREMENT – ACCOUNT VALUES AND SALES TREND

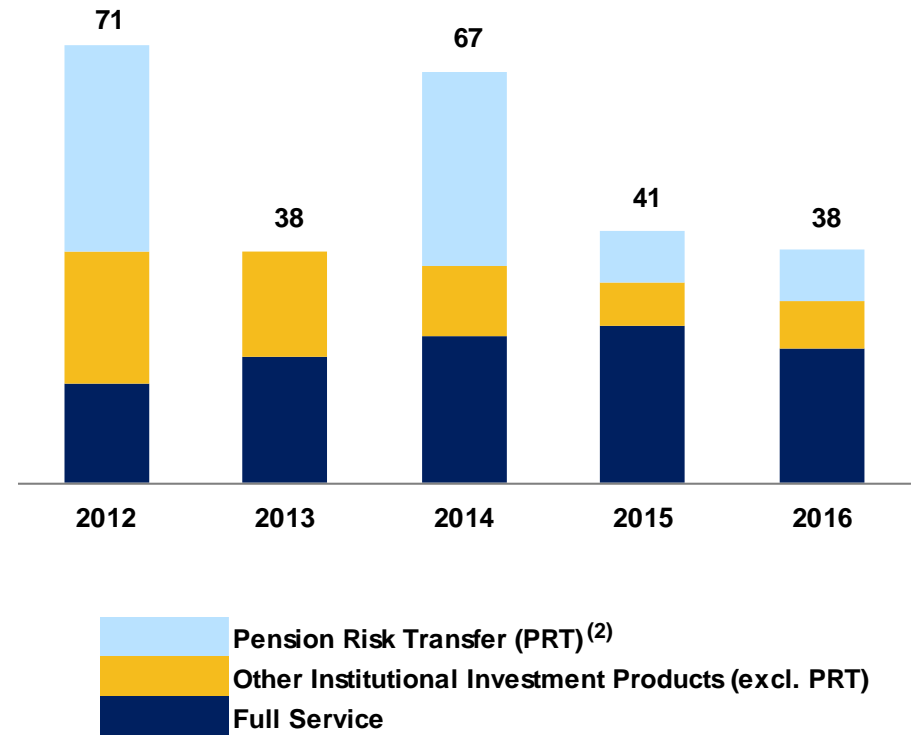


(\$ billions)

Account Values⁽¹⁾



Gross Deposits and Sales



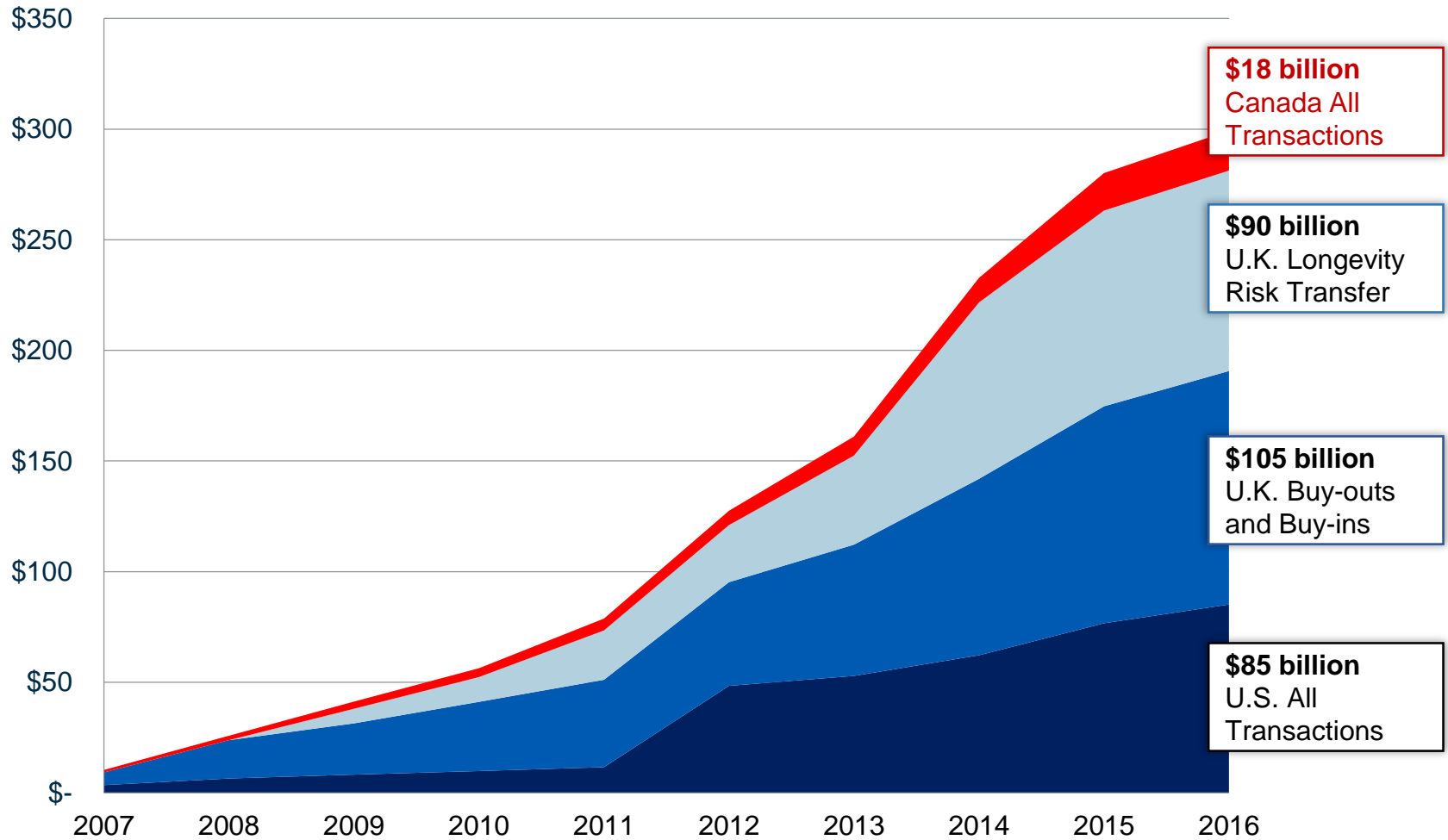
1) At end of period.

2) Represents significant PRT transactions recorded in the fourth quarter of 2012, third and fourth quarters of 2014, second and fourth quarters of 2015 and second, third and fourth quarters of 2016.

SINCE 2007, THERE HAVE BEEN MORE THAN \$290B IN PENSION RISK TRANSFER TRANSACTIONS



Cumulative Pension Risk Transfer Totals by Country and Product



PRUDENTIAL'S PRT BUSINESS HAS EXPERIENCED SIGNIFICANT GROWTH OVER THE PAST SIX YEARS⁽¹⁾



730,000+
RETIREES

300+
PLANS IN U.S. & U.K.

