UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended December 31, 1994

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

Commission file number 33-37587

PRUCO LIFE INSURANCE COMPANY

(Exact name of Registrant as specified in its charter)

Arizona	22-1944557
(State or other jurisdiction,incorporation or organization)	(IRS Employer Identification No.)

213 Washington Street, Newark, New Jersey 07102
(Address of principal executive offices) (Zip Code)

(201) 802-6000
(Registrant's Telephone Number, including area code)

Securities registered pursuant to Section 12 (b) of the Act: NONE
Securities registered pursuant to Section 12 (g) of the Act: NONE

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO ___

State the aggregate market value of the voting stock held by non-affiliates of the registrant: NONE

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of March 31, 1995: Common stock, par value of $10 per share: 250,000 shares outstanding

PRUCO LIFE INSURANCE COMPANY
(Registrant)

INDEX

PART I

ITEM 1. BUSINESS

Pruco Life Insurance Company (the Company) is a stock life insurance company, organized in 1971 under the laws of the state of Arizona. The Company markets individual life insurance and single pay deferred annuities (the Contracts) in the District of Columbia, Guam, and in all states except New York. In addition, the Company markets individual life insurance through its branch office in Taiwan. The Company has two subsidiaries, Pruco Life Insurance Company of New Jersey (PLNJ) and The Prudential Life Insurance Company of Arizona (PLICA). PLNJ is a stock life insurance company organized in 1982 under the laws of the state of New Jersey. It is licensed to sell individual life insurance and single pay deferred annuities only in the states of New Jersey and New York. PLICA is a stock life insurance company organized in 1989 under the laws of the state of Arizona. PLICA had no new business sales in 1994 and at this time will not be issuing new business.

The Company is a wholly owned subsidiary of The Prudential Insurance Company of America (The Prudential), a mutual insurance company founded in 1875 under the laws of the state of New Jersey. The Prudential had approximately $212 billion of total consolidated assets at the end of 1994. As of December 31, 1994, it had invested over $442 million in the Company in connection with the Company's organization and operation. The Prudential intends from time to time to make additional capital contributions to the Company as needed to enable it to meet its reserve requirements and expenses in connection with its business. Generally, The Prudential is under no obligation to make such contributions and its assets do not back the benefits payable under the Contracts.

The Company is engaged in a business that is highly competitive because of the large number of stock and mutual life insurance companies and other entities engaged in marketing insurance products. There are approximately 1,900 stock, mutual and other types of insurers in the life insurance business in the United States.

In a reorganization of the parent's Individual Insurance Department, effective January 1, 1993, the corporate staff of the Company was absorbed by the parent. The costs associated with these employees, which were previously borne by the Company, are now charged to the Company under service and lease agreements with the parent.

ITEM 2. PROPERTIES

Not applicable.

ITEM 3. LEGAL PROCEEDINGS

Pruco Life is not involved in any litigation that is expected to have a material effect.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No actions were taken during the fourth quarter of 1994.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S INTERESTS AND RELATED SECURITY HOLDER MATTERS

Pruco Life is a wholly-owned subsidiary of The Prudential. There is no public market for Pruco Life's common stock.

ITEM 6. SELECTED FINANCIAL DATA

PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED DECEMBER 31,				
	1994	1993	1992	1991	1990
			($000'S)		
<S>	<C>	<C>	<C>	<C>	<C>
Revenues					
Premiums, annuity fund deposits and other revenue	$ 603,864	$ 591,660	$ 541,248	$ 521,590	$ 577,692
Net investment income	245,977	260,939	274,037	285,565	270,785
Total revenues	849,841	852,599	815,285	807,155	848,477
Benefits and expenses					
Current and future benefits and claims	559,658	534,354	478,148	501,454	513,165
Other expenses	149,478	157,557	129,701	126,201	144,642
Total benefits and expenses	709,136	691,911	607,849	627,655	657,807
Income before provision in lieu of federal income tax and cumulative effect of a change in accounting principle	140,705	160,688	207,436	179,500	190,670
Provision in lieu of federal income tax	87,750	83,640	96,578	75,242	62,871
Net income before cumulative effect of a change in accounting principle	$ 52,955	$ 77,048	$ 110,858	$ 104,258	$ 127,799
Cumulative effect on prior years (to December 31, 1990) of change in reserve basis	-	-	-	140,424	-
Net income	$ 52,955	$ 77,048	$ 110,858	$ 244,682	$ 127,799

Assets	$ 7,090,802	$ 7,172,104	$ 6,709,958	$ 6,369,288	$ 5,570,360

</TABLE>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Pruco Life Insurance Company consists of Pruco Life Insurance Company (Pruco Life), Pruco Life Insurance Company of New Jersey and The Prudential Life Insurance Company of Arizona (collectively, the Company).
The Company markets individual life insurance and single pay deferred annuities primarily through The Prudential's sales force. The Company held $7 billion in assets at December 31, 1994, $3.5 billion of which were held in Separate Accounts under variable life insurance policies and variable annuity contracts. The remaining assets were held in the general account for investment primarily in bonds, short-term investments and mortgage loans.

Because of the large number of stock and mutual life insurance companies and other entities engaged in marketing insurance products, the Company is engaged in a business that is highly competitive. During the past several years, the insurance industry has suffered setbacks both financially and in public relations. The Company, however, remains sound.

1. RESULTS OF OPERATIONS

(a) 1994 VERSUS 1993

Net income for 1994 was $53 million, representing a $24 million decrease from the same period in 1993.

Premiums and annuity considerations increased $48 million in 1994, from $564 million for the year ended December 31, 1993, to $612 million for the same period in 1994. An increase in unscheduled premium payments on two individual life insurance products together with an increase in renewal premiums, driven by these two products, account for this increase.

Net investment income decreased $15 million for the twelve months ended December 31, 1994, from the same period in 1993. Reduced yields on the Company's fixed rate investment portfolio lead to reduced net investment income. In addition, net cash outflows to meet policyholder obligations resulted in a decrease in invested assets which, in turn, contributed to the lower investment income.

The Company had net realized investment losses of $21 million during 1994 compared to investment gains of $9 million during 1993. Sales of Corporate and Mortgage-Backed Securities during the twelve months of 1994 generated realized losses attributable to the increase in interest rates during this period. However, the expectation is that the newly structured portfolio will align more closely with the company's liability duration and reduce the portfolio's interest rate risk. Following statutory Interest Maintenance Reserve (IMR) guidelines, net realized investment losses of $20 million were deferred for the period ended December 31, 1994. In comparison, $19 million of net realized investment gains were deferred for the period ended December 31, 1993. Amortized into net investment income were $5 million and $7 million of IMR for the twelve month period ended December 31, 1994, and 1993, respectively.

