PRUDENTIAL FINANCIAL INC
Form DEF 14A
March 22, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Prudential Financial, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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(3) Filing Party:

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Prudential Financial, Inc.

751 Broad Street,

Newark, NJ 07102

March 22, 2018

Letter from the Board of Directors

to Our Shareholders

The Board values this opportunity to share our perspective regarding the work we undertook for our shareholders during 2017. Our objective is to guide and oversee management in the creation of long-term value through the execution of a sound business strategy, prudent risk management, talent development, succession planning, a commitment to corporate ethics, and creating societal impact. In pursuit of these objectives, we are pleased to share with you an overview of the Board s priorities and actions during the year.

BUSINESS STRATEGY

We believe that an optimal and effective board is informed, active and constructively engaged with management, without undue disruption to the day-to-day business of the company. Our Board meets regularly to discuss Prudential s strategic direction. Our collective skills and experience in the areas of regulation, business operations, risk management and capital markets enable us to provide critical insights to our Company to help maximize shareholder value and support the pursuit of our mission: To help our customers achieve financial prosperity and peace of mind.

At each Board meeting and during our annual strategy planning session, we engage with Prudential s senior leadership in robust discussions about the Company s overall strategy, priorities for its businesses, and long-term growth opportunities.

BOARD RISK OVERSIGHT

Managing and monitoring risks are important to our oversight of Prudential, and we take this responsibility seriously. We regularly review the Company s risk profile, including its approach to capital management, its operational footprint, and its investment risks and strategies. The Board considers the breadth of the Company s risk management framework when approving its strategy and risk tolerance, and verifies that strategic plans are commensurate with our ability to identify and manage risk.

The Board s Risk Committee includes the chairs of each of the other Board committees, allowing us to more closely coordinate our risk oversight function. The Risk Committee has metrics in place to monitor and review market, insurance, investment and operational risk.

CULTIVATING A STRONG ETHICAL CULTURE

We recognize the importance of doing business the right way in all of our locations across the globe. We work with management to set and communicate the appropriate ethical tone for the Company, which guides our conduct and protects Prudential s reputation.

We believe employees actions are significantly influenced by an organization s culture, and that the corporate environment often determines how employees make decisions. To help us monitor the engagement of Prudential s worldwide workforce, we meet with senior leaders representing Prudential s global businesses throughout the year, including those on the front-line who have direct customer contact. Prudential also maintains a robust ethics and compliance program directed by its Chief Ethics and Compliance Officer, with whom we meet regularly. We also assess employee engagement surveys, employee turnover, and the Company s incentive plans to ensure that goals and performance are both reasonable and aligned.

TALENT DEVELOPMENT AND SUCCESSION PLANNING

The diversity of experiences, backgrounds and ideas of Prudential s global employees enables us to develop products that address the financial security needs of our customers. Therefore, recruiting, developing and retaining top diverse industry talent is a key priority for the Company. Talent development is discussed at every Board meeting, and once per year, the Board devotes time to discuss talent at each business and functional leadership level across the Company. This engagement gives us rich insight into the Company s pool of talent and its succession plans.

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CREATING POSITIVE SOCIETAL IMPACT

Prudential was founded on the belief that financial security should be attainable to everyone. Creating both business and societal impact has guided our business model for more than 140 years. By leveraging the full breadth of Prudential s business capabilities, the Company harnesses the power of the capital markets to promote economic opportunity and sustainable growth. To make sure the Company is delivering on its promise of inclusion, the Company has a Corporate Social Responsibility Oversight Committee. The Committee meets three times per year and is comprised of Board members and Prudential senior executives.

ENGAGEMENT AND OUTREACH

As a Board, one of our priorities is listening to and considering the views of our shareholders as we make decisions in the boardroom. We accomplish this through a robust outreach and engagement program. In 2017, we spoke to investors who represent a majority of our outstanding shares. Topics discussed included Prudential s environmental, sustainability and social strategy, Board composition and refreshment, Board leadership structure, succession planning, and our executive compensation program.

YOUR VIEWPOINT IS IMPORTANT

We value your support, and we encourage you to share your opinions with us. You can do so by writing to us at the address below. You can also send an email to the independent directors at independentdirectors@ prudential.com or provide feedback on executive compensation via our website at www.prudential.com/ executivecomp. If you would like to write to us, you may do so by addressing your correspondence to Prudential Financial, Inc., Board of Directors, c/o Margaret M. Foran, Chief Governance Officer, 751 Broad Street, Newark, New Jersey 07102. We suggest you view short videos from our Lead Independent Director, Thomas Baltimore, and the Chair of our Finance Committee, Christine Poon, on our website at www.prudential.com/directorvideos.

THE BOARD OF DIRECTORS OF PRUDENTIAL FINANCIAL, INC.

Thomas J. Baltimore	George Paz
Gilbert Casellas	Sandra Pianalto
Mark B Grier	Christine Poon

Martina Hund-Mejean

Karl J. Krapek

Peter R Lighte

Douglas A. Scovanner

John R. Strangfeld

Michael A. Todman

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Dear Fellow Shareholders:

You are invited to the Annual Meeting of Shareholders on May 8, 2018, at 751 Broad Street, Newark, NJ, at 2:00 p.m. We hope that you will attend the meeting, but whether or not you attend, please designate the proxies on the proxy card to vote your shares.

We are excited that shareholder voting has increased and are again offering a voting incentive to registered shareholders. Because of your active participation, we continue to support the work of American Forests to protect and restore America s forest ecosystems.

Every shareholder s vote is important. Thank you for your commitment to the Company and please vote your shares.

Sincerely,

John R. Strangfeld

Chairman and Chief Executive Officer

Prudential Financial, Inc.

751 Broad Street

Newark, NJ 07102

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Notice of Annual Meeting of Shareholders of

Prudential Financial, Inc.

Place:

Prudential s Corporat

Headquarters

751 Broad Street

Newark, NJ 07102

Date:

May 8, 2018

Time:

2:00 p.m.

AGENDA:

Election of 12 directors named in the Proxy Statement;

Ratification of appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018;

Advisory vote to approve named executive officer compensation;

Shareholder proposal regarding an independent Board Chairman, if properly presented at the meeting; and

Shareholders also will act on such other business as may properly come before the meeting or any adjournment or postponement thereof.

Record date: You can vote if you were a shareholder of record on March 9, 2018.

If you are attending the meeting, you will be asked to present your admission ticket and valid, government-issued photo identification, such as a driver s license, as described in the Proxy Statement.

By Order of the Board of Directors,

Margaret M. Foran

Chief Governance Officer,

Senior Vice President and Corporate Secretary

March 22, 2018

Prudential Financial, Inc.

751 Broad Street

Newark, NJ 07102

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Summary Information

To assist you in reviewing the proposals to be acted upon at the Annual Meeting, we call your attention to the following information about the Company s 2017 financial performance and key executive compensation actions and decisions, and our key corporate governance policies and practices. The following description is only a summary. For more complete information about these topics, please review the Company s Annual Report on Form10-K and this Proxy Statement.

Business Highlights

We reported net income of $7.86 billion, or $17.86 per share of Common Stock in 2017, compared to $4.37 billion, or $9.71 per share, in 2016, based on U.S. generally accepted accounting principles (GAAP).

Net income in 2017 includes a benefit of $2.87 billion, or $6.64 per share of Common Stock, as a result of the enactment of the Tax Cuts and Jobs Act.

We reported after-tax adjusted operating income of $4.65 billion, or $10.58 per share in 2017, compared to $4.11 billion, or $9.13 per share, in 2016.(1)

We reported GAAP book value of $125.24 per share of Common Stock as of December 31, 2017, compared to $104.91 per share as of year-end 2016.

Adjusted book value amounted to $88.28 per share of Common Stock as of December 31, 2017 compared to $78.95 per share as of year-end 2016.(1)

GAAP book value per share and adjusted book value per share as of December 31, 2017, include benefits of $6.59 and $2.74, respectively, as a result of the enactment of the Tax Cuts and Jobs Act.

We reported return on average equity based on net income of 16% for 2017, compared to 8.8% for 2016.

We reported operating return on average equity of 13% for 2017, compared to 12% for 2016.[1]

(1) Consolidated adjusted operating income (AOI) and operating return on average equity are non-GAAP measures of financial performance. Adjusted book value is a non-GAAP measure of financial position. We use earnings per share (EPS) based on AOI, operating return on average equity, and adjusted book value as performance measures in our incentive compensation programs. For a discussion of these measures and for reconciliations to the nearest comparable GAAP measures, see Appendix A to this Proxy Statement.

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Summary Information

Assets under management reached $1.394 trillion at December 31, 2017, an increase from $1.264 trillion a year earlier.
We paid quarterly Common Stock dividends totaling $3.00 per share during 2017, an increase of 7% from 2016.

COMPENSATION HIGHLIGHTS

The Compensation Committee has instituted a number of changes to our executive compensation program over the last several years to align with evolving competitive and governance practices and to strengthen the link to performance and rigor of our program. Highlights of our program include:

We establish both target and maximum award levels under our annual incentive program.

We use three equally weighted performance metrics to determine annual incentive awards: EPS achieved versus guidance; annual growth in EPS; and ROE relative to peer life insurance companies.

90% or more of our named executive officers (NEOs) total direct compensation is performance based.

Our NEOs are required to defer 30% of their annual incentive awards into our Book Value Performance Program.

The performance metrics under our annual incentive and long-term incentive programs balance our absolute performance and our relative performance versus peer life insurance companies.

We maintain a clawback policy for our executive officers covering all incentive-based awards and addressing material financial restatements and misconduct (including failure to report), which includes a robust disclosure policy if such events occur.

The Compensation Committee closely monitors the risks associated with our compensation program and individual executive compensation decisions to ensure they do not encourage excessive risk-taking.

The stock ownership guideline for our CEO is 700% of base salary.

In addition to stock ownership guidelines, we have stock retention requirements covering shares acquired upon the exercise of stock options or the payment or vesting of any performance shares and restricted stock units.

Each year we engage with our shareholders and share their feedback with the Compensation Committee and the Board.

For additional information, see the Compensation Discussion and Analysis (CD&A) in this Proxy Statement.

The compensation of our NEOs reflects both our 2017 performance and the rigor of our executive compensation program.

Named Executive Officer	**2017 Base Salary ($)**	**2017 Annual Incentive Award (as adjusted for mandatory deferrals)[1] ($)**	**2017 Long-Term Incentive Award Value[2] ($)**	**2017 Total Direct Compensation ($)**
John R. Strangfeld	$ 1,400,000	$ 4,662,000	$ 11,998,000	$ 18,060,000
Robert M. Falzon	$ 770,000	$ 2,331,000	$ 4,999,000	$ 8,100,000

Mark B. Grier	$ 1,190,000	$ 3,962,000	$ 9,698,000	$ 14,850,000
Charles F. Lowrey	$ 770,000	$ 3,108,000	$ 6,082,000	$ 9,960,000
Stephen Pelletier	$ 770,000	$ 3,290,000	$ 6,160,000	$ 10,220,000

1 The following amounts are not included in the 2017 Annual Incentive Award column because they have been mandatorily deferred into our Book Value Performance Program: $1,998,000 for Mr. Strangfeld, $999,000 for Mr. Falzon, $1,698,000 for Mr. Grier, $1,332,000 for Mr. Lowrey, and $1,410,000 for Mr. Pelletier.

2 Represents long-term incentive awards granted in 2018 for 2017 performance. Amounts include portions of the 2017 Annual Incentive Awards mandatorily deferred into our Book Value Performance Program.

Response to advisory vote and shareholder feedback

Approximately 93% of the votes cast at the 2017 Annual Meeting of Shareholders on the non-binding advisory vote on the compensation of our named executive officers were voted in support of our executive compensation program. Consistent with its strong commitment to engagement, communication, and transparency, the Compensation Committee continues to regularly receive feedback from our shareholders and review our executive compensation program to ensure alignment between the interests of our senior executives and shareholders. In part based on feedback received in our ongoing conversations with our shareholders, and, in part, in response to changing market practices, we have made several modifications to the compensation program for our NEOs over the last two years, as discussed above and in more detail in the CD&A.

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Summary Information

Corporate Governance Highlights

In 2017, management and Board members engaged with shareholders who hold a majority of our shares. During these discussions, shareholders were encouraged to identify potential Board candidates and share feedback on the Company, our Board structure, our governance practices and policies, and our compensation framework and programs. Our 2017 corporate governance highlights include:

Received 93% shareholder support in 2017.

In 2017, management and Board members met with shareholders who own a majority of our shares.

Elected four new directors since 2015, including three in 2016, enhancing the Board s breadth and depth of experience and diversity. Our average Board tenure is seven years.

We received the Governing Board Diversity Champion Award from the California Department of Insurance for our leadership and innovative approach to diversifying our Board.

Board of Directors Nominees and Committees

Name/Age	Independent	Director Since	Committee Membership	Other Public Boards
	Yes	Oct. 2008	Executive (Chair)	1

Thomas J. Baltimore, 54			Compensation Lead Independent Director (since 2017)	Investment (Chair) Risk (Chair)	
Gilbert F. Casellas, 65	Yes	Jan. 2001	Corporate Governance & Business Ethics (Chair)	Executive Risk	0
Mark B. Grier, 65	No	Jan. 2008	Risk		0
Martina Hund-Mejean, 57	Yes	Oct. 2010	Audit		0
Karl J. Krapek, 69	Yes	Jan. 2004	Compensation (Chair)	Executive Risk	2
Peter R. Lighte, 69	Yes	Mar. 2016	Corporate Governance & Business Ethics	Investment	0
George Paz, 62	Yes	Mar. 2016	Audit		2
Sandra Pianalto, 63	Yes	Jul. 2015	Corporate Governance & Business Ethics	Finance	3

Christine A. Poon, 65	Yes	Sep. 2006	Executive Finance (Chair)	Investment Risk	3
Douglas A. Scovanner, 62	Yes	Nov. 2013	Audit (Chair) Executive	Risk	0
John R. Strangfeld, 64	No	Jan. 2008	Executive		0
Michael A. Todman, 60	Yes	Mar. 2016	Compensation	Finance	2

Annual Meeting Proposals

Proposal	**Recommendation of Board**
Election of Directors	FOR each of the nominees
Ratification of Auditors	FOR
Advisory vote to approve named executive officer compensation	FOR
Shareholder proposal regarding an independent Board Chairman	AGAINST

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ELECTION OF DIRECTORS

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APPOINTMENT OF THE INDEPENDENT AUDITORS FOR 2018 RATIFICATION

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Proxy Statement

The Board of Directors (the Board) of Prudential Financial, Inc. (Prudential Financial or the Company) is providing this Proxy Statement in connection with the Annual Meeting of Shareholders to be held on May 8, 2018, at 2:00 p.m., at Prudential Financial s Corporate Headquarters, 751 Broad Street, Newark, NJ 07102, and at any adjournment or postponement thereof. Proxy materials or a Notice of Internet Availability were first sent to shareholders on or about March 22, 2018.