GM

Verizon

Motorola

**Bristol-Myers
Squibb**

Rothesay Life

Philips

Timken

**BT Pension
Scheme**

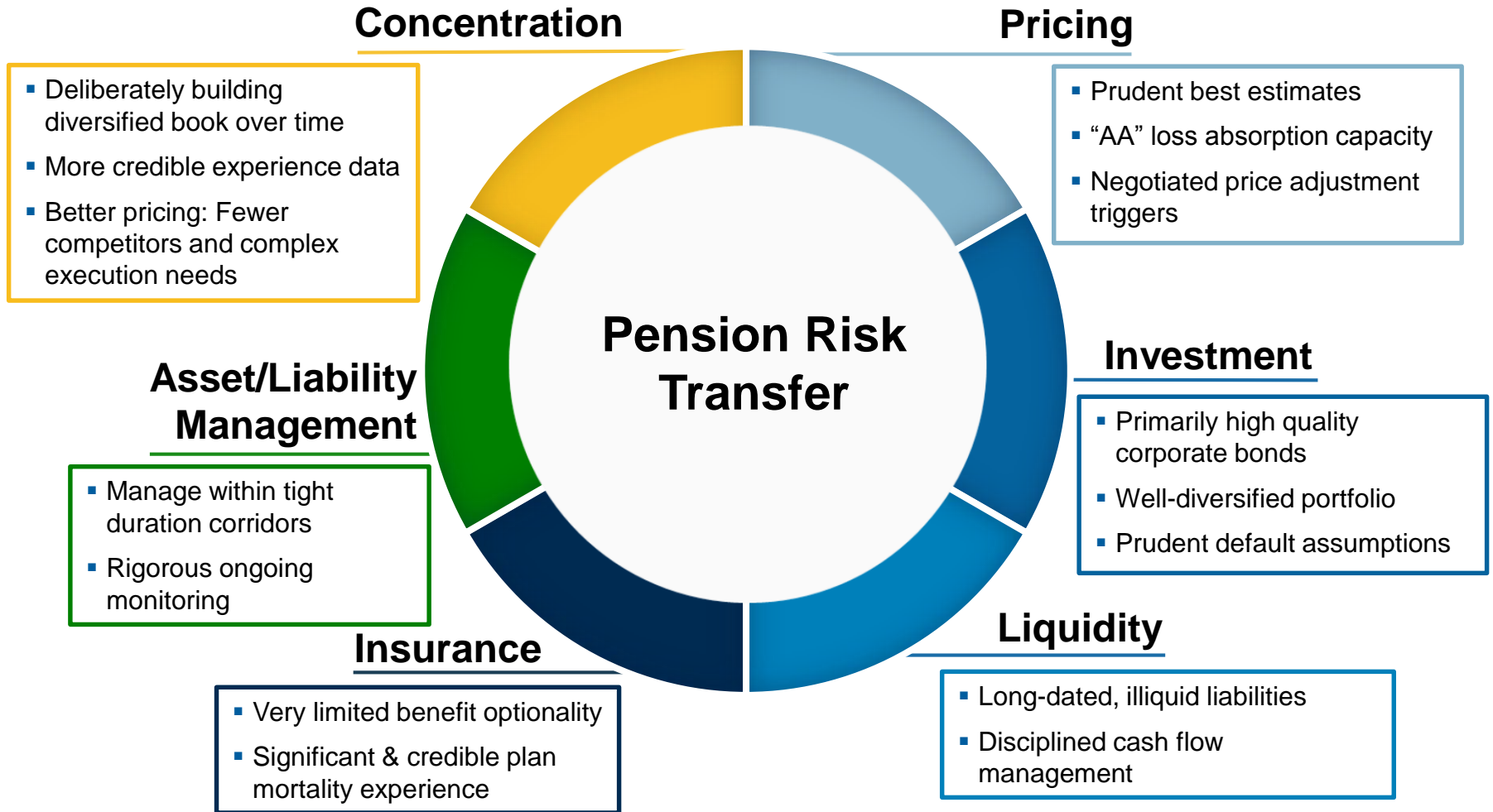
Kimberly-Clark

WestRock

**United
Technologies**

1) 2011 through 2016.

CRITICAL SUCCESS FACTORS

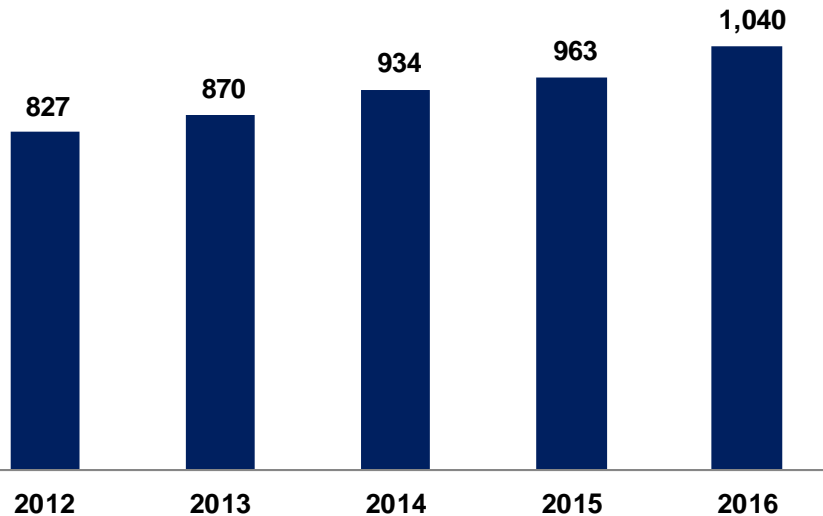


ASSET MANAGEMENT – AUM AND NET FLOWS

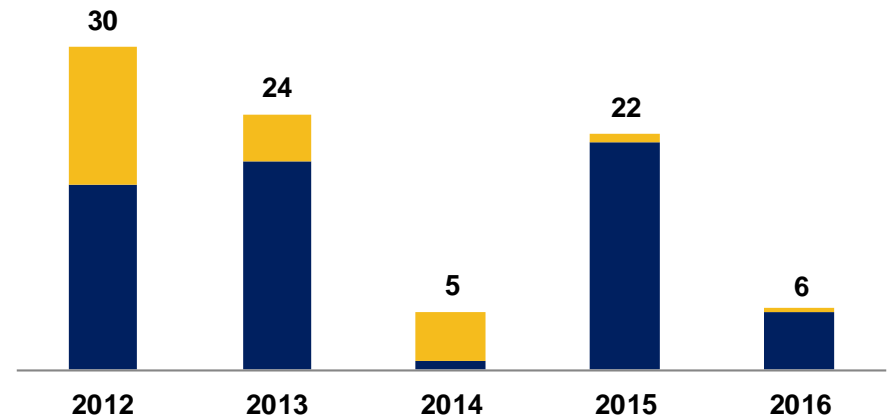


(\$ billions)

Assets Under Management⁽¹⁾



Institutional and Retail Customers Net Flows⁽²⁾



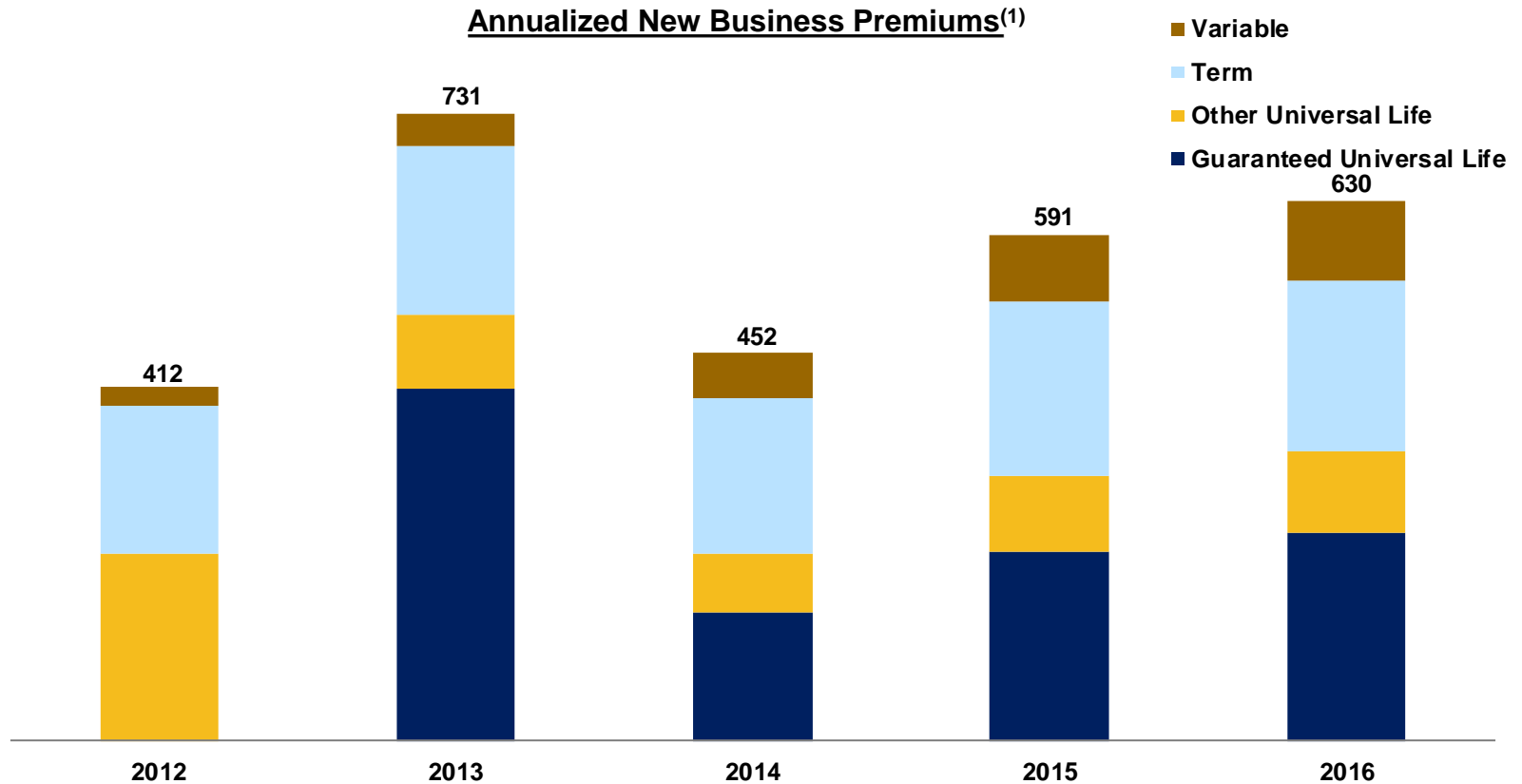
1) At end of period, includes general account.