Current and future benefits and claims increased $25 million for the twelve months ended December 31, 1994, from the same period in 1993. An increase in benefits paid during 1994 as compared to 1993 combined with high surrender benefits, which can be attributed to contract maturities of annuity products as the Company's inforce ages, was more than offset by an increase in reserves resulting from the 1994 increase in premiums and annuity considerations.

Total expenses for the year ended December 31, 1994 decreased by $8 million from the same period in 1993. General, administrative, and other expenses for the year ended December 31, 1994, decreased $9.8 million due to the decrease in allocation of costs from The Prudential. Allocations are primarily based on average compensation over a period of recent years and inforce. The average compensation and inforce amounts used in 1994 decreased from 1993 by 48% and 5%, respectively. This can be attributable to a decline in the sales of certain life insurance products between periods of allocation. Offsetting this decrease is an increase in commission expense of $1.8 million from the same period in 1993, which is consistent with the increase in first year premiums.

Provision in lieu of federal income taxes increased $4 million for the year ended December 31, 1994, as compared to December 31, 1993. Although operating income for 1994 was lower than the previous year, provision in lieu of federal income taxes increased due to federal income taxes applicable to prior years.

(b) 1993 VERSUS 1992

Net income for 1993 was $77 million, representing a $34 million decrease from the same period in 1992.

Premiums and annuity considerations increased $67 million in 1993, from $497 million for the year ended December 31, 1992, to $564 million for the same period in 1993. This increase was primarily from sales of two new individual life insurance products. Offsetting this increase were the continuing decline in renewal premiums from normal surrender and lapse activity for certain life insurance contracts and contract maturities. In addition, sales of the Future Value Annuity contract decreased during the year ended December 31, 1993.

Net investment income decreased $13 million for the twelve months ended December 31, 1993, from the same period in 1992. Reduced yields on the Company's fixed rate investment portfolio lead to reduced net investment income. A decline in invested assets also contributed to this decrease.

Net realized investment gains decreased $19 million for the twelve months ended December 31, 1993, from the same period in 1992. This decrease is primarily due to the decline in activity in the purchases and sales of fixed maturities. Net realized investment gains of $19 million and $37 million were deferred in 1993 and 1992, respectively, as dictated by Interest Maintenance Reserve (IMR) guidelines. Amortized into net investment income were $7 million and $3 million of IMR for the year ended December 31, 1993 and 1992, respectively.

Current and future benefits and claims increased $56 million for the year ended December 31, 1993, from the same period in 1992. Surrender benefits, which increased from $223 million at December 31, 1992, to $462 million at December 31, 1993, and change in reserves, which decreased from $129 million at December 31, 1992, to $(49) million at December 31, 1993, were the two major components of this increase. Surrender activity increased significantly during the first three months of 1993, as contractholders exercised a provision included in the contract which allows withdrawal of funds without surrender charges if the Company's renewal crediting rate is more than 1% below the initial crediting rate (renewal crediting rates are established at January 1 each year). A contractholder's ability to exercise this provision is limited to 30 days following notification of the renewal crediting rate. The surrender activity has a direct correlation with reserve activity and accounts for a significant portion of the change in reserves. The effect of the surrender activity on the change in reserve was somewhat mitigated by new business sales of the two new individual life insurance products.

Total expenses for the year ended December 31, 1993, increased by $28 million, from the same period in 1992. The commission expense increase of $10 million is due to first year sales of two new individual life insurance products. Commission rates on new business sales are higher than on renewal business. General, administrative, and other expenses for the year ended December 31, 1993, increased $18 million due to an increase in the allocation of costs from The Prudential. Under service and lease agreements with The Prudential, services of officers and employees, supplies, use of equipment and office space are provided to the Company. The increase in allocated costs is due to a rise in the inforce caused by increased sales. The allocations were further affected by the reorganization of The Prudential's Individual Insurance Department. Effective January 1, 1993, the corporate staff of the Company was absorbed by the parent as a result of this reorganization. The costs associated with these employees are now charged to the Company under the service and lease agreements with the parent.

Provision in lieu of federal income tax decreased $13 million for the year ended December 31, 1993, as compared to December 31, 1992. This decrease in tax is due primarily to the effect of the large decrease in capital gains and a lower equity tax assessment by the consolidated tax sharing group. The effective tax rates for the years ended December 31, 1993 and 1992, were 52% and 47%, respectively. This increase is due primarily to the tax effect of the change in tax reserves as compared to the change in statutory reserves. However, the decrease in the equity tax assessment and the effect of the IMR offset this increase. Provision in lieu of federal income tax for the year ended December 31, 1993, reflects the new corporate income tax rate of 35%, an increase of 1% over the same period in 1992. This rate change did not have a material effect on net income.

2. LIQUIDITY

For an insurance company, cash needs, for the purpose of paying current benefits, making policy loans, and paying expenses, are met primarily from premiums and investment income. Benefit expenses incurred in 1994, 1993 and 1992 were respectively, $547 million, $584 million and $350 million. Cash flows are anticipated to be ample to meet the Company's liquidity needs for the foreseeable future.

3. INVESTMENTS

The Company maintains a well diversified portfolio consisting of fixed as well as equity investments. Of the Company's total assets of $7 billion as of December 31, 1994, 37.33% was invested in fixed maturities, 0.05% in equity securities, 2.70% in short-term investments, 1.01% in mortgage loans, 0.10% in real estate, 49.53% in separate account assets and the remaining 9.28% in other assets.

Fixed Maturities. As of December 31, 1994 and 1993, the Company's investments in fixed maturities, which are primarily carried at amortized cost, were $2.6 billion and $2.8 billion, respectively. Included in fixed maturities are securities classified by the National Association of Insurance Commissioners (NAIC) as being in the lowest three rating categories. The lowest three NAIC categories represent, for the most part, high-yield securities. These approximate 1.5% of the Company's assets at December 31, 1994 and 1.6% at December 31, 1993.