ADVISORY VOTE TO APPROVE NAMED

EXECUTIVE OFFICER COMPENSATION

AND CD&A

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SHAREHOLDER PROPOSAL REGARDING AN INDEPENDENT BOARD CHAIRMAN

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Item 1 Election of Directors

Our Board of Directors has nominated 12 directors for election at this Annual Meeting to hold office until the next annual meeting and the election of their successors. All of the nominees are currently directors. Each agreed to be named in this Proxy Statement and to serve if elected. All of the nominees are expected to attend the 2018 Annual Meeting. All 12 directors attended the 2017 Annual Meeting.

We have no reason to believe that any of the nominees will be unable or unwilling for good cause to serve if elected. However, if any nominee should become unable for any reason or unwilling for good cause to serve, proxies may be voted for another person nominated as a substitute by the Board, or the Board may reduce the number of directors.

Director Criteria, Qualifications, Experience and Tenure

Prudential Financial is a financial services company that offers a variety of products and services, including life insurance, annuities, retirement-related services, mutual funds, and investment management. The Corporate Governance and Business Ethics Committee performs an assessment of the skills and the experience needed to properly oversee the interests of the Company. Generally, the Committee reviews both the short- and long-term strategies of the Company to determine what current and future skills and experience are required of the Board in exercising its oversight function. The Committee then compares those skills to the skills of the current directors and potential director candidates. The Committee conducts targeted efforts to identify and recruit individuals who have the qualifications identified through this process, keeping in mind its commitment to diversity.

BOARD HIGHLIGHTS

BOARD DIVERSITY

While the Company does not have a formal policy on Board diversity, our Corporate Governance Principles and Practices place great emphasis on diversity, and the Committee actively considers diversity in recruitment and nominations of directors. The current composition of our Board reflects those efforts and the importance of diversity to the Board:

Two-thirds of our Board is diverse

80% of our non-employee directors are diverse

4	director nominees have **worked outside the United States**
2	director nominees are **African-American**
1	director nominee is **Asian-American**
2	director nominees are **Hispanic**
3	director nominees are **Women**
1	director nominee is **LGBT**
12	**Total number of director nominees**

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It is of critical importance to the Company that the Committee recruit directors who help achieve the goal of a well-rounded, diverse Board that functions respectfully as a unit.

The Committee expects each of the Company s directors to have proven leadership skills, sound judgment, integrity and a commitment to the success of the Company. In evaluating director candidates and considering incumbent directors for nomination to the Board, the Committee considers each nominee s independence, financial literacy, personal and professional accomplishments, and experience in light of the needs of the Company. For incumbent directors, the factors also include attendance, past performance on the Board and contributions to the Board and their respective committees.

Below each nominee s biography, we have included an assessment of the skills and experience of such nominee. We have also included a chart that covers the assessment for the full Board.

Director Nominees

The Board of Directors recommends that shareholders vote each of the nominees.

Thomas J. Baltimore	Prudential Committees:	Public Directorships:
Age: 54	Executive (Chair)	Park Hotels & Resorts, Inc.
Director Since: October 2008		
Lead Independent Director since May 2017	Compensation	

Investment (Chair)

Risk (Chair)

Former Directorships Held During the Past Five Years:

Duke Realty Corporation (April 2017)

RLJ Lodging Trust (May 2016)

Mr. Baltimore has been the Chairman, President and Chief Executive Officer (CEO) of Park Hotels & Resorts, Inc. (a NYSE-listed lodging real estate investment trust) since January 2017. Between May 2016 and January 2017, Mr. Baltimore was the President and CEO of the planned Hilton Real Estate Investment Trust. Previously, he was President and CEO of RLJ Lodging Trust (a NYSE-listed real estate investment company) from May 2011 to May 2016. He served as Co-Founder and President of RLJ Development, LLC (RLJ Lodging s predecessor company) from 2000 to May 2011. He served as VP, Gaming Acquisitions, of Hilton Hotels Corporation from 1997 to 1998 and later as VP, Development and Finance, from 1999 to 2000. He also served in various management positions with Host Marriott Services, including VP, Business Development, from 1994 to 1996.

Skills & Qualifications

Business Head/Administration
Business Operations
Corporate Governance
Investments
Real Estate
Talent Management

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Gilbert F. Casellas	Prudential Committees:
Age: 65	Corporate Governance and Business Ethics (Chair)
Director Since: January 2001	Executive
(Director of Prudential Insurance since April 1998)	Risk

Mr. Casellas has been Chairman of OMNITRU (a consulting and investment firm) since 2011. He was the VP, Corporate Responsibility of Dell Inc. (a global computer manufacturer) from 2007 to 2010. He served as a Member of Mintz Levin Cohn Ferris Glovsky & Popeo, PC from June 2005 to October 2007. He served as President of Casellas & Associates, LLC (a consulting firm) from 2001 to 2005. During 2001, he served as President and CEO of Q-linx, Inc. He served as the President and COO of The Swarthmore Group, Inc. from January 1999 to December 2000. Mr. Casellas served as Chairman, U.S. EEOC from 1994 to 1998, and General Counsel, U.S. Department of the Air Force, from 1993 to 1994.

Skills & Qualifications

- Business Ethics
- Business Head/Administration
- Business Operations
- Corporate Governance
- Risk Management
- Talent Management

Environmental/Sustainability/Corporate Responsibility

Government/Public Policy

Investments

Mark B. Grier	Prudential Committees:
Age: 65	Risk
Director Since: January 2008	

Mr. Grier has served as Vice Chairman since 2007 and a member of the Office of the Chairman of Prudential Financial since August 2002. From April 2007 through January 2008, he served as Vice Chairman overseeing the International Insurance and Investments divisions and Global Marketing and Communications. Mr. Grier was Chief Financial Officer (CFO) of Prudential Insurance from 1995 to 1997 and has served in various executive roles. Prior to joining Prudential, Mr. Grier was an executive with Chase Manhattan Corporation.

Skills & Qualifications

Business Ethics

Business Head/Administration

Business Operations

Corporate Governance

Environmental/Sustainability/Corporate Responsibility

Finance/Capital Allocation

Financial Services Industry

Government/Public Policy

Insurance Industry

International

Risk Management

Talent Management

Technology/Systems

Martina Hund-Mejean	Prudential Committees:

Age: 57	Audit
Director Since: October 2010	

Ms. Hund-Mejean has served as the CFO and a member of the Executive Committee at Mastercard Worldwide (a global transaction processing and consulting services company) since 2007. Ms. Hund-Mejean served as Senior Vice President (SVP) and Corporate Treasurer at Tyco International Ltd. from 2003 to 2007; SVP and Treasurer at Lucent Technologies from 2000 to 2002; and held management positions at General Motors Company from 1988 to 2000. Ms. Hund-Mejean began her career as a credit analyst at Dow Chemical in Frankfurt, Germany.

Skills & Qualifications

- Business Head/Administration
- Business Operations
- Corporate Governance
- Finance/Capital Allocation
- Financial Services Industry
- International
- Investments
- Risk Management
- Talent Management

Karl J. Krapek	Prudential Committees:	Public Directorships:
Age: 69	Compensation (Chair)	Northrop Grumman Corporation
Director Since: January 2004	Executive	Pensare Acquisitions Corp.
	Risk	

Mr. Krapek served as the President and COO of United Technologies Corporation (UTC) from 1999 until his retirement in January 2002. Prior to that time, Mr. Krapek held other management positions at UTC, which he joined in 1982. Mr. Krapek is also the co-founder of The Keystone Companies, which was founded in 2002 and develops residential and commercial real estate.

Skills & Qualifications

- Business Head/Administration
- Business Operations
- Corporate Governance
- Environmental/Sustainability/Corporate Responsibility
- Finance/Capital Allocation
- International
- Real Estate
- Risk Management
- Talent Management
- Technology/Systems

Peter R. Lighte	Prudential Committees:
Age: 69	Corporate Governance and Business Ethics
Director Since: March 2016	Investment

Mr. Lighte served as the Vice Chairman, J.P. Morgan Corporate Bank, China, from 2010 to 2014, and the founding Chairman of J.P. Morgan Chase Bank China, from 2007 to 2010. Prior to that, he headed the Company s International Client Coverage for Treasury and Securities Services in J.P. Morgan s European Global Operating Services Division and was instrumental in re-establishing its corporate bank in London. Mr. Lighte previously served as the President of Chase Trust Bank in Tokyo from 2000 to 2002. He was also the founding representative in Beijing of Manufacturers Hanover Trust Company. Mr. Lighte has also taught at several academic institutions, including Middlebury College and the University of Santa Clara.

Skills & Qualifications

Academia/Education	Insurance Industry
Business Head/Administration	International
Business Operations	Investments
Corporate Governance	Risk Management
Finance/Capital Allocation	Talent Management
Financial Services Industry	
Government/Public Policy	

George Paz	Prudential Committees:	Public Directorships:
Age: 62	Audit	Express Scripts Holding Company

Director Since: March 2016

Honeywell International, Inc.

Mr. Paz is the Non-Executive Chairman of Express Scripts Holding Company (Express Scripts), a prescription benefit management company, and served as the CEO of Express Scripts from April 2005 to May 2016. Mr. Paz also served as the President of Express Scripts from October 2003 to February 2014 and has been a director since January 2004. He joined Express Scripts in 1998 as SVP and CFO. Prior to joining Express Scripts, Mr. Paz was a partner at Coopers and Lybrand from 1988 to 1993 and 1996 to 1998 and served as Executive Vice President and CFO for Life Partners Group from 1993 to 1995.

Skills & Qualifications

Business Head/Administration

Business Operations

Corporate Governance

Finance/Capital Allocation

Financial Services Industry

Government/Public Policy

Insurance Industry

Risk Management

Talent Management

Sandra Pianalto	Prudential Committees:	Public Directorships:
Age: 63	Corporate Governance and Business Ethics	Eaton Corporation plc
Director Since: July 2015		
	Finance	FirstEnergy Corp.
		The J.M. Smucker Company

Ms. Pianalto served as the President and CEO of the Federal Reserve Bank of Cleveland (the Cleveland Fed) from February 2003 until her retirement in May 2014. She was the First Vice President and COO of the Cleveland Fed from 1993 to 2003 and served as its VP and Secretary to the Board of Directors from 1988 to 1993. Ms. Pianalto also served in various supervisory roles at the Cleveland Fed from 1983 to 1988. Prior to joining the Cleveland Fed, Ms. Pianalto was an economist at the Board of Governors of the Federal Reserve System and served on the staff of the Budget Committee of the U.S. House of Representatives.

Skills & Qualifications

- Academia/Education
- Business Head/Administration
- Business Operations
- Corporate Governance
- Finance/Capital Allocation
- Financial Services Industry
- Risk Management
- Talent Management

Government/Public Policy

Christine A. Poon	**Prudential Committees:**	**Public Directorships:**
Age: 65 **Director Since:** September 2006	Executive	Koninklijke Philips NV
	Finance (Chair)	Regeneron Pharmaceuticals
	Investment	The Sherwin-Williams Company
	Risk	

Ms. Poon served as Dean of Fisher College of Business at The Ohio State University from May 2009 until November 2014 and is now a member of the faculty. She served as Vice Chairman and a member of the Board of Directors of Johnson & Johnson from 2005 until her retirement in March 2009. Ms. Poon joined Johnson & Johnson in 2000 as Company Group Chair in the Pharmaceuticals Group. She became a Member of Johnson & Johnson s Executive Committee and Worldwide Chair, Pharmaceuticals Group, in 2001, and served as Worldwide Chair, Medicines and Nutritionals from 2003 to 2005. Prior to joining Johnson & Johnson, she served in various management positions at Bristol-Myers Squibb for 15 years.

Skills & Qualifications

Academia/Education
Business Head/Administration
Business Operations
Corporate Governance
International
Marketing/Sales
Talent Management

Douglas A. Scovanner	**Prudential Committees:**

Age: 62 **Director Since:** November 2013	Audit (Chair) Executive Risk

Mr. Scovanner has been the Founder and Managing Member of Comprehensive Financial Strategies, LLC, a management consulting firm, since October 2013. Previously, he served as the CFO (1994 to 2012) and Executive Vice President (2000 to 2012) of the Target Corporation (a North American retailer). Prior to joining the Target Corporation, Mr. Scovanner held various management positions at The Fleming Companies, Inc., Coca-Cola Enterprises, Inc., The Coca-Cola Company and the Ford Motor Company from 1979 to 1994.

Skills & Qualifications

Business Head/Administration

Business Operations

Corporate Governance

Finance/Capital Allocation

Financial Services Industry

Investments

Real Estate

Risk Management

Talent Management

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John R. Strangfeld	**Prudential Committees:**
Age: 64	Executive
Director Since: January 2008	
(Elected Chairman May 2008)	

Mr. Strangfeld has served as CEO and President of Prudential Financial since January 2008 and Chairman of the Board since May 2008. Mr. Strangfeld is a member of the Office of the Chairman of Prudential Financial and served as Vice Chairman of Prudential Financial from 2002 through 2007, overseeing the U.S. Insurance and Investment divisions. Prior to his position as Vice Chairman, Mr. Strangfeld held a variety of senior investment positions at Prudential, both within the U.S. and abroad.

Skills & Qualifications

Business Ethics

Business Head/Administration

Business Operations

Corporate Governance

Environmental/Sustainability/Corporate Responsibility

Finance/Capital Allocation

Financial Services Industry

International

Investments

Risk Management

Talent Management

Technology/Systems

Insurance Industry

Michael A. Todman	**Prudential Committees:**	**Public Directorships:**
Age: 60	Compensation	Brown-Forman Corporation
Director Since: March 2016		
	Finance	Newell Rubbermaid, Inc.

Mr. Todman served as Vice Chairman of the Whirlpool Corporation (Whirlpool), a global manufacturer of home appliances, from November 2014 to December 2015. Mr. Todman previously served as President of Whirlpool International from 2006 to 2007 and 2010 to 2014, as well as President, Whirlpool North America from 2007 to 2010. Mr. Todman held several senior positions, including Executive Vice President and President of Whirlpool Europe from 2001 to 2005 and Executive Vice President, Whirlpool North America, in 2001. Prior to joining Whirlpool, Mr. Todman served in a variety of leadership positions at Wang Laboratories Inc. and Price Waterhouse and Co.

Skills & Qualifications

Business Head/Administration

Business Operations

Corporate Governance

Finance/Capital Allocation

Government/Public Policy

International

Marketing/Sales

Risk Management

Talent Management

Corporate Governance

The Company is committed to good corporate governance, which helps us compete more effectively, sustain our success and build long-term shareholder value. The Company is governed by a Board of Directors and committees of the Board that meet throughout the year. Directors discharge their responsibilities at Board and committee meetings through ongoing communication with each other and with management throughout the year.