2) Excludes money market activity and affiliated net flows.

INDIVIDUAL LIFE – SALES TREND



(\$ millions)



1) Excludes corporate-owned life insurance. Beginning in 2013, includes new business premiums from the Hartford acquisition as well as the portion of new business premiums attributable to guaranteed universal life products.

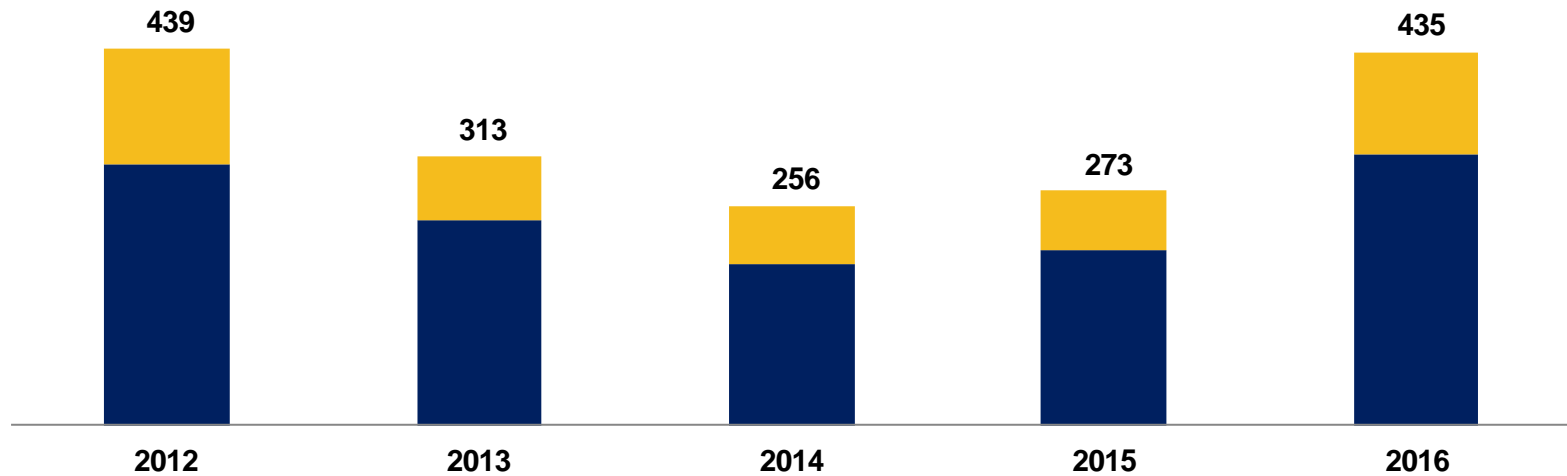
GROUP INSURANCE – SALES TREND



(\$ millions)

Annualized New Business Premiums

- Group Disability
- Group Life

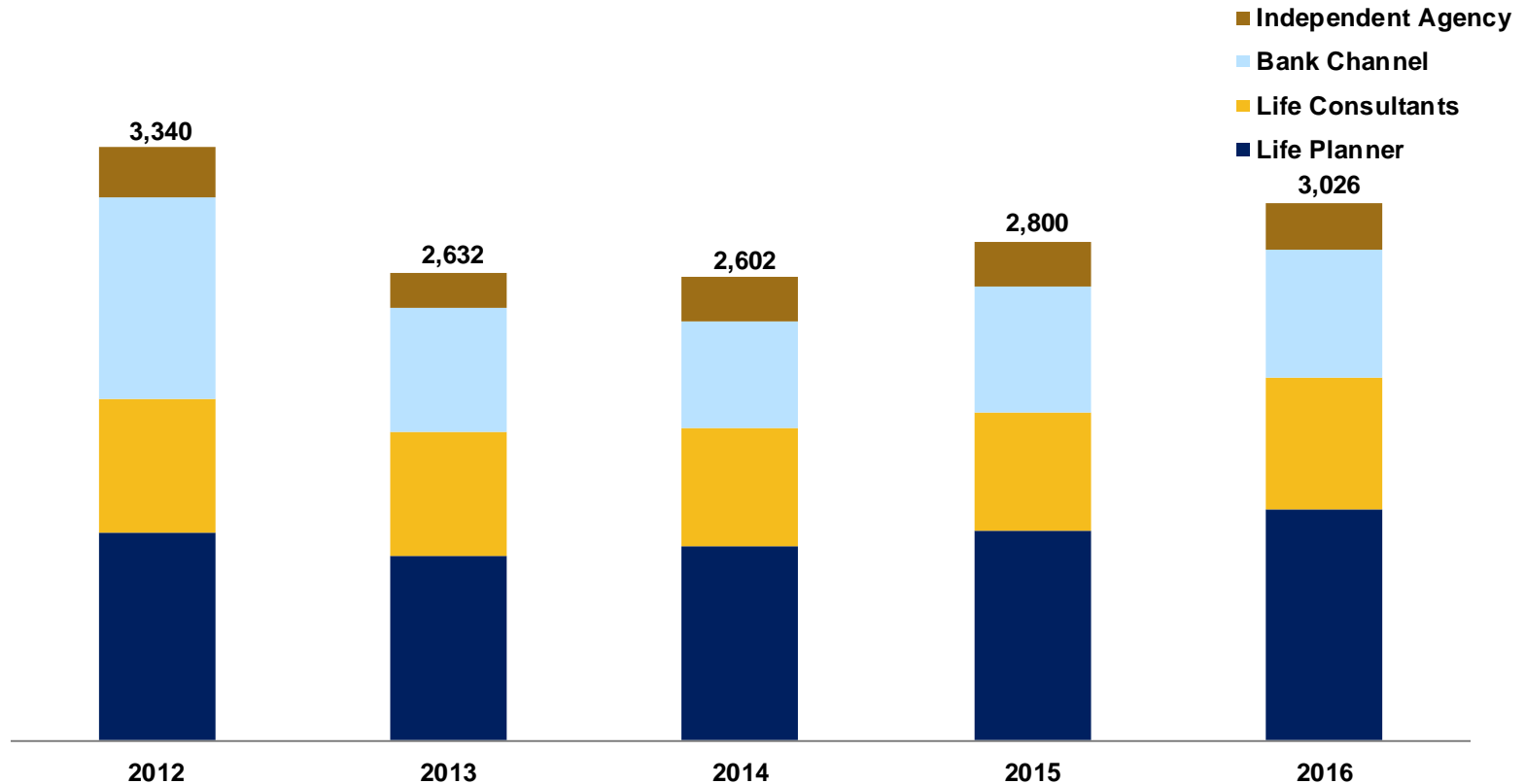


INTERNATIONAL INSURANCE – SALES TREND



(\$ millions)

Annualized New Business Premiums by Distribution Channel⁽¹⁾



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.



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

Solvency Margin Ratio	Target	September 30, 2016
Prudential of Japan ⁽⁴⁾	700%	858%
Gibraltar Life ⁽⁴⁾	700%	975%

- 1) The inclusion of RBC measures is intended solely for the information of investors and is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities. Indicated target is for purposes of evaluating on balance sheet capital capacity.
- 2) Prudential Annuities Life Assurance Corporation.
- 3) Includes Prudential Insurance and its subsidiaries (Pruco Life of Arizona, Pruco Life of New Jersey, Prudential Legacy Insurance Co., Prudential Retirement Insurance and Annuity Co.) and PALAC. Composite RBC is not reported to regulators and is based on summation of total adjusted capital and risk charges for the included companies as determined under statutory accounting and RBC guidance to calculate a composite numerator and denominator, respectively, for purposes of calculating the composite ratio.
- 4) Based on Japanese statutory accounting and risk measurement standards applicable to regulatory filings. On a consolidated basis.