Mortgage Loans. As of December 31, 1994 and 1993, the Company's investments in mortgage loans were $72 million and $56 million, respectively. Mortgage loans are carried at the lower of unpaid principal balance or fair value of the underlying property. The increase in mortgage loans is due to the acquisition of 7 new loans totaling $35.3 million. During the year ended December 31, 1994, one loan in the amount of $4.7 million was transferred to real estate through foreclosure. A net loss of $.6 million was realized in 1994 as a result of this foreclosure. This loss was reserved for in the Asset Valuation Reserve and therefore had no impact on surplus. Currently, the Company has one loan in the amount of $6 million in the process of foreclosure and two loans with restructured terms in the amount of $7.1 million.

Real Estate. As of December 31, 1994 and 1993, the Company's investment in real estate was $7 million and $10 million, respectively. Real estate is carried at the lower of cost or fair value less disposition costs. Pruco Life sold three properties during the second half of 1994 for $10.8 million and acquired one property through foreclosure for $4.1 million.

4. EMERGING ACCOUNTING ISSUES

The Financial Accounting Standards Board (the "FASB") issued Financial Interpretation No. 40, "Applicability of Generally Accepted Accounting Principles to Mutual Life Insurance and Other Enterprises", which, as amended is effective for fiscal years beginning after December 15, 1995. Interpretation No. 40 changes the current practice of the Company with respect to utilizing statutory basis financial statements for general purposes in that it would not allow such financial statements to be referred to as having been prepared in accordance with GAAP. Interpretation No. 40 requires GAAP financial statements to apply all GAAP pronouncements, unless specifically exempted. Implementation of the Interpretation will require significant effort and judgment as to determining GAAP for insurance operations. The Company is currently unable to determine the impact of Interpretation No. 40 on its financial statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required with respect to this Item 8 regarding Financial Statements and Supplementary Data is set forth commencing on page F-1 hereof. See Index to Financial Statements and Schedules elsewhere in this Annual Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF PRUCO LIFE

NAME	POSITION	AGE

Robert P. Hill	Chairman of the Board and Director	54
I. Edward Price	Vice Chairman of the Board and Director	52
Esther H. Milnes	President and Director	44
Beverly R. Barney	Senior Vice President	47
Robert W. W. Earl	Senior Vice President	43
John P. Gualtieri, Jr.	Senior Vice President and Assistant Secretary	60
Richard F. Lambert	Senior Vice President, Chief Actuary and Appointed Actuary	38
Michael R. Shapiro	Senior Vice President	47
Lawrence J. Sundram	Senior Vice President	48
Stephen P. Tooley	Vice President and Comptroller	42
E. Michael Caulfield	Director	48
Garnett L. Keith, Jr.	Director	59
Ira J. Kleinman	Director	47
Donald G. Southwell	Director	43

Robert P. Hill, age 54, has been Executive Vice President of The Prudential since 1990. Prior to 1990, he was Senior Vice President and Actuary of The Prudential.

I. Edward Price, age 52, has been Chief Executive Officer of International Insurance of The Prudential since 1994. From 1990 to 1993, he was Senior Vice President and Actuary of The Prudential. In 1990, he was Senior Vice President of The Prudential and President of the International Insurance Department of The Prudential. Prior to 1990, he was Senior Vice President of Individual Insurance Systems and Administration of The Prudential.

Esther H. Milnes, age 44, has been President of Pruco Life and Senior Vice President and Chief Actuary of Prudential Insurance and Financial Services since 1993. Prior to 1993, she was Vice President and Associate Actuary of The Prudential.

Beverly R. Barney, age 47, has been Senior Vice President of Pruco Life since 1991. She has also been Vice President and Associate Actuary of Prudential Direct since 1993. From 1990 to 1991, she was Vice President and Actuary of Pruco Life. Prior to 1990, she was Vice President of Human Resources for the Eastern Home Office of The Prudential.

Robert W. W. Earl, age 43, has been Vice President of Strategic Initiatives of Prudential Preferred Financial Services since 1992. Prior to 1992, he was Vice President of Regional Marketing for The Prudential.

John P. Gualtieri, Jr., age 60, has been Senior Vice President of Pruco Life since 1987. He has been Vice President and Insurance Counsel of Variable Products since 1993.

Richard F. Lambert, age 38, has been Senior Vice President and Chief and Appointed Actuary since 1992. He has also been Vice President and Actuary of Prudential Preferred Financial Services since 1993. From 1991 to 1993, he was Vice President and Actuary of The Prudential. Prior to 1991, he was Vice President of Prudential Select Marketing.

Michael R. Shapiro, age 47, has been Senior Vice President of Prudential Select Marketing since 1987.

Lawrence J. Sundram, age 48, has been Vice President of Prudential Insurance and Financial Services since 1993. Prior to 1993, he was Vice President of District Agencies for The Prudential.

Stephen P. Tooley, age 42, has been Vice President and Comptroller of Prudential Insurance and Financial Services and Pruco Life since 1993. From 1990 to 1993, he was Director of Financial Analysis for The Prudential. Prior to 1990, he was Director of Accounting for The Prudential.

E. Michael Caulfield, age 48, has been President of Prudential Preferred Financial Services since 1993. From 1992 to 1993, he was President of Prudential Property and Casualty. Prior to 1992, he was President of Investment Services for The Prudential.

Garnett L. Keith, Jr., age 59, has been Vice Chairman of The Prudential since 1984.

Ira J. Kleinman, age 47, has been President of Prudential Select Marketing since 1993. From 1992 to 1993, he was Senior Vice President of The Prudential. Prior to 1992, he was Vice President of The Prudential.

Donald G. Southwell, age 43, has been President of Prudential Insurance and Financial Services since 1993. Prior to 1993, he was Senior Vice President of The Prudential.

ITEM 11. EXECUTIVE COMPENSATION

The following table shows the portion of compensation, paid by The Prudential, to each named executive officer for services provided to the Company. The amounts have been determined based on each individual's time devoted to the duties as an executive of Pruco Life and its subsidiaries during 1994.

<TABLE>
<CAPTION>

Name & Principal Position	Year	Allocated Cash Compensation ($)
<S>	<C>	<C>
Esther H. Milnes	1994	$ 14,250
President	1993	$ 9,846
	1992*	$ -
John P. Gualtieri, Jr.	1994	$ 25,285
Senior Vice President	1993	$ 72,608
	1992	$ 142,038
Beverly R. Barney	1994	$ -
Senior Vice President	1993	$ 126,142
	1992	$ 105,380
Helen M. Galt	1994	$ -
President	1993**	$ 13,382
	1992	$ 169,626
Robert B. Likins	1994	$ -
Senior Vice President	1993**	$ 6,181
	1992	$ 138,511

<FN>
* Current position was not held as of reporting date.
** Resigned position as of July, 1993.
</TABLE>

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Not applicable.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) and (2) Financial Statements and Schedules of registrant and its subsidiaries are listed in the accompanying "Index to Financial Statements and Schedules" on pages F-1 and F-2 hereof and are filed as part of this Report.