The Board has adopted Corporate Governance Principles and Practices to provide a framework for the effective governance of the Company. The Corporate Governance Principles and Practices are reviewed regularly and updated as appropriate. The full text of the Corporate Governance Principles and Practices, which includes the definition of independence adopted by the Board, the charters of the Corporate Governance and Business Ethics, Compensation and Audit Committees, the Lead Independent Director Charter, the Code of Business Conduct and Ethics and the Related Party Transaction Approval Policy can be found at www.prudential.com/governance. Copies of these documents also may be obtained from the Chief Governance Officer and Corporate Secretary.

Governance is a continuing focus at the Company, starting with the Board and extending to management and all employees. Therefore, the Board reviews the Company s policies and business strategies and advises and counsels the CEO and the other executive officers who manage the Company s businesses, including reviewing, on at least an annual basis, the Company s strategic plans.

In addition, we solicit feedback from shareholders on governance and executive compensation practices and engage in discussions with various groups and individuals on governance issues and improvements.

Process for Selecting Directors

The Corporate Governance and Business Ethics Committee screens and recommends candidates for nomination by the full Board. The Company s By-laws provide that the size of the Board may range from 10 to 15 members, reflecting the Board s current view of its optimal size. The Committee is assisted with its recruitment efforts by an independent third party search firm, which recommends candidates that satisfy the Board s criteria. The search firm also provides research and pertinent information regarding candidates, as requested.

Shareholder Nominations and

Recommendations of Director Candidates

Our By-laws permit a group of up to 20 shareholders who have owned at least 3% of our outstanding capital stock for at least three years to submit director nominees for up to 20% of the Board for inclusion in our Proxy Statement if the shareholder(s) and the nominee(s) meet the requirements in our By-laws.

Shareholders who wish to nominate directors for inclusion in our Proxy Statement or directly at an Annual Meeting in accordance with the procedures in our By-laws should follow the instructions under Submission of Shareholder Proposals and Director Nominations in this Proxy Statement.

Shareholders who wish to recommend candidates for consideration should send their recommendations to the attention of Margaret M. Foran, Chief Governance Officer, Senior Vice President and Corporate Secretary, at 751 Broad Street, Newark, NJ 07102. The Committee will consider director candidates recommended by shareholders in accordance with the criteria for director selection described under Director Criteria, Qualifications, Experience and Tenure.

Director Attendance

During 2017, the Board of Directors held nine meetings. Together, the directors attended 99% of the combined total meetings of the full Board and the committees on which they served in 2017. All directors attended each Board meeting and all directors, except one, attended each of their Committee meetings. That director missed one meeting due to an unavoidable conflict.

Director Independence

The current Board consists of 12 directors, two of whom are currently employed by the Company (Messrs. Strangfeld and Grier). The Board conducted an annual review and affirmatively determined that all of the non-employee directors (Mses. Hund-Mejean, Pianalto and Poon, and Messrs. Baltimore, Casellas, Krapek, Lighte, Paz, Scovanner and Todman) are independent as that term is defined in the listing standards of the NYSE and in Prudential Financial s Corporate Governance Principles and Practices. In addition, the Board previously determined that Mr. Cullen, who did not stand for re-election at our 2017 Annual Meeting, was an independent director.

Independent Director Meetings

The independent directors generally meet in an executive session at both the beginning and the end of each regularly scheduled Board meeting, with the Lead Independent Director serving as Chair.

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Board Leadership

Currently, our Board leadership structure consists of a Lead Independent Director, a Chairman (who is also our CEO) and strong committee chairs. The Board believes that our structure provides independent Board leadership and engagement while providing the benefit of having our CEO, the individual with primary responsibility for managing the Company s day-to-day operations, chair regular Board meetings as key business and strategic issues are discussed. At this time, the Board believes that the Company is best served by having the same individual as both Chairman of the Board and CEO, but considers the continued appropriateness of this structure at least annually. In addition, in the event of a successor to the position of CEO, the independent directors will also review the leadership structure.

In 2017, independent directors and our Chief Governance Officer engaged with shareholders who hold a majority of our shares on their thoughts on our Board leadership structure. Our Lead Independent Director and our chair of the Corporate Governance and Business Ethics Committee also met with certain of our shareholders in 2017. The discussions and feedback from these meetings have been given to the Board and will be considered during the annual review of the appropriateness of the Board leadership structure.

Under our Corporate Governance Principles and Practices, the independent directors annually elect an independent director to serve as Lead Independent Director for a term of at least one year, but for no more than three years. Mr. Baltimore was elected as Lead Independent Director in May 2017. The responsibilities and authority of the Lead Independent Director include:

presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;

authorization to call meetings of the independent directors;

serving as a liaison between the Chairman and the independent directors;

approving information sent to the Board, including the quality, quantity, appropriateness and timeliness of such information;

approving meeting agendas for the Board;

approving meeting schedules to assure there is sufficient time for discussion of all agenda items;

authorization to retain outside advisors and consultants who report directly to the Board on Board-wide issues; and

ensuring that he/she be available, if requested by shareholders, when appropriate, for consultation and direct communication.

PRUDENTIAL FOLLOWS THE INVESTOR STEWARDSHIP GROUP S (ISG) CORPORATE GOVERNANCE FRAMEWORK FOR U.S. LISTED COMPANIES

ISG Principle	Prudential Practice
Principle 1: Boards are accountable to shareholders.	All directors stand for election annually Proxy access with market terms Board and Lead Independent Director letters and videos provide large and small investors insight into Board strategy and oversight objectives, and corporate governance practices
Principle 2: Shareholders should be entitled to voting rights in proportion to their economic interest.	Majority voting in uncontested director elections, and directors not receiving majority support must tender their resignation for consideration by the Board
Principle 3: Boards should be responsive to shareholders and be proactive in order to understand their perspectives.	Management and Board members met with investors owning a majority of shares outstanding in 2017 Engagement topics included environmental, sustainability and social strategy, Board composition and refreshment, succession planning, and executive compensation program
Principle 4: Boards should have a strong, independent leadership structure.	Strong Lead Independent Director with clearly defined duties that are disclosed to shareholders Board considers appropriateness of its leadership structure at least annually

	Strong Independent Committee Chairs Proxy discloses why Board believes current leadership structure is appropriate
Principle 5: Boards should adopt structures and practices that enhance their effectiveness.	83% of Board members are independent Two-thirds of Board members are diverse Annual Board evaluation by independent third party; results and next steps disclosed in proxy Active Board refreshment plan; 42% refreshment in last five years Directors attended 99% of combined total Board and applicable committee meetings in 2017, and all directors attended the 2017 Annual Meeting
Principle 6: Boards should develop management incentive structures that are aligned with the long-term strategy of the company.	Executive Compensation program received over 93% support in 2017 Compensation Committee annually reviews and approves incentive program design, goals and objectives for alignment with compensation and business strategies Annual and long-term incentive programs are designed to reward financial and operational performance that furthers short- and long-term strategic objectives

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A Message to our Shareholders from Prudential s Lead Independent Director

Board Risk Oversight

The Board oversees the Company s risk profile and management s processes for assessing and managing risk, both as a whole Board and through its committees. At least annually, the Board reviews strategic risks and opportunities facing the Company and certain of its businesses. Other important categories of risk are assigned to designated Board committees that report back to the full Board. In general, the committees oversee the following risks:

Audit Committee: insurance risk and operational risks, including model risk, as well as risks related to financial controls, legal, regulatory and compliance risks, and the overall risk management governance structure and risk management function;

Compensation Committee: the design and operation of the Company s compensation programs so that they do not encourage unnecessary or excessive risk-taking;

Corporate Governance and Business Ethics Committee: the Company s overall ethical culture, political contributions, lobbying expenses and overall political strategy, as well as the Company s environmental (which includes climate risk), sustainability and corporate social responsibility to minimize reputational risk and focus on future sustainability;

Finance Committee: liquidity risk, risks involving our capital management, the incurrence and repayment of borrowings, the capital structure of the enterprise, funding of benefit plans and statutory insurance reserves;

Investment Committee: investment risk, market risk and the strength of the investment function; and

Risk Committee: the governance of significant risks throughout the Company, the establishment and ongoing monitoring of our risk profile, risk capacity and risk appetite, and coordination of the risk oversight functions of the other Board committees.

In performing its oversight responsibilities, the Board and its committees review policies and guidelines that senior management uses to manage the Company s exposure to material categories of risk. As these issues sometimes overlap, committees hold joint meetings when appropriate and address certain issues at the full Board level. During 2017, the full Board received a report from the Chief Risk Officer on the important strategic issues and risks facing the Company. In addition, the Board and committees review the performance and functioning of the Company s overall risk management function.

The Risk Committee is comprised of the chairs of each of the other Board committees and our Vice Chairman, who supervises the Chief Risk Officer of the Company. The principal activities of the Risk Committee are to: oversee the Company s assessment and reporting of material risks by reviewing the metrics used by management to quantify risk, applicable risk limit structures and risk mitigation strategies; review the Company s processes and procedures for risk assessment and risk management, including the related assumptions used across the Company s businesses and material risk types; and receive reports from management on material and emerging risk topics that are reviewed by the Company s internal management committees.

The Company, under the Board s oversight, is organized to promote a strong risk awareness and management culture. The Chief Risk Officer sits on many management committees and heads an independent enterprise risk management department; the General Counsel and Chief Compliance Officer also sit on key management committees and the functions they oversee operate independently of the businesses to separate management and oversight. Employee appraisals evaluate employees with respect to risk and ethics.

In addition, the Board oversees the Company s cyber risk management program. In order to respond to the threat of security breaches and cyber attacks, we have developed a program, overseen by the Company s Chief Information Security Officer and our Information Security Office, that is designed to protect and preserve the confidentiality, integrity and continued availability of all information owned by, or in the care of, the Company. This program also includes a cyber incident response plan. The Audit Committee, which is tasked with oversight of certain risk issues, receives periodic reports from the Chief Information Security Officer, the Chief Information Officer and the Head of Operational Risk. The Board and the Audit Committee also receive updates about the results of periodic exercises and response readiness assessments led by outside advisors who provide a third-party independent assessment of our technical program and our internal response preparedness. The Audit Committee regularly briefs the full Board on these matters, and the full Board also receives periodic briefings on cyber threats in order to enhance our directors literacy on cyber issues.

We monitor the risks associated with our compensation program and individual executive compensation decisions on an ongoing basis. Each year management undertakes a review of the Company s various compensation programs to assess the risks arising from our compensation policies and practices. Management presents these risk assessments to the Compensation Committee. The risk assessments have included a review of the primary design features of the Company s compensation plans, the process to determine compensation pools and awards for employees and an analysis of how those features could directly or indirectly encourage or mitigate risk-taking. As part of the risk assessments, it has been noted that the Company s compensation plans allow for discretionary negative adjustments to the ultimate outcomes, which serves to mitigate risk-taking.

Moreover, senior management is subject to a share retention policy, and historically a large percentage of senior management compensation has been paid in the form of long-term equity awards. In addition, senior management compensation is paid over a multiple-year cycle, a compensation structure that is intended to align incentives with appropriate risk-taking. The Company s general risk management controls also serve to preclude decision-makers from taking excessive risk to earn the incentives provided under our compensation plans. The Compensation Committee agreed with the conclusion that the identified risks were within our ability to effectively monitor and manage, and that our compensation programs do not encourage unnecessary or excessive risk-taking and do not create risks that are reasonably likely to have a material adverse effect on the Company.

Succession Planning

The Board is actively engaged and involved in talent management. The Board reviews the Company s people strategy in support of its business strategy at least annually and frequently discusses talent issues at its meetings. This includes a detailed discussion of the Company s global leadership bench and succession plans with a focus on key positions at the senior officer level.

In addition, the committees of the Board regularly discuss the talent pipeline for specific critical roles. High potential leaders are given exposure and visibility to Board members through formal presentations and informal events. More broadly, the Board is regularly updated on key talent indicators for the overall workforce, including diversity, recruiting and development programs.

Communication with Directors

Shareholders and other interested parties may communicate with any of the independent directors, including Committee Chairs and the Lead Independent Director, by using the following address:

Prudential Financial, Inc.

Board of Directors

c/o Margaret M. Foran, Chief Governance Officer,

Senior Vice President and Corporate Secretary

751 Broad Street

Newark, NJ 07102

Email: independentdirectors@ prudential.com

Feedback on Executive Compensation: You can also provide feedback on executive compensation at the following website: www.prudential.com/ executivecomp.

The Chief Governance Officer and Corporate Secretary of the Company reviews communications to the independent directors and forwards those communications to the independent directors as discussed below. Communications involving substantive accounting or auditing matters will be immediately forwarded to the Chair of the Audit Committee and the Company s Corporate Chief Ethics Officer consistent with time frames established by the Audit Committee for the receipt of communications dealing with these matters. Communications that pertain to non-financial matters will be forwarded promptly. Items that are unrelated to the duties and responsibilities of the Board will not be forwarded, such as: business solicitation or advertisements; product-related inquiries; junk mail or mass mailings; resumes or other job-related inquiries; spam and overly hostile, threatening, potentially illegal or similarly unsuitable communications.

SHAREHOLDER ENGAGEMENT

This year, we continued our practice of engagement, communication, and transparency in a variety of ways, including the following:

- released two videos featuring Board members, Thomas J. Baltimore, our Lead Independent Director, and Christine A. Poon, Chair of our Finance Committee, sharing their views on Prudential s Board and corporate governance practices;

- provided multiple avenues for shareholders to communicate with the Company and the Board. We have received almost 17,000 shareholder comments in the last seven years. Shareholders also continued to use the mechanisms available through www.prudential.com/ governance to provide input;

- promoted greater communication with our institutional shareholders on corporate governance issues by engaging with shareholders who collectively hold a majority of our shares; and

- advanced open Board communication by facilitating interaction between our directors and shareholders.

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Committees of the Board of Directors

The Board has established various committees to assist in discharging its duties, including: Audit, Compensation, Corporate Governance and Business Ethics, Executive, Finance, Investment and Risk. The primary responsibilities of each of the committees are set forth below, together with their current membership and the number of meetings held in 2017. Committee charters can be found on our website at www.prudential.com/governance. Each member of the Audit, Compensation, and Corporate Governance and Business Ethics Committees has been determined by the Board to be independent for purposes of the NYSE Corporate Governance listing standards. In addition, directors who serve on the Audit Committee and the Compensation Committee meet additional, heightened independence and qualification criteria applicable to directors serving on these committees under the NYSE listing standards.

