



2Q24 EARNINGS CALL

AUGUST 2, 2024

Expanding access to investing, insurance, and retirement security

KEY MESSAGES

Growing our market leading businesses

Maintaining disciplined capital deployment

Supported by our rock solid balance sheet

**WE MAKE LIVES
BETTER BY SOLVING
THE FINANCIAL
CHALLENGES OF OUR
CHANGING WORLD**



GROWING OUR MARKET LEADING BUSINESSES

Expanding access to investing, insurance, and retirement security through broadening products and distribution capabilities to meet evolving customer needs

U.S. Businesses

- +67%** RETIREMENT STRATEGIES SALES
- +13%** GROUP INSURANCE SALES
- +7%** INDIVIDUAL LIFE SALES

International Businesses

- +20%** RETIREMENT SALES IN JAPAN⁽¹⁾
- +27%** BRAZIL SALES

PGIM

- ~\$500B** RETIREMENT ASSETS UNDER MANAGEMENT
- +35%** PRIVATE ALTERNATIVES CAPITAL DEPLOYMENT



Note: Growth in sales based on year-to-date 2024 versus year-to-date 2023. Growth in private alternatives capital deployment based on 2Q24 versus 2Q23. Assets under management as of June 30, 2024.
(1) Includes retirement income, endowment, savings variable life, single-payment market value adjusted investment contracts, single-payment whole life products, and annuity products.

MAINTAINING DISCIPLINED CAPITAL DEPLOYMENT

**CREATING
SUSTAINABLE,
PROFITABLE
GROWTH AND
SHAREHOLDER
RETURNS**

Investing in market leading
businesses to support growth

Returned over \$700 million
to shareholders in 2Q24⁽¹⁾



(1) Capital returned to shareholders in the second quarter of \$725 million includes share repurchases of \$250 million and dividends of \$475 million.

SUPPORTED BY OUR ROCK SOLID BALANCE SHEET



● Capital supports AA financial strength rating as of June 30, 2024⁽¹⁾

● Highly liquid assets of \$4.4 billion⁽²⁾

● High quality, well diversified investment portfolio

● Disciplined Asset Liability Management



(1) Includes approximately \$45 billion of unrealized insurance margins.

(2) Parent company highly liquid assets predominantly include cash, short-term investments, U.S. Treasury securities, obligations of other U.S. government authorities and agencies, and/or foreign government bonds.

SECOND QUARTER 2024 HIGHLIGHTS

Financial Highlights

(\$ millions, except per share amounts)

	<u>YTD 2024</u>	<u>2Q24</u>
Pre-Tax Adjusted Operating Income ⁽¹⁾	\$3,076	\$1,607
Adjusted Operating Income Per Share ⁽¹⁾	\$6.51	\$3.39
GAAP Net Income Per Share	\$6.40	\$3.28
Adjusted Operating ROE ⁽²⁾	13.5%	
Adjusted Book Value Per Share ⁽¹⁾	\$98.42	

Earnings Drivers

(\$ millions, pre-tax adjusted operating income)

<u>PGIM</u>	<u>U.S. Businesses</u>	<u>International Businesses</u>
+ Higher asset management fees	+ Higher spread income	– Less favorable assumption update
+ Higher other related revenues	+ More favorable underwriting	– Less favorable underwriting
– Higher expenses	+ Lower expenses	– Lower spread income
	+ More favorable assumption update	+ Higher JV earnings
	– Lower fee income	

Segment	2023	2024
PGIM	\$179	\$206
U.S. Businesses	\$956	\$1,070
International Businesses	\$784	\$702



Note: See Appendix for segment results.

(1) See reconciliation in Appendix for non-GAAP measures Adjusted Operating Income, Adjusted Operating Income Per Share, and Adjusted Book Value Per Share.

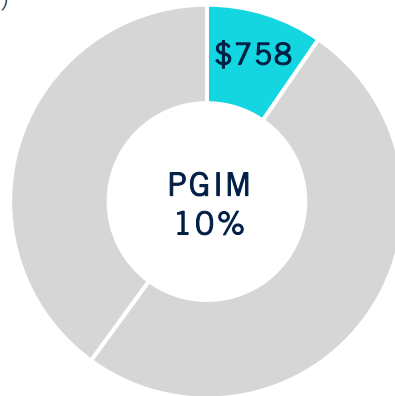
(2) Based on year-to-date 2024 after-tax Adjusted Operating Income and average Adjusted Book Value. See Appendix for more information.

PGIM

Active Global Investment Manager Across a Broad Range of Private and Public Asset Classes

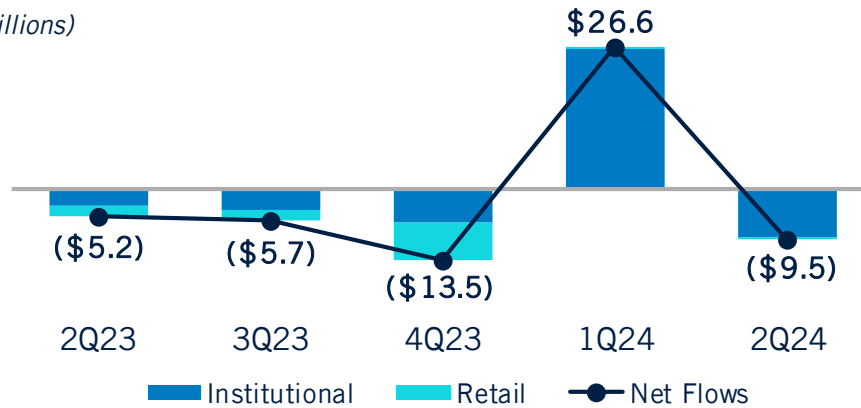
Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)



3rd Party Net Flows

(\$ billions)

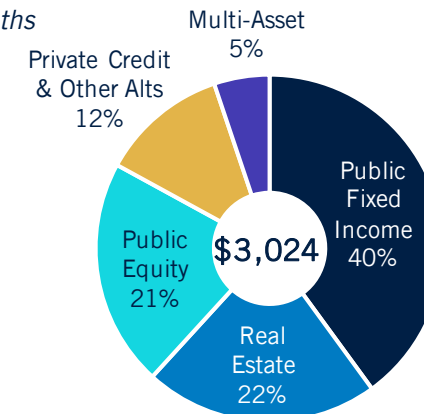


Key Priorities

- Maintain strong investment performance⁽²⁾
 - Percentage of AUM⁽³⁾ outperforming public benchmarks:
3 Year: 64%, 5 Year: 80%, 10 Year: 91%
- Leverage leading asset management capabilities to grow our mutually reinforcing business system
- Globalize both product and client footprint and continue to add capabilities
- Grow in alternatives, including private credit, and other high margin areas
- Selectively acquire new capabilities through programmatic M&A

Asset Management Fees

Trailing twelve months
(\$ millions)



(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.

