

PRUDENTIAL FINANCIAL INC  
Form 11-K  
June 15, 2018  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**FORM 11-K**

(MARK ONE)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2017

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

*Commission file number 001-16707*

Full title of the plan and the address of the plan, if different from

that of the issuer named below:

The Prudential Employee Savings Plan

Name of issuer of the securities held pursuant to the plan and the

address of its principal executive office:

**Prudential Financial, Inc.**

**751 Broad Street**

**Newark, New Jersey 07102**

Financial Statements and Exhibits

(a) Financial Statements for the Year Ended December 31, 2017, and Independent Registered Public Accounting Firm's Report.

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(b) The financial statements required to be filed hereunder appear commencing at page 3 hereof.

(c) Exhibits

(1) Exhibit 23.1 Consent of Independent Registered Public Accounting Firm (following financial statements).

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**The Prudential Employee Savings Plan**  
**Financial Statements and Supplemental Information**  
**(Modified Cash Basis)**  
**December 31, 2017 and 2016**

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**The Prudential Employee Savings Plan**

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**December 31, 2017 and 2016**

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\* Other schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA are not included as they are not applicable.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Participants and Administrator of

The Prudential Employee Savings Plan

***Opinion on the Financial Statements***

We have audited the accompanying statements of net assets available for benefits (modified cash basis) of The Prudential Employee Savings Plan (the Plan) as of December 31, 2017 and 2016, and the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2017, and the related notes. In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits (modified cash basis) of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2017, in conformity with the modified cash basis of accounting described in Note 2.

***Basis for Opinion***

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (the PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

***Basis of Accounting***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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***Supplemental Information***

The accompanying schedule of assets held for investment purposes (modified cash basis) as of December 31, 2017, has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Plan's auditor since 2014.

Washington, DC

June 12, 2018

**Table of Contents****The Prudential Employee Savings Plan****Statements of Net Assets Available for Benefits****(Modified Cash Basis)****December 31, 2017 and 2016 (in whole dollars)**

|  | 2017             | 2016             |
|--|------------------|------------------|
| <b>Assets:</b>   |                  |                  |
| Investments at contract value  |                  |                  |
| PESP Fixed Rate Fund (See Note 3)  | \$ 3,588,345,462 | \$ 3,537,373,941 |
| Investments at fair value  |                  |                  |
| Custom Plan Investments  |                  |                  |
| Alliance Bernstein Core Opportunities Fund   | 519,853,475      | 433,533,813      |
| Delaware Small Cap Core Equity Fund  | 245,198,313      | 222,792,188      |
| Insurance Company Separate Accounts  |                  |                  |
| Core Bond Enhanced Index/PGIM Fund   | 212,318,396      | 156,786,443      |
| Prudential Retirement Real Estate Fund   | 173,347,256      | 181,207,413      |
| QMA International Developed Markets Index Fund   | 276,528,436      | 190,791,922      |
| QMA U.S. Broad Market Index Fund   | 1,161,204,837    | 1,107,792,132    |
| Wells Capital International Bond Fund  | 33,138,572       | 51,651,861       |
| Common/Collective Trusts   |                  |                  |
| Jennison Opportunistic Equity Fund CIT   | 472,500,721      | 432,497,397      |
| Prudential High Yield Collective Investment Trust  | 107,263,607      | 75,100,718       |
| Wellington Trust Co. Diversified Inflation Hedges Fund   | 93,414,820       |                  |
| Wellington Trust Co. International Opportunities Fund  | 177,004,332      | 142,418,162      |
| Registered Investment Companies  |                  |                  |
| Prudential Jennison Natural Resources Fund, Class Q  |                  | 40,032,807       |
| Vanguard Emerging Markets Stock Index Fund   | 87,191,155       | 64,149,642       |
| Vanguard Intermediate-Term Government Bond Index Fund  | 23,208,498       | 25,871,685       |
| Vanguard Short-Term Investment-Grade Fund  | 4,239,982        | 3,915,275        |
| Vanguard Small-Cap Index Fund  | 464,108,277      | 259,966,891      |
| Master Trust (See Note 12)   |                  |                  |
| Prudential Financial, Inc. Common Stock Fund   | 50,991,236       | 94,342,698       |
| Prudential Financial, Inc. Common Stock Fund - Employee Stock Ownership Plan ( ESOP ) (See Note 9) | 793,483,047      | 710,460,795      |
| Prudential IncomeFlex Select   |                  |                  |
| Aggressive Growth Fund   | 104,077,128      | 97,215,754       |
| Conservative Growth Fund   | 18,857,867       | 17,696,883       |

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|  |                  |                  |
|--|------------------|------------------|
| Moderate Growth Fund                       | 39,212,945       | 38,248,659       |
| Prudential IncomeFlex Target Balanced Fund | 43,808,635       | 29,278,413       |
| Total investments at fair value            | 5,100,951,535    | 4,375,751,551    |
| Total investments                          | 8,689,296,997    | 7,913,125,492    |
| Notes receivable for participant loans     | 49,523,765       | 48,198,044       |
| Non interest-bearing cash                  |                  | 19               |
| Net assets available for benefits          | \$ 8,738,820,762 | \$ 7,961,323,555 |

The accompanying notes are an integral part of these financial statements.

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**Table of Contents****The Prudential Employee Savings Plan****Statement of Changes in Net Assets Available for Benefits****(Modified Cash Basis)****For the Year Ended December 31, 2017 (in whole dollars)****Additions to net assets:**

Investment income:

Net appreciation in fair value of investments (See Note 4) \$ 722,888,955

Interest and dividend income 153,357,957

Other income 24

Total investment income 876,246,936

Investment expenses (See Note 6)

Net investment income 876,246,936

Interest income on notes receivable from participants 1,691,739

Contributions:

Employer 76,321,320

Employee 200,451,750

Rollovers 52,381,765

Total contributions 329,154,835

Total additions 1,207,093,510

**Deductions from net assets:**

Benefits paid to participants 429,585,288

Administrative expenses 11,015

Total deductions 429,596,303

Net increase 777,497,207

**Net assets available for benefits:**

Beginning of year 7,961,323,555

End of year \$ 8,738,820,762

The accompanying notes are an integral part of these financial statements.

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**The Prudential Employee Savings Plan**

**Notes to Financial Statements**

**December 31, 2017 and 2016**

**1. Description of the Plan**

The following description of The Prudential Employee Savings Plan (the Plan or PESP) provides only general information. Participants should refer to the Plan documents for a more complete description of the Plan's provisions.

**General**

The Plan is a defined contribution plan generally covering all United States employees and statutory agents of The Prudential Insurance Company of America (the Company) and its participating affiliates. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

**Participation**

Each eligible employee may enroll in PESP at any time, starting on their first day of employment with the Company and its participating affiliates.

Employees who do not affirmatively elect either to participate or to decline participation in PESP within 30 days of hire, are enrolled automatically in PESP until they affirmatively elect otherwise.

**Contributions**

*Employee Contributions.* Participants can contribute from 1% to 50% of eligible earnings as defined in the Plan, in any combination of before-tax, Roth 401(k) (after-tax), and/or traditional after-tax contributions. Participants who are enrolled automatically will contribute 4% of eligible earnings on a before-tax basis if hired before January 1, 2017, and on a Roth 401(k) basis if hired on or after January 1, 2017. Rollover contributions are allowed.

Participants may elect to increase, decrease or stop their contributions at any time, subject to the Company's Personal Securities Trading Policy and Internal Revenue Service (IRS) rules.

*Roth In-Plan Rollovers.* Participants may elect to rollover all or a portion of their vested Plan account that is then available for distribution or in-service withdrawal into Roth (after-tax) funds. Participants are required to pay income taxes on the amount rolled over and, assuming the applicable holding period and distribution requirements are satisfied, the Roth In-Plan Rollover held in the Plan together with subsequent investment earnings will not be subject to Federal income taxes at the time of distribution. Participants are permitted to make up to four (4) separate Roth In-Plan Rollovers in a single plan year.

Roth In-Plan Rollovers, totaling \$1,344,167 in 2017, are included in Rollovers and Benefits paid to participants in the Statement of Changes in Net Assets Available for Benefits.

*Company Matching Contributions.* The Company matches 100% of before-tax and Roth 401(k) contributions up to a maximum of 4% of eligible earnings. Home Office employees are eligible for Company matching contributions beginning with their first contribution to the Plan. Prudential Advisors Financial Professionals and Financial Professional Associates are required to complete one year of service with the Company prior to becoming eligible for Company matching contributions.

*Catch-Up Contributions.* Participants age 50 or older who will reach the 401(k) limit for contributions for the year or certain of the Plan's other limits for contributions, may be eligible to make before-tax and Roth 401(k) catch-up contributions to the Plan during the plan year from eligible earnings. Catch-up contributions are not eligible for Company matching contributions. For 2017, catch-up contributions were limited to \$6,000 per participant.

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*PESP Company Match True-Up.* Effective January 1, 2017, the PESP Company Match True-Up Feature was introduced. The first PESP Company Match True-Up was processed and added to participant accounts in the first quarter of 2017, based on 2016 contributions and earnings. The PESP Company Match True-Up Feature was introduced to ensure that participants receive the maximum company matching contributions for which they are eligible, subject to applicable legal and Plan requirements. Going forward, the PESP Company Match True-Up contribution will be processed during the first quarter of each year, based on prior year contributions and earnings.

Contributions are subject to certain limitations imposed by applicable provisions of the Plan and the Internal Revenue Code of 1986, as amended ( "IRC" ), including compliance with applicable statutory limits and non-discrimination rules.

**Participant Account**

Each participant's account is credited with the participant's contributions and allocations of (a) the Company's matching contributions, and (b) the Plan's net earnings. Allocations are made pursuant to the terms of the Plan based on the participant's eligible earnings and account balances. A participant is entitled to the benefit that can be provided from the participant's vested account.

**Vesting**

Participants are immediately vested in their before-tax, Roth 401(k), after-tax, and rollover contributions plus earnings thereon. Generally, participants become 100% vested in Company matching contributions upon the completion of three years of vesting service.

Vesting will be accelerated and participants will be 100% vested in the Company's matching contribution and earnings thereon upon reaching age 65, or as a result of death, or becoming totally disabled while an employee. A participant will be considered totally disabled for purposes of the Plan if he or she is eligible to receive long-term disability benefits under The Prudential Welfare Benefits Plan.

**Forfeitures**

If a participant terminates employment with the Company prior to full vesting, the non-vested portion of his or her account attributable to the Company matching contributions and earnings thereon is forfeited. If the participant is reemployed within five years from the date of termination, the forfeited amount may be reinstated, subject to certain Plan provisions. During the five-year period, as stated above, the pending forfeiture amounts will continue to be invested in accordance with the participant's investment directions or the Plan's default investment provisions, as applicable. Any amounts not reinstated to a participant, after the five-year period, are considered forfeitures that the Plan permits to be used to reduce future Company matching contributions or to pay administrative expenses.

As of December 31, 2017 and 2016, forfeiture amounts invested in the PESP Fixed Rate Fund amounted to \$1,247,781 and \$1,461,941, respectively. Forfeitures of \$1,407,520 were used to reduce the Company's matching contributions in 2017.

### **Investment Options**

*Employee Contributions.* Participants may direct their current account balance and future contributions in 1% increments in any of the Plan's investment options.

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Participants who are automatically enrolled and do not direct investment of their accounts will be invested by default into the age-appropriate conservative portfolio mix available under GoalMaker®, a computer asset allocation program available to participants as described below.

Generally, there are no restrictions on the participant's investment directions; however, participants are subject to the provisions of the PESP Market Timing Policy. Participant investment direction in regard to the Prudential Financial, Inc. Common Stock Fund is subject to the provisions of the Company's Personal Securities Trading Policy. In addition, participants employed with affiliated service providers may be restricted as to investment directions in connection with certain funds and/or services being provided.

*Company Matching Contributions.* Starting with the first payroll deduction in 2017, 50% of an eligible employee's company matching contributions were no longer automatically invested in the Prudential Financial, Inc. Common Stock Fund. Instead, 100% of company matching contributions are invested according to an employee's investment allocation selection or, if there is no investment allocation on file, to the Plan's qualified default investment alternative, GoalMaker, Conservative Portfolios.

Generally, there are no restrictions on transferring Company matching contributions from the Prudential Financial, Inc. Common Stock Fund to any of the other investment options under the Plan, except for certain limitations including, but not limited to, the provisions of the Company's Personal Securities Trading Policy.