FINANCIAL STRENGTH AND CREDIT RATINGS⁽¹⁾



	Prudential Financial, Inc.		Prudential Insurance Company of America	
	Long-Term Senior Debt	Short-Term Debt	Financial Strength	Short-Term Debt ⁽²⁾
S&P	A	A-1	AA-	A-1+
Moody's	Baa1	P-2	A1	P-1
Fitch	A-	F1	AA-	F1+
A.M. Best	a-	AMB-1	A+	AMB-1

Note: As of February 8, 2017

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 (PFLLC), a wholly owned subsidiary of The Prudential Insurance Company of America (PICA).

LIQUIDITY, LEVERAGE, AND CAPITAL DEPLOYMENT



Liquidity Position⁽¹⁾

- Parent company cash, short term investments, and U.S. Treasury fixed maturities, \$4.5 billion⁽²⁾

Leverage⁽¹⁾

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

Capital Deployment Highlights

- \$3.2 billion returned to shareholders through dividends and share repurchases in 2016
- Fourth quarter common stock dividends \$307 million, share repurchases \$625 million
- Share repurchase authorization of \$1.25 billion for 2017
- Quarterly dividend increase of 7% in 1Q17⁽⁴⁾

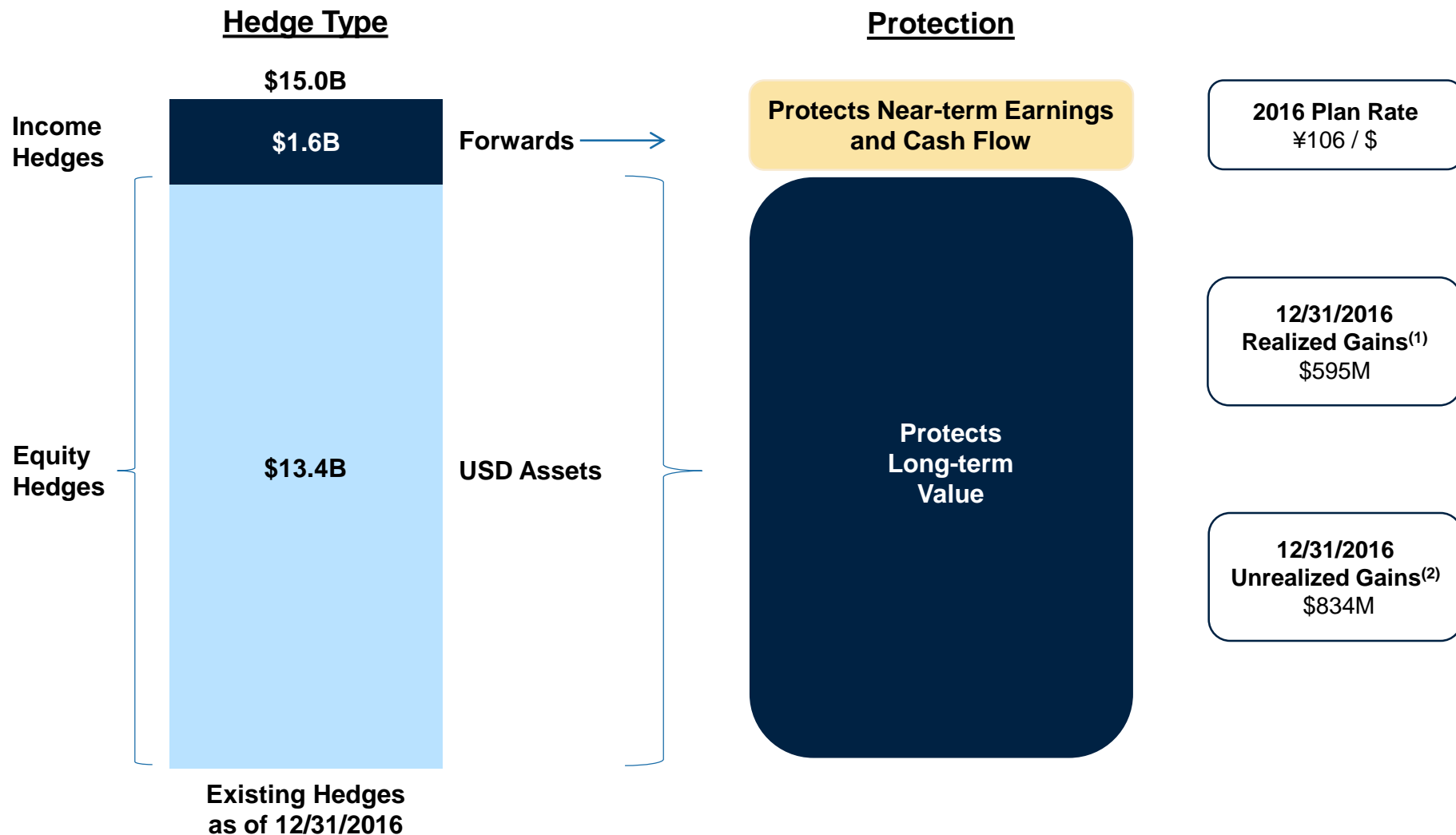
1) Liquidity position and leverage ratios as of December 31, 2016.

2) Net of outstanding commercial paper and cash held in an intercompany 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 excluding non-recourse debt divided by sum of total such debt and equity. Equity in each calculation excludes non-controlling interest, AOCI (except for pension and postretirement unrecognized costs), and impact of foreign currency exchange rate remeasurement.

4) \$0.75 per share of Common Stock payable on March 16, 2017 to shareholders of record as of February 22, 2017.

YEN HEDGING STRATEGY – MITIGATES ROE DILUTION



1) Represents cash settlements from equity hedges received for the year ended December 31, 2016.

2) Represents fair value of equity hedges as of December 31, 2016.

CAPITAL PROTECTION FRAMEWORK



Stress Parameters⁽¹⁾

Equity Market
Decline

Interest Rate
Shock

Credit Shock

Currency Shock

Our Toolbox

On Balance Sheet
Capital Capacity

Derivatives /
Hedging

Credit Facilities

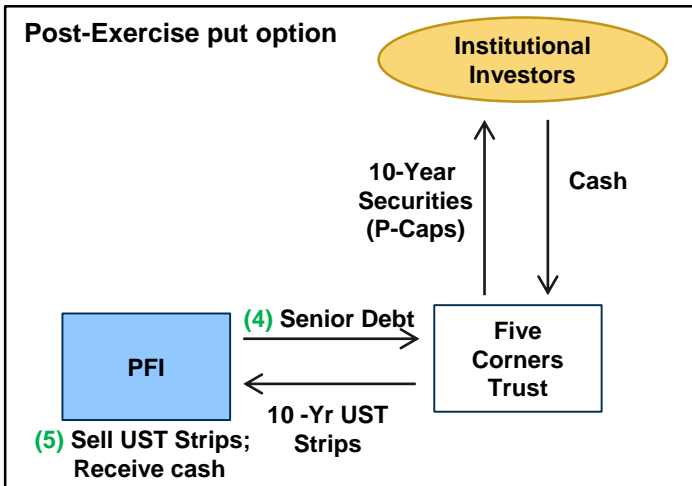
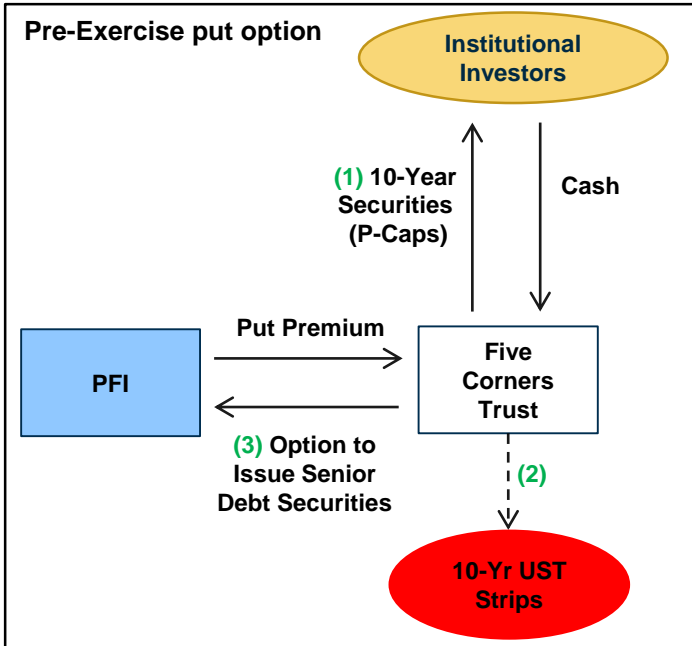
Contingent
Capital

Expected Outcome

- Maintain adequate and competitive regulatory capital position at insurance companies
- Temporary increase in Financial Leverage Ratio
- Maintain adequate cash position at parent company

1) Stress parameters assume immediate shock.