(a)(3) EXHIBITS

REGULATION S-K

3. Documents Incorporated by Reference

The Articles of Incorporation of Pruco Life, as amended October 19, 1993, are incorporated herein by reference to Exhibit 14 (3) of the Pruco Life Insurance Company Form 10-K for the fiscal year ended December 31, 1993; (ii) Bylaws of Pruco Life, as amended June 14, 1983, are incorporated herein by reference to Post-Effective Amendment No. 13 to Form S-6, Registration No. 2-89558, filed March 2, 1989 on behalf of the Pruco Life Variable Appreciable Account.

4. Exhibits

Modified Guaranteed Annuity Contract, incorporated by reference to Registrant's Form S-1 Registration Statement, Registration No. 33-37587, filed November 2, 1990.

9. None.

10. None.

11. Not applicable.

12. Not applicable.

13. Not applicable.

16. Not applicable.

18. None.

19. Not applicable.

21. Pruco Life Insurance Company of New Jersey, a stock life insurance company organized under the laws of the state of New Jersey, is a wholly-owned subsidiary of Pruco Life. It is licensed to sell life insurance and annuities only in the States of New Jersey and New York.

The Prudential Life Insurance Company of Arizona, a stock life insurance company organized under the laws of the State of Arizona, is a wholly-owned subsidiary of Pruco Life. It is licensed to sell life insurance and annuities only in the State of Arizona.

22. None.

23. Not applicable.

24. Powers of Attorney, incorporated by reference to Post Effective Amendment No. 15 to Form S-6, Registration No. 2-99537, filed March 2, 1993, and Post Effective Amendment No. 17 to Form S-6, Registration No. 2-99537, filed on March 4, 1994, on behalf of the Pruco Life Single Premium Variable Life Account.

27. No response required

28. Not applicable.

(b) Reports on 8-K

No report on Form 8-K was filed during the last fiscal year ended December 31, 1994.

99. None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

. . . . .PRUCO LIFE INSURANCE COMPANY
(Registrant)

Date: March 27,1995 By: /s/ Esther H. Milnes

Esther H. Milnes
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
* Robert P. Hill	Chairman of the Board and Director	March 29, 1995
* I. Edward Price	Vice Chairman of the Board and Director	March 29, 1995
/s/ Esther H. Milnes Esther H. Milnes	President and Director	March 27, 1995
* John P. Gualtieri, Jr.	Senior Vice President and Assistant Secretary	March 29, 1995
/s/ Stephen P. Tooley Stephen P. Tooley	Vice President and Comptroller	March 27, 1995

By: * /s/ Thomas C. Castano

Thomas C. Castano
(Attorney-in-Fact)

SIGNATURE	TITLE	DATE
* E. Michael Caulfield	Director	March 29, 1995
* Garnett L. Keith, Jr.	Director	March 29, 1995
* Ira J. Kleiman	Director	March 29, 1995
* Donald G. Southwell	Director	March 29, 1995

By: * /s/ Thomas C. Castano

Thomas C. Castano
(Attorney-in-Fact)

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K
ANNUAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

For the Years Ended December 31, 1994, 1993, and 1992

PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES

PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS and FINANCIAL STATEMENT SCHEDULES

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Pruco Life Insurance Company
Newark, New Jersey

We have audited the accompanying consolidated statements of financial position of Pruco Life Insurance Company and subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of operations, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 1994. Our audits also included the financial statement schedules listed in the Index at Item 14. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Pruco Life Insurance Company and subsidiaries as of December 31, 1994 and 1993 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Deloitte & Touche LLP
Parsippany, New Jersey
March 6, 1995

CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<TABLE>
<CAPTION>

	DECEMBER 31, 1994	DECEMBER 31, 1993
	($000's)	
<S>	<C>	<C>
ASSETS		
Fixed maturities (market value $2,596,172 and $2,951,602)	$2,647,315	$2,835,251
Equity securities (cost $5,434 and $4,405)	3,326	2,788
Mortgage loans	71,919	56,184
Investment in real estate	7,189	9,994
Policy loans	493,862	420,271
Other long-term investments	4,044	2,753
Short-term investments	191,455	201,079
Total Investments	3,419,110	3,528,320
Cash	27,780	671
Notes receivable from affiliates	-	50,000
Interest receivable from affiliates	-	23
Accrued investment income	59,382	56,785
Premiums due and deferred	16,821	16,569
Receivable from affiliates	7,517	6,880
Federal income taxes - from affiliate	23,306	4,151
Other assets	25,102	15,829
Assets held in Separate Accounts	3,511,784	3,492,876
TOTAL ASSETS	$7,090,802	$7,172,104
LIABILITIES AND STOCKHOLDER'S EQUITY		
LIABILITIES:		
Policy liabilities and insurance reserves:		
Future policy benefits and claims	$2,767,552	$2,912,283
Other policy claims and benefits payable	15,184	13,606
Interest Maintenance Reserve (IMR)	21,802	46,506
Payable to affiliates	30,257	54,286
Other liabilities	131,695	103,985
Asset Valuation Reserve (AVR)	23,690	22,692
Liabilities related to Separate Accounts	3,424,535	3,399,953
TOTAL LIABILITIES	6,414,715	6,553,311
STOCKHOLDER'S EQUITY:		
Common Stock, $10 par value; authorized, 1,000,000 shares; issued and outstanding, 250,000 shares	2,500	2,500
Paid-in capital	439,582	439,582
Unassigned surplus	234,005	176,711

TOTAL STOCKHOLDER'S EQUITY	676,087	618,793
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$7,090,802	$7,172,104

</TABLE>

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,		
	1994	1993	1992
		($000's)	
<S>	<C>	<C>	<C>
REVENUE			
Premiums and annuity considerations.	$ 611,820	$ 563,900	$ 497,088
Net investment income.	245,977	260,939	274,037
Net realized investment gains/(losses)	(21,215)	8,878	28,117
Other income	13,259	18,882	16,043
TOTAL REVENUE.	849,841	852,599	815,285
BENEFITS AND EXPENSES			
Current and future benefits and claims	559,658	534,354	478,148
Commission expenses.	30,169	28,386	17,956
General, administrative and other expenses	119,309	129,171	111,745
TOTAL BENEFITS AND EXPENSES.	709,136	691,911	607,849
Income before provision in lieu of federal income tax	140,705	160,688	207,436
Provision in lieu of federal income tax.	(87,750)	(83,640)	(96,578)
NET INCOME	$ 52,955	$ 77,048	$ 110,858