The following investment options were available for the 2017 plan year:

*PESP Fixed Rate Fund* - The goal of the PESP Fixed Rate Fund is to provide preservation of principal and stable competitive interest rates based on current market conditions. The fund credits interest on an annual effective rate basis. The interest crediting rate is reset periodically (currently on a quarterly basis) and is announced in advance. The PESP Fixed Rate Fund is offered under a group annuity contract issued by the Company. It is subject to the credit risk of the Company.

**Custom Plan Investments**

*Alliance Bernstein Core Opportunities Fund* - This separate account seeks to generate capital appreciation through superior stock selection which is a process rooted in research insight and portfolio manager skill. The portfolio is constructed of approximately sixty investments where the portfolio manager believes there is a significant discount between a company's stock price and intrinsic economic value. The focus is on highly profitable businesses with strong fundamental prospects and above average capital flexibility. The separate account is offered by the Company and is advised by Alliance Bernstein L.P.

*Delaware Small Cap Core Equity Fund* - This separate account seeks long-term capital appreciation. The strategy invests in stocks of small companies believed to have a combination of attractive valuations, growth prospects, and strong cash flows. The separate account is offered by the Company and is advised by Delaware Investment Advisers.

#### Insurance Company Separate Accounts

*Core Bond Enhanced Index/PGIM Fund* - This separate account seeks to achieve performance results similar to the Barclays Capital U.S. Aggregate Bond Index. This fund invests primarily in corporate and government bonds. The separate account is offered under a group annuity contract issued by the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company, and is advised by PGIM, Inc., also an affiliate of the Company.



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*Prudential Retirement Real Estate Fund* - This separate account seeks to meet or exceed a customized real estate and real estate securities benchmark return after fees and expenses. This fund of funds invests primarily in existing private real estate funds, publicly traded real estate securities, including Real Estate Investment Trust securities, and other real estate related investments. The manager seeks to provide maximum exposure to private real estate funds, while seeking to maintain liquidity for the purpose of meeting withdrawal requests through a combination of cash and cash equivalents, as well as investments in marketable real estate securities. The fund may, to the extent available in the market on reasonable terms, obtain a line of credit. The separate account is offered under a group annuity contract issued by the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company, and is advised by PGIM, Inc., also an affiliate of the Company.

*QMA International Developed Markets Index Fund* - This separate account seeks to provide investment results that track the Morgan Stanley Capital International Europe, Australasia, and Far East Index. The fund will not hold actively managed stock positions as it does not attempt to outperform the market. The separate account is offered under a group annuity contract issued by the Company and is advised by Quantitative Management Associates, LLC, an affiliate of the Company.

*QMA U.S. Broad Market Index Fund* - This separate account seeks to provide long-term growth of capital and investment results that approximate the performance of the Standard & Poor's Composite 1500 Index. The separate account is offered under a group annuity contract issued by the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company, and is advised by Quantitative Management Associates, LLC, also an affiliate of the Company.

*Wells Capital International Bond Fund* - This separate account seeks to provide total return, consisting of a high level of current income and capital appreciation by investing principally in investment-grade securities of government, agency or corporate issuers worldwide, denominated in various currencies. The separate account is offered under a group annuity contract issued by the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company, and is advised by Wells Capital Management.

**Common/Collective Trusts**

*Jennison Opportunistic Equity Fund CIT* - This collective trust seeks long-term growth of capital. It is a multi-cap catalyst driven based investment style utilizing a fundamental bottom-up approach. It focuses on finding companies that are either undergoing a positive change in fundamentals or delivering good forward growth characteristics for which expectations are not fully reflected or appreciated by the market. The collective trust is offered by the Prudential Trust Company, an affiliate of the Company.

*Prudential High Yield Collective Investment Trust* - This collective trust seeks to outperform the Barclays U.S. High-Yield Ba/B 1% Issuer Capped Bond Index by 150 basis points over a full market cycle. This fund uses a highly

diversified, research-driven strategy targeting an excess return over the Bond Index. The strategy emphasizes the higher quality segment of the high yield market (BB and B-rated corporate bonds) with heavy emphasis on default avoidance. The collective trust is offered by the Prudential Trust Company, an affiliate of the Company.

*Wellington Trust Co. Diversified Inflation Hedges Fund* - Effective as of June 21, 2017. This collective trust seeks to provide strong relative performance versus broad equity and fixed income markets for investors during periods of rising inflation. The fund is designed to provide diversified exposure to a traditional equity and fixed income portfolio, that is, a typical portfolio comprised of assets that are not highly inflation-sensitive. The fund seeks to accomplish its objective by providing exposure to assets that have a high sensitivity to inflation, including inflation-sensitive stocks, commodities and bonds. The collective trust is offered by the Wellington Trust Company, NA Multiple Collective Investment Funds Trust II. Account balances remaining in the eliminated investment option Prudential Jennison Natural Resources Fund, Class Q were transferred to this fund.

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*Wellington Trust Co. International Opportunities Fund* - This collective trust seeks to provide long-term total return in excess of the Morgan Stanley Capital International All Country World Index Ex-US. This fund invests in international large to mid-cap companies, with returns on capital underestimated by the market either on a value or a growth basis, with a split between 45% to 55% at any time. A cash position up to 10% may also be held. The collective trust is offered by the Wellington Trust Company, NA Multiple Collective Investment Funds Trust II.

**Registered Investment Companies**

*Prudential Jennison Natural Resources Fund, Class Q* - This mutual fund seeks long-term growth of capital. This fund generally invests at least 80% of assets in equity securities of natural resource companies and in asset-based securities, the values of which are related to natural resources. Natural resource companies are U.S. and foreign companies that own, explore, mine, process or otherwise develop, or provide goods and services with respect to natural resources. The principal type of equity and equity-related security in which the fund invests is common stock. The fund is non-diversified. The mutual fund is advised by PGIM, Inc., and Jennison Associates, LLC serves as a sub-advisor; both are affiliates of the Company. The ticker symbol for this fund is PJNQX. This investment option was eliminated effective as of June 20, 2017. Account balances remaining in this fund were transferred to the investment option Wellington Trust Co. Diversified Inflation Hedges Fund.

*Vanguard Emerging Markets Stock Index Fund* - This mutual fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in emerging market countries. The fund employs an indexing investment approach designed to track the performance of the Financial Times Stock Exchange Emerging Markets All Cap China A Transition Index, an interim index that will gradually increase exposure to small-capitalization stocks and China A-shares while proportionately reducing exposure to other stocks based on their weightings in the index. The index is a market-capitalization-weighted index. The mutual fund is advised by Vanguard Group Inc. The ticker symbol for this fund is VEMIX.

*Vanguard Intermediate-Term Government Bond Index Fund* - This mutual fund seeks to track the performance of a market-weighted government bond index with an intermediate-term dollar-weighted average maturity. The index includes fixed income securities issued by the U.S. Treasury and U.S. government agencies and instrumentalities, as well as corporate or dollar-denominated foreign debt guaranteed by the U.S. government, with maturities between three and ten years. The mutual fund is advised by Vanguard Group Inc. The ticker symbol for this fund is VIIGX.

*Vanguard Short-Term Investment-Grade Fund* - This mutual fund seeks to provide current income while maintaining limited price volatility. The fund invests in a variety of high-quality and, to a lesser extent, medium-quality, fixed income securities, at least 80% of which will be short-term and intermediate-term investment-grade securities. The mutual fund is advised by Vanguard Group Inc. The ticker symbol for this fund is VFSUX.

*Vanguard Small-Cap Index Fund* - This mutual fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the Center for Research in Security Prices U.S. Small Cap

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Index, a broadly diversified index of stocks of small U.S. companies. The advisor attempts to replicate the target index by investing all of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index. The mutual fund is advised by Vanguard Group Inc. The ticker symbol for this fund is VSCPX.

**Master Trust**

*Prudential Financial, Inc. Common Stock Fund* - This master trust invests in Prudential Financial, Inc. ( PFI ) common stock with a small portion invested in money market shares or other investments expected to be liquid. This fund's goal is to approximate the returns of a direct investment in shares of PFI common stock in a fund that also seeks to provide modest liquidity. Values for fund units are not identical to the current values of shares of PFI common stock. This fund has an ESOP and non-ESOP portion (see Note 9).

**Prudential IncomeFlex Select**

Prudential IncomeFlex Select provides a guaranteed income for life without requiring an irrevocable election to receive PESP benefit payments as an annuity. Prudential IncomeFlex Select is designed to help invest the participant's PESP accounts to provide future retirement income that is guaranteed for their lifetime. This investment option is only available to participants age 50 or older. Participants could choose to invest their money in one or more of the three Prudential IncomeFlex Select separate accounts (Aggressive Growth, Conservative Growth, and Moderate Growth), which are described in more detail below. Effective December 31, 2013, Prudential IncomeFlex Select was closed to new participants and to new contributions, loan repayments and transfers. The three Prudential IncomeFlex Select separate accounts (Aggressive Growth, Conservative Growth, and Moderate Growth) are offered by the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company, which also serves as the manager of these three separate accounts.

*Aggressive Growth Fund* - The Prudential IncomeFlex Select Aggressive Growth Fund invests in a fixed asset allocation of underlying funds that are separate accounts available under group variable annuity contracts issued by the Company and the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company. The asset class mix for this fund is 70% stock (56% U.S. stocks and 14% international stocks) and 30% bonds. Each portfolio is rebalanced daily.

*Conservative Growth Fund* - The Prudential IncomeFlex Select Conservative Growth Fund invests in a fixed asset allocation of underlying funds that are separate accounts available under group variable annuity contracts issued by the Company and the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company. The asset class mix for this fund is 35% stock (28% U.S. stocks and 7% international stocks) and 65% bonds. Each portfolio is rebalanced daily.

*Moderate Growth Fund* - The Prudential IncomeFlex Select Moderate Growth Fund invests in a fixed asset allocation of underlying funds that are separate accounts available under group variable annuity contracts issued by the Company and the Prudential Retirement Insurance and Annuity Company, an affiliate of the Company. The asset class mix for this fund is 55% stock (44% U.S. stocks and 11% international stocks) and 45% bonds. Each portfolio is rebalanced daily.

*Prudential IncomeFlex Target Balanced Fund*

Prudential IncomeFlex Target is a product that provides certain guarantees on retirement income. The investment option under Prudential IncomeFlex Target is the Prudential IncomeFlex Target Balanced Fund, which invests in a mix of the index funds currently offered in PESP. The index funds invest in bonds (40%),

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U.S. stocks (45%), and international stocks (15%) and are rebalanced daily. Unlike a target date fund, the Prudential IncomeFlex Target does not reduce exposure to the stock market as participants get older. In exchange for a guarantee fee of 0.95%, Prudential IncomeFlex Target provides guaranteed lifetime income, potential for income and asset growth, downside market protection for retirement income, and flexible access to market value. The guaranteed fee is applied only to those dollars invested in Prudential IncomeFlex Target. Prudential IncomeFlex Target does not guarantee market value, which will fluctuate with market volatility. The underlying index funds are separate accounts available under group variable annuity contracts issued by the Company and by Prudential Retirement Insurance and Annuity Company, an affiliate of the Company.

As of December 31, 2017, the asset allocation by the Plan's investment options under the Prudential IncomeFlex Select and Prudential IncomeFlex Target are shown in the following chart:

|   | <b>Prudential IncomeFlex Select</b> |                          | <b>Prudential IncomeFlex Target</b> |                      |
|---|-------------------------------------|--------------------------|-------------------------------------|----------------------|
|   | <b>Aggressive Fund</b>              | <b>Conservative Fund</b> | <b>Moderate Fund</b>                | <b>Balanced Fund</b> |
| <b>Large Cap Stocks</b>                   |                                     |                          |                                     |                      |
| QMA U.S. Broad Market Index Fund          | 56%                                 | 28%                      | 44%                                 | 45%                  |
| <b>International Stocks</b>               |                                     |                          |                                     |                      |
| QMA International Developed Markets Index | 14%                                 | 7%                       | 11%                                 | 15%                  |
| <b>Bonds</b>                              |                                     |                          |                                     |                      |
| Core Bond Enhanced Index/PGIM Fund        | 30%                                 | 65%                      | 45%                                 | 40%                  |

**GoalMaker®**

GoalMaker® is a computer asset allocation program available to participants. It establishes 12 portfolios, each invested in a different asset allocation mix. Participants select a portfolio based on their completion of an investment risk profile and estimated time to retirement; defaulting participants are assigned to the conservative portfolio applicable to their current age, assuming retirement at age 65. GoalMaker® provides automatic rebalancing of investments once per quarter.