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 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

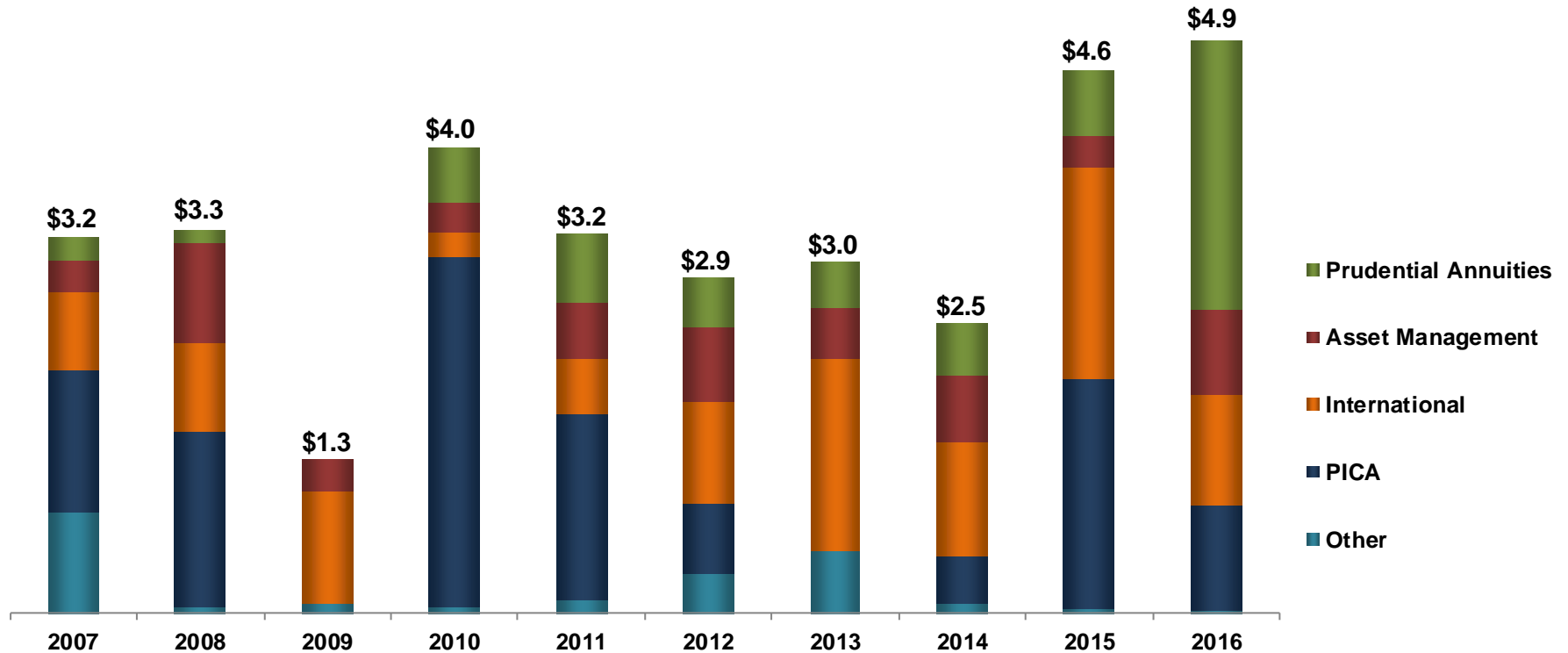


- ❑ Liquidity is managed for each legal entity separately with a robust asset/liability management discipline
- ❑ We manage holding company highly liquid assets to a Board-approved minimum balance of \$1.3 billion
- ❑ We have access to significant alternative liquidity sources
- ❑ We strive to maintain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

CASH FLOWS FROM SUBSIDIARIES⁽¹⁾



(\$ billions)

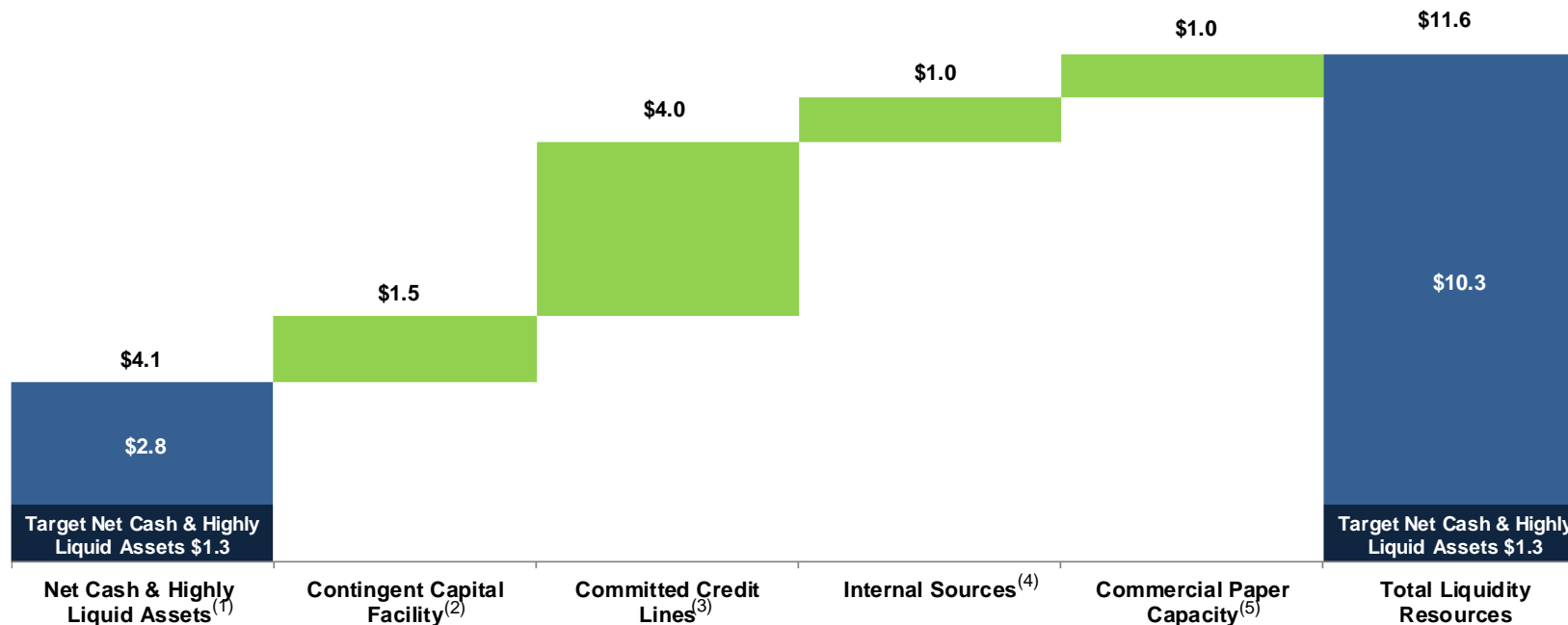


1) Reflects dividends and/or returns of capital to PFI.

HOLDING COMPANY LIQUIDITY



PFI Alternate Sources of Liquidity As of December 31, 2016 (\$ in Billions)



1) PFI cash, short-term investments and U.S. Treasury fixed maturities; excludes cash related to the Enterprise Liquidity Account (ELA), tax sharing receipts, and commercial paper outstanding.

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.