(2) PGIM calculations as of June 30, 2024 for \$782 billion of third-party AUM managed against public benchmarks. Past performance is not a guarantee or reliable indicator of future results. All investments involve risk, including the possible loss of capital. Performance is defined as outperformance (gross of fees) relative to each individual strategy's respective benchmark(s).

(3) Represents PGIM's benchmarked AUM (75% of total third-party AUM is benchmarked over 3 years, 67% over 5 years, and 50% over 10 years). This calculation does not include non-benchmarked assets (including general account assets and assets not managed by PGIM). Returns are calculated gross of investment management fees, which would reduce an investor's net return. Excess performance is based on all actively managed Fixed Income, Equity, and Real Estate AUM for Jennison Associates, PGIM Fixed Income, PGIM Quantitative Solutions, PGIM Real Estate, PGIM Private Capital, and PGIM Investments.

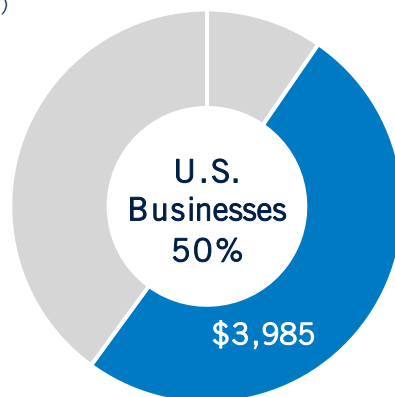


U.S. BUSINESSES

Diversified Portfolio with Favorable Growth Opportunities

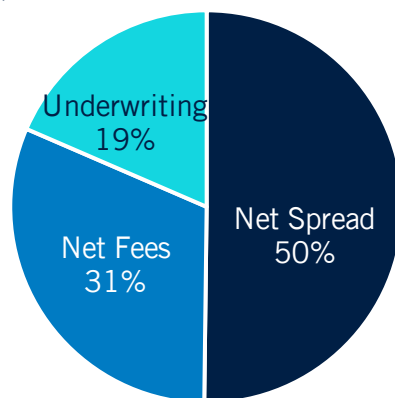
Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)



Diversified Sources of Earnings

Trailing twelve months⁽²⁾



Key Priorities

- Drive higher value and higher growth with a complementary mix of businesses and diversified sources of earnings
- Transform our capabilities to improve customer experiences
- Expand our addressable market with new financial solutions leveraging the capabilities across Prudential

Performance Highlights

- Institutional Retirement Strategies sales of \$4B contribute to strong year-to-date sales of \$15B
- Strong Individual Retirement Strategies sales of \$3.5B, representing the highest sales quarter since 1Q13, with continued momentum in the FlexGuard suite and fixed annuities
- Favorable Group Insurance benefits ratio of 81.1%⁽³⁾
- Individual Life sales reflect pivot towards more capital efficient products

Note: See Appendix for segment results.

(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations. U.S. Businesses include Retirement Strategies, Group Insurance, and Individual Life.

(2) Based on net spread income, net fee income, and underwriting margin and claims experience gross of expenses. Excludes assumption updates and other refinements.

(3) Benefits ratio excluding the impact of assumption updates and other refinements.

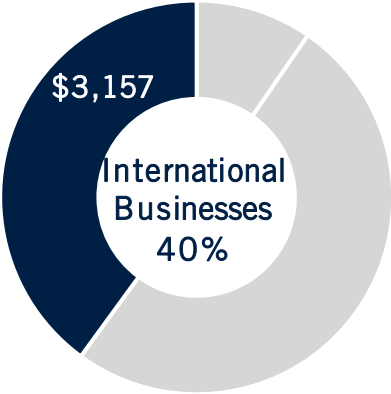


INTERNATIONAL BUSINESSES

Market Leader in Japan with Expanding Presence in Growth Markets

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

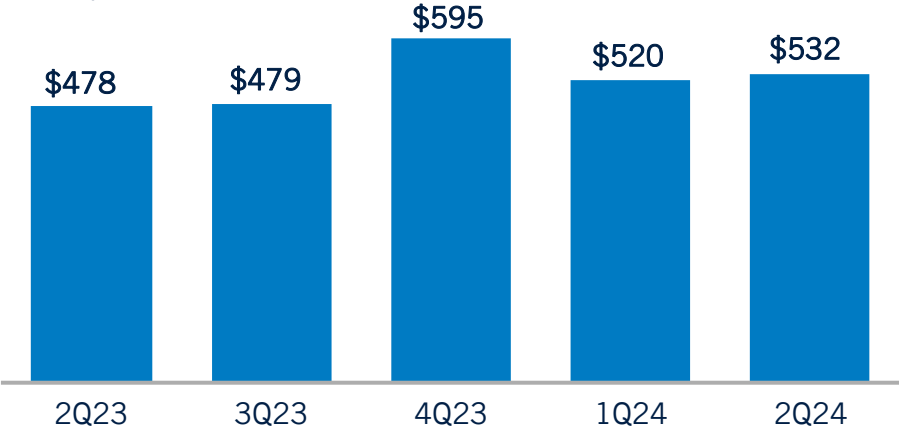


Key Priorities

- Expand product and business capabilities to meet customers' evolving insurance and retirement security needs
- Enhance customer experience and deliver differentiated distribution leveraging digital tools
- Optimize capital and operational efficiency
- Expand in select high growth emerging markets through investments in organic growth and selective M&A

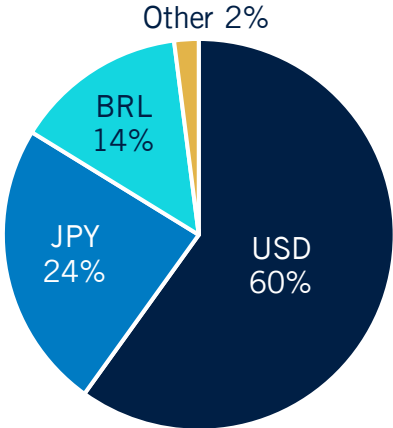
Sales⁽²⁾

(\$ millions)



Sales – Currency Mix⁽²⁾

Trailing twelve months



(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.

(2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 129 per USD and Brazilian Real (BRL) 6 per USD. USD-denominated activity is included based on the amounts as transacted in USD. Sales represented by annualized new business premiums.