**Payment of Benefits**

When employment with the Company and its affiliates ends, if the value of a vested participant's account is in excess of \$5,000, the participant may elect to (a) receive a lump sum distribution equal to the value of the participant's vested

interest in his or her account, (b) receive an annuity from the Company in the amount that can be purchased with the vested value in his or her account, (c) receive a combination of a single payment for less than the total vested value of his or her account plus an annuity, (d) receive partial distributions (no more than five withdrawals per Plan year, and the amount of any such withdrawal must equal at least \$300), or (e) delay taking a distribution of the vested value of his or her account until it is required by law. If the value of a terminated vested participant's account is \$5,000 or less, the participant may not defer distribution of his or her account.

Actively employed participants can make in-service withdrawals from PESP. The amount available for in-service withdrawals includes amounts credited to a participant's After-Tax Contributions Account, Rollover Contributions Account, and pre-2001 Company Matching Contributions Account. Participants who have attained age 59  $\frac{1}{2}$  can also withdraw amounts from their Before-Tax Contributions Account, Roth 401(k) Contributions Account and Roth In-Plan Rollover Contributions Account. Participants can make up to five withdrawals each calendar year, and the withdrawals are subject to a 10% Federal early distribution tax for participants less than 59  $\frac{1}{2}$  years of age, in addition to the regular income tax that applies, except for After-Tax Contribution amounts. Other penalties may apply to Roth 401(k) and Roth In-Plan Rollover amounts if the withdrawals are not qualified distributions.



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When funds are not available from an in-service withdrawal or when a loan will create a hardship, participants may apply for a hardship withdrawal without first taking a loan. To qualify for a hardship withdrawal under the Plan, participants must demonstrate that they need the money to meet an immediate and heavy financial need for which they have no other resources available to them.

**Participant Loans**

Participants may take loans from their Before-Tax Contributions Account and/or Rollover Contributions Account.

Loans may range from a minimum of \$500 up to a maximum equal to the lesser of:

- a) \$50,000 reduced by the participant's highest outstanding loan balance during the preceding twelve months in the Plan, or
- b) 50% of their entire vested Plan account, or
- c) 100% of the value of the sum of the balance, if any, of the participant's Before-Tax Contribution Account and Rollover Contributions Account.

The \$50,000 maximum takes into account all loans to the participant from any Plan maintained by the Company or an affiliate of the Company.

Only one loan is permitted to be outstanding at any time. The loan repayment period may range from one to five years. Currently, the interest rate applicable to the loan is the prime rate as of the fifteenth business day of March, June, September or December and is effective for loans initiated during the following quarter.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of the Plan are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America ( U.S. GAAP ). The modified cash basis of accounting is a cash receipt and disbursement method of accounting unlike U.S. GAAP where information is reported on an accrual basis. However, under the modified basis of accounting investments are

stated at fair value, which is consistent with U.S. GAAP.

**Use of Estimates**

The preparation of financial statements in conformity with a modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

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**Investment Valuation**

The Plan's investments are stated at fair value (see Note 5 for more information on fair value measurements), except for its investment contract (the PESP Fixed Rate Fund ), which is valued at contract value (see Note 3).

The fair value of the following is based on quoted redemption values:

- Participation units owned by the Plan in custom plan investments
- Participation units owned by the Plan in insurance company separate accounts
- Participation units owned by the Plan in common/collective trusts
- Shares owned by the Plan in registered investment companies
- Participation units owned by the Plan in the master trust

**Purchases**

Purchases of the following are recorded on a trade-date basis:

- Units of participation in custom plan investments
- Units of participation in insurance company separate accounts
- Units of participation in common/collective trusts
- Shares in registered investment companies
- Units of participation in the master trust

**Income Recognition**

The Plan presents in the Statement of Changes in Net Assets Available for Benefits the net appreciation/(depreciation) in the fair value of its investments, which consists of the realized gains or losses and unrealized appreciation/(depreciation) on those investments.

Interest, dividend and other income is recorded when received.

Sales of the following are recorded on a trade-date basis:

- Units of participation in custom plan investments
- Units of participation in insurance company separate accounts
- Units of participation in common/collective trusts
- Shares in registered investment companies
- Units of participation in the master trust

### **Payment of Benefits**

Benefits are recorded when paid.

### **Participant Loans**

Participant loans are funded directly from the participant's account balance. Repayments of principal and interest related to the loan are credited to the participant's account on a pro-rata basis based on their selected investment options. The carrying value is cost, which approximates fair value.

### **Recently Issued Accounting Pronouncements - Not Yet Adopted**

Changes to U.S. GAAP are established by the Financial Accounting Standards Board ( FASB ) in the form of Accounting Standards Update ( ASU ) to the FASB Accounting Standards Codification ( ASC ).

The Plan considers the applicability and impact of all ASU. ASU listed below include those that have been issued but not yet adopted as of the date of this filing. ASU not listed below were assessed and determined to be either not applicable or not material.

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In February 2017, the FASB issued ASU No. 2017-06, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965), Employee Benefit Plan Master Trust Reporting*. ASU No. 2017-06 clarifies the presentation requirements for a Plan's interest in a master trust and requires more detailed disclosures of the Plan's interest in the master trust. ASU No. 2017-06 also eliminates redundant investment disclosures relating to 401(h) account assets. ASU No. 2017-06 is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. ASU No. 2017-06 should be applied retrospectively to each period for which financial statements are presented.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU No. 2016-01 requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. ASU No. 2016-01 also requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes. ASU No. 2016-01 is effective for employee benefit plans for fiscal years beginning after December 15, 2018.

Management is currently evaluating the implications of ASU No. 2017-06 and ASU No. 2016-01 and does not expect the implementation to have a material effect on the Plan's financial statements.

**3. Investment Contract with Insurance Company**

The financial statement presentation and disclosure of the PESP Fixed Rate Fund (the Fund) complies with the FASB ASC 946 *Financial Services - Investment Companies* on the fair value reporting of fully benefit-responsive investment contracts as of December 31, 2017 and 2016.

The Fund is a fully benefit-responsive investment contract and is valued at contract value. Accordingly, the contract meets all of the following criteria:

- a. The investment contract is effected directly between the Fund and the issuer and prohibits the Fund from assigning or selling the contract or its proceeds to another party without the consent of the issuer.
- b. The contract issuer is obligated to (i) repay principal and interest, or (ii) provide prospective crediting rate adjustments with assurance the crediting rate will not be less than zero.

- c. The terms of the contract require all permitted participant-initiated transactions with the Fund to occur at contract value with no conditions, limits, or restrictions. Permitted participant-initiated transactions are those transactions allowed by the underlying defined-contribution plan, such as withdrawals for benefits, loans, or transfers to other funds within the Plan.
  
- d. An event that limits the ability of the Fund to transact at contract value with the issuer (for example, premature termination of the contracts by the Fund, plant closings, layoffs, Plan termination, bankruptcy, mergers, and early retirement incentives), and that also limits the ability of the Fund to transact at contract value with the participants in the Fund must be probable of not occurring.
  
- e. The Fund itself must allow participants reasonable access to their funds.

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The Fund represents the fixed dollar account under an unallocated group annuity contract. Contract value is based upon contributions made under the contract, plus interest credited, and less participant withdrawals. There are no reserves against contract value for credit risk of the contract issuer or otherwise.

The Fund credits interest on an annual effective rate basis. The interest crediting rate is reset periodically; currently, the reset occurs once each calendar quarter. The annual effective interest crediting rate for 2017 was 3.50%. The minimum crediting rate is 3.50%. Effective July 1, 2016, the crediting rate is based on a contract formula utilizing a number of factors. One of those factors includes a reference to the performance of a hypothetical investment portfolio consisting of public debt, private placement debt, and mortgage loans, net of a notional expense ratio of 0.23%. The resulting interest crediting rate is subject to the current contractual minimum crediting rate of 3.50%. Key factors that could influence future interest crediting rates are changes in interest rates, and default or credit failures of the reference portfolio.

There is no event that limits the ability of the Plan to transact at contract value with the issuer. There are also no events and circumstances that would allow the issuer to terminate the fully benefit-responsive investment contract with the Plan and settle at an amount different from contract value.

**4. Investments**

The information regarding the Plan's investments included in the Plan's financial statements and schedules was prepared based on the information furnished to the Plan Administrator by the Company and Prudential Trust Company (the Trustee). The Plan Administrator has obtained certifications from the Company and the Trustee that such furnished information is complete and accurate in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

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During 2017, the Plan's investments (including gains and losses on investments purchased and sold, as well as held during the year) appreciated in value by \$722,888,955 as follows:

|   | <b>Year Ended<br/>December 31, 2017</b> |
|---|---|
| <b>Net Appreciation/(Depreciation) in Fair Value of Investments</b> |   |
| Custom Plan Investments   |   |
| Alliance Bernstein Core Opportunities Fund                          | \$ 107,191,351                          |
| Delaware Small Cap Core Equity Fund                                 | 31,935,328                              |
| Insurance Company Separate Accounts                                 |   |
| Core Bond Enhanced Index/PGIM Fund                                  | 5,891,578                               |
| Prudential Retirement Real Estate Fund                              | 13,575,270                              |
| QMA International Developed Markets Index Fund                      | 50,995,612                              |
| QMA U.S. Broad Market Index Fund                                    | 216,181,466                             |
| Wells Capital International Bond Fund                               | 4,960,635                               |
| Common/Collective Trusts  |   |
| Jennison Opportunistic Equity Fund CIT                              | 66,678,103                              |
| Prudential High Yield Collective Investment Trust                   | 6,086,426                               |
| Wellington Trust Co. Diversified Inflation Hedges Fund              | 11,482,701                              |
| Wellington Trust Co. International Opportunities Fund               | 35,411,621                              |
| Registered Investment Companies                                     |   |
| Prudential Jennison Natural Resources Fund, Class Q                 | (5,371,441)                             |
| Vanguard Emerging Markets Stock Index Fund                          | 18,162,895                              |
| Vanguard Intermediate-Term Government Bond Index Fund               | 143                                     |
| Vanguard Short-Term Investment-Grade Fund                           | (4,269)                                 |
| Vanguard Small-Cap Index Fund                                       | 52,483,280                              |
| Master Trust (See Note 12)  |   |
| Prudential Financial, Inc. Common Stock Fund                        | 82,429,267                              |
| Prudential IncomeFlex Select  |   |
| Aggressive Growth Fund  | 14,243,563                              |
| Conservative Growth Fund  | 1,518,226                               |
| Moderate Growth Fund  | 4,530,072                               |
| Prudential IncomeFlex Target Balanced Fund                          | 4,507,128                               |



|   |    |             |
|---|----|-------------|
| Net appreciation in fair value of investments | \$ | 722,888,955 |
|---|----|-------------|

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The investment options bear expenses related to investment management and other fees. The above appreciation on investments reflects these expenses. The annual gross expense ratio as a percentage of net assets attributable to each investment option as of December 31, 2017 was as follows:

|  | <b>Gross Expense Ratio</b> |
|--|----------------------------|
| PESP Fixed Rate Fund                                   | 0.00%*                     |
| <b>Custom Plan Investments</b>                         |                            |
| Alliance Bernstein Core Opportunities Fund             | 0.32%                      |
| Delaware Small Cap Core Equity Fund                    | 0.50%                      |
| <b>Insurance Company Separate Accounts</b>             |                            |
| Core Bond Enhanced Index/PGIM Fund                     | 0.14%                      |
| Prudential Retirement Real Estate Fund                 | 0.80%                      |
| QMA International Developed Markets Index Fund         | 0.10%                      |
| QMA U.S. Broad Market Index Fund                       | 0.03%                      |
| Wells Capital International Bond Fund                  | 0.36%                      |
| <b>Common/Collective Trusts</b>                        |                            |
| Jennison Opportunistic Equity Fund CIT                 | 0.38%                      |
| Prudential High Yield Collective Investment Trust      | 0.32%                      |
| Wellington Trust Co. Diversified Inflation Hedges Fund | 0.79%                      |
| Wellington Trust Co. International Opportunities Fund  | 0.64%                      |
| <b>Registered Investment Companies</b>                 |                            |
| Vanguard Emerging Markets Stock Index Fund             | 0.11%                      |
| Vanguard Intermediate-Term Government Bond Index Fund  | 0.05%                      |
| Vanguard Short-Term Investment-Grade Fund              | 0.10%                      |
| Vanguard Small-Cap Index Fund                          | 0.04%                      |
| <b>Master Trust</b>                                    |                            |
| Prudential Financial, Inc. Common Stock Fund           | 0.00%                      |
| <b>Prudential IncomeFlex Select</b>                    |                            |
| Aggressive Growth Fund                                 | 0.93%                      |
| with Spouse Coverage                                   | 1.43%                      |
| Conservative Growth Fund                               | 0.96%                      |
| with Spouse Coverage                                   | 1.46%                      |
| Moderate Growth Fund                                   | 0.94%                      |

|  |       |
|--|-------|
| with Spouse Coverage                       | 1.44% |
| Prudential IncomeFlex Target Balanced Fund | 1.04% |

\* See Note 3 for the potential for an expense ratio greater than 0.00%.