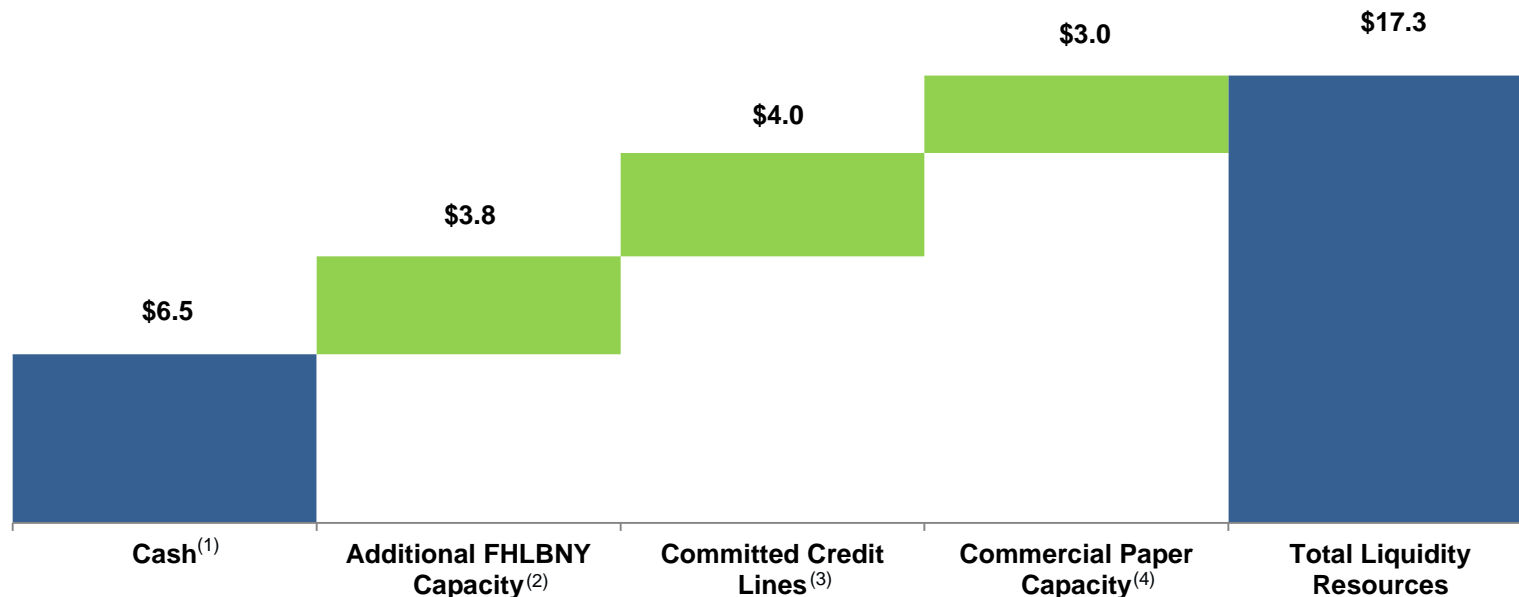
3) Represents a \$4 billion 5-year committed credit facility shared by PFI and PFLLC.

4) Primarily includes ELA.

5) Represents estimated total capacity. \$65 million of PFI commercial paper was outstanding as of December 31, 2016.



PICA Alternate Sources of Liquidity As of December 31, 2016 (\$ in Billions)



1) Represents cash, cash equivalents and short-term investments.

2) Represents estimated incremental capacity from the Federal Home Loan Bank of New York ("FHLB") based on regulatory limitation. As of December 31, 2016, \$1 billion of advances and funding agreements with the FHLB were outstanding. Borrowings are subject to the availability of qualifying assets at PICA.

3) Represents a \$4 billion 5-year committed credit facility shared by PFI and PFLLC.

4) Represents estimated total capacity. \$525 million of PFLLC commercial paper was outstanding as of December 31, 2016.



INVESTMENT PORTFOLIO

WHAT DIFFERENTIATES PRUDENTIAL?



Investment Management is a Core Competency

- **Asset Management is a business within Prudential**
- **Over \$1 Trillion managed⁽¹⁾**
- **Best in class Privates and Mortgages**
- **Dedicated teams allow us to underwrite much of our credit exposure – a competitive advantage**

Distinct Asset-Liability Management Team

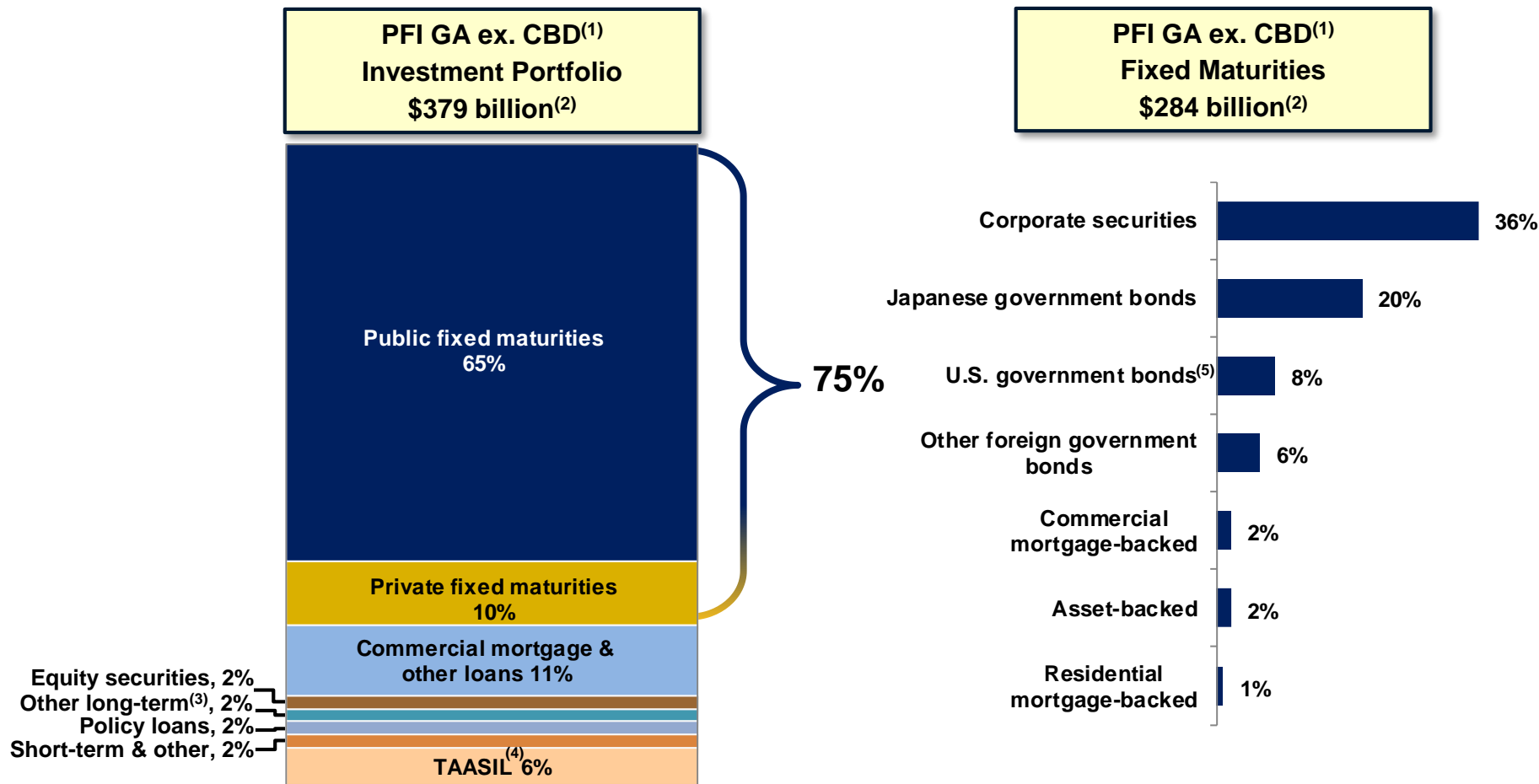
- **Portfolio Managers work closely with the businesses to gain deep understanding of product liabilities**
- **Portfolio Managers located within business units**

High Quality Well-Matched Portfolio

- **Liability driven**
- **Well diversified by**
 - Asset Class
 - Industry Sector
 - Geographic Region
 - Issuer
 - Maturity
- **Key Rate Duration targets by sector**

1) Assets managed by Investment Management and Advisory Services as of December 31, 2016.