Committees	Members in 2017	Description
Audit Committee Meetings in 2017: 10	**Douglas Scovanner (Chair)** Martina-Hund Mejean George Paz	The Audit Committee provides oversight of the Company s accounting and financial reporting and disclosure processes, the adequacy of the systems of disclosure and internal control established by management, and the audit of the Company s financial statements. The Audit Committee oversees insurance risk and operational risks, risks related to financial controls, and legal, regulatory and compliance matters, and oversees the overall risk management governance structure and risk management function. Among other things, the Audit Committee: (1) appoints the independent auditor and evaluates its independence and performance; (2) reviews the audit plans for and results of the independent audit and internal audits; and

		(3) reviews reports related to processes established by management to provide compliance with legal and regulatory requirements.
		The Board has determined that all of our Audit Committee members are financially literate and are audit committee financial experts as defined by the SEC.
Compensation Committee Meetings in 2017: 7	**Karl J. Krapek (Chair)** Thomas J. Baltimore Michael A. Todman	The Compensation Committee oversees the Company s compensation and benefits policies and programs. For more information on the responsibilities and activities of the Compensation Committee, including the Committee s processes for determining executive compensation, see the CD&A.
Corporate Governance & Business Ethics Committee Meetings in 2017: 7	**Gilbert F. Casellas (Chair)** Peter R. Lighte Sandra Pianalto	The Corporate Governance and Business Ethics Committee oversees the Board s corporate governance procedures and practices, including the recommendations of individuals for the Board, making recommendations to the Board regarding director compensation and overseeing the Company s ethics and conflict of interest policies, its political contributions and lobbying expenses policy, and its strategy and reputation regarding environmental stewardship and sustainability responsibility throughout the Company s global businesses.
Executive Committee Meetings in 2017: 0	**Thomas J. Baltimore (Chair)** Gilbert F. Casellas Karl J. Krapek Christine A. Poon Douglas A. Scovanner John R. Strangfeld	The Executive Committee is authorized to exercise the corporate powers of the Company between meetings of the Board, except for those powers reserved to the Board by our By-laws or otherwise.
Finance Committee Meetings in 2017: 6	**Christine A. Poon (Chair)** Sandra Pianalto Michael A. Todman	The Finance Committee oversees, takes actions, and approves policies with respect to capital, liquidity, borrowing levels, reserves, market risk and major capital expenditures.
Investment Committee	**Thomas J. Baltimore (Chair)** Peter R. Lighte	The Investment Committee oversees and takes actions with respect to the acquisition, management and disposition of invested assets;

Meetings in 2017: 4	Christine A. Poon	reviews the investment performance of the pension plan and funded employee benefit plans; and reviews investment risks and exposures, as well as the investment performance of products and accounts managed on behalf of third parties.
Risk Committee Meetings in 2017: 6	**Thomas J. Baltimore (Chair)** Gilbert F. Casellas Mark B. Grier Karl J. Krapek Christine A. Poon Douglas A. Scovanner	The Risk Committee oversees the governance of significant risks throughout the enterprise, including by coordinating the risk oversight functions of each Board committee and seeing that matters are appropriately elevated to the Board.

In addition to the above Committee meetings, the Board held nine meetings in 2017.

Certain Relationships and Related Party Transactions

The Company has adopted a written Related Party Transaction Approval Policy that applies:

- to any transaction or series of transactions in which the Company or a subsidiary is a participant;
- when the amount involved exceeds $120,000; and
- when a related party (a director or executive officer of the Company, any nominee for director, any shareholder owning an excess of 5% of the total equity of the Company and any immediate family member of any such person) has a direct or indirect material interest (other than solely as a result of being a director or trustee or in any similar position or a less than 10 percent beneficial owner of another entity).

The policy is administered by the Corporate Governance and Business Ethics Committee. The Committee will consider relevant facts and circumstances in determining whether or not to approve or ratify such a transaction, and will approve or ratify only those transactions that are, in the Committee s judgment, appropriate or desirable under the circumstances.

In the ordinary course of business, we may from time to time engage in transactions with other corporations or financial institutions whose officers or directors are also directors of Prudential Financial. In all cases, these transactions are conducted on an arm s-length basis. In addition, from time to time executive officers and directors of Prudential Financial may engage in transactions in the ordinary course of business involving services we offer, such as insurance and investment services, on terms similar to those extended to employees of Prudential Financial and its subsidiaries and affiliates generally. The Corporate Governance and Business Ethics Committee has determined that certain types of transactions do not create or involve a direct or indirect material interest, including (i) any sales of financial services or products to a related party in the ordinary course of business on terms and conditions generally available in the market place (or at ordinary employee discounts, if applicable) and in accordance with applicable law and (ii) all business relationships between the Company and a 5% shareholder or a business affiliated with a director, director nominee or immediate family member of a director or director nominee made in the ordinary course of business on terms and conditions generally available in the market place and in accordance with applicable law.

Pursuant to our policy, the Corporate Governance and Business Ethics Committee determined that there were two transactions that qualified as related party transactions since the beginning of 2017. The brother of Robert Falzon, our Executive Vice President and Chief Financial Officer, Michael Falzon, is Vice President, Design and Development Solutions. In 2017, the total compensation paid to Michael Falzon, including salary, bonus and the grant date value of long-term incentive awards, was less than $560,000. The son-in-law of Barbara Koster, our Senior Vice President and Chief Information Officer, Joshua D. Howard, is an associate in Quantitative Management Associates, a subsidiary of the Company. In 2017, the total compensation paid to Mr. Howard, including salary and bonus, was less than

$155,000. In both cases the compensation is similar to the compensation of other employees holding equivalent positions. Neither individual is in the reporting chain of the executive officer.

Policy on Shareholder Rights Plan

We do not have a shareholder rights plan. The Board will obtain shareholder approval prior to adopting a future shareholder rights plan unless the Board, in the exercise of its fiduciary duties, determines that under the circumstances then existing, it would be in the best interests of the Company and our shareholders to adopt a rights plan without prior shareholder approval. If a rights plan is adopted by the Board without prior shareholder approval, the plan must provide that it will expire within one year of adoption unless ratified by shareholders.

Political Contributions and Lobbying Expenditure Oversight and Disclosure

The Corporate Governance and Business Ethics Committee reviews and approves an annual report on political activities, contributions and lobbying expenses. It monitors and evaluates the Company s ongoing political strategy as it relates to overall public policy objectives for the next year and provides guidance to the Board. We provide on our website a description of our oversight process for political contributions and a summary of PAC contributions. We also include semi-annual information on dues, assessments and contributions of $15,000 or more to trade associations and tax-exempt advocacy groups and a summary of Company policies and procedures for political activity. This disclosure is available at www.prudential.com/governance under the heading Political Activity & Contributions.

The 2017 CPA-Zicklin Index of Corporate Political Disclosure and Accountability ranked Prudential as a First Tier company. This is the third consecutive year Prudential received this honor, which recognizes companies for their disclosure, accountability, and political spending oversight.

Environmental, Sustainability and Corporate Social Responsibility

The Corporate Governance and Business Ethics Committee has oversight of environmental issues and policies. In addition, three of our Board members sit on the Board s Corporate Social Responsibility Oversight Committee. These directors inform the Company s social responsibility efforts in investing for financial and social returns, strategic philanthropy, employee engagement and corporate community involvement. 2017 investments include:

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Item 2 Ratification of the Appointment of the

Independent Registered Public Accounting Firm

The Audit Committee of the Board has appointed PricewaterhouseCoopers LLP (PricewaterhouseCoopers or PwC) as the Company s independent registered public accounting firm (independent auditor) for 2018. We are not required to have the shareholders ratify the selection of PricewaterhouseCoopers as our independent auditor. We nonetheless are doing so because we believe it is a matter of good corporate practice.

If the shareholders do not ratify the selection, the Audit Committee will reconsider whether or not to retain PricewaterhouseCoopers, but may nevertheless retain it as the Company s independent auditor. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interest of Prudential Financial and its shareholders. Representatives of PricewaterhouseCoopers will be present at the Annual Meeting and will have the opportunity to make a statement and be available to respond to appropriate questions by shareholders.

FEES PAID TO PRICEWATERHOUSECOOPERS

The following is a summary and description of fees for services provided by PricewaterhouseCoopers in 2017 and 2016.

Worldwide Fees (In Millions)

Service	2017	2016
Audit[(A)]	$ 52	$ 51
Audit-Related[(B)]	$ 5	$ 4

Tax(C)	$ 3	$ 3
All Other(D)	$ 1	
Total	$ 61	$ 58

(A) The aggregate fees for professional services rendered for the integrated audit of the consolidated financial statements of Prudential Financial and, as required, audits of various domestic and international subsidiaries, the issuance of comfort letters, agreed-upon procedures required by regulation, consents and assistance with review of documents filed with the SEC.

(B) The aggregate fees for assurance and related services, including internal control and financial compliance reports, agreed-upon procedures not required by regulation, and accounting consultation on new accounting standards, acquisitions and potential financial reporting requirements.

(C) The aggregate fees for services rendered for tax return preparation, tax advice related to mergers and acquisitions and other international, federal and state projects, and requests for rulings. In 2017, tax compliance and preparation fees totaled $1.9M and tax advisory fees totaled $1.5M, and in 2016, tax compliance and preparation fees totaled $1.4M and tax advisory fees totaled $1.1M.

(D) The aggregate fees for all other services rendered, including for 2017 fees for business advisory services.
PricewaterhouseCoopers also provides services to domestic and international mutual funds and limited partnerships not consolidated by Prudential Financial, but which are managed by Prudential Financial. PricewaterhouseCoopers identified fees related to audit, audit-related, and tax services paid by these entities of $14M in 2017 and $14M in 2016.

The Audit Committee has advised the Board of Directors that in its opinion the non-audit services rendered by PricewaterhouseCoopers during the most recent fiscal year are compatible with maintaining its independence.

PwC has been the Company s independent auditor since it became a public company in 2001 and prior to that from 1996.

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Item 2 Ratification of the Appointment of the Independent Registered Public Accounting Firm

In determining whether to reappoint the independent auditor, the Audit Committee annually considers several factors, including:

- the length of time the firm has been engaged;
- the firm s independence and objectivity;
- PwC s capability and expertise in handling the breadth and complexity of Prudential s global operations, including the expertise and capability of the lead audit partner;
- historical and recent performance, including the extent and quality of PwC s communications with the Audit Committee, and the results of a management survey of PwC s overall performance;
- data related to audit quality and performance, including recent Public Company Accounting Oversight Board inspection reports on the firm; and
- the appropriateness of PwC s fees, both on an absolute basis and as compared with its peers.

In accordance with SEC rules, independent audit partners are subject to rotation requirements limiting their number of consecutive years of service to our Company to no more than five. The process for selecting the Company s lead audit partner includes Company management and the Audit Committee Chair vetting the independent auditor s candidates. The full Audit Committee is consulted in connection with the final selection of the lead audit partner.

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has established a policy requiring its pre-approval of all audit and permissible non-audit services provided by the independent auditor. The policy identifies the guiding principles that must be considered by the Audit Committee in approving services to ensure that the independent auditor s independence is not impaired; describes the Audit, Audit-Related, Tax and All Other services that may be provided and the non-audit services that may not be performed; and sets forth the pre-approval requirements for all permitted services. The policy provides for the general pre-approval of specific types of Audit, Audit-Related and Tax services and a limited fee estimate range for such services on an annual basis. The policy requires specific pre-approval of all other permitted services. The independent auditor is required to report periodically to the Audit Committee regarding the extent of services provided in accordance with their pre-approval and the fees for the services performed to date. The Audit Committee s policy delegates to its Chair the authority to address requests for pre-approval of services with fees up to a maximum of $250,000 between Audit Committee meetings if the Chief Auditor deems it reasonably necessary to begin the services before the next scheduled meeting of the Audit Committee, and the Chair must report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee may not delegate to management the Audit Committee s responsibility to pre-approve permitted services of the independent auditor.

All Audit, Audit-Related, Tax and All Other services described above were approved by the Audit Committee before services were rendered.

The Board of Directors recommends that shareholders vote ratification of the appointment of PricewaterhouseCoopers as the Company s Independent Auditor for 2018.

ENHANCING COMMUNICATION THROUGH AUDIT COMMITTEE REPORTING

The Center for Audit Quality and a group of nationally recognized U.S. corporate governance and policy organizations jointly released a paper entitled Enhancing the Audit Committee Report: A Call to Action, which encouraged audit committees of public companies to proactively consider strengthening their public disclosures to more effectively convey the critical work of audit committees to investors and stakeholders. Prudential was featured as an example of a company exhibiting voluntary practices strengthening audit committee disclosures.

REPORT OF THE AUDIT COMMITTEE

Three independent directors comprise the Audit Committee. The Committee operates under a written charter adopted by the Board.

In addition, the Board has determined that all of our Audit Committee members, Messrs. Paz and Scovanner and Ms. Hund-Mejean, satisfy the financial expertise requirements of the NYSE and have the requisite experience to be designated an audit committee financial expert as that term is defined by rules of the SEC.

Management is responsible for the preparation, presentation and integrity of the financial statements of Prudential Financial and for maintaining appropriate accounting and financial reporting policies and practices, and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Prudential Financial s independent registered public accounting firm (independent auditor), PricewaterhouseCoopers, is responsible for auditing the consolidated financial statements of Prudential Financial and expressing an opinion as to their conformity with generally accepted accounting principles, as well as expressing an opinion on the effectiveness of internal control over financial reporting in accordance with the requirements of the Public Company Accounting Oversight Board (PCAOB).

In performing its oversight function, the Audit Committee reviewed and discussed the audited consolidated financial statements of Prudential Financial as of and for the year ended December 31, 2017 and Management s Annual Report on Internal Control Over Financial Reporting with management and Prudential Financial s independent auditor. The Audit Committee also discussed with Prudential Financial s independent auditor the matters required to be discussed by the independent auditor with the Audit Committee under the rules adopted by the PCAOB.

The Audit Committee received from the independent auditor the written disclosures and the letters required by applicable requirements of the PCAOB regarding the independent auditor s communications with the Audit Committee concerning independence, and has discussed with the independent auditor its independence.

The Audit Committee has discussed with, and received regular status reports from, Prudential Financial s Chief Auditor and independent auditor on the overall scope and plans for their audits of Prudential Financial, including their scope and plans for evaluating the effectiveness of internal control over financial reporting. The Audit Committee meets with the Chief Auditor and the independent auditor, with and without management present, to discuss the results of their respective audits, in addition to private meetings with the Chief Financial Officer, Chief Risk Officer, General Counsel, Chief Actuary and Chief Compliance Officer. In determining whether to reappoint PricewaterhouseCoopers as Prudential Financial s independent auditor, the Audit Committee took into consideration a number of factors, including the length of time the firm has been engaged, the firm s independence and objectivity, PwC s capability and expertise in handling the breadth and complexity of Prudential s global operations, including the expertise and capability of the Lead Audit Partner, historical and recent performance, including the extent and quality of PwC s communications with the Audit Committee, and the results of a management survey of PwC s overall performance, data related to audit quality and performance, including recent PCAOB inspection reports on the firm, and the appropriateness of PwC s fees, both on an absolute basis and as compared with its peers.

In addition, the Audit Committee reviewed and amended its Charter and received reports as required by its policy for the receipt, retention and treatment of financial reporting concerns received from external and internal sources.

Based on the reports and discussions described in this report and subject to the limitations on the roles and responsibilities of the Audit Committee referred to above and in its Charter, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements of Prudential Financial and Management s Annual Report on Internal Control Over Financial Reporting be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for filing with the SEC.