ADJUSTED OPERATING INCOME & EPS CONSIDERATIONS

(\$ millions, except per share amounts)

		Adjusted Operating Income <i>Pre-Tax</i>	Adjusted Operating Income Per Share <i>After-Tax</i>
2Q24 Reported⁽¹⁾		\$1,607	\$3.39
Assumption Update	<ul style="list-style-type: none"> One-time impact from assumption updates and other refinements 	(6)	(0.01)
Variable Investment Income	<ul style="list-style-type: none"> Assumes a normalized level 	90	0.20
Underwriting	<ul style="list-style-type: none"> 2Q24 experience normalized and 3Q24 adjusted for seasonality 	40	0.08
Expenses & Other	<ul style="list-style-type: none"> Primarily timing of expenses and seasonal items 	(95)	(0.18)
3Q24 Baseline⁽²⁾		\$1,636	\$3.48

3Q24 baseline includes items specific to the third quarter that decrease EPS by \$0.08⁽³⁾

Note: See Appendix for segment detail.

(1) See reconciliation in Appendix for non-GAAP measures, Adjusted Operating Income, and Adjusted Operating Income Per Share.

(2) EPS rollforward list of considerations not intended to be exhaustive and rollforward is not a projection of 3Q24 results. Does not consider future items such as, among other things, share repurchases, business growth, and market impacts.

(3) Items specific to the third quarter include expense and seasonality impacts. See Appendix for details.



SIGNIFICANT CAPITAL POSITION

	Objectives	Position
Highly Liquid Assets	\$3 to \$5 billion	\$4.4 billion ⁽¹⁾
Regulatory Capital Ratios	Consistent with AA objectives PICA RBC ratio > 375% Japan solvency margin ratios > 700%	Ratios remain in excess of our objectives ⁽²⁾

Off-Balance Sheet Resources		
Resource	Capacity	Maturity Date
Credit Facility	\$4.0 billion	July 2029
Contingent Capital	\$1.5 billion \$1.5 billion	May 2030 February 2033 and 2053
Prudential Holdings of Japan Facility	¥100 billion	September 2024

As of June 30, 2024 unless otherwise noted.

(1) Highly liquid assets predominantly include cash, short-term investments, U.S. Treasury securities, obligations of other U.S. government authorities and agencies, and/or foreign government bonds.

(2) PICA RBC ratio is disclosed in annual statutory statement. Japan solvency margin ratios are disclosed quarterly in Prudential's Form 10-Q/10-K.



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Maintaining disciplined capital deployment

Supported by our rock solid balance sheet

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APPENDIX

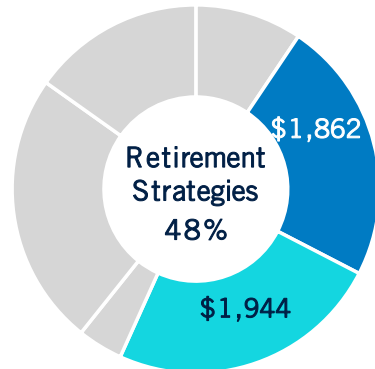


RETIREMENT STRATEGIES

Expanding Access to Retirement Security

Earnings Contribution to Prudential

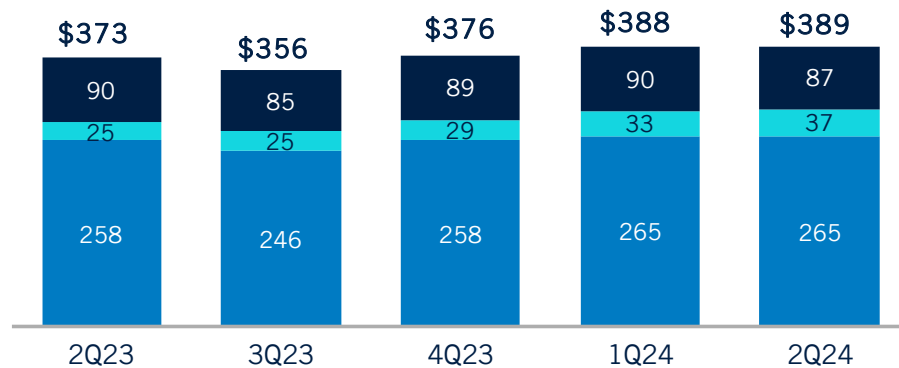
Trailing twelve months⁽¹⁾
(\$ millions)



■ Institutional Retirement Strategies ■ Individual Retirement Strategies

Account Values⁽²⁾ – Product Mix

(\$ billions)



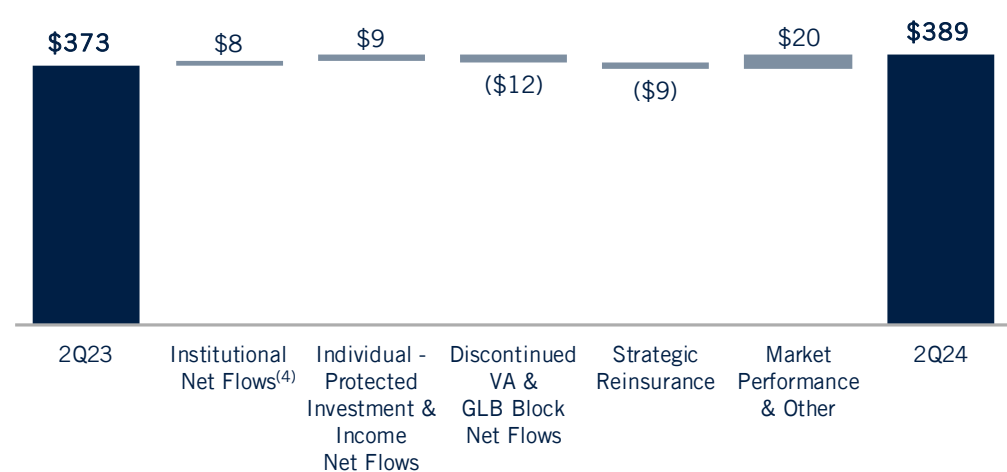
■ Institutional ■ Individual - Protected Investment & Income⁽³⁾ ■ Individual - Discontinued VA & GLB Block

Key Priorities

- Continue market leadership and flawless execution in Institutional retirement while expanding in new products, customer sets, and geographies
- Increase access to Individual retirement solutions and improve ease of doing business to become the partner of choice for retail wealth managers
- Deliver retirement income through innovative, tech-forward solutions

Account Values⁽²⁾ and Trailing 12 Month Net Flows

(\$ billions)



(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.

(2) Represents account values net of reinsurance ceded.

(3) Includes Prudential FlexGuard and FlexGuard Income, Prudential Premier Investment, MyRock, Private Placement Variable Annuity, and all fixed annuity products. Excludes discontinued traditional variable annuities and guaranteed living benefits.