</TABLE>

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,		
	1994	1993	1992
		($000's)	
<S>	<C>	<C>	<C>
COMMON STOCK			
Balance, beginning of year	$ 2,500	$ 2,500	$ 2,500
Issued during year	-	-	-
Balance, end of year	2,500	2,500	2,500
PAID-IN CAPITAL			

Balance, beginning of year	439,582	439,582	439,582
Paid-in during year	-	-	-
Balance, end of year	439,582	439,582	439,582
UNASSIGNED SURPLUS			
Balance, beginning of year	176,711	162,530	98,966
Net income	52,955	77,048	110,858
Net unrealized investment gains/(losses)	5,814	(9,351)	2,750
(Increase) decrease in non-admitted assets	(477)	575	130
(Increase) decrease in AVR	(998)	5,909	3,681
Dividends to stockholder	-	(60,000)	(53,855)
Balance, end of year	234,005	176,711	162,530
TOTAL STOCKHOLDER'S EQUITY	$ 676,087	$ 618,793	$ 604,612

</TABLE>

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

		YEARS ENDED DECEMBER 31,	
	1994	1993	1992
		($000's)	
<S>	<C>	<C>	<C>
CASH FLOW FROM OPERATING ACTIVITIES			
Net income	$ 52,955	$ 77,048	$ 110,858
Adjustments to reconcile net income to net cash from operations:			
Increase (decrease) in policy liabilities and insurance reserves	(143,153)	(124,602)	95,927
Net decrease in Separate Accounts	5,674	12,173	4,531
Net realized investment(gains)/losses	21,215	(8,878)	(28,117)
Depreciation, amortization and other non-cash items	314	1,907	(1,810)
(Increase) decrease in operating assets:			
Policy loans	(73,591)	(71,472)	(86,306)
Notes receivable from affiliates	50,000	9,000	4,000
Interest receivable from affiliates	23	420	361
Accrued investment income	(2,597)	880	(45)
Premiums due and deferred	(252)	(880)	47,374
Receivable from affiliates	(637)	1,970	10,818
Federal income taxes - from affiliate	(19,155)	6,879	(11,030)
Other assets	(9,273)	(9,481)	(3,476)
Increase (decrease) in operating liabilities:			
Payable to affiliates	(24,029)	13,260	(53,063)
Federal income taxes - to affiliate	-	-	(497)
Other liabilities	27,710	34,632	(50,303)
CASH FLOW FROM (USED FOR) OPERATING ACTIVITIES	(114,796)	(57,144)	39,222
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from the sale/maturity of:			
Fixed maturities	2,710,424	1,687,992	3,898,399
Equity securities	1,909	4,032	1,791
Mortgage loans	10,821	21,691	954
Other long-term investments	607	520	-
Investment in real estate	8,676	-	-
Payments for the purchase of:			
Fixed maturities	(2,561,081)	(1,483,234)	(3,986,331)
Equity securities	(2,436)	(3,068)	(1,170)
Mortgage loans	(35,276)	(918)	-

Other long-term investments	(1,584)	(84)	(860)
Investment in real estate	-	(20)	(71)
Net proceeds (payments) of short-term investments	9,845	(116,735)	108,858
CASH FLOW FROM INVESTING ACTIVITIES	141,905	110,176	21,570
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	-	(60,000)	(53,855)
Net increase (decrease) in Cash	27,109	(6,968)	6,937
Cash, beginning of year	671	7,639	702
CASH, END OF YEAR	$ 27,780	$ 671	$ 7,639
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Non-cash financing:Investment in real estate from foreclosed mortgage loans	$ 4,139	$ 7,300	$ 6,338
Cash paid in lieu of income taxes	$ 73,903	$ 76,760	$ 108,105

</TABLE>

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 1994, 1993, AND 1992

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRINCIPLES

A. PRINCIPLES OF CONSOLIDATION

The accompanying financial statements include the consolidated accounts of Pruco Life Insurance Company (Pruco Life), a stock life insurance company, and its subsidiaries (collectively, the Company). Pruco Life is a wholly-owned subsidiary of The Prudential Insurance Company of America (The Prudential), a mutual life insurance company. The Company markets individual life insurance and single pay deferred annuities primarily through The Prudential's sales force. All significant intercompany balances and transactions have been eliminated in consolidation.

B. BASIS OF PRESENTATION

The financial statements are presented in conformity with Generally Accepted Accounting Principles (GAAP), which for mutual life insurance companies and their life insurance subsidiaries are statutory accounting practices prescribed or permitted by state regulatory authorities in the domiciliary states. Certain reclassifications have been made to the 1992 and 1993 financial statements and footnotes to conform to the 1994 presentation. Included in the Statement of Operations are certain items which, under statutory accounting practices, are charged or credited directly to surplus.

In 1994, The American Institute of Certified Public Accountants issued Statement of Position 94-5 "Disclosures of Certain Matters in the Financial Statements of Insurance Enterprises"("SOP 94-5") which requires insurance enterprises to disclose in their financial statements the accounting methods used in their statutory financial statements that are permitted by the state insurance departments rather than prescribed statutory accounting practices.

Pruco Life Insurance Company, domiciled in the State of Arizona, prepares its statutory financial statements in accordance with accounting practices prescribed or permitted by the Arizona Department of Insurance ("the Department"), and its insurance subsidiaries prepare statutory financial statements in accordance with accounting practices prescribed or permitted by their domiciliary home state insurance department. Prescribed statutory accounting practices include publications of the National Association of Insurance

Commissioners (NAIC), state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

The Company has established guaranty fund liabilities for the insolvencies of certain life insurance companies. The liabilities were established net of premium tax credits and federal income tax. Prescribed statutory accounting practices do not address the establishment of liabilities for guaranty fund assessments.

The Company, with permission from the Department, prepares an Annual Report that differs from the Annual Statement filed with the Department in that subsidiaries are consolidated and certain financial statement captions are presented differently.

The following is a reconciliation of Pruco Life's statutory net income with net income per the consolidated financial statements.