THE AUDIT COMMITTEE

Douglas A. Scovanner (Chair)

Martina Hund-Mejean

George Paz

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Item 3 Advisory Vote to Approve

Named Executive Officer Compensation

The Board is committed to excellence in governance and recognizes our shareholders interest in our executive compensation program. As a part of that commitment, and in accordance with SEC rules, our shareholders are being asked to approve a non-binding advisory resolution on the compensation of our named executive officers, as reported in this Proxy Statement. This proposal, commonly known as a Say on Pay proposal, gives shareholders the opportunity to endorse or not endorse our 2017 executive compensation program and policies for our named executive officers through the following resolution:

RESOLVED, that the shareholders of Prudential approve, on an advisory basis, the compensation of the Company s named executive officers set forth in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables and narrative in this Proxy Statement.

This vote is not intended to address any specific item of compensation, but rather our overall compensation policies and practices relating to our named executive officers. Accordingly, your vote will not directly affect or otherwise limit any existing compensation or award arrangement of any of our named executive officers. Because your vote is advisory, it will not be binding upon the Board. The Board will, however, as it has done in prior years, take into account the outcome of the Say on Pay vote when considering future compensation arrangements.

The Board has adopted a policy providing for annual Say on Pay votes. Accordingly, the next Say on Pay vote will occur in 2019.

The Board of Directors recommends that shareholders vote the advisory vote to approve our named executive officer compensation.

Item 4 Shareholder Proposal Regarding an

Independent Board Chairman

In accordance with SEC rules, we have set forth below a shareholder proposal, along with the supporting statement of the shareholder proponent. The Company is not responsible for any inaccuracies it may contain. The shareholder proposal is required to be voted on at our Annual Meeting only if properly presented. As explained below, our Board unanimously recommends that you vote **AGAINST** the shareholder proposal.

John Chevedden, 2215 Nelson Avenue, No. 205, Redondo Beach, California, 90278, beneficial owner of 80 shares of Common Stock, is the proponent of the following shareholder proposal. The proponent has advised us that a representative will present the proposal and related supporting statement at the Annual Meeting.

Independent Board Chairman

Shareholders request our Board of Directors to adopt as policy, and amend our governing documents as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. The Board would have the discretion to phase in this policy for the next CEO transition, implemented so it does not violate any existing agreement.

If the Board determines that a Chair who was independent when selected is no longer independent, the Board shall select a new Chair who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chairman. This proposal requests that all the necessary steps be taken to accomplish the above.

Caterpillar is an example of a company recently changing course and naming an independent board chairman. Caterpillar had strongly opposed a shareholder proposal for an independent board chairman as recently as its 2016 annual meeting. Wells Fargo also reversed itself and named an independent board chairman in 2016.

It was reported that 53% of the Standard & Poors 1,500 firms separate these 2 positions (2015 report). This proposal topic won 50%-plus support at 5 major U.S. companies in 2013 including 73%-support at Netflix.

A number of institutional investors said that a strong, objective board leader can best provide the necessary oversight of management. Thus, the California Public Employees Retirement System s Global Principles of Accountable Corporate Governance recommends that a company s board should be chaired by an independent director, as does the Council of Institutional Investors. An independent director serving as chairman can help ensure the functioning of an effective board.

This proposal topic won impressive 43%-support at our 2017 annual meeting. This 43%-support would have been higher (perhaps 48%) if small shareholders had the same access to corporate governance information as large shareholders.

This proposal rocketed from 23% support in 2012 to 43% support in 2017 (both votes with the same CEO). 2017 was the first time this topic was on our ballot since 2012.

This proposal is more important at Prudential because with Karl Krapek as Lead Director we may be lacking an important asset in a Lead Director independence. Mr. Krapek had the 2nd longest tenure on our board and received our highest negative votes. Long-tenure can impair the independence of a director. Plus Mr. Krapek controlled 33% of the Executive Pay Committee.

Please vote to enhance the oversight of our CEO: Independent Board Chairman Proposal 4

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Item 4 Shareholder Proposal Regarding an Independent Board Chairman

Board of Directors Statement in Opposition to the Proposal

Your Board recommends a vote against this proposal because it believes that it is in the best interest of our shareholders for the Board to have the flexibility to determine the best person to serve as Board Chair, whether that person is an independent director or the CEO.

Independent Oversight of Board Structure

As documented in Prudential s Corporate Governance Principles and Practices, at a minimum of one executive session per year, independent directors review the Board s leadership structure and discuss whether the position of Chairman of the Board should be held by the CEO or by an independent director. In addition, in the event of a successor to the position of CEO, the independent directors will also review the leadership structure. When making this decision, the Board takes into consideration governance best practices, the facts and circumstances of our Board and feedback that we receive from our shareholders. The Committee has most recently determined that Board leadership is provided through the combination of a unified Chair and CEO, a clearly defined and significant Lead Independent Director role, active and strong committee chairs, and independent-minded, skilled, engaged, diverse and committed directors. This decision included the aspect that as a highly regulated company, as well as being a Systemically Important Financial Institution subject to group-wide supervision, there are additional benefits to a combined CEO and Chair.

Our Board proactively asks for feedback from our shareholders and regularly meets with our shareholders in various settings. In 2017, directors, as well as the Company s Chief Governance Officer, engaged with investors regarding many issues including our Board leadership structure. This feedback was presented to the Board. Many of our shareholders have expressed the opinion that there is no one size fits all solution and that the Board s fiduciary responsibility is best fulfilled by retaining the flexibility to choose the most effective leadership structure for the particular set of facts facing the Company at any point in time. For the past two years, a majority of our shareholders have voted against proposals that would mandate the Company s leadership structure and eliminate Board discretion.

Lead Independent Director

Our Board believes that its current structure and governance allows it to provide effective oversight of management. Specifically, Thomas Baltimore, our Lead Independent Director, who was elected by the independent directors last May, has significant responsibilities that are described in detail in this Proxy Statement, including approval of all Board agendas and information sent to the Board, shareholder engagement, oversight of the annual Board evaluation process by an independent third party, Board refreshment and succession planning, and guiding the Board s overall governance processes.

We also refer you to the Lead Independent Director s letter which is contained in this Proxy Statement, as well as the Lead Independent Director s video and Lead Independent Director Charter at www.prudential.com/governance. Mr. Baltimore s skills, experience, commitment and the time he devotes to serve his role all make him well qualified to serve as our Lead Independent Director.

Our independent directors meet regularly in executive sessions, at the beginning and end of each Board meeting. These are chaired by our Lead Independent Director with no member of management present. Independent directors use these executive sessions to discuss matters of concern, as well as evaluations of the CEO and senior management, management and Board successions, talent planning, matters to be included on Board agendas, and additional information the Board would like management to provide to them, as well as other relevant matters.

Independent Committee Chairs

The Chairs of our Board committees are strong, independent directors. These Chairs shape the agenda and information presented to their committees. Oversight of critical issues within these committees is owned by the independent directors.

All directors have full access to all members of management and all employees on a confidential basis.

The proposed policy would unduly impair the Board s flexibility to annually elect the individual it deems best suited to serve as Board Chair. Shareholders of Prudential are best served when the Board has the flexibility to elect the individual it deems best suited to serve as Board Chair at any particular time, depending on the circumstances. Our Board believes that a clearly defined and significant Lead Independent Director role, independent and strong committee chairs, experienced, diverse and committed directors, and frequent executive sessions provide a framework for effective direction and oversight by the Board.

THEREFORE, YOUR BOARD RECOMMENDS THAT YOU VOTE THIS PROPOSAL.

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Voting Securities and Principal Holders

Beneficial Ownership

The following table shows all entities that are the beneficial owners of more than 5% of the Company s Common Stock:

Name and Address of Beneficial Owner	Amount and Nature	Percent of Class
BlackRock, Inc. 55 East 52nd Street, New York, NY 10055	29,984,045(1)	7.1%
The Vanguard Group 100 Vanguard Boulevard, Malvern, PA 19355	30,620,961(2)	7.22%

(1) Based on information as of December 31, 2017 contained in a Schedule 13G/A filed with the SEC on January 29, 2018 by BlackRock, Inc. The Schedule 13G/A indicates that BlackRock, Inc. has sole dispositive power with respect to all of the shares, sole voting power with respect to 25,031,478 of the shares, and shared dispositive and voting power with respect to none of the shares.

(2) Based on information as of December 31, 2017 contained in a Schedule 13G/A filed with the SEC on February 12, 2018 by The Vanguard Group. The Schedule 13G/A indicates that The Vanguard Group has sole dispositive power with respect to 29,945,849 of the shares, shared dispositive power with respect to 675,112 of the shares, sole voting power with respect to 597,982 of the shares, and shared voting power with respect to 93,625 of the shares.

To our knowledge, except as noted above, no person or entity is the beneficial owner of more than 5% of our Common Stock.

The following table sets forth information regarding the beneficial ownership of our Common Stock as of March 9, 2018, by:

each Director and Named Executive Officer, and

all Directors and Executive officers of Prudential Financial as a group.

Name of Beneficial Owner	Common Stock	Number of shares Subject to Exercisable Options	Total Number of Shares Beneficially Owned[1]	Director Deferred Stock Units / Additional Underlying Units [2,3,4]	Total Shares Beneficially Owned Plus Underlying Units
Thomas J. Baltimore, Jr.	250		250	42,020	42,270
Gilbert F. Casellas	500		500	29,942	30,442
Martina Hund-Mejean	128		128	17,356	17,484
Karl J. Krapek	1,000		1,000	49,293	50,293
Peter R. Lighte	80		80	5,715	5,795
George Paz	500		500	5,712	6,212
Sandra Pianalto	201		201	5,289	5,490
Christine A. Poon	11,583		11,583	13,156	24,739
Douglas A. Scovanner	12,000		12,000	13,299	25,299
Michael A.Todman	450		450	5,715	6,165
John R. Strangfeld	281,331[5]	738,934	1,020,265	293,483	1,313,748
Mark B. Grier	382,193	411,832	794,025	200,620	994,645
Robert Falzon	52,936	71,181	124,117	100,311	224,428
Charles F. Lowrey	44,818	116,687	161,505	121,057	282,562
Stephen Pelletier	9,114	11,041	20,155	147,788	167,943
All directors and executive officers as a group (22 persons)	913,537	1,658,922	2,572,459	1,314,062	3,886,521

(1) Individual directors and executive officers as well as all directors and executive officers as a group beneficially own less than 1% of the shares of Common Stock outstanding, as of March 9, 2018.

(2) Includes the following number of shares or share equivalents in deferred units through the Deferred Compensation Plan for Non-Employee Directors and the Prudential Insurance Company of America Deferred Compensation Plan, as to which no voting or investment power exists: Mr. Baltimore, 42,020; Mr. Casellas, 29,942; Ms. Hund-Mejean, 17,356; Mr. Krapek 49,293; Mr. Lighte, 5,715; Mr. Paz, 5,712; Ms. Pianalto, 5,289; Ms. Poon, 13,156; Mr. Scovanner, 13,299; Mr. Todman, 5,715; Mr. Strangfeld, 42,709; and Mr. Pelletier, 32,697.

(3) Includes the following shares representing the target number of shares to be received upon the attainment of ROE goals under the performance share program described under Compensation Discussion and Analysis : Mr. Strangfeld, 94,619; Mr. Grier, 75,695; Mr. Falzon, 37,848; Mr. Lowrey, 45,655; and Mr. Pelletier, 43,194.

(4) Includes the following unvested stock options: Mr. Strangfeld, 156,155; Mr. Grier, 124,925; Mr. Falzon, 62,463; Mr. Lowrey, 75,402; and Mr. Pelletier, 71,897.

(5) Includes 4,400 shares held by the John and Mary K. Strangfeld Foundation.

Compliance With Section 16(a) of the Exchange Act

Each Director, executive officer of the Company and greater than 10% beneficial owner of Common Stock is required to report to the SEC, by a specified date, his or her transactions involving our Common Stock. Based solely on a review of the copies of reports furnished to the Company and written representations that no other reports were required to be filed, the Company

believes that for transactions during 2017 all reports required by Section 16(a) were timely filed, except that a report for Lucien Alziari, Senior Vice President and Chief Human Resources Officer, reporting an award of restricted stock units was not timely filed due to an administrative oversight.

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Compensation of Directors

The Corporate Governance and Business Ethics Committee reviews the compensation of our non-employee directors periodically (generally every three years) and recommends changes to the Board, when it deems appropriate. In 2017, the Committee engaged James F. Reda, an independent compensation consultant of Arthur J. Gallagher & Co., to review the existing Director compensation program as the program had last been evaluated in 2013. It was determined that no changes to the compensation program were warranted.

The following table describes the components of the non-employee directors compensation for 2017:

Compensation Element	Director Compensation Program
Annual Cash Retainer	$150,000, which may be deferred, at the director s option
Annual Equity Retainer	$150,000 in restricted stock units that vest after one year (or, if earlier, on the date of the next Annual Meeting)
Board and Committee Fees	None
Chair Fee	$35,000 for the Audit and Risk Committees $30,000 for the Compensation Committee $20,000 for all other committees*
Lead Independent Director Fee	$50,000
	$1,250 per meeting

Meeting Fee for members of the Company s Corporate Social Responsibility Oversight Committee**	
New Director Equity Award (one-time grant)	$150,000 in restricted stock units that vest after one year
Stock Ownership Guideline	Ownership of Common Stock or deferred stock units that have a value equivalent to six times the annual cash retainer to be satisfied within six years of joining the Board***

* Includes any non-standing committee of the Board that may be established from time to time, but excluding the Executive Committee.

** This is a committee comprised of members of management and the Board. This Committee typically meets on a separate day following the Board and Board committee meetings. The non-employee directors on this Committee currently consist of Mr. Casellas, Ms. Pianalto and Ms. Poon. The Corporate Social Responsibility Oversight Committee met three times in 2017.

*** As of December 31, 2017, each of our non-employee directors satisfied this guideline, with the exception of Ms. Pianalto, who joined the Board in July 2015, and Messrs. Lighte, Paz and Todman, who joined the Board in March 2016, each of whom has six years to satisfy the guideline after he or she joined the Board. For purposes of the stock ownership guideline, once a non-employee director satisfies his or her stock ownership level, the director will be deemed to continue to satisfy the guideline without regard to fluctuation in the value of the Common Stock owned by the director.

We maintain a Deferred Compensation Plan for Non-Employee Directors (the Plan). Since 2011, 50% of the annual Board and committee retainer has been awarded in restricted stock units that vest after one year (or if earlier, on the date of the next Annual Meeting). A non-employee director can elect to invest the cash portion of his or her retainer, fees and equity retainer upon vesting in accounts under the Plan that replicate investments in either shares of our Common Stock or the Fixed Rate Fund, which accrues interest in the same manner as funds invested in the Fixed Rate Fund offered under the Prudential Employee Savings Plan (PESP). As elected by the director, the Plan provides for distributions to commence upon or following termination of Board service or while a director remains on the Board.