(4) Institutional net flows include sales of \$34 billion and outflows of (\$26 billion).

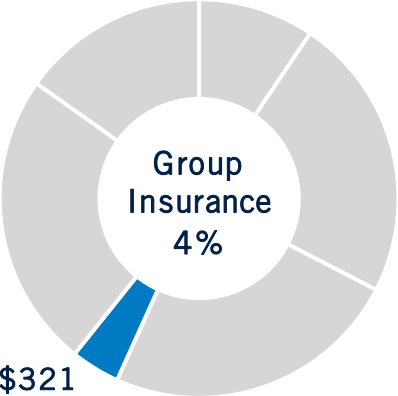


GROUP INSURANCE

Leading Group Benefits Provider with Opportunity to Further Diversify

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

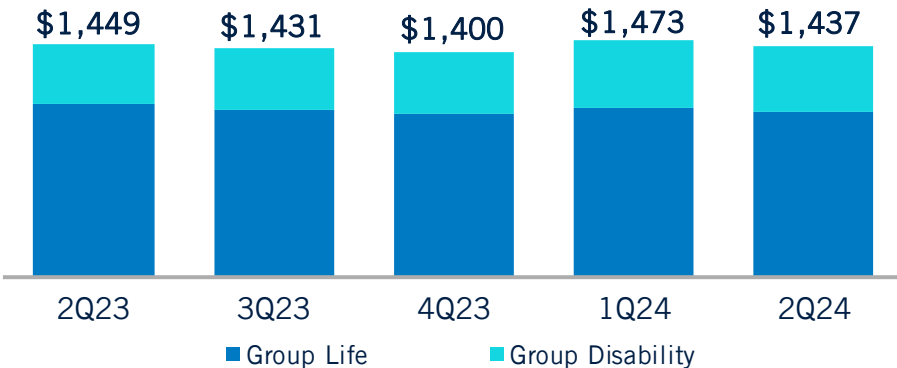


Key Priorities

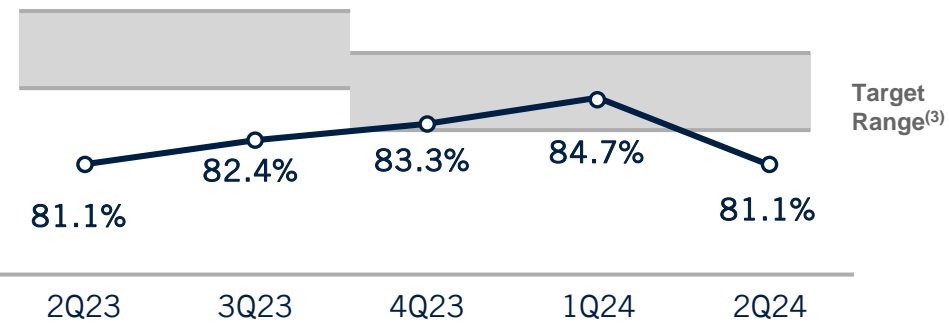
- Execute on diversification strategy while maintaining pricing discipline
 - Maintain National segment market share (>5,000 lives) and grow both Premier (100 to 5,000 lives) and Association segments
 - Further diversify product mix by expanding Disability and Supplemental Health
- Enhance employer and participant experience through strategic partnerships
- Improve organizational and process efficiencies by leveraging technology to strengthen capabilities

Earned Premiums & Fees

(\$ millions)



Total Group Insurance Benefits Ratio⁽²⁾



(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.
 (2) Benefits ratios excluding the impact of assumption updates and other refinements.
 (3) Lowered targeted total benefits ratio range from 85% - 89% to 83% - 87% in 4Q23.

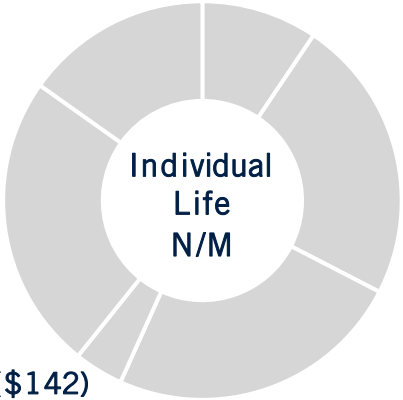


INDIVIDUAL LIFE

Broad Product Portfolio and Multi-Channel Distribution

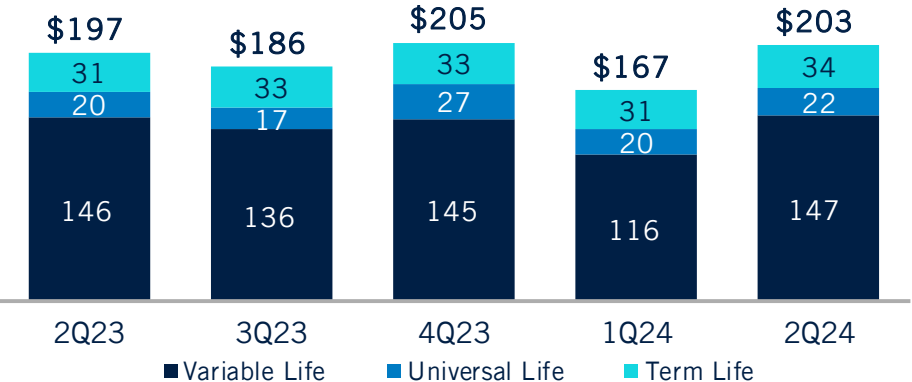
Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)



Sales⁽²⁾ – Product Mix

(\$ millions)

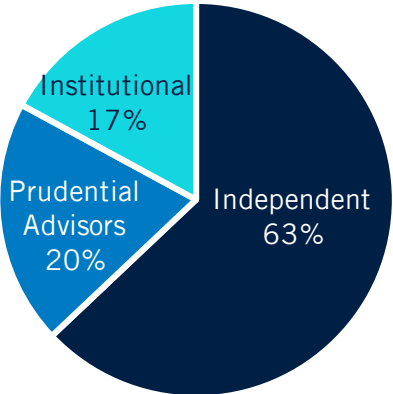


Key Priorities

- Improve profitability through disciplined pricing, expense management, and optimizing inforce business
- Expand digital capabilities to drive operating efficiencies and deepen distribution relationships
- Continue growth of simplified term protection solutions that expand our addressable market and achieve a lower risk financial profile

Sales⁽²⁾ – Distribution Mix

Trailing twelve months



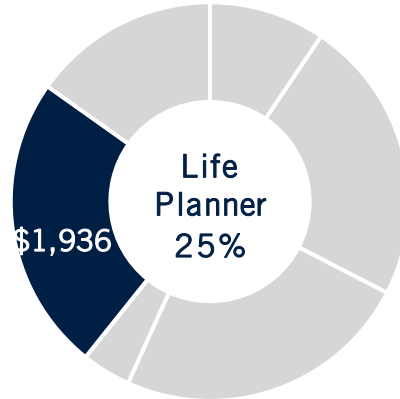
(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.
 (2) Sales represented by annualized new business premiums.