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,		
	1994	1993	1992
		($000's)	
<S>	<C>	<C>	<C>
Pruco Life Statutory Net Income including net gains and losses on sales of investments.	$ 49,374	$ 79,405	$126,507
Adjustments to reconcile to net income as follows:			
Dividends from subsidiary	--	(26,000)	(27,162)
Change in determination of deferred premiums. . .	--	--	(12,495)
Provision for future assessments.	349	577	(3,493)
Net gain from operations in Separate Accounts.	7,508	5,572	2,563
Income tax applicable to other than current year.	(25,467)	--	--
Other	7,684	(2,429)	1,459
Subsidiaries' Net Income.	13,507	19,923	23,479
Net Income	$ 52,955	$ 77,048	$110,858

</TABLE>

C. FUTURE APPLICATION OF ACCOUNTING STANDARDS

The Financial Accounting Standards Board (the "FASB") issued Financial Interpretation No. 40, "Applicability of Generally Accepted Accounting Principles to Mutual Life Insurance and Other Enterprises", which, as amended is effective for fiscal years beginning after December 15, 1995. Interpretation No. 40 changes the current practice of the Company with respect to utilizing statutory basis financial statements for general purposes in that it would not allow such financial statements to be referred to as having been prepared in accordance with GAAP. Interpretation No. 40 requires GAAP financial statements to apply all GAAP pronouncements, unless specifically exempted. Implementation of the Interpretation will require significant effort and judgment as to determining GAAP for insurance operations.

The Company is currently unable to determine the impact of Interpretation No. 40 on its financial statements.

D. SELECTED FINANCIAL DATA OF PRUCO LIFE

Pruco Life markets the Future Value Annuity Contract, an individual deferred annuity contract. Only assets of Pruco Life, shown below, are available to meet the guarantees under this annuity contract. The following is the selected financial data of Pruco Life:

<TABLE>
<CAPTION>

	DECEMBER 31, 1994	DECEMBER 31, 1993
	($000's)	
<S>	<C>	<C>
Assets:		
Investments.	$ 2,758,088	$ 2,835,163
Investment in subsidiaries	169,816	156,515
Other assets	135,778	133,020
Assets held in Separate Accounts . . .	2,869,734	2,846,792
Total Assets	$ 5,933,416	$ 5,971,490
Liabilities:		
Policy liabilities and insurance reserves.	$ 2,296,987	$ 2,417,098
Other liabilities.	163,322	165,974
Liabilities related to Separate Accounts	2,797,020	2,769,625
Total Liabilities.	$ 5,257,329	$ 5,352,697

<CAPTION>

	YEARS ENDED DECEMBER 31, 1994	1993	1992
		($000's)	
<S>	<C>	<C>	<C>
Revenues.	$ 698,685	$ 716,402	$ 675,863
Benefits, expenses and taxes.	659,237	633,277	561,322
Net Income.	$ 39,448	$ 83,125	$ 114,541

</TABLE>

E. INVESTMENTS

Fixed maturities, which include long-term bonds and redeemable preferred stock, are stated primarily at amortized cost. Certain investments in this category were non-income producing at December 31, 1994 and 1993. These investments amounted to $13.2 million and $2 million, respectively. Equity securities, which consist primarily of common stock, are carried at market value which is based on quoted market prices, where available, or prices provided by the National Association of Insurance Commissioners' (NAIC) Securities Valuation Office (SVO).

Mortgage loans are carried at the lower of the fair value of the underlying property or unpaid principal balance. At December 31, 1994, one loan was in foreclosure in the amount of $6 million. At December 31, 1993, aside from one loan in foreclosure, one mortgage, in the amount of $3 million, was in default.

Policy loans are stated primarily at unpaid principal balances.

All the Company's real estate investments were acquired through foreclosure during 1994 and 1993. These properties are carried at the lower of cost or fair value less disposition costs. Fair value is considered to be the amount that could reasonably be expected in a current transaction between willing parties, other than in forced or liquidation sale. Depreciation on these properties for the years ended December 31, 1994 and 1993 was $456 thousand and $289 thousand, respectively.

Other long-term investments, which consist solely of limited partnerships, are valued at the aggregate net equity in the partnerships. There were no non-income producing investments in this category at December 31, 1994. Certain investments in this category were non-income producing at December 31, 1993. These investments amounted to $118 thousand.

Short-term investments are stated at amortized cost, which approximates fair value.

Realized investment gains and losses are reported based on specific identification of the investments sold.

F. FUTURE POLICY BENEFITS, LOSSES AND CLAIMS

Reserves for individual life insurance are calculated using various methods, interest rates and mortality tables which produce reserves that meet the aggregate requirements of state laws and regulations. Approximately 7% of individual life insurance reserves are determined using the net level premium method, or by using the greater of a net level premium reserve or the policy cash value. About 93% of individual life insurance reserves are calculated according to the Commissioner's Reserve Valuation Method ("CRVM"), or methods which compare CRVM reserves to policy cash values.

Reserves for individual annuity contracts are determined using the Commissioner's Annuity Reserve Valuation Method.

For life insurance, unpaid claims include estimates of both the death benefits on reported claims and those which are incurred but not reported.

G. REVENUE RECOGNITION AND RELATED EXPENSES

Premium revenues are recognized as income over the premium paying period of the related policies. Annuity considerations are recognized as revenue when received. Expenses, including new business acquisition costs such as commissions, are charged to operations as incurred.

H. ASSET VALUATION RESERVE AND INTEREST MAINTENANCE RESERVE

The Asset Valuation Reserve (AVR) and the Interest Maintenance Reserve (IMR) are required reserves for assets of life insurance companies. AVR is calculated based on a statutory formula and designed to mitigate the effect of valuation and credit related losses on unassigned surplus.

The components of AVR at December 31, 1994 and 1993 are as follows:

<TABLE>
<CAPTION>

($000's)

	Fixed Maturities	Mortgages	Equity Securities	Real Estate & Other Inv.	Total
<S>	<C>	<C>	<C>	<C>	<C>
Transfer from December 31, 1992 - AVR	$ 23,152	$ 5,139	$ 310	$ 0	$ 28,601
Additions	7,197	0	650	2,353	10,200
Deductions	(12,055)	(1,440)	(261)	(2,353)	(16,109)
End of Year 1993 - AVR	18,294	3,699	699	0	22,692
Beginning of Year 1994 - AVR	18,294	3,699	699	0	22,692
Additions	12,062	2,166	348	2,047	16,623
Deductions	(10,454)	(4,355)	(314)	(502)	

(15,625)					
End of Year 1994 - AVR	$ 19,902	$ 1,510	$ 733	$ 1,545	$ 23,690

</TABLE>

The IMR is designed to reduce the fluctuations of surplus resulting from market interest rate movements. Predominantly all interest rate related realized capital gains and losses are deferred and amortized into investment income over the remaining life of the investment sold. The IMR balance was $21.8 million and $46.5 million at December 31, 1994 and 1993, respectively. "Net realized investment gains/(losses)" of $(19.9) million and $19.2 million were deferred in 1994 and 1993, respectively. Amortized into "Net investment income" were $4.8 million and $6.7 million of IMR for the year ended December 31, 1994 and 1993, respectively.