Each director receives dividend equivalents on the restricted stock units contained in his or her deferral account under the Plan, which are equal in value to the dividends paid on our Common Stock. The dividend equivalents credited to the account are then reinvested in the form of additional share units.

Under our director compensation program, if a non-employee director satisfies the stock ownership guideline, the restricted stock units granted as the annual equity retainer are payable upon vesting in cash or shares of our Common Stock (at the director s option), and may be deferred beyond vesting at the director s election. If a director does not satisfy the stock ownership guideline, the restricted stock units are automatically deferred until termination of Board service.

DIRECTOR STOCK OWNERSHIP GUIDELINE

Each director is expected, within six years of joining the Board, to own Common Stock or deferred stock units that have a value equivalent to six times his or her annual cash retainer.

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2017 Director Compensation Table

Name	Fees Earned or Paid in Cash($)	Stock Awards($)[1]	All Other Compensation($)[2]	Total($)
Thomas J. Baltimore	224,643	150,000		374,643
Gilbert F. Casellas	173,750	150,000	4,100	327,850
James G. Cullen[3]	62,500	0		62,500
Martina Hund-Mejean	150,000	150,000	5,000	305,000
Karl J. Krapek	218,368	150,000	5,000	373,368
Peter R. Lighte	150,000	150,000		300,000
	150,000	150,000	5,000	305,000

George Paz				
Sandra Pianalto	153,750	150,000	5,000	308,750
Christine A. Poon	173,750	150,000		323,750
Douglas A. Scovanner	185,000	150,000		335,000
Michael A. Todman	150,000	150,000	5,000	305,000

(1) Represents amounts that are in units of our Common Stock. The amounts reported represent the aggregate grant date fair value of the restricted stock units granted during the fiscal year, as calculated under the Financial Accounting Standards Board s Accounting Codification Topic 718. Under ASC Topic 718, the grant date fair value is calculated using the closing market price of our Common Stock on the date of grant, which is then recognized, subject to market value changes, over the requisite service period of the award. The aggregate balance in each of the non-employee directors accounts in the Deferred Compensation Plan denominated in units (which includes all deferrals from prior years and earned units deferred in 2017) and their value were as follows: Mr. Baltimore: 42,020 and $4,831,460; Mr. Casellas: 29,942 and $3,442,731; Ms. Hund-Mejean: 17,356 and $1,995,593; Mr. Krapek: 49,293 and $5,667,709; Mr. Lighte: 5,715 and $657,111; Mr. Paz: 5,712 and $656,766; Ms. Pianalto: 5,289 and $608,129; Ms. Poon: 13,156 and $1,512,677; Mr. Scovanner: 13,299 and $1,529,119; and Mr. Todman: 5,715 and $657,111.

(2) Represents amounts for 2017 matching charitable contributions.

(3) Mr. Cullen retired from the Board on May 9, 2017.

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Compensation Discussion and Analysis

In this section, we describe the material components of our executive compensation program for our NEOs, whose compensation is set forth in the 2017 Summary Compensation Table and other compensation tables contained in this Proxy Statement. We also provide an overview of our executive compensation philosophy and our executive compensation program. In addition, we explain how and why the Compensation Committee of our Board (the Committee) arrived at the specific compensation decisions involving the NEOs for 2017.

NAMED EXECUTIVE OFFICERS (NEOS)

John R. Strangfeld, our Chairman and Chief Executive Officer;

Robert M. Falzon, our Executive Vice President and Chief Financial Officer;

Mark B. Grier, our Vice Chairman;
Charles F. Lowrey, our Executive Vice President and Chief Operating Officer, International Businesses; and

Stephen Pelletier, our Executive Vice President and Chief Operating Officer, U.S. Businesses.

Executive Summary

Business Highlights

OUR BUSINESS

We are a global financial services business with $1.394 trillion of assets under management as of December 31, 2017, and with operations in the United States, Asia, Europe, and Latin America. Through our subsidiaries and affiliates, we offer a wide array of financial products and services, including life insurance, annuities, retirement-related services, mutual funds, and investment management. For more information about our business, please see Business and Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K filed with the SEC on February 16, 2018.

2017 BUSINESS HIGHLIGHTS

The year 2017 was a successful one for the Company, as our business mix and solid fundamentals led to strong results. During the year, we continued to focus on our balanced business mix, the effective execution of our business strategies, capital deployment and disciplined risk management. Consequently, we were able to deliver strong results, despite a low interest rate environment in key markets, while continuing to seize new business opportunities and further differentiating ourselves from the competition.

We achieved the following accomplishments in 2017:

We reported net income of $7.86 billion, or $17.86 per share of Common Stock in 2017, compared to $4.37 billion, or $9.71 per share, in 2016, based on U.S. generally accepted accounting principles (GAAP).

Net income in 2017 includes a benefit of $2.87 billion, or $6.64 per share, as a result of the enactment of the Tax Cuts and Jobs Act.

We reported after-tax adjusted operating income of $4.65 billion, or $10.58 per share of Common Stock in 2017, compared to $4.11 billion, or $9.13 per share, in 2016.[1]

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Compensation Discussion and Analysis: Executive Summary

We reported GAAP book value of $125.24 per share of Common Stock as of December 31, 2017, compared to $104.91 per share as of year-end 2016.

Adjusted book value amounted to $88.28 per share of Common Stock as of December 31, 2017, compared to $78.95 per share as of year-end 2016.(1)

GAAP book value per share and adjusted book value per share as of December 31, 2017 include benefits of $6.59 and $2.74, respectively, as a result of the enactment of the Tax Cuts and Jobs Act.

We reported return on average equity based on net income of 16% for 2017, compared to 8.8% for 2016.

We reported operating return on average equity of 13% for 2017, compared to 12% for 2016.(1)

Assets under management reached $1.394 trillion at December 31, 2017, an increase from $1.264 trillion a year earlier.

We paid quarterly Common Stock dividends totaling $3.00 per share during 2017, an increase of 7% from 2016.

(1) Consolidated adjusted operating income (AOI) and operating return on average equity are non-GAAP measures of financial performance. Adjusted book value is a non-GAAP measure of financial position. We use earnings per share (EPS) based on AOI, operating return on average equity, and adjusted book value as performance measures in our incentive compensation programs. For a discussion of these measures and for reconciliations to the nearest comparable GAAP measures, see Appendix A to this Proxy Statement.

Compensation Discussion and Analysis: Executive Summary

Executive Compensation Highlights

The Compensation Committee has instituted a number of changes to our executive compensation program over the last several years to align with evolving competitive and governance practices, respond to feedback from our shareholders and strengthen the link to performance and rigor of our program. These changes have included:

- Strengthening the rigor of our Annual Incentive Program by setting target and maximum awards for senior executives, including the NEOs.
- Establishing Long-Term Incentive Target Opportunities for NEOs.
- Requiring deferral of 30% of each NEO s annual incentive award into the Book Value Performance Program.
- Beginning in 2018, adding a modifier to the Performance Shares Program that will increase (or decrease) the number of shares and units earned by up to 10% depending on the increase (or decrease) in the representation of diverse persons among our senior management during the 2018 through 2020 performance period.
- Increasing our CEO s stock ownership guideline from five to seven times base salary.
- Expanding the clawback policy for executive officers to cover all incentive-based awards, to address a material financial restatement or misconduct, and to require disclosure to shareholders of action taken with regard to compensation recovery following a material financial restatement or misconduct.
- Diversifying the performance metrics used to determine awards under our Annual Incentive Program and applying a greater weight to relative ROE performance versus peer companies as a factor under our Annual Incentive Program beginning in 2016 and Performance Share Program in 2017.
- Excluding earnings from specified classes of non-coupon investments outside of a range of -10% to +10% of the earnings on these investments that are included in the Company s EPS guidance range from the performance measures in our Annual Incentive Plan beginning in 2016 and Performance Shares Program in 2017.

Total Direct Compensation Summary

Consistent with our compensation philosophy, approximately 92% of our CEO s total direct compensation for 2017 was performance-based.

(1) Performance-based compensation
(2) Includes mandatory deferral of 30% of annual incentive
(3) Based on average amounts

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Compensation Discussion and Analysis: Executive Summary

WHAT WE DO	WHAT WE DON T DO
Establish target and maximum awards under our Annual Incentive Program. **Establish target awards** in our Long-Term Incentive Program. **Apply a formulaic framework** based on the Company s financial results relative to pre-established targets for each incentive program.	CEO participation in our severance plan. Executive officer severance payments and benefits exceeding 2.99 times salary and cash bonus without shareholder approval.
Exercise limited or no discretion to increase formulaic incentive compensation awards. **Use balanced performance metrics** for annual incentive and performance share/unit awards that consider both the Company s absolute performance and its relative performance versus peers.	Excise tax gross-ups upon change in control. Discounting, reloading or re-pricing of stock options without shareholder approval.
Rigorous goal setting aligned to our externally disclosed annual and multi-year financial targets.	Single-trigger accelerated vesting of equity-based awards upon change in control.
90% or more of our NEOs total direct compensation is performance based. **Defer 30% of our NEOs annual incentive awards** into the Book Value Performance Program. **Impose stock ownership requirements, and retention of 50% of equity based awards.** **Maintain an enhanced clawback policy** covering all executive officer incentive-based awards for material financial restatements and misconduct.	Multi-year guaranteed incentive awards for senior executives. Employment agreements with NEOs Employee hedging or pledging of Company securities.

Limit perquisites to items that serve a reasonable business purpose.

Closely monitor risks associated with our compensation program and individual compensation decisions to ensure they do not encourage excessive risk taking.

Tie long-term diversity improvement to our performance share and unit awards.

Consideration of Most Recent Say on Pay Vote

Following our 2017 Annual Meeting of Shareholders, the Committee reviewed the results of the shareholder advisory vote on executive compensation (the Say on Pay Vote) that was held at the meeting with respect to the 2016 compensation actions and decisions for Mr. Strangfeld and the other NEOs. Approximately 93% of the votes cast on the proposal were voted in support of the compensation of our NEOs. After careful consideration, and given the extensive changes we have made in the recent past, the Committee did not make any changes to our executive compensation program and policies as a result of the most recent Say on Pay vote.

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Compensation Discussion and Analysis: Executive Summary

Opportunity for Shareholder Feedback

The Committee carefully considers feedback from our shareholders regarding our executive compensation program. Shareholders are invited to express their views to the Committee as described under Communication with Directors in this Proxy Statement. In addition, the advisory vote on the compensation of the NEOs provides shareholders with an opportunity to communicate their views on our executive compensation program.

You should read this CD&A in conjunction with the advisory vote that we are conducting on the compensation of the NEOs (see Item 3 Advisory Vote to Approve Named Executive Officer Compensation). This CD&A, as well as the accompanying compensation tables, contains information that is relevant to your voting decision.

Philosophy and Objectives of Our Executive Compensation Program

The philosophy underlying our executive compensation program is to provide an attractive, flexible, and market-based total compensation program tied to performance and aligned with the interests of our shareholders. Our objective is to recruit and retain the caliber of executive officers and other key employees necessary to deliver sustained high performance to our shareholders, customers, and communities where we have a strong presence. Our executive compensation program is an important component of these overall human resources policies. Equally important, we view compensation practices as a means for communicating our goals and standards of conduct and performance and for motivating and rewarding employees in relation to their achievements.

Overall, the same principles that govern the compensation of all our salaried employees apply to the compensation of our executive officers. Within this framework, we observe the following principles:

Retain and hire top-caliber executives: Executive officers should have base salaries and employee benefits that are market competitive and that permit us to hire and retain world-class talent in our crital roles and high-caliber individuals at all levels;

Pay for performance: A significant portion of the annual compensation of our executive officers should vary with annual business performance and each individual s contribution to that performance;

Reward long-term growth and profitability: Executive officers should be rewarded for achieving long-term results;

Tie compensation to business performance: A significant portion of our executive officers compensation should be tied to measures of performance of our businesses;

Align compensation with shareholder interests: The interests of our executive officers should be linked with those of our shareholders through the risks and rewards of the ownership of our Common Stock; and

Reinforce succession planning process: The overall compensation program for our executive officers should reinforce our robust succession planning process.

2017 Incentive Programs

To ensure a strong link between our incentive compensation opportunities and our short-term and longer-term objectives, we use two specific programs: our Annual Incentive Program and our Long-Term Incentive Program.

Annual Incentive Program. The Annual Incentive Program is designed to reward strong financial and operational performance that furthers our short-term strategic objectives. Financial performance is primarily determined based on three equally-weighted performance metrics: (i) EPS achievement relative to our externally disclosed EPS targets; (ii) year-over-year growth in EPS; and (iii) relative ROE as compared to a group of peer companies.

Long-Term Incentive Program. Our Long-Term Incentive Program consists of three parts that incent long-term value creation: performance shares and units that reward the achievement of our long-term ROE goals and increases in the market value of our Common Stock; book value units that reward increases in book value per share; and stock options that reward increases in the market value of our Common Stock.

The figure below illustrates the portions of our NEO s 2017 target total direct compensation that are driven by the various performance metrics under our incentive programs*. Our programs are designed to align the interests of our executives with the interests of our shareholders and to link the drivers of short-term and long-term value creation with our executive compensation.

*The image above is a graphical representation of the components and drivers of total direct compensation. The illustration represents the average target compensation values for our NEOs.

**Represents Book Value Performance Program (11%) and 30% mandatory deferral of Annual Incentive Awards (equates to 11.4% of total direct compensation).

Our Annual Incentive Program and Long-Term Incentive Program share one common performance measure: our relative return-on-equity (ROE), that is, our ROE as compared to the ROE of the North American Life Insurance subset of our peer group. The Committee believes that our relative ROE is a core value proposition for our shareholders and, accordingly, that relative ROE performance over both the short-term and long-term merits inclusion as a performance measure in each of our incentive programs.

ANNUAL COMPENSATION-RELATED RISK EVALUATION

We monitor the risks associated with our compensation program, as well as the components of our program and individual executive compensation decisions, on an ongoing basis. Our compensation risk assessment occurs in two parts: a review of the Company s compensation programs and a review of compensation decisions and payments, with a focus on our senior executives. In January 2018, our Chief Risk Officer presented to the Committee a review of Prudential s compensation programs, including the executive compensation program, to assess the risks arising from our compensation policies and practices. The Committee agreed with the review s findings that these risks were within our ability to effectively monitor and manage and that these compensation programs do not encourage unnecessary or excessive risk-taking and do not create risks that are reasonably likely to have a material adverse effect on the Company. Also, in June 2017, our Chief Risk Officer presented a study of the payouts under the compensation programs. The Committee agreed with the study s findings that our compensation practices, including payouts, adhere to best market practices and do not encourage undue or excessive risk-taking.