LIFE PLANNER

Highly Productive Proprietary Distribution with Steady Long-Term Growth Potential

Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)

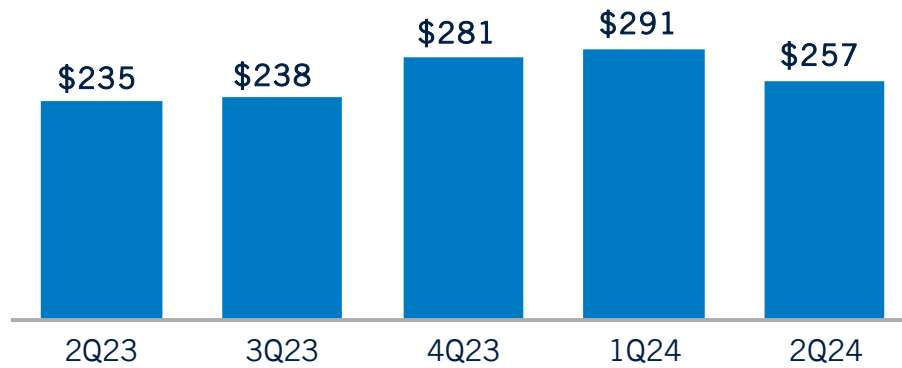


Key Priorities

- Lead with protection solutions while expanding product and business capabilities to meet customers' evolving needs
- Nurture and strengthen our highly distinctive Life Planner channels
- Expand our third-party channel capabilities and partnerships within Emerging Markets

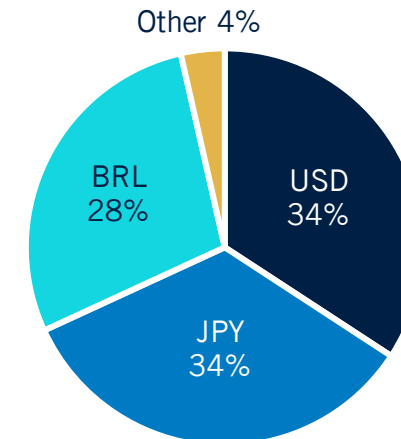
Sales⁽²⁾

(\$ millions)



Sales – Currency Mix⁽²⁾

Trailing twelve months



(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.

(2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 129 per USD and Brazilian Real (BRL) 6 per USD. USD-denominated activity is included based on the amounts as transacted in USD. Sales represented by annualized new business premiums.

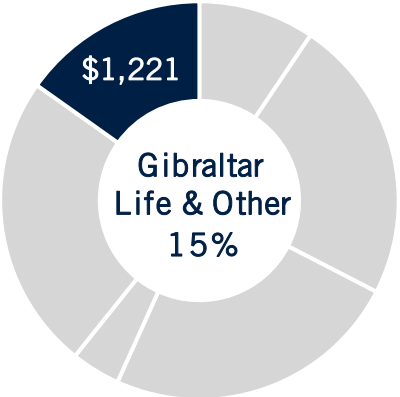


GIBRALTAR LIFE & OTHER

Meeting Client Needs via Multiple Channels

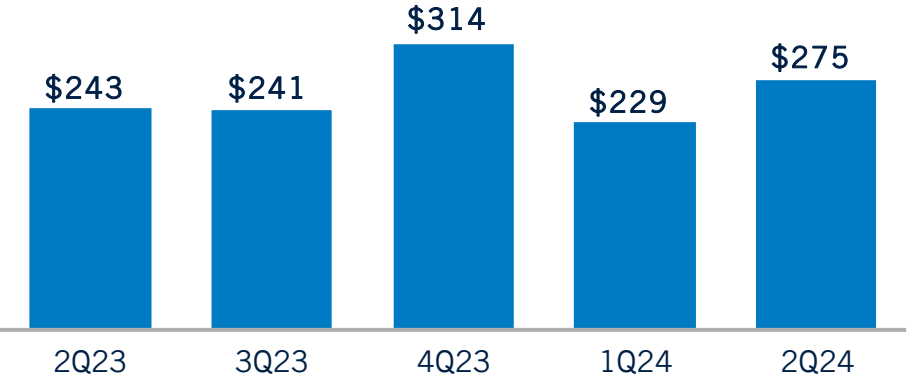
Earnings Contribution to Prudential

Trailing twelve months⁽¹⁾
(\$ millions)



Sales⁽²⁾

(\$ millions)

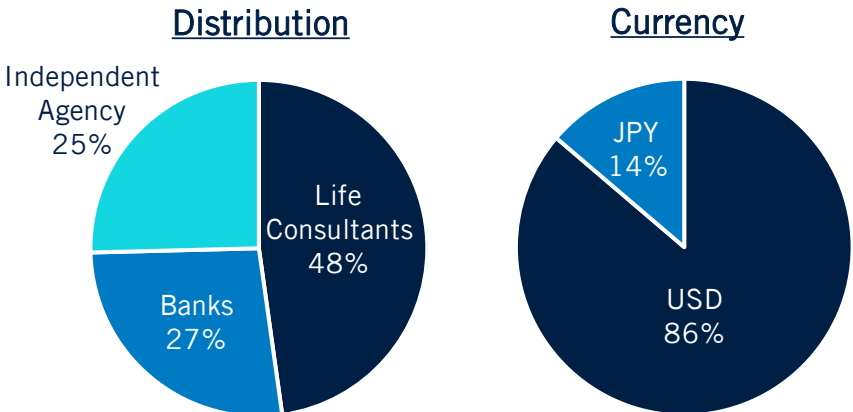


Key Priorities

- Continue to meet customers' insurance and retirement security needs and expand product and business capabilities
- Nurture and strengthen our Life Consultants that serve the broad middle market and affinity groups
- Strategically expand and deepen our third-party relationships in the bank and independent agency channels