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**5. Fair Value Measurements**

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ( Level 1 measurements), the next priority to quoted values based on observable inputs ( Level 2 measurements), and the lowest priority to unobservable inputs ( Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. For example, stocks listed on a recognized exchange or listed mutual funds.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

*Custom Plan Investments* - Plan assets are represented by a unit of account and a per unit value whose value is the result of the accumulated values of underlying investments.

Equity securities (stock): Valued at the closing price reported on the active market on which individual securities are traded.

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*Insurance Company Separate Accounts* - Plan assets are represented by a unit of account and a per unit value whose value is the result of the accumulated values of underlying investments. The underlying investments are valued in the following ways:

Equity securities (stock): Valued at the closing price reported on the active market on which individual securities are traded.

Bonds: Securities are priced by industry standard vendors, such as Interactive Data Corporation, using inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. The pricing vendor also monitors market indices and industry and economic events, including credit rating agency actions. Prices are reviewed to ensure comfort and can be challenged with the vendor and/or overridden if the advisor believes that a different price would be more reflective of fair value.

Real estate: Values are determined through an independent appraisal process. The estimate of fair value is based on three approaches: (1) current cost of reproducing the property less deterioration and functional/ economic obsolescence; (2) discounting a series of income streams and reversion at a specific yield or by directly capitalizing an income estimate by an appropriate factor; and (3) value indicated by recent sales of comparable properties in the market. Each approach requires the exercise of subjective judgment.

Significant increases/(decreases) in any unobservable inputs used in the fair value measurement of real estate would result in a significantly different fair value measurement. Generally, a change in the assumption used for reproducing the property, income streams, or the value of recent sales of comparable properties is accompanied by a directionally similar change in fair value, while changes in the discounting assumption are accompanied by a directionally opposite change in fair value.

*Common/Collective Trusts* - Plan assets are represented by a unit of account and a per unit value whose value is the result of the accumulated values of underlying investments. As the sponsor of the trusts, the Trustee specifies to the fund accountants the source(s) to use for underlying investment asset prices. The fund accountant values the fund using the protocol the Trustee has issued. The underlying investments are valued as follows:

Equity securities (stock): Securities are priced at the closing price reported on the active market on which individual securities are traded.

Bonds: Securities are priced by industry standard vendors, such as Interactive Data Corporation, using inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. The pricing vendor also monitors market indices and industry and economic events, including credit rating agency actions. Prices are reviewed to ensure comfort and can be challenged with the vendor and/or overridden if the advisor believes that a different price would be more reflective of fair value.

*Registered Investment Companies* - Valued at the net asset value ( NAV ) of shares held at year end.

*Master Trust* - Valued at the closing price reported on the active market on which individual securities are traded.

*Prudential IncomeFlex Select and Prudential IncomeFlex Target* - Plan assets are represented by a unit of account and a per unit value whose value is the result of the accumulated values of underlying investments. The underlying investments are valued in the following ways:

Equity securities (stock): Valued at the closing price reported on the active market on which individual securities are traded.

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Bonds: Securities are priced by industry standard vendors, such as Interactive Data Corporation, using inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. The pricing vendor also monitors market indices and industry and economic events, including credit rating agency actions. Prices are reviewed to ensure comfort and can be challenged with the vendor and/or overridden if the advisor believes that a different price would be more reflective of fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Plan investments may be redeemed by the participant or by the Plan. Participants redeem investments when they elect to receive a withdrawal, make a transfer to another investment, or take a loan. The Plan redeems investments when the fiduciaries determine that an investment will no longer be offered as a Plan investment. The following is a high-level summary of the terms and conditions related to the redemption of Plan investments as of a certain date. For more recent and detailed information on the terms and conditions under which participants may redeem investments, please see the relevant Plan and investment documentation (e.g., prospectus) for each investment.

|  | <b>Terms</b><br><b>Participant *</b>  | <b>Redemption</b>             |                      | <b>Conditions</b><br><b>Plan</b>                        |
|--|---|-------------------------------|----------------------|---|
|  |   | <b>Plan</b>                   | <b>Participant *</b> |   |
| PESP Fixed Rate Fund (Only contractual values are payable) | Immediate except transfers to a competing fund which require 90 day notice. | 6 months notice.              | None                 | Installment payments over 5 years with interest credit. |
| <b>Custom Plan Investments</b>                             |   |                               |                      |   |
| Alliance Bernstein Core Opportunities Fund                 | Immediate   | 30 days prior written notice. | None                 | None  |
| Delaware Small Cap Core Equity Fund                        | Immediate; redemption requests received in good                             | 30 days prior                 | None                 | None  |



order, on a business day and before the close of the NYSE will be executed same day. written notice.

\* For participants, notice periods and other conditions may be waived except for the PESP Fixed Rate Fund. Please see the relevant Plan and investment documentation (e.g., prospectus) or contact the Plan recordkeeper for more information.

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|  |                      | <b>Redemption</b>   |  | <b>Conditions</b>                                |   |
|--|----------------------|---|--|--|---|
|  |                      | <b>Terms</b>  |  |  |   |
|  | <b>Participant *</b> | <b>Plan</b>   | <b>Participant *</b>   | <b>Plan</b>                                      |   |
| <b>Insurance Company Separate Accounts</b>     |                      |   |  |  |   |
| Core Bond Enhanced Index/PGIM Fund             | Immediate            | Immediate, termination date set at first of month following notice. | Under severe adverse economic conditions, delay up to 6 months.  | 90 days after receipt of all required documents. |   |
|  |                      |   |  |  | Under severe adverse economic conditions, delay up to 6 months. |
| Prudential Retirement Real Estate Fund         | Immediate            | Immediate, termination date set at first of month following notice. | May delay up to 12 months, if negative impact on other investors. May also delay for exchange closures, SEC restriction, or financial emergency. |  |   |
| QMA International Developed Markets Index Fund | Immediate            | 60 days written notice.   | Under severe adverse economic conditions, delay up to 6 months.  | 90 days after receipt of all required documents. |   |
|  |                      |   |  |  | Under severe adverse economic conditions, delay up to 6 months. |
| QMA U.S. Broad Market Index Fund               | Immediate            | Immediate, termination date set at first of month following notice. | Under severe adverse economic conditions, delay up to 6 months.  | 90 days after receipt of all required documents. |   |

|                                       |           |   |   |   |
|---------------------------------------|-----------|---|---|---|
|                                       |           |   |   | Under severe adverse economic conditions, delay up to 6 months. |
| Wells Capital International Bond Fund | Immediate | Immediate, termination date set at first of month following notice. | Under severe adverse economic conditions, delay up to 6 months. | 90 days after receipt of all required documents.                |
|                                       |           |   |   | Under severe adverse economic conditions, delay up to 6 months. |

\* For participants, notice periods and other conditions may be waived. Please see the relevant Plan and investment documentation (e.g., prospectus) or contact the Plan recordkeeper for more information.

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|  | Terms   |  | Redemption   |      |
|--|---|--|--|------|
|  | Participant *   | Plan   | Participant *  | Plan |
| <b>Common/Collective Trusts</b>                        |   |  |  |      |
| Jennison Opportunistic Equity Fund CIT                 | Immediate   | Immediate  | Withdrawals may be limited to the greater of \$2 million or 5% of the value of the assets in the Fund. May delay withdrawals when (i) any market or stock exchange is closed or dealings therein are restricted or suspended; (ii) an emergency exists; (iii) for any reason the prices or values of any investments cannot be promptly or accurately ascertained; (iv) transfer cannot be affected at normal rates of exchange. |      |
| Prudential High Yield Collective Investment Trust      | Immediate   | Ten-day notice period may be imposed on withdrawals. | Withdrawals may be limited to the greater of \$2 million or 5% of the value of the assets in the Fund.   |      |
| Wellington Trust Co. Diversified Inflation Hedges Fund | Written notice, honored same day if before 4 PM, otherwise next business day. | 30 days written notice.                              | Right to require longer notice period or delay payment if market disruption or other circumstances warrant such action.  |      |
| Wellington Trust Co. International Opportunities Fund  | Written notice, honored same day if before 4 PM, otherwise next business day. | 30 days written notice.                              | Right to require longer notice period or delay payment if market disruption or other circumstances warrant such action.  |      |

\* For participants, notice periods and other conditions may be waived. Please see the relevant Plan and investment documentation (e.g., prospectus) or contact the Plan recordkeeper for more information.

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|   | <b>Redemption</b>  |   |
|---|--|---|
|   | <b>Terms</b>   | <b>Conditions</b>   |
|   | <b>Participant *</b>   | <b>Participant *</b>  |
|   | <b>Plan</b>  | <b>Plan</b>   |
| <b>Registered Investment Companies</b>                |  |   |
| Prudential Jennison Natural Resources Fund, Class Q   | Written notice, honored same day if before 4 PM, otherwise next business day.                            | May delay for exchange closures, SEC or other trading restrictions.   |
| Vanguard Emerging Markets Stock Index Fund            | Immediate. If the redemption is received before 4 PM on a business day, it will be honored the same day. | May delay or suspend beyond 7 days during any period that (1) the Exchange is closed or trading is restricted; (2) under certain circumstances when an emergency exists, as defined by the SEC or (3) for such other periods as the SEC may permit. |
| Vanguard Intermediate-Term Government Bond Index Fund | Immediate. If the redemption is received before 4 PM on a business day, it will be honored the same day. | May delay or suspend beyond 7 days during any period that (1) the Exchange is closed or trading is restricted; (2) under certain circumstances when an emergency exists, as defined by the SEC or (3) for such other periods as the SEC may permit. |
| Vanguard Short-Term Investment-Grade Fund             | Immediate. If the redemption is received before 4 PM on a business day, it will be honored the same day. | May delay or suspend beyond 7 days during any period that (1) the Exchange is closed or trading is restricted; (2) under certain circumstances when an emergency exists, as defined by the SEC or (3) for such other periods as the SEC may permit. |
| Vanguard Small-Cap Index Fund                         | Immediate. If the redemption is received before 4 PM on a business day, it will be honored the same day. | May delay or suspend beyond 7 days during any period that (1) the Exchange is closed or trading is restricted; (2) under certain circumstances when an emergency exists, as defined by the SEC or (3) for such other periods as the SEC may permit. |

**Master Trust**

|   |           |      |  |
|---|-----------|------|--|
| Prudential Financial, Inc.<br>Common Stock Fund | Immediate | None | If insufficient<br>cash, may seek<br>direction from<br>Plan. |
|---|-----------|------|--|

\* For participants, notice periods and other conditions may be waived. Please see the relevant Plan and investment documentation (e.g., prospectus) or contact the Plan recordkeeper for more information.

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|                                     |           | <b>Redemption</b>   |  |
|-------------------------------------|-----------|---|--|
|                                     |           | <b>Terms</b>  | <b>Conditions</b>  |
|                                     |           | <b>Participant *</b>  | <b>Plan</b>  |
|                                     |           | <b>Participant *</b>  | <b>Plan</b>  |
| <b>Prudential IncomeFlex Select</b> |           |   |  |
| Aggressive Growth Fund              | Immediate | Immediate, termination date set at first of month following notice. | Under severe adverse economic conditions, delay up to 6 months.  |
| Conservative Growth Fund            |           |   |  |
| Moderate Growth Fund                |           |   |  |
| <b>Prudential IncomeFlex Target</b> |           |   |  |
| Balanced Fund                       | Immediate | Immediate, termination date set at first of month following notice. | Under severe adverse economic conditions, delay up to 6 months.  |
|                                     |           |   |  |
|                                     |           |   | 90 days after receipt of all required documents. Under severe adverse economic conditions, delay up to 6 months. |

\* For participants, notice periods and other conditions may be waived. Please see the relevant Plan and investment documentation (e.g., prospectus) or contact the Plan recordkeeper for more information.