How We Make Compensation Decisions

Role of the Compensation Committee

The Committee is responsible to our Board for overseeing the development and administration of our compensation and benefits policies and programs. The Committee, which consists of three independent directors, is responsible for the review and approval of all aspects of our executive compensation program. Among its duties, the Committee is responsible for formulating the compensation recommendations for our CEO and approving all compensation recommendations for our officers at the senior vice president level and above, including:

- annual review and approval of incentive program design, goals and objectives for alignment with our compensation and business strategies;
- evaluation of individual performance results in light of these goals and objectives;
- evaluation of the competitiveness of each executive officer s total compensation package; and
- approval of any changes to the total compensation package, including, but not limited to, base salary, annual and long-term incentive award opportunities, payouts, and retention programs.

Following review and discussion, the Committee submits its recommendations for compensation for these executive officers to the independent members of our Board for approval.

The Committee is supported in its work by our Chief Human Resources Officer, his staff, and the Committee s executive Compensation Consultant, as described below.

The Committee s charter, which sets out its duties and responsibilities and addresses other matters, can be found on our website at www.prudential.com/governance.

Role of the Chief Executive Officer

Within the framework of the compensation programs approved by the Committee and based on management s review of market competitive positions, each year our CEO recommends the level of base salary increase (if any), the annual incentive award, and the long-term incentive award value for our officers at the senior vice president level and above, including the other NEOs. These recommendations are based upon his assessment of each executive officer s performance, the performance of the individual s respective business or function, and retention considerations. The Committee reviews our CEO s recommendations and approves any compensation changes affecting our executive officers as it determines in its sole discretion.

Our CEO does not play any role with respect to any matter affecting his own compensation, and is not present when the Committee discusses and formulates his compensation recommendation.

Role of the Compensation Consultant

The Committee has retained Frederic W. Cook & Co., Inc. as its executive Compensation Consultant. The Compensation Consultant reports directly to the Committee and the Committee may replace the Compensation Consultant or hire additional consultants at any time. A representative of the Compensation Consultant attends meetings of the Committee, as requested, and communicates with the Committee Chair between meetings.

The Compensation Consultant provides various executive compensation services to the Committee pursuant to a written consulting agreement with the Committee. Generally, these services include advising the Committee on the principal aspects of our executive compensation program and evolving industry practices and providing market information and analysis regarding the competitiveness of our program design and our award values in relationship to performance.

During 2017, the Compensation Consultant performed the following specific services:

- Provided a presentation on executive compensation trends and external developments.
- Provided an annual competitive evaluation of total compensation for the NEOs, as well as overall compensation program share usage, dilution, and fair value expense.
- Provided recommendations on CEO total direct compensation to the Committee at its February meeting, without prior review by our CEO.
- Reviewed with our CEO his compensation recommendations with respect to the other NEOs.

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Reviewed Committee agendas and supporting materials in advance of each meeting, and raised questions/issues with management and the Committee Chair, as appropriate.

Reviewed drafts and commented on the CD&A and related compensation tables for the Proxy Statement.

Reviewed the compensation peer group used for competitive analyses.

Attended Committee meetings when requested by the Committee Chair.

The Compensation Consultant provided no services to management during 2017.

The Committee retains sole authority to hire the Compensation Consultant, approve its compensation, determine the nature and scope of its services, evaluate its performance, and terminate its engagement.

The total amount of fees paid to the Compensation Consultant for services to the Committee in 2017 was $121,264. The Compensation Consultant received no other fees or compensation from us, except for $3,400 to participate in a general industry survey of long-term compensation. The Compensation Committee has assessed the independence of the Compensation Consultant pursuant to the listing standards of The New York Stock Exchange and SEC rules and concluded that no conflict of interest exists that would prevent the Compensation Consultant from serving as an independent consultant to the Compensation Committee.

Compensation Peer Group

The Committee uses compensation data compiled from a group of peer companies in the insurance, asset management, and other diversified financial services industries generally selected from the Standard & Poor s 500 Financials Index (the Peer Group). The Committee periodically reviews and updates the Peer Group, as necessary, upon recommendation of the Compensation Consultant. For 2017, the Committee, along with the Compensation Consultant, reviewed the implications of the spin-off of Brighthouse Financial, Inc. from MetLife, Inc. in considering the composition of the Peer Group and determined that no changes to the Peer Group were warranted at this time. We believe the Peer Group represents the industries with which we currently compete for executive talent, and also includes our principal business competitors.

Although included within the broad financial services sector, we exclude from the Peer Group companies such as property and casualty insurers and investment banking firms that predominantly offer different products, have substantially different business models and with whom we have less direct competition for executive talent.

For 2017, the Peer Group consisted of the following 20 companies:

North American Life Insurance Companies	Consumer Finance Companies	Asset Management and Custody Banks	Diversified Banks
AFLAC,Incorporated	AmericanExpress Company	AmeripriseFinancial, Inc.	Bankof America Corporation
LincolnNational	CapitalOne Financial Corporation	TheBank of New York Mellon Corporation	CitigroupInc.
ManulifeFinancial Corporation		BlackRock,Inc.	JPMorganChase & Co.
MetLife,Inc.		FranklinResources, Inc.	PNCFinancial Services Group, Inc.
PrincipalFinancial Group		NorthernTrust Corporation	U.S.Bancorp
SunLife Financial Inc.		StateStreet Corporation	WellsFargo & Company

Use of Competitive Data

We compete in several different businesses, most of which are involved in helping individuals and institutions grow and protect their assets. These businesses draw their key employees from different segments of the marketplace. Our executive compensation program is designed with the flexibility to be competitive and motivational within the various marketplaces in which we compete for executive talent, while being subject to centralized design, approval, and control.

The Committee relies on various sources of compensation information to ascertain the competitive market for our executive officers, including the NEOs.

To assess the competitiveness of our executive compensation program, we analyze Peer Group compensation data obtained from peer company proxy materials as well as compensation and benefits survey data provided by national compensation consulting firms, such as Willis Towers Watson, McLagan Partners, and Mercer. As part of this process, we measure actual pay levels within each compensation component and in the aggregate. We also review the mix of our compensation components with respect to fixed versus variable, short-term versus long-term, and cash versus equity-based pay. This information is then presented to the Committee for its review and use.

The Committee generally compares the compensation of each NEO in relation to both the 50th and the 75th percentiles of the Peer Group for similar positions, as we are significantly above the median of the Peer Group in terms of size. In addition, the Committee takes into account various factors such as our performance within the Peer Group, the unique characteristics of the individual s position, and any succession and retention considerations. In general, compensation levels for an executive officer who is new to a position tend to be at the lower end of the competitive range, while seasoned executive officers with strong performance who are viewed as critical to retain would be positioned at the higher end of the competitive range.

Generally, differences in the levels of total direct compensation among the NEOs are primarily driven by the scope of their responsibilities, differences in the competitive market pay range for similar positions, and considerations of internal equity.

Components of Our Executive Compensation Program

The principal components of our executive compensation program, purpose, key characteristic and type of performance measured (if applicable) are presented in the following table. We measure the program s competitiveness both by comparing relevant market data with the target and actual amounts paid at each executive officer position as well as by salary grades, which are composed of many positions that we consider to have similar responsibilities.

Total Direct Compensation

Compensation Component	Purpose	Key Characteristic	Performance Measured
Base Salary	Compensate executive officers fairly for the responsibility of the position held	Fixed	Individual
		Variable	Corporate and Individual

Annual Incentive Awards	Motivate and reward executive officers for achieving our short-term business objectives		
	Provide balance by rewarding performance relative to our Peer Group		
Long-Term Incentive Awards	Motivate executive officers by linking incentives to the achievement of our multi-year financial goals, our relative performance, and the performance of our Common Stock and book value over the long term	Variable	Corporate
	Reinforce the link between the interests of our executive officers and shareholders		

Other Forms of Compensation

Compensation Component	Purpose	Key Characteristic
Health & Welfare, and Retirement Plans	Provide benefits that promote employee health and support employees in attaining financial security	Fixed
Perquisites and Other Personal Benefits	Provide a business-related benefit to our Company, and assist in attracting and retaining executives	Fixed
Post-Employment Compensation	Provide temporary income following an executive s involuntary termination of employment, and in the case of a change of control, also provide continuity of management	Fixed

In keeping with our commitment to diversity and inclusion in practice, the performance shares and units awarded in February 2018 to executives at the senior vice president level and above, and equivalents, are subject to a performance objective intended to improve the representation of diverse persons among our senior management over the 2018 through 2020 performance period:

If we meet our goal of increased representation of diverse persons by 5 percentage points or more over this period, payouts will be increased by up to 10%.

If there is no change in representation, payouts will be decreased by 5%.

If such representation decreases over this period, payouts will be decreased by up to 10%.

The following discussion contains information regarding certain performance measures and goals. These measures and goals are disclosed in the limited context of our executive compensation program. Shareholders should not apply these performance measures and goals to other contexts.

FORMULAIC FRAMEWORK FOR INCENTIVE PROGRAMS

Awards under each of our incentive programs are funded at the level determined by our financial results relative to pre-established targets and performance relative to peer companies under formulas for each incentive program. The Board believes it generally should exercise limited or no discretion to increase our NEOs formula-based awards. For the annual incentive program, the formula uses three equally weighted performance metrics: (i) EPS results relative to our externally disclosed EPS targets; (ii) year-over-year growth in EPS; and (iii) relative ROE as compared to the North American Life Insurance subset of our Peer Group. Similarly, under our performance shares program beginning with awards made in 2017, payments are determined based on our average ROE results over the three-year performance period, as compared to both a performance scale set at the start of the period and the ROE results of the North American Life Insurance subset of our Peer Group over that period, giving equal weight to each. The Book Value Performance Program tracks our adjusted book value per share. Adjusted book value per share excludes the impact on attributed equity of accumulated other comprehensive income and of foreign currency exchange rate remeasurement included in net income or loss, as described in Appendix A to this Proxy Statement.

To more accurately reflect the operating performance of our business, the Committee has approved a pre-determined framework of adjustments to our reported financial results for incentive program purposes. Generally, these adjustments are made to exclude one-time or unusual items and external factors that are inconsistent with the assumptions reflected in our financial plans. The standard adjustments to reported financial results under our formulaic framework may vary from year to year and may have either a favorable or unfavorable impact on the funding of the Annual Incentive Award Pool and may affect other performance measures, such as the calculation of adjusted book value per share under our Book Value Performance Program.

Standard adjustments to reported financial results are made:

- to exclude the impact of market unlockings in our individual annuities business (including, for 2017, adjustments to reflect updated estimates of profitability based on market performance in relation to our assumptions);

to exclude the impact of changes in our assumptions for investment returns, actuarial experience, and customer behavioral expectations (mortality, morbidity, lapse, and similar factors and reserve refinements);

to exclude integration costs associated with merger and acquisition activity (none in 2017);

for accounting changes not included in our annual operating plan (none in 2017);

to exclude earnings from specified classes of non-coupon investments outside of a range of -10% to +10% of the earnings on these investments that are included in the Company s EPS guidance range (this resulted in an adjustment for 2017, as earnings on these investments exceeded our EPS guidance expectations by more than 10%); and

for other items not considered representative of the results of operations for the period or not included in guidance, as approved by the Committee:

- for 2017, we excluded from EPS the additional tax expense resulting from the limitation on the deductibility of executive compensation costs under the Tax Cuts and Jobs Act, which was adopted subsequent to the issuance of guidance, and

- we excluded from adjusted book value per share as of year-end 2017 for purposes of our Book Value Performance Program the positive impact attributable to the adoption of the Tax Cuts and Jobs Act.

Direct Compensation Components

Annually, the Compensation Committee reviews the competitive analysis of total direct compensation for the NEOs. Based on this evaluation, the Committee may selectively adjust the base salary, annual incentive target, and long-term target amounts of the NEOs. In determining any adjustments, the Committee takes into account the following factors: level of experience and impact in the role; changes in market data; and compensation positioning overall and by component. Executives new to their current roles are

positioned towards the lower end of their competitive range while executives with more experience are generally positioned at the higher end of the range.

BASE SALARY

Base salary is the principal fixed component of the total direct compensation of our executive officers, including the NEOs, and is determined by considering the relative importance of the position, the competitive marketplace, and the individual s performance and contributions. Base salaries

are reviewed annually and, typically, are increased infrequently and then mostly at the time of a change in position or assumption of new responsibilities.

SALARY DECISIONS

None of the NEOs received an increase to base salary for the 2017 performance year.

Annual Incentive Awards

At least once a year, the Committee reviews the Annual Incentive Program and makes changes as needed. The Committee approved the 2017 Annual Incentive Program for our most senior executives, including the NEOs, on the following terms and conditions.

TARGET AWARD OPPORTUNITIES

The Committee left unchanged the target and maximum annual incentive award opportunity for each of the NEOs for 2017, which were as follows:

Named Executive Officers	Target Annual Incentive Award Opportunity	Maximum Annual Incentive Award Opportunity
John R. Strangfeld	$6,000,000	$12,000,000
Robert M. Falzon	$3,000,000	$ 6,000,000
Mark B. Grier	$5,100,000	$10,200,000
Charles F. Lowrey	$4,000,000	$ 8,000,000
Stephen Pelletier	$4,000,000	$ 8,000,000

Each year, the Committee establishes an annual Performance Factor that is the primary driver in determining the amount of the annual incentive awards for our NEOs.

For 2017, we used the following process to determine this Performance Factor:

Establish Initial Performance Factor

Consistent with the formulaic framework for our Annual Incentive Program, the Committee established an Initial Performance Factor based on the following three financial metrics, giving equal weight to each (*i.e.*, each metric is weighted one-third):

- EPS for 2017, on an AOI basis, assessed relative to our EPS target range (the EPS Target Factor);
- Growth in EPS, on an AOI basis, for 2017 as compared to 2016 (the EPS Growth Factor); and
- ROE for 2017 as compared to the median ROE for 2017 achieved by the North American Life Insurance subset of the Peer Group (the Relative ROE Factor).

The Initial Performance Factor was applied to the target annual incentive award opportunity for each NEO to determine that NEO s annual incentive funding.

For purposes of the 2017 Annual Incentive Program, EPS and ROE were calculated as follows:

- EPS is Earnings Per Share of Common Stock (diluted), based on after-tax adjusted operating income (AOI).
- ROE is determined using after-tax AOI divided by adjusted book value, and for our peer companies is determined based on the comparable financial metric from each peer company s quarterly financial reports, in each case, based on a rolling quarterly average for the four quarters ended September 30, 2017.

For more information regarding our 2017 annual measures of EPS, AOI, ROE, and adjusted book value, see Appendix A to this Proxy Statement.

We applied our pre-set formulaic framework to our January 2018 estimate of our 2017 reported AOI, EPS, and ROE.