Sales Mix⁽²⁾

Trailing twelve months



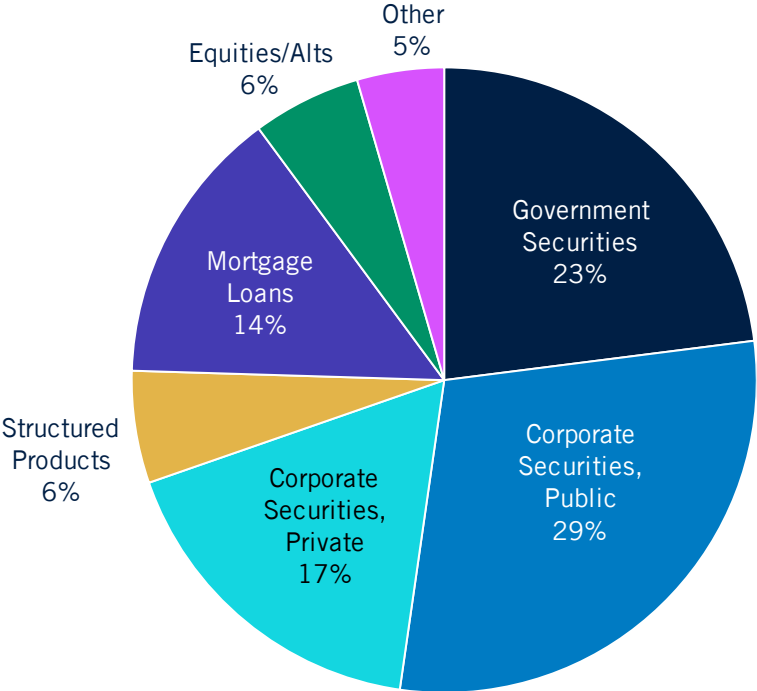
(1) Based on pre-tax adjusted operating income excluding Corporate & Other operations.

(2) Constant exchange rate basis. Foreign denominated activity translated to U.S. Dollars (USD) at uniform exchange rates for all periods presented, including Japanese Yen (JPY) 129 per USD. USD-denominated activity is included based on the amounts as transacted in USD. Sales represented by annualized new business premiums.



BROADLY DIVERSIFIED, HIGH QUALITY INVESTMENT PORTFOLIO

Portfolio Composition⁽¹⁾ \$360 billion



Highlights:

- Broadly diversified, high quality portfolio with strong Asset Liability Management
 - High allocation to government securities (mostly U.S. and Japan)
 - Significant protections with private credit
- Benefits from PGIM’s expertise and direct origination capabilities
- Disciplined framework for credit management

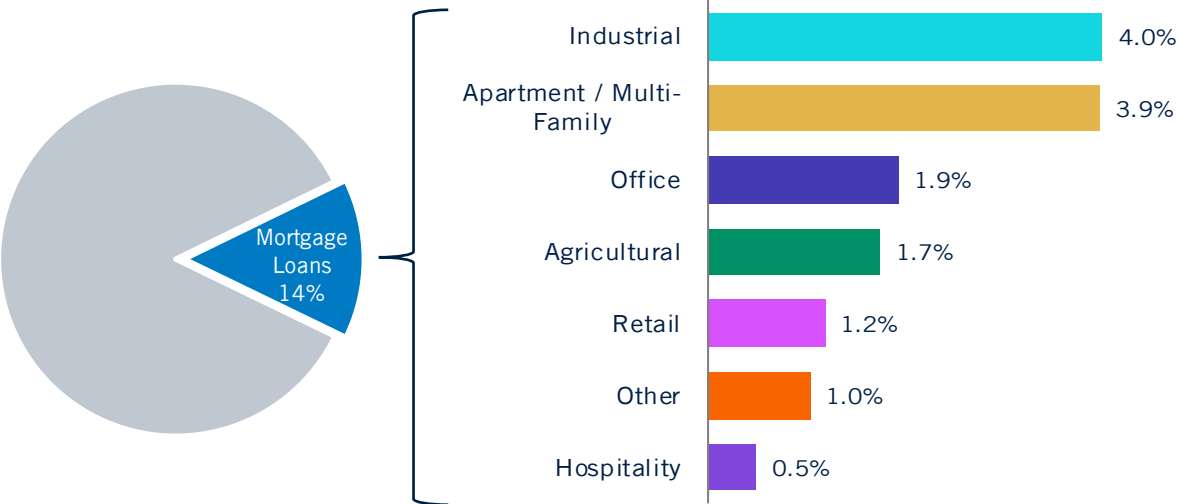
(1) General Account excluding the Closed Block Division, funds withheld, and assets supporting experience-related contractholder liabilities as of June 30, 2024, on a U.S. GAAP carrying value basis. Mortgage loans include commercial, agricultural, residential, and other loans. Structured products include commercial and residential mortgage-backed securities, collateralized loan obligations, and other asset-backed securities. Alts include investments in LPs/LLCs, and real estate held through direct ownership. Other includes policy loans, fixed maturities - trading, short-term investments, derivatives, and other miscellaneous assets.



MORTGAGE LOAN PORTFOLIO

- Conservative underwriting with a weighted average loan-to-value (LTV) of 59% and debt service coverage ratio (DSCR) of 2.44x as well as a prudent loan monitoring process with loan evaluations occurring at least annually
 - 92% of mortgage loans have LTVs less than 80%
 - 92% of mortgage loans have DSCRs greater than or equal to 1.2x
 - 58% rated CM1 and 32% rated CM2

\$51 billion or 14% of Invested Assets⁽¹⁾



	Debt Service Coverage Ratio			Total
	≥ 1.2x	1.0x to < 1.2x	< 1.0x	
<i>(\$ millions)</i>				
0% - 59.99%	\$25,345	\$637	\$145	\$26,127
60% - 69.99%	14,821	317	105	15,243
70% - 79.99%	4,553	539	541	5,633
80% or greater	2,485	867	791	4,143
Total⁽¹⁾	\$ 47,204	\$ 2,360	\$ 1,582	\$ 51,146

Loans with LTV ≥ 70% and DSCR < 1.2x are 5% of the mortgage portfolio



(1) General Account excluding the Closed Block Division, funds withheld, and assets supporting experience-related contractholder liabilities as of June 30, 2024, on a U.S. GAAP carrying value basis. Excludes \$1.1B of uncollateralized, residential, and other collateralized loans.