BROAD DIVERSIFICATION



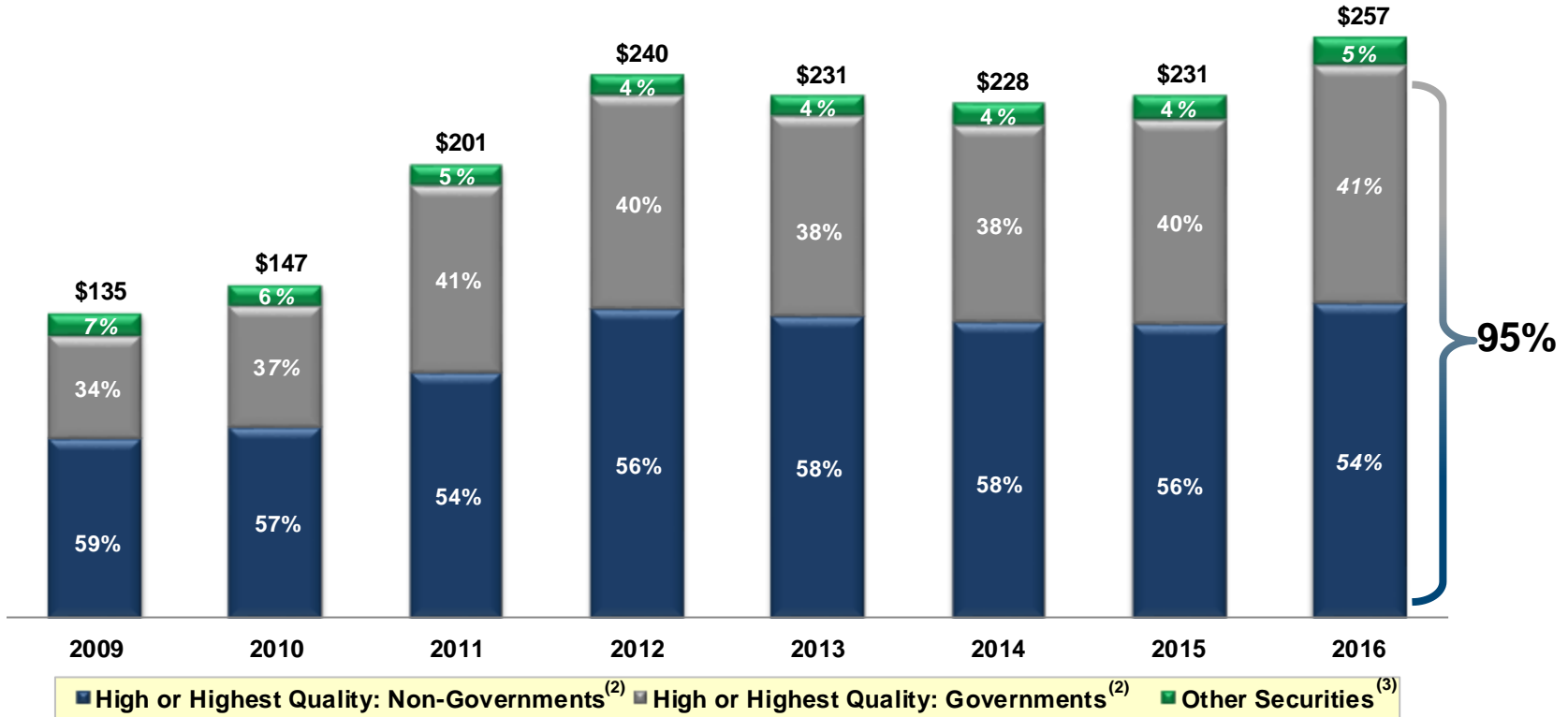
1) Represents the General Account (GA) for Prudential Financial, Inc. (PFI) excluding the Closed Block Division (CBD).
 2) As of 12/31/16 at balance sheet carrying amount.
 3) Real estate and non-real estate related investments in JVs/partnerships, investment real estate held through direct ownership and other miscellaneous investments.
 4) Trading Account Assets Supporting Insurance Liabilities (TAASIL) (investment results expected to ultimately accrue to contract holders).
 5) Includes state and municipal securities, and securities related to the Build America Bonds program.

ASSET SELECTION – FOCUS ON QUALITY



PFI GA ex. CBD – Fixed Maturity Portfolio⁽¹⁾

(\$ billions)



1) As of 12/31/2016 at amortized cost. Reflects equivalent ratings for investments in international insurance operations.

2) NAIC 1-2.

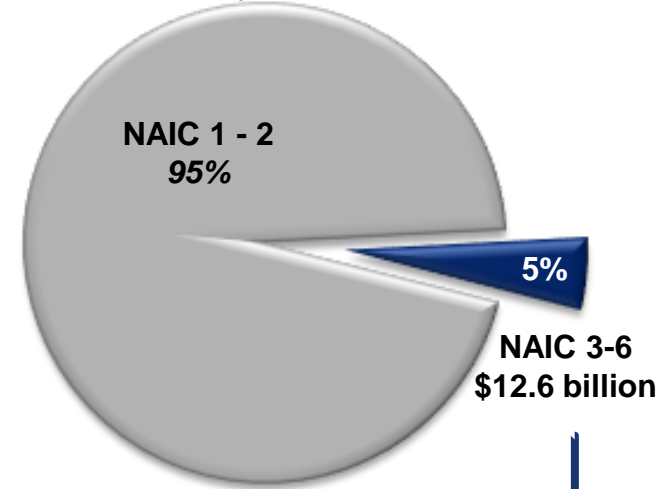
3) NAIC 3-6.

MODEST EXPOSURE TO NAIC 3-6

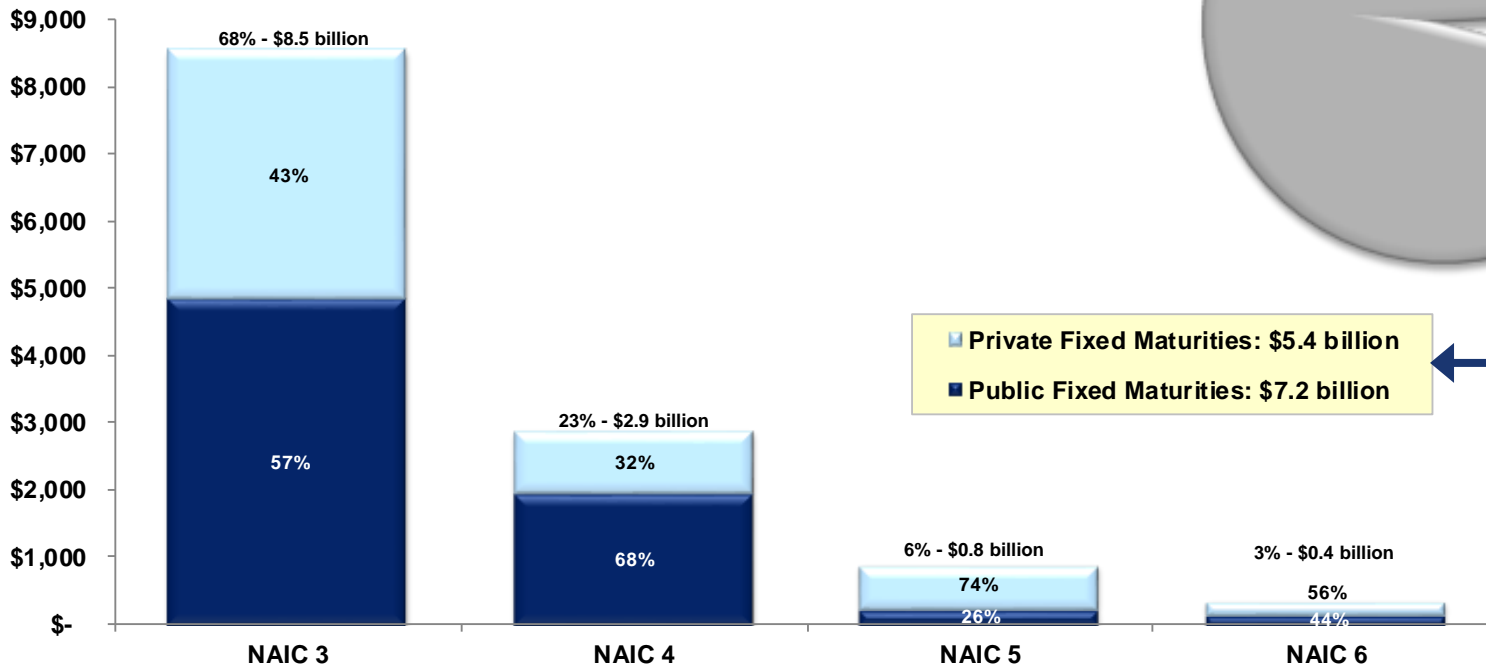


- High Yield exposure⁽¹⁾ comprises 5% of the PFI GA ex. CBD Fixed Maturity Portfolio:
 - Weighted towards higher quality (NAIC 3).
 - Significant allocations to Private Placements with strong covenant packages and ability to restructure.