**Table of Contents****The Prudential Employee Savings Plan****Notes to Financial Statements****December 31, 2017 and 2016**

The following tables set forth by level, within the fair value hierarchy, the Plan's investments carried at fair value as of December 31, 2017 and 2016:

| <b>Investments at Fair Value as of December 31, 2017</b> |                       |                         |                       |                         |
|--|-----------------------|-------------------------|-----------------------|-------------------------|
|  | <b>Level 1</b>        | <b>Level 2</b>          | <b>Level 3</b>        | <b>Total</b>            |
| Custom Plan Investments                                  | \$                    | \$ 765,051,788          | \$                    | \$ 765,051,788          |
| Insurance Company Separate Accounts                      |                       | 1,683,190,241           | 173,347,256           | 1,856,537,497           |
| Common/Collective Trusts                                 |                       | 850,183,480             |                       | 850,183,480             |
| Registered Investment Companies                          | 578,747,912           |                         |                       | 578,747,912             |
| Master Trust   |                       | 844,474,283             |                       | 844,474,283             |
| Prudential IncomeFlex                                    |                       | 205,956,575             |                       | 205,956,575             |
| <b>Total investments at fair value</b>                   | <b>\$ 578,747,912</b> | <b>\$ 4,348,856,367</b> | <b>\$ 173,347,256</b> | <b>\$ 5,100,951,535</b> |
| Investments at contract value PESP                       |                       |                         |                       |                         |
| Fixed Rate Fund (See Note 3)                             |                       |                         |                       | 3,588,345,462           |
| <b>Total investments</b>                                 |                       |                         |                       | <b>\$ 8,689,296,997</b> |

| <b>Investments at Fair Value as of December 31, 2016</b> |                       |                         |                       |                         |
|--|-----------------------|-------------------------|-----------------------|-------------------------|
|  | <b>Level 1</b>        | <b>Level 2</b>          | <b>Level 3</b>        | <b>Total</b>            |
| Custom Plan Investments                                  | \$                    | \$ 656,326,001          | \$                    | \$ 656,326,001          |
| Insurance Company Separate Accounts                      |                       | 1,507,022,358           | 181,207,413           | 1,688,229,771           |
| Common/Collective Trust                                  |                       | 650,016,277             |                       | 650,016,277             |
| Registered Investment Companies                          | 393,936,300           |                         |                       | 393,936,300             |
| Master Trust   |                       | 804,803,493             |                       | 804,803,493             |
| Prudential IncomeFlex                                    |                       | 182,439,709             |                       | 182,439,709             |
| <b>Total investments at fair value</b>                   | <b>\$ 393,936,300</b> | <b>\$ 3,800,607,838</b> | <b>\$ 181,207,413</b> | <b>\$ 4,375,751,551</b> |



|  |                         |
|--|-------------------------|
| Investments at contract value PESP<br>Fixed Rate Fund (See Note 3) | 3,537,373,941           |
| <b>Total investments</b>   | <b>\$ 7,913,125,492</b> |

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**Table of Contents****The Prudential Employee Savings Plan****Notes to Financial Statements****December 31, 2017 and 2016**

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 investments for the year ended December 31, 2017:

|  | <b>Insurance<br/>Company<br/>Separate Accounts</b> |
|--|--|
| <b>Additions to net assets</b>                   |  |
| Investment income:                               |  |
| Net appreciation in fair value of investments *  | \$ 13,575,270                                      |
| Interest and dividend income                     |  |
| <b>Total investment income</b>                   | <b>13,575,270</b>                                  |
| Investment expenses (See Note 6)                 |  |
| <b>Net investment income</b>                     | <b>13,575,270</b>                                  |
| Contributions:                                   |  |
| Employer   | 3,912,713  |
| Employee   | 9,379,777  |
| Rollover   | 1,740,240  |
| <b>Total contributions</b>                       | <b>15,032,730</b>                                  |
| <b>Total additions</b>                           | <b>28,608,000</b>                                  |
| Net transfers (to) from other investment options | (28,347,358)                                       |
| <b>Deductions from net assets</b>                |  |
| Benefits paid to participants                    | 8,120,412  |
| Administrative expenses                          | 387  |
| <b>Total deductions</b>                          | <b>8,120,799</b>                                   |

|              |             |
|--------------|-------------|
| Net decrease | (7,860,157) |
|--------------|-------------|

**Net assets at fair value**

|                   |             |
|-------------------|-------------|
| Beginning of year | 181,207,413 |
|-------------------|-------------|

|             |                |
|-------------|----------------|
| End of year | \$ 173,347,256 |
|-------------|----------------|

## \* Actual return on assets:

|   |              |
|---|--------------|
| Relating to assets still held at the reporting date | \$ 8,968,909 |
|---|--------------|

|   |              |
|---|--------------|
| Relating to assets sold during the reporting period | \$ 4,606,361 |
|---|--------------|

During the year ended December 31, 2017, there were no transfers between levels.

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**The Prudential Employee Savings Plan**

**Notes to Financial Statements**

**December 31, 2017 and 2016**

**Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements**

The following table represents the Plan's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

| <b>As of December 31, 2017</b> |                   |                               |  |                               |                               |                               |
|--------------------------------|-------------------|-------------------------------|--|-------------------------------|-------------------------------|-------------------------------|
| <b>Instrument</b>              | <b>Fair Value</b> | <b>Valuation Technique</b>    | <b>Inputs</b>  | <b>Minimum</b>                | <b>Maximum</b>                | <b>Weighted Average</b>       |
| Prudential Retirement          | \$ 173,347,256    | Independent Appraisal Process | Current cost of reproducing less deterioration                               | Discount rate:<br>5.75%       | Discount rate:<br>7.75%       | Discount rate:<br>6.94%       |
| Real Estate Fund               |                   |                               | Discounted income streams or estimate of capitalization multiplied by factor | Capitalization rate:<br>4.50% | Capitalization rate:<br>7.00% | Capitalization rate:<br>5.79% |
|                                |                   |                               | Value of recent sales of comparable properties                               | -                             | -                             | -                             |

**As of December 31, 2016**

| <b>Instrument</b>     | <b>Fair Value</b> | <b>Valuation Technique</b> | <b>Inputs</b>  | <b>Minimum</b>                | <b>Maximum</b>                | <b>Weighted Average</b>       |
|-----------------------|-------------------|----------------------------|--|-------------------------------|-------------------------------|-------------------------------|
| Prudential Retirement | \$ 181,207,413    | Independent                |  |                               |                               |                               |
| Real Estate Fund      |                   | Appraisal Process          | Current cost of reproducing less deterioration                               |                               |                               |                               |
|                       |                   |                            |  | Discount rate:<br>5.75%       | Discount rate:<br>15.00%      | Discount rate:<br>7.61%       |
|                       |                   |                            | Discounted income streams or estimate of capitalization multiplied by factor | Capitalization rate:<br>4.25% | Capitalization rate:<br>9.00% | Capitalization rate:<br>6.22% |
|                       |                   |                            | Value of recent sales of comparable properties                               |                               |                               |                               |

**Table of Contents****The Prudential Employee Savings Plan****Notes to Financial Statements****December 31, 2017 and 2016****6. Related Party Transactions**

The Company (or an affiliate of the Company) acts as the investment manager for each of the investment options currently offered by the Plan, except for:

|  |   |
|--|---|
| Alliance Bernstein Core Opportunities Fund             | Vanguard Emerging Markets Stock Index Fund            |
| Delaware Small Cap Core Equity Fund                    | Vanguard Intermediate-Term Government Bond Index Fund |
| Wells Capital International Bond Fund                  | Vanguard Short-Term Investment-Grade Fund             |
| Wellington Trust Co. Diversified Inflation Hedges Fund | Vanguard Small-Cap Index Fund                         |
| Wellington Trust Co. International Opportunities Fund  |   |

Prior to 2017, on a quarterly basis, certain revenue sharing payments (e.g., 12b-1 fees, etc.) received by an affiliate of the Company from certain of the Plan's investment options were deposited into a dedicated account in the Plan, known as the ERISA Budget Account. Revenue sharing payments were reported as Other income in the Statement of Changes in Net Assets Available for Benefits. Amounts deposited in the ERISA Budget Account were used to pay ongoing administrative expenses of the Plan in accordance with ERISA and guidance issued by the U.S. Department of Labor (DOL Guidance). The funding of this account ceased in 2016.

The administrative expenses shown in the Statement of Changes in Net Assets Available for Benefits were direct expenses (as defined in the DOL Guidance) paid by the Plan. Most of these expenses were paid to the Company's affiliate for recordkeeping services.

The Company also paid certain expenses of the Plan. Some of these expenses were paid to the Company (or an affiliate of the Company). Such expenses are not reflected in the Plan's financial statements.

The Company paid administrative fees for trustee services in the amount of \$5,000 for the year ended December 31, 2017, which are not reflected in the Plan's financial statements.

**7. Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of net assets per the financial statements to Form 5500 at December 31, 2017:

|  |                  |
|--|------------------|
| Net assets available for benefits per the financial statements | \$ 8,738,820,762 |
|--|------------------|

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|   |                  |
|---|------------------|
| Less: Notes receivable for participant loans per the financial statements | (49,523,765)     |
| Add: Notes receivable for participant loans per Form 5500                 | 48,771,160       |
| Net assets per Form 5500  | \$ 8,738,068,157 |

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**Table of Contents****The Prudential Employee Savings Plan****Notes to Financial Statements****December 31, 2017 and 2016**

The following is a reconciliation of participant loans and benefit payments per the financial statements to Form 5500:

|  | <b>December 31,</b> |               |
|--|---------------------|---------------|
|  | <b>2017</b>         | <b>2016</b>   |
| Notes receivable for participant loans per the financial statements  | \$ 49,523,765       | \$ 48,198,044 |
| Less: Certain cumulative deemed distributions of participant loans   | (752,605)           | (755,079)     |
| Participant loans per Form 5500                                      | \$ 48,771,160       | \$ 47,442,965 |
| Benefits paid to participants per the financial statements           | \$ 429,585,288      |               |
| Less: Prior period active loan defaults foreclosed                   | (139,079)           |               |
| Total benefit payments per Form 5500                                 | 429,446,209         |               |
| Add: Certain deemed distributions of participant loans per Form 5500 | 136,605             |               |
| Total benefit payments and deemed distributions                      | \$ 429,582,814      |               |

The following is a reconciliation of assets of the Custom Plan Investments per the Statements of Net Assets Available for Benefits to Form 5500 at December 31, 2017:

|                          | <b>Custom Plan Investments</b> |                        |                  |
|--------------------------|--------------------------------|------------------------|------------------|
|                          | <b>Alliance</b>                |                        |                  |
|                          | <b>Bernstein Core</b>          | <b>Delaware Small</b>  |                  |
|                          | <b>Opportunities</b>           | <b>Cap Core Equity</b> | <b>Total per</b> |
|                          | <b>Fund</b>                    | <b>Fund</b>            | <b>Form 5500</b> |
| Per Financial Statements | \$ 519,853,475                 | \$ 245,198,313         |                  |
| Per Form 5500            |                                |                        |                  |
| Receivables other        | \$ 2,633,050                   | \$ 38,890              | \$ 2,671,940     |
| Interest-bearing cash    | 170,408                        | 241,570                | \$ 411,978       |
| Common stocks            | 469,196,027                    | 239,511,973            | \$ 708,708,000   |



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|                                 |                |                |                |
|---------------------------------|----------------|----------------|----------------|
| Registered investment companies | 50,545,422     | 5,405,880      | \$ 55,951,302* |
| Other liabilities               | (2,691,432)    |                | \$ (2,691,432) |
| Total                           | \$ 519,853,475 | \$ 245,198,313 |                |

\* Consists of Registered Investment Companies related to Custom Plan Investments and does not include Registered Investment Companies per the Statements of Net Assets Available for Benefits related to all other investments for a total per Form 5500 of \$634,699,214.