ADJUSTED OPERATING INCOME ROLLFORWARD BY BUSINESS

(\$ millions, pre-tax)	2Q24 Reported	2Q24				3Q24		3Q24 Baseline ⁽⁴⁾
		Assumption Update	VII	Underwriting	Expenses & Other ⁽²⁾	Underwriting	Expenses & Other ⁽³⁾	
PGIM	\$206	-	-	-	15	-	-	\$221
Institutional Retirement Strategies	\$550	(132)	20	15	15	-	-	\$468
Individual Retirement Strategies	\$486	(8)	15	-	-	-	-	\$493
Group Insurance	\$121	(25)	-	(15)	-	10	-	\$91
Individual Life	(\$87)	98	5	-	10	20	-	\$46
Life Planner	\$400	56	10	5	20	-	-	\$491
Gibraltar Life & Other	\$302	(1)	10	5	(15)	-	-	\$301
Corporate & Other	(\$371)	6	30	-	(75)	-	(65)	(\$475)
Prudential Financial, Inc.⁽¹⁾	\$1,607	(\$6)	\$90	\$10	(\$30)	\$30	(\$65)	\$1,636

Includes items specific to the third quarter totaling (\$35 million) or (\$0.08)

(1) See reconciliation for non-GAAP measures Adjusted Operating Income in Appendix.

(2) PGIM, Institutional Retirement Strategies, and Individual Life include higher than typical expenses and other one-off items. Life Planner and Gibraltar Life & Other reflect seasonally lower annual premiums. Gibraltar Life & Other also includes favorable one-off items including surrender charges and other true-ups. Corporate & Other reflects the reduction in legal reserves and timing of expenses. Corporate & Other now expects full year 2024 loss of \$1.8 billion.

(3) Corporate & Other reflects the timing of investments in initiatives.

(4) List of considerations not intended to be exhaustive and rollforward is not a projection of 3Q24 results. Does not consider future items such as, among other things, share repurchases, business growth, and market impacts.



SEASONALITY OF KEY FINANCIAL ITEMS

(\$ millions, pre-tax adjusted operating income)

	3Q24	4Q24	1Q25	2Q25
PGIM		Other Related Revenues tend to be higher driven by Incentive & Agency Fees	(\$45) Higher compensation expense ⁽¹⁾	
Group Insurance	\$10 Higher underwriting gains		(\$20) Lowest underwriting gains	\$10 Higher underwriting gains
Individual Life	\$20 Highest underwriting gains		(\$25) Lowest underwriting gains	
Life Planner		(\$40) Lowest premiums	\$60 Highest premiums	(\$20) Lower premiums
Gibraltar Life & Other		(\$10) Lower premiums	\$25 Highest premiums	(\$15) Lowest premiums
Corporate & Other		(\$75) Higher expenses ⁽²⁾	(\$35) Higher compensation expense ⁽¹⁾	



(1) Long-term compensation expense for retiree eligible employees is recognized when awards are granted, typically in the first quarter of each year.
 (2) Total company expenses are typically higher than the quarterly average in the fourth quarter by \$125-175 million.

FORWARD-LOOKING STATEMENTS

Certain of the statements included in this presentation, including those regarding sustainable, profitable growth and shareholder returns, our capital deployment strategy, including planned dividends and share repurchases, and those under the headings “Key Priorities,” “Adjusted Operating Income & EPS Considerations,” “Adjusted Operating Income Rollforward by Business,” and “Seasonality of Key Financial Items,” constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as “expects”, “believes”, “anticipates”, “includes”, “plans”, “assumes”, “estimates”, “projects”, “intends”, “should”, “will”, “shall”, or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management’s current expectations and beliefs concerning future developments and their potential effects upon Prudential Financial, Inc. and its subsidiaries. Prudential Financial, Inc.’s actual results may differ, possibly materially, from expectations or estimates reflected in such forward-looking statements. Certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements can be found in the “Risk Factors” and “Forward-Looking Statements” sections included in Prudential Financial, Inc.’s Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. Each of our forward-looking statements contained herein is subject to the risk that we will be unable to execute our strategy and other risks. In addition, our statements under the heading “Seasonality of Key Financial Items” are subject to the risk that different earnings and expense patterns will emerge. Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in this presentation.

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



NON-GAAP MEASURES

This presentation includes references to adjusted operating income, adjusted book value, and adjusted operating return on equity, which is based on adjusted operating income and adjusted book value. Consolidated adjusted operating income, adjusted book value, and adjusted operating return on equity are not calculated based on accounting principles generally accepted in the United States of America (GAAP). For additional information about adjusted operating income, adjusted book value, and adjusted operating return on equity and the comparable GAAP measures, including reconciliations between the comparable measures, please refer to our quarterly results news releases, which are available on our website at investor.prudential.com. Reconciliations are also included as part of this presentation.

Our 3Q24 earnings rollforward is based on adjusted operating income. Due to the inherent difficulty in reliably quantifying future realized investment gains/losses and changes in asset and liability values given their unknown timing and potential significance, we cannot, without unreasonable effort, provide rollforward based on income from continuing operations, which is the GAAP measure most comparable to adjusted operating income.

We believe that our use of these non-GAAP measures helps investors understand and evaluate the Company's performance and financial position. The presentation of adjusted operating income as we measure it for management purposes enhances the understanding of the results of operations by highlighting the results from ongoing operations and the underlying profitability of our businesses. Trends in the underlying profitability of our businesses can be more clearly identified without the fluctuating effects of the items described below. Adjusted book value augments the understanding of our financial position by providing a measure of net worth that is primarily attributable to our business operations separate from the portion that is affected by capital and currency market conditions, and by isolating the accounting impact associated with insurance liabilities that are generally not marked to market and the supporting investments that are marked to market through accumulated other comprehensive income under GAAP. However, these non-GAAP measures are not substitutes for income and equity determined in accordance with GAAP, and the adjustments made to derive these measures are important to an understanding of our overall results of operations and financial position. The schedules accompanying this release provide reconciliations of non-GAAP measures with the corresponding measures calculated using GAAP. Additional historic information relating to our financial performance is located on our website at investor.prudential.com.

Adjusted operating income is a non-GAAP measure used by the Company to evaluate segment performance and to allocate resources. Adjusted operating income excludes "Realized investment gains (losses), net, 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 capital and other factors.



NON-GAAP MEASURES (CONTINUED)

Realized investment gains (losses) within certain 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 generally excludes realized investment gains and losses from products that contain embedded derivatives, and from associated derivative portfolios that are part of an asset-liability management 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 designated as trading. Adjusted operating income also excludes investment gains and losses on assets supporting experience-rated contractholder 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. Additionally, adjusted operating income excludes the changes in fair value of equity securities that are recorded in net income. Additionally, adjusted operating income excludes impact of annual assumption updates and other refinements included in the above items.