**PFI GA ex. CBD
Fixed Maturity Portfolio
100% = \$257 billion⁽²⁾**



(\$ billions)



■ Private Fixed Maturities: \$5.4 billion
■ Public Fixed Maturities: \$7.2 billion

1) High Yield exposure reflects securities with NAIC ratings 3-6.

2) As of 12/31/16 at amortized cost. Reflects equivalent ratings for investments in international insurance operations.



DISCLOSURES

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, 2016. Prudential Financial, Inc. does not intend, and is under no obligation, to update any particular forward-looking statement included in this presentation.

This presentation also includes references to adjusted operating income and adjusted book value, as well as 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 the comparable GAAP measures, including a reconciliation between the comparable measures, 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. Reconciliations are also included as part of this presentation.

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

RECONCILIATION BETWEEN ADJUSTED OPERATING INCOME AND THE COMPARABLE GAAP MEASURE



(\$ millions)

	2012	2013	2014	2015	2016
After-tax adjusted operating income⁽¹⁾	\$3,019	\$4,586	\$4,355	\$4,649	\$4,107
Reconciling items:					
Realized investment gains (losses), net, and related charges and adjustments	(2,809)	(8,149)	(4,130)	1,579	523
Investment gains (losses) on trading account assets supporting insurance liabilities, net	610	(250)	339	(524)	(17)
Change in experience-rated contractholder liabilities due to asset value changes	(540)	227	(294)	433	21
Divested businesses:					
Closed Block division	-	-	-	58	(132)
Other divested businesses	(615)	29	167	(66)	(84)
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(29)	28	44	58	(5)
Total reconciling items, before income taxes	(3,383)	(8,115)	(3,874)	1,538	306
Income taxes, not applicable to adjusted operating income	(816)	(2,857)	(1,082)	490	43
Total reconciling items, after income taxes	(2,567)	(5,258)	(2,792)	1,048	263
Income (loss) from continuing operations (after-tax)					
before equity in earnings of operating joint ventures⁽¹⁾	452	(672)	1,563	5,697	4,370
Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	10	(48)	(41)	(55)	(2)
Income (loss) from continuing operations attributable to Prudential Financial, Inc.⁽¹⁾	462	(720)	1,522	5,642	4,368
Earnings attributable to noncontrolling interests	50	107	57	70	51
Income (loss) from continuing operations (after-tax)⁽¹⁾	512	(613)	1,579	5,712	4,419
Income (loss) from discontinued operations, net of taxes	17	7	11	-	-
Net income (loss)⁽¹⁾	529	(606)	1,590	5,712	4,419
Less: Income attributable to noncontrolling interests	50	107	57	70	51
Net income (loss) attributable to Prudential Financial, Inc.⁽¹⁾	\$ 479	\$ (713)	\$1,533	\$5,642	\$4,368

1) Represents results of the former FSB for periods prior to 2015.

RECONCILIATION FOR EARNINGS PER SHARE EXCLUDING MARKET DRIVEN AND DISCRETE ITEMS⁽¹⁾



After-tax adjusted operating income basis:	2012	2013	2014	2015	2016
Earnings Per Share⁽²⁾	\$ 6.40	\$ 9.67	\$ 9.21	\$ 10.04	\$ 9.13
Reconciling items:					
Unlockings and experience true-ups ⁽³⁾	(0.03)	0.77	(0.59)	0.31	(0.45)
Gains on sale of businesses/investments ⁽⁴⁾	0.15	0.09	-	-	-
Integration costs ⁽⁵⁾	(0.21)	(0.09)	(0.04)	(0.02)	-
Write off of bond issues costs	(0.04)	(0.03)	-	-	-
Impact of earthquake in Japan	-	-	-	-	-
Other ⁽⁶⁾	(0.17)	-	-	(0.11)	(0.07)
Sub-total	(0.30)	0.74	(0.63)	0.18	(0.52)
Earnings Per Share - excluding market driven and discrete items	\$ 6.70	\$ 8.93	\$ 9.84	\$ 9.86	\$ 9.65

1) As disclosed in company earnings conference call presentations and earnings releases available at www.investor.prudential.com.

2) Diluted; tax effect for market driven and discrete items at 35%. Represents results of the former FSB for periods prior to 2015.

3) Includes adjustments to reflect updated estimates of profitability based on market performance in relation to our assumptions in each period, as well as annual reviews of actuarial assumptions and refinements of reserves, and amortization of DAC and other costs. Includes charge for potential contract cancellations in 2015.

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

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

6) Includes charge related to the administration of certain separate account investments, true ups for legal reserves, employee benefit accruals, impairments and write offs of intangible assets, contribution to insurance industry insolvency fund, costs relating to legal matters and early debt extinguishment costs.

RECONCILIATION FOR PRE-TAX ADJUSTED OPERATING INCOME EXCLUDING MARKET DRIVEN AND DISCRETE ITEMS⁽¹⁾



(\$ millions)

	2012	2013	2014	2015	2016
Pre-tax adjusted operating income⁽²⁾	\$ 4,027	\$ 6,369	\$ 5,892	\$ 6,231	\$ 5,399
Reconciling items:					
Unlockings and experience true-ups ⁽³⁾	(10)	574	(420)	220	(310)
Gains on sales of businesses/investments ⁽⁴⁾	26	66	-	-	-
Integration costs ⁽⁵⁾	(153)	(79)	(32)	(17)	-
Write off of bond issue costs	(31)	(27)	-	-	-
Impact of earthquake in Japan	-	-	-	-	-
Other ⁽⁶⁾	(43)	-	-	(80)	(50)
Sub-total	(211)	534	(452)	123	(360)
Pre-tax adjusted operating income excluding market driven and discrete items	\$ 4,238	\$ 5,835	\$ 6,344	\$ 6,108	\$ 5,759

1) As disclosed in company earnings conference call presentations and earnings releases available at www.investor.prudential.com.

2) Diluted; tax effect for market driven and discrete items at 35%. Represents results of the former FSB for periods prior to 2015.

3) Includes adjustments to reflect updated estimates of profitability based on market performance in relation to our assumptions in each period, as well as annual reviews of actuarial assumptions and refinements of reserves, and amortization of DAC and other costs. Includes charge for potential contract cancellations in 2015.

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

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

6) Includes charge related to the administration of certain separate account investments, true ups for legal reserves, employee benefit accruals, impairments and write offs of intangible assets, contribution to insurance industry insolvency fund, costs relating to legal matters and early debt extinguishment costs.

RECONCILIATIONS BETWEEN ADJUSTED BOOK VALUE AND COMPARABLE GAAP MEASURE⁽¹⁾



(\$ millions, except per share data)

	2012	2013	2014	2015	2016
GAAP book value	\$37,006	\$33,885	\$40,981	\$41,890	\$45,863
Less: Accumulated other comprehensive income (AOCI)	9,990	8,586	15,882	12,285	14,621
GAAP book value excluding AOCI	27,016	25,299	25,099	29,605	31,242
Less: Cumulative effect of foreign exchange remeasurement and currency translation adjustments corresponding to realized gains/losses	(179)	(2,818)	(4,783)	(3,747)	(3,199)
Adjusted book value	27,195	28,117	29,882	33,352	34,441
Number of diluted share	468.2	468.7	461.5	453.2	436.2
GAAP book value per common share - diluted ⁽²⁾	79.04	72.30	88.80	92.39	104.91
GAAP book value excluding AOCI per share - diluted	57.70	53.98	54.39	65.32	71.62
Adjusted book value per common share - diluted	58.08	59.99	64.75	73.59	78.95

1) Represents results for the former FSB for periods prior to 2015.

2) Book value per share of Common Stock including accumulated other comprehensive income as of December 31, 2015 includes a \$500 million increase in equity and a 5.6 million increase in diluted shares reflecting the dilutive impact of exchangeable surplus notes when book value per share is greater than \$88.90, and as of December 31, 2016 includes a \$500 million increase in equity and a 5.75 million increase in diluted shares reflecting the dilutive impact of exchangeable surplus notes when book value per share is greater than \$86.92.