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**Table of Contents****The Prudential Employee Savings Plan****Notes to Financial Statements****December 31, 2017 and 2016**

The following is a reconciliation of a component of the Statements of Net Assets Available for Benefits per the financial statements to Form 5500 at December 31, 2017 due to the Prudential IncomeFlex investment options:

|  | Per Financial Statements | Aggressive Fund | Reallocation                                   |                | Prudential IncomeFlex Target Balanced Fund | Form 5500        |
|--|--------------------------|-----------------|--|----------------|--|------------------|
|  |                          |                 | Prudential IncomeFlex Select Conservative Fund | Moderate Fund  |  |                  |
| Company Separate Accounts                  |                          |                 |  |                |  |                  |
| Enhanced Index/PGIM Fund                   | \$ 212,318,396           | \$ 31,223,139   | \$ 12,257,614                                  | \$ 17,645,826  | \$ 17,523,454                              | \$ 290,000,000   |
| Retirement Real Estate Fund                | 173,347,256              |                 |  |                |  | 173,347,256      |
| International Developed Markets Index Fund | 276,528,436              | 14,570,798      | 1,320,050                                      | 4,313,424      | 6,571,295                                  | 303,203,903      |
| Broad Market Index Fund                    | 1,161,204,837            | 58,283,191      | 5,280,203                                      | 17,253,695     | 19,713,886                                 | 1,261,735,612    |
| Global International Bond Fund             | 33,138,572               |                 |  |                |  | 33,138,572       |
|  | \$ 1,856,537,497         | \$ 104,077,128  | \$ 18,857,867                                  | \$ 39,212,945  | \$ 43,808,635                              | \$ 2,061,436,017 |
| IncomeFlex Select                          |                          |                 |  |                |  |                  |
| Conservative Growth Fund                   | \$ 104,077,128           | \$(104,077,128) | \$   | \$             | \$   | \$               |
| Aggressive Growth Fund                     | 18,857,867               |                 | (18,857,867)                                   |                |  |                  |
| Moderate Growth Fund                       | 39,212,945               |                 |  | (39,212,945)   |  |                  |
| IncomeFlex Target Balanced Fund            | 43,808,635               |                 |  |                | (43,808,635)                               |                  |
|  | \$ 205,956,575           | \$(104,077,128) | \$(18,857,867)                                 | \$(39,212,945) | \$(43,808,635)                             | \$               |

The following is a reconciliation of interest and dividend income per the Statement of Changes in Net Assets Available for Benefits to Form 5500 for the year ended December 31, 2017:

|  |                |
|--|----------------|
| Interest and dividend income per the financial statements  | \$ 153,357,957 |
| Add: Interest income on notes receivable from participants | 1,691,739      |
| Less: Dividends on registered investment company shares    | (8,028,408)    |
| Less: Master Trust dividends                               | (22,149,155)   |

|                              |                |
|------------------------------|----------------|
| Total interest per Form 5500 | \$ 124,872,133 |
|------------------------------|----------------|

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**Table of Contents****The Prudential Employee Savings Plan****Notes to Financial Statements****December 31, 2017 and 2016**

The following is a reconciliation of net appreciation/(depreciation) of the Custom Plan Investments included in the Statement of Changes in Net Assets Available for Benefits to Form 5500 for the year ended December 31, 2017:

|   | <b>Custom Plan Investments</b> |                        |  |                  |
|---|--------------------------------|------------------------|--|------------------|
|   | <b>Alliance</b>                |                        |  |                  |
|   | <b>Bernstein</b>               |                        |  |                  |
|   | <b>Core</b>                    | <b>Delaware Small</b>  |  |                  |
|   | <b>Opportunities</b>           | <b>Cap Core Equity</b> |  |                  |
|   | <b>Fund</b>                    | <b>Fund</b>            |  | <b>Total per</b> |
|   |                                |                        |  | <b>Form 5500</b> |
| Per Financial Statements                          | \$ 107,191,351                 | \$ 31,935,328          |  |                  |
| Per Form 5500                                     |                                |                        |  |                  |
| Dividends on common stock                         | \$ 4,887,984                   | \$ 2,611,047           |  | \$ 7,499,031     |
| Dividends on registered investment company shares | 502,634                        | 55,524                 |  | \$ 558,158*      |
| Net gain on sale of assets                        | 29,226,108                     | 4,718,574              |  | \$ 33,944,682    |
| Unrealized appreciation of assets                 | 74,045,889                     | 25,693,937             |  | \$ 99,739,826    |
| Investment advisory and management fees           | (1,471,264)                    | (1,143,754)            |  | \$ (2,615,018)** |
| <br>Total   | <br>\$ 107,191,351             | <br>\$ 31,935,328      |  |                  |

\* Consists of Dividends on Registered Investment Company shares related to Custom Plan Investments and does not include Dividends on Registered Investment Company shares of \$8,028,408 per the Reconciliation of Interest and Dividend Income related to all other investments for a total per Form 5500 of \$8,586,566.

\*\* Consists of Investment advisory and management fees related to Custom Plan Investments and does not include Investment advisory and management fees related to all other investments for a total per Form 5500 of \$2,616,363.

**Table of Contents****The Prudential Employee Savings Plan****Notes to Financial Statements****December 31, 2017 and 2016**

The following is a reconciliation of a component of net appreciation/(depreciation) in fair value of investments included in the Statement of Changes in Net Assets Available for Benefits to Form 5500 for the year ended December 31, 2017 due to the Prudential IncomeFlex investment options:

|  | Per Financial Statements | Aggressive Fund | Reallocation<br>Prudential IncomeFlex Select<br>Conservative Fund | Moderate Fund | Prudential IncomeFlex Target Balanced Fund | Per Form 5500  |
|--|--------------------------|-----------------|---|---------------|--|----------------|
| Prudential Company Separate Accounts       |                          |                 |   |               |  |                |
| Bond Enhanced Index/ PGIM Fund             | \$ 5,891,578             | \$ 4,273,069    | \$ 986,847  | \$ 2,038,532  | \$ 1,802,851                               | \$ 14,999,270  |
| Prudential Retirement Real Estate Fund     | 13,575,270               |                 |   |               |  | 13,575,270     |
| International Developed Markets Index Fund | 50,995,612               | 1,994,099       | 106,276   | 498,308       | 676,069                                    | 54,270,364     |
| U.S. Broad Market Index Fund               | 216,181,466              | 7,976,395       | 425,103   | 1,993,232     | 2,028,208                                  | 228,604,404    |
| Capital International Bond Fund            | 4,960,635                |                 |   |               |  | 4,960,635      |
|  | \$ 291,604,561           | \$ 14,243,563   | \$ 1,518,226  | \$ 4,530,072  | \$ 4,507,128                               | \$ 316,403,486 |
| Prudential IncomeFlex Select               |                          |                 |   |               |  |                |
| Aggressive Growth Fund                     | \$ 14,243,563            | \$(14,243,563)  | \$  | \$            | \$   | \$             |
| Conservative Growth Fund                   | 1,518,226                |                 | (1,518,226)   |               |  |                |
| Moderate Growth Fund                       | 4,530,072                |                 |   | (4,530,072)   |  |                |
| Prudential IncomeFlex Target Balanced Fund | 4,507,128                |                 |   |               | (4,507,128)                                |                |
|  | \$ 24,798,989            | \$(14,243,563)  | \$(1,518,226)   | \$(4,530,072) | \$(4,507,128)                              | \$             |

The following is a reconciliation of net appreciation of the Master Trust included in the Statement of Changes in Net Assets Available for Benefits to Form 5500 for the year ended December 31, 2017:

|  |                |
|--|----------------|
| Net appreciation of Master Trust investment per the financial statements | \$ 82,429,267  |
| Add: Master Trust dividends  | 22,149,155     |
| Net investment gain from Master Trust investment accounts per Form 5500  | \$ 104,578,422 |



**Table of Contents****The Prudential Employee Savings Plan****Notes to Financial Statements****December 31, 2017 and 2016**

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 Supplemental Information, Schedule I - Schedule of Assets Held for Investment Purposes as of December 31, 2017:

|   |                         |
|---|-------------------------|
| Net assets available for benefits per the financial statements            | \$ 8,738,820,762        |
| Less: Notes receivable for participant loans per the financial statements | (49,523,765)            |
| Add: Notes receivable for participant loans per Form 5500                 | 48,771,160              |
| Less: Receivables of Alliance Bernstein Core Opportunities Fund           | (2,633,050)             |
| Add: Liabilities of Alliance Bernstein Core Opportunities Fund            | 2,691,432               |
| Less: Receivables of Delaware Small Cap Core Equity Fund                  | (38,890)                |
| <b>Total per the Schedule of Assets Held for Investment Purposes</b>      | <b>\$ 8,738,087,649</b> |

**8. Plan Termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and amend or terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their Company matching contributions account.

**9. Employee Stock Ownership Plan ( ESOP )**

The ESOP portion of the Plan was established in accordance with sections 401(a), 4975(e)(7) of the IRC and section 407(d)(6) of ERISA. The ESOP invests primarily in qualifying employer securities in accordance with IRC section 4975(e)(8). An ESOP account is established for each participant in the Plan, and is invested in the PFI Common Stock Fund. To fund the ESOP, the recordkeeper, annually, transfers ( sweeps ) to the ESOP portion all of the participant's fully vested amounts in the non-ESOP portion of the PFI Common Stock Fund. Participants may redirect the amounts credited to the ESOP account into any other investment option subject to certain limitations including, but not limited to, the provisions of the Company's personal securities trading policy. Funds that are swept into the ESOP portion are treated the same as funds in the non-ESOP portion for purposes of distributions, reallocations, and transfers. Cash dividends are paid to the ESOP, and thereafter, either distributed to participants or reinvested into participants' ESOP accounts. All participants have a choice of either reinvesting the cash dividends into the ESOP account or receiving cash on a yearly basis. Participants cannot contribute directly to the ESOP.

The trustee of the Plan purchases shares of PFI common stock on behalf of the PFI Common Stock Fund at fair value or by private purchase (including from an affiliate). Voting rights in shares of PFI common stock held by the Plan shall be exercised by the trustee in a timely manner and by the direction of the participants. Dividends and other income credited to the PFI Common Stock Fund are allocated to all participants with units in the PFI Common Stock Fund when such amounts are received by the Plan.

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**The Prudential Employee Savings Plan**

**Notes to Financial Statements**

**December 31, 2017 and 2016**

**10. Tax Status**

In response to the Company's application dated January 29, 2016, the IRS issued a favorable determination letter dated April 20, 2017, confirming that the Plan, as amended and restated effective January 1, 2016, continues to satisfy the requirements for tax-qualified status under Section 401(a) of the IRC. The Plan had been amended and restated effective as of January 1, 2016, to incorporate previously adopted amendments, reflect plan design changes and comply with applicable law. The favorable determination letter also covers the most recent amendment to the Plan which was adopted on December 15, 2016. The Plan Administrator and the Company's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC, and no provision for income tax is necessary.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2015.

**11. Risks and Uncertainties**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

**12. Interest in Master Trust**

A portion of the Plan's investments are in the Master Trust which was established for the investment of assets of the Plan and other defined contribution plans sponsored by affiliated companies. The assets of the Master Trust are held by the Trustee. As of December 31, 2017 and 2016, the Plan's interest in the net assets of the Master Trust was 100%.

**13. Subsequent Events**

The Plan Administrator has evaluated events subsequent to December 31, 2017, and through June 12, 2018, the date the financial statements were available to be issued, and determined there have not been any events that occurred that require adjustments to these financial statements and there were no events or transactions that required disclosure.

other than the one listed below.

In 2018, the Plan was amended to provide for Discretionary Company Contributions to be made from time to time in a given Plan year to eligible participants. Pursuant to the amendment, in June 2018, each eligible Company employee, generally in administrative, business support and entry level professional roles, will receive a one-time Discretionary Company Contribution of \$2,500 credited to the employee's PESP account to supplement their retirement savings. The aggregate dollar amount of this contribution is approximately \$9 million.