Adjusted operating income excludes “Change in value of market risk benefits, net of related hedging gains (losses)”, which reflects the impact from changes in current market conditions, and market experience updates, reflecting the immediate impacts in current period results from changes in current market conditions on estimates of profitability, which we believe enhances the understanding of underlying performance trends. Adjusted operating income also excludes the results of Divested and Run-off Businesses, which are not relevant to our ongoing operations, and discontinued operations and earnings attributable to noncontrolling interests, each of which is presented as a separate component of net income under GAAP. Additionally, adjusted operating income excludes other items, such as certain components of the consideration for acquisitions, which are recognized as compensation expense over the requisite service periods, and goodwill impairments. Earnings attributable to noncontrolling interests is presented as a separate component of net income under GAAP and excluded from adjusted operating income. The tax effect associated with pre-tax adjusted operating income is based on applicable IRS and foreign tax regulations inclusive of pertinent adjustments.

Adjusted operating income does not equate to “Net income” as determined in accordance with U.S. GAAP. Adjusted operating income is not a substitute for income determined in accordance with U.S. GAAP, and our definition of adjusted operating income may differ from that used by other companies. The items above are important to an understanding of our overall results of operations. However, we believe that the presentation of adjusted operating income as we measure it for management purposes enhances the understanding of our results of operations by highlighting the results from ongoing operations and the underlying profitability of our businesses. Trends in the underlying profitability of our businesses can be more clearly identified without the fluctuating effects of the items described above.

Adjusted book value is calculated as total equity (GAAP book value) excluding accumulated other comprehensive income (loss), the cumulative change in fair value of funds withheld embedded derivatives, and the cumulative effect of foreign currency exchange rate remeasurements and currency translation adjustments corresponding to realized investment gains and losses. These items are excluded in order to highlight the book value attributable to our core business operations separate from the portion attributable to external and potentially volatile capital and currency market conditions.



RECONCILIATIONS BETWEEN ADJUSTED OPERATING INCOME AND THE COMPARABLE GAAP MEASURE

(\$ millions)	Second Quarter		Year-to-Date	
	2024	2023	2024	2023
Net income attributable to Prudential Financial, Inc.	\$ 1,198	\$ 511	\$ 2,336	\$ 1,973
Income (loss) attributable to noncontrolling interests	(27)	(15)	(14)	-
Net income	1,171	496	2,322	1,973
Less: Earnings attributable to noncontrolling interests	(27)	(15)	(14)	-
Income attributable to Prudential Financial, Inc.	1,198	511	2,336	1,973
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	47	13	84	10
Income (after-tax) before equity in earnings of operating joint ventures	1,151	498	2,252	1,963
Less: Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	\$ 128	\$ (757)	\$ 31	\$ (388)
Change in value of market risk benefits, net of related hedging gains (losses)	(297)	16	(174)	91
Market experience updates	47	(3)	15	45
Divested and Run-off Businesses:				
Closed Block Division	(60)	(48)	(63)	(52)
Other Divested and Run-off Businesses	38	(1)	3	91
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	(43)	(26)	(70)	(31)
Other adjustments ⁽¹⁾	(5)	(7)	(13)	(15)
Total reconciling items, before income taxes	(192)	(826)	(271)	(259)
Less: Income taxes, not applicable to adjusted operating income	(109)	(182)	(148)	(76)
Total reconciling items, after income taxes	(83)	(644)	(123)	(183)
After-tax adjusted operating income	1,234	1,142	2,375	2,146
Income taxes, applicable to adjusted operating income	373	305	701	581
Adjusted operating income before income taxes	\$ 1,607	\$ 1,447	\$ 3,076	\$ 2,727
Net Income Return on Equity	17.4%	6.8%	16.9%	13.1%
Adjusted Operating Return on Equity ⁽²⁾	13.9%	12.8%	13.5%	12.1%

(1) Represents adjustments not included in the above reconciling items, including certain components of consideration for business acquisitions, which are recognized as compensation expense over the requisite service periods.

(2) Represents adjusted operating income after-tax, annualized for interim periods, divided by average Prudential Financial, Inc. equity excluding accumulated other comprehensive income, adjusted to remove amounts included for foreign currency exchange rate remeasurement and the cumulative change in fair value of funds withheld embedded derivatives related to unrealized gains and losses on available-for-sale securities and certain derivatives.



RECONCILIATIONS BETWEEN ADJUSTED OPERATING INCOME PER SHARE AND THE COMPARABLE GAAP MEASURE

	Second Quarter		Year-to-Date	
	2024	2023	2024	2023
Net income per share attributable to Prudential Financial, Inc.	\$ 3.28	\$ 1.38	\$ 6.40	\$ 5.31
Less: Reconciling Items:				
Realized investment gains (losses), net, and related charges and adjustments	0.36	(2.07)	0.09	(1.06)
Change in value of market risk benefits, net of related hedging gains (losses)	(0.82)	0.04	(0.48)	0.25
Market experience updates	0.13	(0.01)	0.04	0.12
Divested and Run-off Businesses:				
Closed Block Division	(0.17)	(0.13)	(0.17)	(0.14)
Other Divested and Run-off Businesses	0.11	-	0.01	0.25
Difference in earnings allocated to participating unvested share-based payment awards	-	0.02	-	-
Other adjustments ⁽¹⁾	(0.01)	(0.02)	(0.04)	(0.04)
Total reconciling items, before income taxes	(0.40)	(2.17)	(0.55)	(0.62)
Less: Income taxes, not applicable to adjusted operating income	(0.29)	(0.46)	(0.44)	(0.15)
Total reconciling items, after income taxes	(0.11)	(1.71)	(0.11)	(0.47)
After-tax adjusted operating income per share	\$ 3.39	\$ 3.09	\$ 6.51	\$ 5.78



(1) Represents adjustments not included in the above reconciling items, including certain components of consideration for business acquisitions, which are recognized as compensation expense over the requisite service periods.

RECONCILIATION BETWEEN ADJUSTED BOOK VALUE AND THE COMPARABLE GAAP MEASURE

(\$ millions, except per share data)

	<u>June 30, 2024</u>
GAAP book value	\$ 28,013
Less: Accumulated other comprehensive income (AOCI)	(7,444)
GAAP book value excluding AOCI	<u>35,457</u>
Less: Cumulative change in fair value of funds withheld embedded derivatives ⁽¹⁾	178
Less: Cumulative effect of foreign exchange rate remeasurement and currency translation adjustments corresponding to realized gains (losses)	(291)
Adjusted book value	<u>\$ 35,570</u>
Number of diluted shares	<u>361.4</u>
GAAP book value per Common share - diluted	\$ 77.51
GAAP book value excluding AOCI per Common share - diluted	\$ 98.11
Adjusted book value per Common share - diluted	\$ 98.42



(1) Amount represents the cumulative change in fair value of funds withheld embedded derivatives related to unrealized gains and losses on available-for-sale securities and certain derivatives associated with customer liabilities reinsured under coinsurance with funds withheld and modified coinsurance arrangements.