Standard Adjustments

We make standard adjustments to estimated AOI, EPS, and ROE under our formulaic framework that may vary from year to year and may have either a favorable or unfavorable impact on the funding of the Annual Incentive Award Pool. For 2017, these standard adjustments resulted in the following changes to EPS:

EPS (January Estimate)	$ 10.42
Market Unlockings	-0.22

Actuarial Assumptions	+0.91
Non-Coupon Investments	-0.06
Other Items	+0.03
EPS (Annual Incentive Program)	$ 11.08

The market unlockings adjusted our reported results for our Individual Annuities business to exclude the impact of actual equity market performance relative to our plan assumption. The adjustment for 2017 market unlockings reduced EPS under the Annual Incentive Program by approximately $0.22.

Annually, based on Company-specific data, industry data, and the current long-term economic outlook, we update our assumptions on long-term market returns (equity and fixed income) and customer behavioral expectations (*e.g.,* mortality, morbidity, and lapses). These updates and related refinements result in a cumulative revaluation of our reserves and the carrying values of our deferred acquisition costs. While GAAP requires these updates to be reported in the current period, they are not representative of annual performance since they relate to outcomes in both prior and future years. For these reasons, they are excluded from EPS under the Annual Incentive Program (regardless of whether they are positive or negative). In 2017, the adjustments to account for these updates increased EPS under the Annual Incentive Program by approximately $0.91.

We also exclude the earnings from specified classes of non-coupon investments that are outside of a range of -10% to +10% of the earnings on these investments that are included in our EPS guidance range. For 2017, this adjustment reduced EPS under the Annual Incentive Program by approximately $0.06, as earnings on these investments exceeded our EPS guidance expectations by more than 10%.

Other items not considered representative of operating results or included in our 2017 EPS guidance range are also excluded from EPS under the program. In 2017, we excluded the additional tax expense resulting from the limitation on the deductibility of executive compensation costs under the Tax Cuts and Jobs Act, which was adopted subsequent to the issuance of guidance. This adjustment increased EPS under the Annual Incentive Program by approximately $0.03.

These standard adjustments under our pre-set formulaic framework had a net positive effect of $0.66 to EPS under the Annual Incentive Program.

Step 1: Establish EPS Target Factor

The following table depicts the EPS scale target range for 2017. This target range is aligned to our publicly disclosed EPS guidance range. Our adjusted EPS for 2017 of $11.08 per share of Common Stock corresponds to an EPS Target Factor of 1.117.

	2017 EPS(1)	EPS Target Factor(2)
	$7.28 or below	0.50
	$10.15	0.95
Target Range	$10.40	1.00
	$10.65	1.05
	$13.52 or above	1.50

(1) Determined on an AOI basis, subject to certain adjustments.
(2) The EPS Target Factor is interpolated on a straight-line basis between the EPS data points.

Step 2: Establish EPS Growth Factor

Our adjusted EPS for 2017 was $11.08 per share of Common Stock, an increase of $1.35 per share from our adjusted EPS of $9.73 for 2016. This corresponds to an EPS Growth Factor of 1.139.

Step 3: Establish Relative ROE Factor

Our adjusted ROE for 2017 was 13.9%, which is 0.9 percentage points higher than the median 2017 ROE for the North American Life Insurance subset of the Peer Group. This corresponds to a Relative ROE Factor of 1.075 based on the scale depicted below.

ROE +/- Peer Median(1)	Relative ROE Factor(2)
3%	1.25
2%	1.17
1%	1.08
0%	1.00
-1%	0.92
-2%	0.83
-3%	0.75

(1) Determined on an AOI basis, subject to certain adjustments as discussed above.
(2) The Relative ROE Factor is interpolated on a straight-line basis between the ROE +/- Peer Median data points.

Step 4: Determine Final Performance Factor.

Weighting each of the EPS Target Factor (1.117), the EPS Growth Factor (1.139), and the Relative ROE Factor (1.075) by one-third, we arrived at an Initial Performance Factor of 1.110.

Once the Initial Performance Factor is determined, the Board believes it generally should not exercise meaningful discretion to increase the Performance Factor for strategic or other considerations. For the last four years, the Committee has not made any discretionary adjustments based on these considerations.

Based on the foregoing, the Final Performance Factor for 2017 was determined to be 1.110. This factor was then applied to the target award opportunity for each NEO to determine that NEO s annual incentive award, with minor adjustments primarily due to rounding.

The following table summarizes the calculation of the Final Performance Factor.

Summary of 2017 Performance Factor Mechanics

Step 1: Establish EPS Target Factor

2017 EPS (on AOI basis)	$	10.42
Standard adjustments	$	0.66
EPS under Annual Incentive Program	$	11.08
EPS of $11.08 translates to an EPS Target Factor of		1.117[1]

Step 2: Establish EPS Growth Factor

2017 EPS (on AOI basis)	$	10.42
Standard adjustments	$	0.66
EPS under Annual Incentive Program	$	11.08
2016 EPS under Annual Incentive Program	$	9.73
EPS Growth under Annual Incentive Program	$	1.35
EPS Growth of $1.35 translates to an EPS Growth Factor of		1.139

Step 3 : Establish Relative ROE Factor

2017 ROE Performance	13.9%
2017 Peer Median ROE Performance	13.0%
ROE performance as compared to median ROE performance for life insurer peers	0.9%
Favorable ROE of 0.9% translates to a Relative ROE Factor of	1.075[1]

Step 4: Determine Final Performance Factor

EPS Target Factor (1.117) times 1/3	0.372
EPS Growth Factor (1.139) times 1/3	0.380
Relative ROE Factor (1.075) times 1/3	0.358
Initial Performance Factor	1.110
Discretionary Adjustments made by Committee for 2017	None
Final Performance Factor	**1.110**

(1) Based on interpolation on the scales above.

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Annual Incentive Award Decisions for 2017

The principal driver of the actual annual incentive awards for the NEOs is the Final Performance Factor. The Committee also considers individual performance and contributions in determining final awards.

At the beginning of 2017, our CEO met with each of the other NEOs to outline and discuss with them the key factors for determining awards under our Annual Incentive Program and their expected contributions to that performance.

Mr. Strangfeld

ANNUAL INCENTIVE AWARD DECISION

Based on the Final Performance Factor and the Committee s evaluation of his performance, in February 2018, the Committee recommended, and the independent members of our Board approved, an annual incentive award of $6,660,000 for Mr. Strangfeld for 2017, or approximately 1.11 times his target award amount. This award compares to an annual incentive award of $5,976,000 for 2016, representing an increase of 11.4%.

Of the $6,660,000, $1,998,000 was mandatorily deferred into the Book Value Performance Program.

KEY PERFORMANCE ACHIEVEMENTS

In assessing the individual performance of Mr. Strangfeld, our CEO, the Committee, and the independent members of our Board, considered the evaluation of his performance that was conducted by the Lead Independent Director of our Board and the Committee Chair. This evaluation identified and examined a broad range of corporate and individual performance factors, including:

After-tax AOI of $4.65 billion and EPS, based on after-tax AOI, of $10.58 in 2017, reflecting strong core performance from our businesses. EPS, based on after-tax AOI, increased 16% versus 2016;

Operating return on average equity of 13% for 2017, at the high-end of our objective of 12% to 13% over the near to intermediate term;

Growth in adjusted book value per share of our Common Stock to $88.28 at December 31, 2017 versus $78.95 per share at December 31, 2016, an increase of $9.33, or 12%, after payment of four quarterly dividends totaling $3.00 per share;*

Returned $2.6 billion of capital to shareholders, including $1.3 billion through our share repurchase program and $1.3 billion in the form of Common Stock dividends. The Company has one of the highest dividend yields among its peers and targets the allocation of 65% of earnings over time towards capital distributions and accretive actions;

Retirement account values of $429 billion at December 31, 2017, up 11% from a year earlier;

Individual Annuities account values of $169 billion at December 31, 2017, up 8% from a year earlier;

Group Insurance pre-tax adjusted operating income of $253 million for 2017, up 15% from 2016;

Continued business growth in the International Insurance Division, including new and existing markets, with constant dollar insurance revenues up 4% from 2016;

Implementation of a new organizational structure for our U.S. businesses that better reflects our focus on leveraging our mix of businesses and our digital and customer engagement capabilities;

Introduction of new products and rebalancing of product mix in order to adapt to changing market conditions, diversify risks and maintain appropriate returns;

Meaningful progress in our short-term and long-term leadership, talent, and succession planning priorities;

The Company s ongoing constructive engagement with the Federal Reserve and international and U.S. state regulators; and

The Company s leadership in efforts to revitalize Newark, NJ, making progress transforming the city into a more vibrant community. In the last decade

Investment Management s assets under management of $1.155 trillion at December 31, 2017, up 11% from a year earlier;

alone, the Company has committed more than $1 billion to Newark.

* This increase includes a benefit of $2.74 per share as a result of the enactment of the Tax Cuts and Jobs Act in 2017.

OTHER NEOS

In the case of the other NEOs, Mr. Strangfeld formulated recommendations for each individual based on the Final Performance Factor and his assessment of their performance, and presented these recommendations to the Committee for its consideration. Based on the Final Performance Factor, as well as these recommendations and its own evaluation of their performance, the Committee recommended, and the independent members of our Board approved, the following annual incentive awards for each of the other NEOs:

Mr. Falzon

ANNUAL INCENTIVE AWARD DECISION

Consistent with the Final Performance Factor, Mr. Falzon s annual incentive award was $3,330,000 or approximately 1.11 times his target award amount. This award compares to an annual incentive award of $2,990,000 for 2016, representing an increase of 11.37%. Of the $3,330,000, $999,000 was mandatorily deferred into the Book Value Performance Program.

KEY PERFORMANCE ACHIEVEMENTS

In assessing the individual performance of Mr. Falzon, the Committee identified and examined a broad range of corporate and individual performance factors, including:

After-tax AOI of $4.65 billion and EPS, based on after-tax AOI, of $10.58 in 2017, reflecting strong core performance from our businesses. EPS, based on after-tax AOI, increased 16% versus 2016;

His effective oversight of our liquidity position, including the maintenance of $4.4 billion of highly liquid assets* at the parent company level at December 31, 2017;

Operating return on average equity of 13% for 2017, at the high-end of our objective of 12% to 13% over the near to intermediate term;

His acumen in capital management and cash flow planning, including the return of $2.6 billion to shareholders during 2017, through our share repurchase program and Common Stock dividends. The Company has one of the highest dividend yields among its peers and targets the allocation of 65% of earnings over time towards capital distributions and accretive actions;

His leadership on initiatives to reduce the Company s use of financial leverage, resulting in a reduction of total debt outstanding by $600 million in 2017, while extending existing debt at a reduced cost;

His key role in management of the statutory capital position of our insurance companies, resulting in a risk-based capital ratio of 410% for Prudential Insurance, 1,034% for PALAC, and a composite risk-based capital ratio for our major U.S. insurance subsidiaries of 529%, as of December 31, 2017 and strong solvency margins at our international insurance subsidiaries as of that date;

His leadership of talent management and succession planning initiatives for the Finance organization;

His effective supervision of internal financial and accounting functions; and

His leadership in the Company s ongoing engagement with the Federal Reserve and international and U.S. state regulators, as well as advocacy on new U.S. federal tax legislation.

* Predominantly includes cash, short-term investments, U.S. Treasury securities, obligations of other U.S. government authorities and agencies, and/or foreign government bonds; excludes cash held in an intra-company liquidity account at Prudential Financial, Inc.

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Mr. Grier

ANNUAL INCENTIVE AWARD DECISION

Consistent with the Final Performance Factor, Mr. Grier s incentive award was $5,660,000 or approximately 1.11 times his target award amount. This award compares to an annual incentive award of $5,080,000 for 2016, representing an increase of 11.42%. Of the $5,660,000, $1,698,000 was mandatorily deferred into the Book Value Performance Program.

KEY PERFORMANCE ACHIEVEMENTS

In assessing the individual performance of Mr. Grier, the Committee identified and examined a broad range of corporate and individual performance factors, including:

After-tax AOI of $4.65 billion and EPS, based on after-tax AOI, of $10.58 in 2017, reflecting strong core performance from our businesses. EPS, based on after-tax AOI, increased 16% versus 2016;

Operating return on average equity of 13% for 2017, at the high-end of our objective of 12% to 13% over the near to intermediate term;

His oversight of risk management, including the implementation of a comprehensive risk appetite framework;

His acumen in capital deployment and business development, including a key role in the completion of the purchase of a leading provider of group life and personal accident insurance in Brazil, the formation of a life insurance joint venture in Indonesia, and the acquisition of a minority interest in a financial services firm in Ghana; and

Growth in adjusted book value per share of our Common Stock, to $88.28 at December 31, 2017 versus $78.95 per share at December 31, 2016, an increase of $9.33, or 12%, after payment of four quarterly dividends totaling $3.00 per share;*

His leadership in enhanced capital management, including the return of $2.6 billion to shareholders during 2017, through our share repurchase program and Common Stock dividends. The Company has one of the highest dividend yields among its peers and targets the allocation of 65% of earnings towards capital distributions and accretive actions over time;

His successful service as our Company s and an industry spokesperson regarding the evolving regulatory initiatives affecting the insurance and financial services industries, and his leadership in the Company s ongoing engagement with the Federal Reserve and international and U.S. state regulators, as well as advocacy on new U.S. federal tax legislation.

* This increase includes a benefit of $2.74 per share as a result of the enactment of the Tax Cuts and Jobs Act in 2017.

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Mr. Lowrey

ANNUAL INCENTIVE AWARD DECISION

Consistent with the Final Performance Factor, Mr. Lowrey s incentive award was $4,440,000 or approximately 1.11 times his target award amount. This award compares to an annual incentive award of $3,985,000 for 2016, representing an increase of 11.42%. Of the $4,440,000, $1,332,000 was mandatorily deferred into the Book Value Performance Program.

KEY PERFORMANCE ACHIEVEMENTS

In assessing the individual performance of Mr. Lowrey, the Committee identified and examined a broad range of corporate and individual performance factors, including:

- His leadership of the International Businesses, including comprehensive succession planning;
- His efforts in leading our International Businesses to earn pre-tax AOI of $3.2 billion for 2017, a 4% increase from 2016, excluding the impact of changes in currency exchange rates;
- His leadership in growing our Life Planner count by 2%, including achieving record levels in Japan and Brazil, and actions to improve Life Consultant standards;
- His leadership of our Latin America operations that experienced continued business momentum in 2017;

His leadership in successfully navigating pricing changes necessitated by regulatory actions and maintaining sales levels consistent with last year, including a 15% increase in U.S. dollar product sales in 2017 compared to 2016;*

His contributions to the successful adaptation to current market conditions of major product lines serving death protection and retirement needs in our key international markets through multiple distribution channels, including a 16% increase in U.S. dollar product sales in Japan in 2017 compared to 2016;*

* Sales are based on annualized new business premiums.

His role in the Company s constructive engagement with international regulators on emerging issues, including his leadership of an industry group in Japan that provided input on the development of revised insurance capital standards; and

His role in helping drive expansion into new growth markets, including a key role in the completion of the purchase of a leading provider of group life and personal accident insurance in Brazil, the formation of a life insurance joint venture in Indonesia, and the acquisition of a minority interest in a financial services firm in Ghana.