**Table of Contents****The Prudential Employee Savings Plan  
Schedule of Assets Held for Investment Purposes****Supplemental Information****December 31, 2017****Schedule I****Identity of Issue, Borrower**

| <b>Lessor or Similar Party</b>                         | <b>Description of Investment</b>      | <b>Cost</b>             | <b>Current Value</b>    |
|--|---------------------------------------|-------------------------|-------------------------|
| * PESP Fixed Rate Fund                                 | Insurance Co. General Account         | <b>\$ 3,588,345,462</b> | <b>\$ 3,588,345,462</b> |
| * Core Bond Enhanced Index/PGIM Fund                   | Insurance Co. Pooled Separate Account | 250,514,969             | 290,968,429             |
| * Prudential Retirement Real Estate Fund               | Insurance Co. Pooled Separate Account | 134,446,027             | 173,347,256             |
| * QMA International Developed Markets Index Fund       | Insurance Co. Pooled Separate Account | 232,682,309             | 303,304,003             |
| * QMA U.S. Broad Market Index Fund                     | Insurance Co. Pooled Separate Account | 831,326,074             | 1,261,735,812           |
| * Wells Capital International Bond Fund                | Insurance Co. Pooled Separate Account | 32,255,796              | 33,138,572              |
|  | <b>Sub-Total</b>                      | <b>1,481,225,175</b>    | <b>2,062,494,072</b>    |
| Jennison Opportunistic Equity Fund CIT                 | Common/Collective Trust               | 372,763,039             | 472,500,721             |
| Prudential High Yield Collective Investment Trust      | Common/Collective Trust               | 94,291,481              | 107,263,607             |
| Wellington Trust Co. Diversified Inflation Hedges Fund | Common/Collective Trust               | 82,898,906              | 93,414,820              |
| Wellington Trust Co. International Opportunities Fund  | Common/Collective Trust               | 143,441,348             | 177,004,332             |
|  | <b>Sub-Total</b>                      | <b>693,394,774</b>      | <b>850,183,480</b>      |
| Vanguard Emerging Markets Stock Index Fund             | Registered Investment Company         | 74,885,462              | 87,191,155              |
| Vanguard Intermediate-Term Government Bond Index Fund  | Registered Investment Company         | 23,535,929              | 23,208,498              |
| Vanguard Short-Term Investment-Grade Fund              | Registered Investment Company         | 4,266,976               | 4,239,982               |
| Vanguard Small-Cap Index Fund                          | Registered Investment Company         | 396,137,871             | 464,108,277             |
|  | <b>Sub-Total</b>                      | <b>498,826,238</b>      | <b>578,747,912</b>      |

|  |                                 |                       |                    |
|--|---------------------------------|-----------------------|--------------------|
| * Prudential Financial, Inc. Common Stock Fund | Master Trust Investment Account | <b>438,624,521***</b> | <b>844,474,283</b> |
| * Participant Loans                            | 3.25% - 5.25%**                 |                       | <b>48,771,160</b>  |
| ALPHABET INC                                   | Common Stock, shares: 20,756    | 14,384,962            | 21,719,078         |
| FACEBOOK INC-A                                 | Common Stock, shares: 115,930   | 10,253,787            | 20,457,008         |
| BIOGEN IDEC INC                                | Common Stock, shares: 63,624    | 17,740,697            | 20,268,698         |
| TIME WARNER INC                                | Common Stock, shares: 221,323   | 19,612,320            | 20,244,415         |
| JP MORGAN CHASE & CO                           | Common Stock, shares: 155,160   | 9,770,852             | 16,592,810         |
| BERKSHIRE HATHAWAY INC                         | Common Stock, shares: 71,848    | 10,591,768            | 14,241,711         |
| NOBLE ENERGY                                   | Common Stock, shares: 470,350   | 13,433,365            | 13,705,999         |
| WAL MART STORES INC                            | Common Stock, shares: 136,880   | 10,413,536            | 13,516,900         |
| CIGNA CORP                                     | Common Stock, shares: 64,134    | 9,461,357             | 13,024,974         |
| RAYTHEON CO.                                   | Common Stock, shares: 67,536    | 7,474,963             | 12,686,638         |
| AETNA  | Common Stock, shares: 68,590    | 10,235,445            | 12,372,950         |
| INTL BUSINESS MACHINES                         | Common Stock, shares: 74,200    | 11,279,604            | 11,383,764         |
| ROSS STORES INC.                               | Common Stock, shares: 127,550   | 8,053,515             | 10,235,887         |
| LILLY ELI AND CO                               | Common Stock, shares: 119,780   | 9,862,587             | 10,116,619         |
| SCRIPPS NETWORKS                               | Common Stock, shares: 117,820   | 8,930,297             | 10,059,472         |
| NORTHERN TRUST                                 | Common Stock, shares: 99,061    | 9,791,339             | 9,895,203          |

**Table of Contents****The Prudential Employee Savings Plan  
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| <b>Lessor or Similar Party</b> | <b>Description of Investment</b> | <b>Cost</b>  | <b>Current Value</b> |
|--------------------------------|----------------------------------|--------------|----------------------|
| UNITED HEALTH GROUP INC        | Common Stock, shares: 44,450     | \$ 5,444,005 | \$ 9,799,447         |
| COGNIZANT TECHNOLOGY           | Common Stock, shares: 134,381    | 8,584,395    | 9,543,739            |
| COMCAST CORP                   | Common Stock, shares: 219,096    | 7,471,428    | 8,774,795            |
| APPLE INC                      | Common Stock, shares: 50,062     | 5,706,216    | 8,471,992            |
| STATE STREET CORP.             | Common Stock, shares: 84,850     | 6,941,511    | 8,282,208            |
| D.R. HORTON INC                | Common Stock, shares: 161,730    | 4,562,743    | 8,259,551            |
| CBRE GROUP INC                 | Common Stock, shares: 190,370    | 6,311,895    | 8,244,925            |
| DISNEY WALT COMPANY            | Common Stock, shares: 75,850     | 8,400,122    | 8,154,633            |
| XILINX INC.                    | Common Stock, shares: 120,221    | 5,638,962    | 8,105,300            |
| GILEAD SCIENCES                | Common Stock, shares: 111,213    | 7,768,569    | 7,967,299            |
| LOWE S COMPANIES CO            | Common Stock, shares: 83,900     | 6,967,661    | 7,797,666            |
| VISA INC-CLASS A SHARES        | Common Stock, shares: 63,408     | 4,803,703    | 7,229,780            |
| COPART INC                     | Common Stock, shares: 162,400    | 5,274,741    | 7,014,056            |
| EDWARDS LIFESCIENCES           | Common Stock, shares: 61,778     | 5,384,010    | 6,962,998            |
| ALEXION                        | Common Stock, shares: 53,690     | 5,926,455    | 6,420,787            |
| TRACTOR SUPPLY                 | Common Stock, shares: 84,310     | 5,731,029    | 6,302,172            |
| MASTERCARD INC                 | Common Stock, shares: 40,410     | 4,227,028    | 6,116,458            |
| HOLOGIC INC                    | Common Stock, shares: 141,620    | 5,193,666    | 6,054,255            |
| MARKETAXESS HOLDINGS           | Common Stock, shares: 28,430     | 5,045,087    | 5,735,752            |
| DOLBY LABORATORIES INC         | Common Stock, shares: 91,010     | 4,509,036    | 5,642,620            |
| TECHNIPFMC LTD                 | Common Stock, shares: 165,720    | 4,524,028    | 5,188,693            |
| GOLDMAN SACHS GROUP            | Common Stock, shares: 18,959     | 3,493,991    | 4,829,995            |
| VALIDUS HOLDINGS LTD           | Common Stock, shares: 101,260    | 4,556,108    | 4,751,119            |
| VMWARE INCE CLASS A            | Common Stock, shares: 37,300     | 2,844,703    | 4,674,436            |
| ULTA BEAUTY INC                | Common Stock, shares: 20,330     | 4,188,933    | 4,547,008            |
| UNION PACIFIC CORP             | Common Stock, shares: 33,570     | 3,441,473    | 4,501,737            |
| COSTCO WHOLESALE               | Common Stock, shares: 24,150     | 3,660,733    | 4,494,798            |
| CHUBB LTD                      | Common Stock, shares: 29,846     | 3,190,466    | 4,361,396            |
| HOME DEPOT INC.                | Common Stock, shares: 22,013     | 2,571,885    | 4,172,124            |
| ROPER INDS INC. NE             | Common Stock, shares: 15,700     | 3,281,021    | 4,066,300            |
| DRIL QUIP INC                  | Common Stock, shares: 85,160     | 3,924,017    | 4,062,132            |
| ZOETIS INC                     | Common Stock, shares: 55,930     | 3,422,304    | 4,029,197            |
| ALLEGION PLC                   | Common Stock, shares: 50,200     | 4,006,273    | 3,993,912            |
| TRADE DESK INC                 | Common Stock, shares: 86,480     | 4,176,219    | 3,954,730            |
| ALLSTATE CORP                  | Common Stock, shares: 36,340     | 2,285,102    | 3,805,161            |
| CALLIDUS SOFTWARE INC          | Common Stock, shares: 127,043    | 2,306,994    | 3,639,782            |

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|                          |                               |           |           |
|--------------------------|-------------------------------|-----------|-----------|
| STEVEN MADDEN LTD.       | Common Stock, shares: 77,690  | 3,079,463 | 3,628,123 |
| OIL STATES INTERNATIONAL | Common Stock, shares: 128,079 | 3,117,868 | 3,624,636 |
| GRUBHUB INC              | Common Stock, shares: 47,637  | 1,668,382 | 3,420,337 |
| NEENAH INC               | Common Stock, shares: 37,158  | 2,456,731 | 3,368,373 |
| CONTINENTAL BUILDING     | Common Stock, shares: 118,198 | 2,499,369 | 3,327,274 |
| NATIONAL-OILWELL INC.    | Common Stock, shares: 91,630  | 3,184,330 | 3,300,513 |
| GARMIN LTD               | Common Stock, shares: 54,960  | 2,816,317 | 3,273,967 |
| PROOFPOINT INC           | Common Stock, shares: 34,794  | 2,291,743 | 3,090,055 |
| AMETEK INC WI            | Common Stock, shares: 42,600  | 2,285,778 | 3,087,222 |
| VALMONT INDS INC.        | Common Stock, shares: 18,170  | 2,896,542 | 3,013,494 |
| BARNES GROUP             | Common Stock, shares: 46,077  | 1,873,439 | 2,915,292 |

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| <b>Lessor or Similar Party</b> | <b>Description of Investment</b> | <b>Cost</b>  | <b>Current Value</b> |
|--------------------------------|----------------------------------|--------------|----------------------|
| WNS HOLDINGS LTD               | Common Stock, shares: 70,304     | \$ 2,138,157 | \$ 2,821,300         |
| QUIDEL CORP                    | Common Stock, shares: 64,773     | 1,427,950    | 2,807,910            |
| NORTHWESTERN CORP.             | Common Stock, shares: 46,708     | 2,587,486    | 2,788,468            |
| KADANT INC.                    | Common Stock, shares: 27,315     | 1,410,310    | 2,742,426            |
| MGIC INVT CORP.                | Common Stock, shares: 193,856    | 2,005,477    | 2,735,308            |
| RAMCO GERSHENSON               | Common Stock, shares: 185,246    | 2,830,242    | 2,728,674            |
| MINERALS TECHNOLOGIES          | Common Stock, shares: 39,369     | 2,439,264    | 2,710,556            |
| SPIRE INC                      | Common Stock, shares: 35,275     | 2,290,139    | 2,650,916            |
| MERIT MEDICAL SYSTEMS          | Common Stock, shares: 59,011     | 1,477,117    | 2,549,275            |
| WAGWORKS INC                   | Common Stock, shares: 40,446     | 2,276,466    | 2,507,652            |
| ESSENT GROUP LTD               | Common Stock, shares: 57,579     | 1,420,368    | 2,500,080            |
| FIRST INDUSTRIAL REALTY        | Common Stock, shares: 79,332     | 2,191,299    | 2,496,578            |
| QUAKER CHEMICAL CORP.          | Common Stock, shares: 16,352     | 1,511,657    | 2,465,718            |
| KITE REALTY GROUP TRUST        | Common Stock, shares: 125,488    | 2,925,561    | 2,459,565            |
| KAISER ALUMINUM                | Common Stock, shares: 22,968     | 1,945,309    | 2,454,131            |
| STIFEL FINANCIAL CORP          | Common Stock, shares: 40,601     | 1,975,463    | 2,418,196            |
| MAXLINEAR INC                  | Common Stock, shares: 90,990     | 1,347,894    | 2,403,956            |
| TENNECO AUTOMOTIVE INC.        | Common Stock, shares: 40,763     | 2,037,390    | 2,386,266            |
| BOISE CASCADE CO               | Common Stock, shares: 58,851     | 1,690,982    | 2,348,155            |
| STERLING BANCORP/DE            | Common Stock, shares: 95,183     | 1,403,884    | 2,341,502            |
| PRIMERICA                      | Common Stock, shares: 22,965     | 945,699      | 2,332,096            |
| ABM INDUSTRIES INC             | Common Stock, shares: 61,704     | 2,178,826    | 2,327,475            |
| WSFS FINANCIAL                 | Common Stock, shares: 48,584     | 1,775,207    | 2,324,744            |
| EVERVORE INC                   | Common Stock, shares: 25,479     | 1,531,183    | 2,293,110            |
| APPLIED INDUSTRIAL TECH        | Common Stock, shares: 33,447     | 1,331,796    | 2,277,741            |
| GRAMERCY PROPERTY              | Common Stock, shares: 85,197     | 2,380,855    | 2,271,361            |
| GREAT WESTERN BANCORP          | Common Stock, shares: 56,843     | 1,702,414    | 2,262,351            |
| CONMED CORP                    | Common Stock, shares: 44,286     | 2,326,334    | 2,257,257            |
| KFORCE INC                     | Common Stock, shares: 89,388     | 2,184,254    | 2,257,047            |
| CONVERGYS CORP                 | Common Stock, shares: 93,895     | 2,268,588    | 2,206,532            |
| NETGEAR INC                    | Common Stock, shares: 37,445     | 1,496,747    | 2,199,894            |
| GRANITE CONSTRUCTION           | Common Stock, shares: 34,672     | 1,220,740    | 2,199,245            |
| J & J SNACK FOODS CORP         | Common Stock, shares: 14,468     | 1,683,060    | 2,196,676            |
| HEALTHSOUTH CORP               | Common Stock, shares: 44,385     | 1,839,178    | 2,193,063            |
| EXLSERVICE HOLDINGS INC        | Common Stock, shares: 36,116     | 1,404,736    | 2,179,601            |
| SEMTECH CORP.                  | Common Stock, shares: 63,320     | 1,170,048    | 2,165,544            |

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|                    |                               |           |           |
|--------------------|-------------------------------|-----------|-----------|
| WORTHINGTON INDUS  | Common Stock, shares: 49,109  | 1,433,657 | 2,163,743 |
| CATALENT INC       | Common Stock, shares: 52,656  | 1,570,629 | 2,163,108 |
| HOPE BANCORP INC   | Common Stock, shares: 117,650 | 1,906,335 | 2,147,112 |
| COLUMBUS MCKINNON  | Common Stock, shares: 53,146  | 1,181,648 | 2,124,777 |
| KLX INC            | Common Stock, shares: 31,008  | 1,165,373 | 2,116,296 |
| US ECOLOGY INC     | Common Stock, shares: 41,281  | 1,949,995 | 2,105,331 |
| SRC ENERGY INC     | Common Stock, shares: 246,796 | 1,843,294 | 2,105,170 |
| UMPQUA HOLDINGS    | Common Stock, shares: 100,972 | 1,464,624 | 2,100,218 |
| TETRA TECHNOLOGIES | Common Stock, shares: 43,501  | 1,210,394 | 2,094,573 |
| CRYOLIFE INC       | Common Stock, shares: 109,074 | 1,398,297 | 2,088,767 |
| CATERPILLAR INC    | Common Stock, shares: 13,210  | 1,331,017 | 2,081,632 |

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| <b>Lessor or Similar Party</b> | <b>Description of Investment</b> | <b>Cost</b>  | <b>Current Value</b> |
|--------------------------------|----------------------------------|--------------|----------------------|
| CARRIZO OIL & GAS INC          | Common Stock, shares: 97,721     | \$ 2,775,951 | \$ 2,079,503         |
| J2 GLOBAL                      | Common Stock, shares: 27,696     | 2,039,310    | 2,078,031            |
| LIGAND PHARMACEUTICALS         | Common Stock, shares: 15,112     | 1,568,964    | 2,069,286            |
| SOUTH JERSEY INDUS             | Common Stock, shares: 66,208     | 1,949,057    | 2,067,676            |
| AMBARELLA INC                  | Common Stock, shares: 35,110     | 1,511,085    | 2,062,712            |
| PEBBLEBROOK HOTEL              | Common Stock, shares: 55,413     | 1,849,065    | 2,059,701            |
| INTERXION HOLDING NV           | Common Stock, shares: 34,733     | 1,024,350    | 2,046,816            |
| CLOVIS ONCOLOGY INC            | Common Stock, shares: 30,006     | 2,081,518    | 2,040,408            |
| CASELLA WASTE SYSTEMS          | Common Stock, shares: 88,180     | 1,291,160    | 2,029,904            |
| MYR GROUP INC                  | Common Stock, shares: 56,781     | 1,726,592    | 2,028,785            |
| FIVE BELOW                     | Common Stock, shares: 30,271     | 1,245,526    | 2,007,573            |
| KNIGHT SWIFT                   | Common Stock, shares: 45,131     | 1,468,979    | 1,973,127            |
| LASALLE HOTEL                  | Common Stock, shares: 70,268     | 2,180,197    | 1,972,423            |
| ON ASSIGNMENT                  | Common Stock, shares: 30,546     | 1,204,166    | 1,963,191            |
| II-VI INC.                     | Common Stock, shares: 41,728     | 1,304,094    | 1,959,130            |
| ANIXTER INTERNATIONAL          | Common Stock, shares: 25,557     | 1,682,818    | 1,942,332            |
| MACK CALI REALTY CORP.         | Common Stock, shares: 89,445     | 2,218,084    | 1,928,434            |
| FORTIVE CORPORATION            | Common Stock, shares: 26,490     | 1,425,112    | 1,916,551            |
| SELECTIVE INSURANCE            | Common Stock, shares: 32,472     | 1,069,229    | 1,906,106            |
| VANDA PHARMACEUTICALS          | Common Stock, shares: 124,517    | 1,589,540    | 1,892,658            |
| EXACT SCIENCES CORP            | Common Stock, shares: 35,782     | 630,383      | 1,879,986            |
| WRIGHT MEDICAL GROUP           | Common Stock, shares: 84,214     | 1,888,811    | 1,869,551            |
| ESCO TECHNOLOGIES INC.         | Common Stock, shares: 30,976     | 1,146,652    | 1,866,304            |
| REPLIGEN CORP                  | Common Stock, shares: 51,281     | 1,653,309    | 1,860,475            |
| AAON INC                       | Common Stock, shares: 50,091     | 1,140,644    | 1,838,340            |
| EASTGROUP PROPERTIES           | Common Stock, shares: 20,711     | 1,250,877    | 1,830,438            |
| PRESTIGE BRANDS                | Common Stock, shares: 40,870     | 1,988,654    | 1,815,037            |
| ATN INTERNATIONAL INC          | Common Stock, shares: 32,036     | 2,193,980    | 1,770,309            |
| ADAMAS                         | Common Stock, shares: 51,788     | 1,103,469    | 1,755,095            |
| FEDERAL SIGNAL                 | Common Stock, shares: 83,686     | 1,256,552    | 1,681,252            |
| Q2 HOLDINGS INC                | Common Stock, shares: 45,174     | 1,422,743    | 1,664,662            |
| INFINITY PPTY & CASUALTY       | Common Stock, shares: 15,337     | 1,195,908    | 1,625,722            |
| PLANTRONICS INC.               | Common Stock, shares: 32,042     | 1,760,360    | 1,614,276            |
| RETROPHIN INC                  | Common Stock, shares: 76,414     | 1,621,904    | 1,610,043            |
| KEANE GROUP INC                | Common Stock, shares: 84,163     | 1,439,845    | 1,599,939            |
| FCB FINANCIAL HOLDINGS         | Common Stock, shares: 31,453     | 1,464,972    | 1,597,812            |

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|                       |                              |           |           |
|-----------------------|------------------------------|-----------|-----------|
| MALIBU BOATS INC A    | Common Stock, shares: 53,743 | 990,639   | 1,597,779 |
| AMERICAN EQUITY       | Common Stock, shares: 51,331 | 1,216,285 | 1,577,402 |
| OLD NATL BANCORPIND   | Common Stock, shares: 90,064 | 1,318,181 | 1,571,617 |
| BROOKS AUTOMATION INC | Common Stock, shares: 65,787 | 1,035,266 | 1,569,020 |
| CHEESECAKE FACTORY    | Common Stock, shares: 32,116 | 1,773,511 | 1,547,349 |
| JACK IN THE BOX       | Common Stock, shares: 15,639 | 1,413,939 | 1,534,342 |
| SILICON LABORATORIES  | Common Stock, shares: 17,343 | 820,595   | 1,531,387 |
| MEDICINES COMPANY     | Common Stock, shares: 55,315 | 1,836,841 | 1,512,312 |
| PAYCOM SOFTWARE INC   | Common Stock, shares: 18,446 | 1,137,627 | 1,481,767 |
| BELDEN CDT INC        | Common Stock, shares: 18,833 | 1,400,012 | 1,453,343 |
| UNITED BANKSHARES     | Common Stock, shares: 40,886 | 1,384,085 | 1,420,789 |

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| <b>Lessor or Similar Party</b>                                  | <b>Description of Investment</b> | <b>Cost</b>        | <b>Current Value</b> |
|---|----------------------------------|--------------------|----------------------|
| NAVIGANT CONSULTING CO.   | Common Stock, shares: 72,743     | \$ 1,296,742       | \$ 1,411,942         |
| CITY HOLDING CO   | Common Stock, shares: 20,808     | 1,006,576          | 1,403,916            |
| INDEPENDENT BANK CORP   | Common Stock, shares: 19,867     | 979,465            | 1,387,710            |
| FIRST BANCORP   | Common Stock, shares: 38,453     | 1,146,689          | 1,357,775            |
| MAINSOURCE FINANCIAL  | Common Stock, shares: 36,230     | 1,194,878          | 1,315,511            |
| COBIZ FINANCIAL INC   | Common Stock, shares: 65,332     | 845,549            | 1,305,987            |
| HOULIHAN LOKEY INC  | Common Stock, shares: 28,545     | 622,456            | 1,296,799            |
| INDEPENDENT BANK GROUP  | Common Stock, shares: 18,933     | 1,157,883          | 1,279,871            |
| BALCHEM CORP  | Common Stock, shares: 15,089     | 937,320            | 1,216,173            |
| FIRST INTERSTATE  | Common Stock, shares: 30,180     | 1,116,441          | 1,208,709            |
| MA-COM TECHNOLOGY   | Common Stock, shares: 36,936     | 1,477,986          | 1,201,897            |
| BRYN MAWR BANK CORP   | Common Stock, shares: 26,360     | 790,051            | 1,165,112            |
| CHUY S HOLDINGS INC   | Common Stock, shares: 39,432     | 1,159,626          | 1,106,068            |
| DEL FRISCOS RESTAURANT  | Common Stock, shares: 72,481     | 1,104,966          | 1,105,335            |
| NUVASIVE INC  | Common Stock, shares: 18,799     | 1,037,404          | 1,099,554            |
| SUPERIOR ENERGY   | Common Stock, shares: 88,715     | 1,304,839          | 854,325              |
| ARMADA HOFFLER  | Common Stock, shares: 54,383     | 773,704            | 844,568              |
| FLUSHING FINANCIAL CORP.  | Common Stock, shares: 30,617     | 645,152            | 841,967              |
| UNITED FIRE GROUP INC   | Common Stock, shares: 17,489     | 654,716            | 797,149              |
| NATERA INC  | Common Stock, shares: 86,260     | 815,448            | 775,477              |
| PIONEER DRILLING  | Common Stock, shares: 246,449    | 789,428            | 751,669              |
| VENATOR MATERIALS PLC   | Common Stock, shares: 32,241     | 664,731            | 713,171              |
| US SILICA HOLDINGS INC  | Common Stock, shares: 17,761     | 554,793            | 578,298              |
| SPECTRUM  | Common Stock, shares: 26,303     | 151,750            | 498,442              |
| HAWAIIAN HOLDINGS INC   | Common Stock, shares: 10,317     | 481,529            | 411,132              |
| AMERICAN EAGLE  | Common Stock, shares: 20,385     | 381,034            | 383,238              |
| KEYW HOLDING CORP   | Common Stock, shares: 62,488     | 603,608            | 366,805              |
| SPARK THERAPEUTICS INC  | Common Stock, shares: 4,925      | 257,459            | 253,244              |
|   | <b>Sub-Total</b>                 | <b>563,097,275</b> | <b>708,708,000</b>   |
| Pru Core Ultra Short Bond Fund                                  | Interest-bearing Cash            | 55,951,302         | 55,951,302           |
| Alliance Bernstein Core Opportunities Fund - Short Term Account | Interest-bearing Cash            | 170,408            | 170,408              |
| Delaware Small Cap Core Equity Fund - Short Term Account        | Interest-bearing Cash            | 241,570            | 241,570              |

|                    |                         |                         |
|--------------------|-------------------------|-------------------------|
| <b>Sub-Total</b>   | <b>56,363,280</b>       | <b>56,363,280</b>       |
| <b>Grand Total</b> | <b>\$ 7,319,876,725</b> | <b>\$ 8,738,087,649</b> |

\* Party-in-interest.

\*\* Represents range of annual interest rates on outstanding loans.

\*\*\* No cost was attributed to the PFI common stock that the Plan received as a result of demutualization. The value of the shares was credited to eligible participants' accounts as units in Prudential Financial, Inc. Common Stock Fund on April 26, 2002.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Prudential Administrative Committee (or other persons who administer the Prudential Employee Savings Plan) has duly caused this annual report to be signed on their behalf by the undersigned thereunto duly authorized.

**THE PRUDENTIAL EMPLOYEE SAVINGS PLAN**

By: /s/ Kevin Prue

Kevin Prue

Vice President, Human Resources

Chairperson of the Prudential Administrative Committee

Dated: June 15, 2018