I. FEDERAL INCOME TAXES

The Company is a member of a group of affiliated companies which join in filing a consolidated federal tax return. Pursuant to a tax allocation agreement, current tax liabilities are determined for individual companies based upon their separate return basis taxable income. Members with taxable income incur an amount in lieu of the separate return basis federal tax. Members with a loss for tax purposes recognize a current benefit in proportion to the amount of their losses utilized in computing consolidated taxable income. Differences between estimated liabilities and actual payments are included in the current year's operations as an adjustment to the provision in lieu of income taxes. For the years 1993 and 1992, the Company was allocated a portion of the consolidated income tax liability attributable to Section 809 of the Internal Revenue Code (commonly referred to as "Equity Tax"). Beginning in 1994, the Company will no longer be allocated this Equity Tax.

Taxes on the Company are calculated under the Internal Revenue Code of 1986 which provides that life insurance companies be taxed on their gain from operations after dividends to policyholders. In calculating this tax, the Code requires the capitalization and amortization of policy acquisition expenses.

J. SEPARATE ACCOUNTS

Separate accounts represent funds for which investment income and investment gains and losses accrue directly to, and investment risk is borne by, the policyholders. Each account has specific investment objectives. Assets are carried at market value. Deposits to such accounts are included in revenues with a corresponding liability increase included in benefits and expenses. The assets of each account are legally segregated and are not subject to claims that arise out of any other business of the Company. Consequently, management believes that it is appropriate to combine Separate Account policyholder net investment income and net realized and unrealized capital gains/(losses) along with benefit payments and change in reserves in "Current and future benefits and claims". Policyholder net investment income and net realized and unrealized gains/(losses) for the years ended December 31, 1994, 1993 and 1992 were ($28) million, $443 million and $223 million, respectively.

2. FEDERAL INCOME TAXES

The following is a reconciliation of the Company's federal tax provision as computed at the federal tax rate with that computed at the Company's effective tax rate. The below amounts include federal income tax applicable to prior years, where appropriate.

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,		
	1994	1993	1992
		($000's)	
<S>	<C>	<C>	<C>

Operating income before federal income taxes	$140,705	$160,688	$207,436
Statutory tax rate	35%	35%	34%
Expected federal income taxes	49,247	56,241	70,528
Tax effect of:			
Statutory/tax policy reserve difference	19,949	14,577	(16,381)
Timing differences in tax/book income recognition on investments	11,608	4,055	14,404
Timing differences in tax/book income recognition-other	(6,816)	(415)	921
Change in determination of deferred premiums	--	--	6,128
Decrease/(Increase) in life insurance premiums deferred and uncollected	(88)	(308)	2,650
Capitalization of policy acquisition expenses	13,850	7,374	8,158
Allocated equity tax	--	2,116	10,170
Federal income taxes	$ 87,750	$ 83,640	$ 96,578
Effective tax rate	62%	52%	47%

</TABLE>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 1994, 1993, 1992

3. NET INVESTMENT INCOME

Net investment income consisted of:

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31, 1994	1993	1992
		($000's)	
<S>	<C>	<C>	<C>
Gross investment income			
Fixed maturities	$196,909	$216,660	$237,884
Equity securities	14	22	14
Mortgage loans	4,041	6,359	7,529
Investment in real estate	2,146	2,066	1,258
Policy loans	25,692	21,741	17,437
Short-term investments	12,676	9,031	11,638
Other	5,075	3,945	2,681
	246,553	259,824	278,441
Investment expenses	(5,421)	(5,570)	(7,687)
Net investment income before IMR	241,132	254,254	270,754
Amortization of Interest Maintenance Reserve	4,845	6,685	3,283
Net investment income	$245,977	$260,939	$274,037

</TABLE>

<TABLE>
<CAPTION>

4. INVESTMENTS AND INVESTMENT GAINS (LOSSES)

	YEARS ENDED DECEMBER 31, 1994	1993	1992
		($000's)	
<S>	<C>	<C>	<C>
Realized Gains (Losses)			

Fixed maturities	$(38,180)	$ 32,471	$ 69,559
Equity securities.	503	607	967
Mortgage loans	(4,581)	(2,592)	(3,889)
Investment in real estate.	1,184	(2,004)	(1,757)
Other.	(1)	(411)	517
Tax effected amounts transferred to Interest Maintenance Reserve	19,860	(19,193)	(37,280)
Net realized investment gains	$(21,215)	$ 8,878	$ 28,117
Unrealized Gains (Losses)			
Fixed maturities	5,430	(9,380)	3,637
Equity securities.	(490)	260	(1,305)
Other.	874	(231)	418
Net unrealized investment gains (losses).	5,814	(9,351)	2,750
Balance beginning of year	(18,166)	(8,815)	(11,565)
Balance end of year	$(12,352)	$(18,166)	$ (8,815)

</TABLE>

<TABLE>
<CAPTION>

EQUITY SECURITIES AT DECEMBER 31,
($000'S)

<S>	<C> COST	<C> UNREALIZED GAINS	<C> UNREALIZED LOSSES
1994	$ 5,434	$ 386	$ 2,494
1993	4,405	742	2,359
1992	4,762	1,093	2,969

</TABLE>

<TABLE>
<CAPTION>

FIXED MATURITIES
($000'S)

<S>	<C> AT DECEMBER 31, AMORTIZED COST	<C> MARKET VALUE	<C> INCREASE (DECREASE) IN DIFFERENCE BETWEEN MARKET VALUE AND AMORTIZED COST DURING THE YEAR
1994. . . .	$2,647,315	$2,596,172	$(167,494)
1993. . . .	2,835,251	2,951,602	10,453
1992. . . .	3,025,030	3,130,928	(74,958)

</TABLE>

The amortized cost and estimated market value of fixed maturities at December 31, 1994 and 1993 are as follows:

<TABLE>
<CAPTION>

<S> 1994	<C> Amortized cost ($000's)	<C> Gross unrealized gains ($000's)	<C> Gross unrealized losses ($000's)	<C> Estimated market value ($000's)
U.S. Treasury securities				

and obligations of U.S. government corporations and agencies	$ 409,678	$ 224	$ 20,259	$ 389,643
Obligations of U.S. and political subdivisions	--	--	--	--
Debt securities issued by foreign governments and their agencies	86,026	2,075	2,310	85,791
Corporate securities	1,960,296	17,005	43,521	1,933,780
Mortgage-backed securities	191,315	1,429	5,786	186,958
Total.	$2,647,315	$ 20,733	$ 71,876	$2,596,172

</TABLE>

<TABLE>
<CAPTION>

1993	Amortized cost ($000's)	Gross unrealized gains ($000's)	Gross unrealized losses ($000's)	Estimated market value ($000's)
<S>	<C>	<C>	<C>	<C>
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 374,797	$ 3,819	$ 638	$ 377,978
Obligations of U.S. and political subdivisions	3,705	1,106	--	4,811
Debt securities issued by foreign governments and their agencies	99,524	6,632	3	106,153
Corporate securities	2,070,066	107,643	4,514	2,173,195
Mortgage-backed securities	287,159	6,223	3,917	289,465
Total.	$2,835,251	$125,423	$ 9,072	$2,951,602

</TABLE>

The amortized cost and estimated market value of debt securities at December 31, 1994 by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

<TABLE>
<CAPTION>

	Amortized cost ($000's)	Estimated market value ($000's)
<S>	<C>	<C>
Due in one year or less	$ 127,296	$ 130,795
Due after one year through five years	1,823,406	1,794,674
Due after five years through ten years.	402,232	384,814
Due after ten years	103,066	98,931
	2,456,000	2,409,214

Mortgage-backed securities	191,315	186,958
Total	$2,647,315	$2,596,172

</TABLE>

Proceeds from the sale/maturity of debt securities during 1994, 1993 and 1992 were $2.7 billion, $1.7 billion and $3.9 billion, respectively. Gross gains of $16.8 million, $44.5 million and $90.4 million and gross losses of $49.8 million, $12.0 million and $20.8 million were realized on those sales during 1994, 1993, and 1992, respectively.

The Company invests in both investment grade and non-investment grade securities. The SVO of the NAIC rates fixed maturities held by insurers (SVO rated securities accounted for approximately 93.6% and 93.0% of the Company's total fixed maturities balances at both December 31, 1994 and 1993) for regulatory purposes and groups investments into six categories ranging from highest quality bonds to those in or near default. The lowest three NAIC categories represent, for the most part, high-yield securities and are defined by the NAIC as including any security with a public agency rating of B+ or B1 or less.

Included in "fixed maturities" are securities that are classified by the NAIC as being in the lowest three rating categories. These approximated 1.5% and 1.6% of the Company's assets at December 31, 1994 and 1993, respectively. The amount by which the market value of these securities exceeded the carrying value was approximately $(.9) million and 1.0 million at December 31, 1994 and 1993, respectively.

5. RELATED PARTY TRANSACTIONS

A. SERVICE AGREEMENTS

The Company, The Prudential, Pruco Life of New Jersey and Pruco Securities Corporation, an indirect wholly-owned subsidiary of The Prudential, operate under service and lease agreements whereby services of officers and employees, supplies, use of equipment and office space are provided. The net cost of these services allocated to the Company were $78 million, $98 million, and $71 million for the years ended December 31, 1994, 1993, and 1992, respectively.

In a reorganization of the parent's Individual Insurance Department, effective January 1, 1993, the corporate staff of the Company was absorbed by the parent. The costs associated with these employees, which were previously borne by the Company, are now charged to the Company under the service and lease agreements with the parent.

B. EMPLOYEE BENEFIT PLANS

PENSION PLANS

The Company is a wholly-owned subsidiary of The Prudential which sponsors a defined benefit pension plan. The defined benefit pension plan is generally based on career average earnings and credit length of service. The Prudential's funding policy is to contribute annually the amount necessary to satisfy the Internal Revenue Service contribution guidelines.

No pension expense for contributions to the plan was allocated to the Company in 1994, 1993 or 1992 because the plan was subject to the full funding limitation under the Internal Revenue Code.

POSTRETIREMENT LIFE AND HEALTH BENEFITS

The Prudential also sponsors postretirement defined benefit plans which provide certain life insurance and health care benefits. Substantially all employees may become eligible to receive a benefit if they retire after age 55 with at least 10 years of service. Prior to 1993, The Prudential's policy was to fund the cost of providing these benefits in the years that the employees were providing services to the Company. Effective for 1993, The Prudential has recognized the cost of these benefits in accordance with the accounting policy issued by the National Association of Insurance Commissioners (NAIC). The NAIC's policy is similar to SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" except that the NAIC policy excludes non-vested employees and only allows the transition obligation to be recognized immediately or amortized over twenty years. The Prudential has elected to amortize its transition obligation over twenty years. A provision for contributions to the postretirement fund is included in the net cost of services allocated to the Company discussed above for the years ended December 31, 1994, 1993 and 1992.

C. REINSURANCE

The Company currently has two reinsurance agreements in place with The Prudential (the reinsurer). Specifically: reinsurance of a Group Annuity Contract, whereby the reinsurer, in consideration for a single premium payment by the Company, provides Reinsurance equal to 100% of all payments due under the Contract; and, a Yearly Renewable Term agreement in which the Company may offer and the reinsurer may accept reinsurance on any life in excess of the Company's maximum limit of retention ($2.5 million). These agreements had no material effect on net income for the years ended December 1994, 1993, and 1992.

D. OTHER TRANSACTIONS

A certificate of deposit issued by The Prudential Bank and Trust Company of $50 million as of December 31, 1993 was not renewed in 1994. The Company also received a $9 million payment settlement of a promissory note from Pruco Inc. during 1993.

The Company has issued approximately 375 variable universal life contracts to The Prudential for the purpose of funding non-qualified pension benefits for certain employees. Included in insurance premiums and annuity considerations for the years ended December 31, 1994, 1993 and 1992 are respectively, $12 million, $12 million and $13 million, which are attributable to these contracts.

6. DIVIDENDS

The Company is subject to Arizona law which limits the amount of dividends that insurance companies can pay to stockholders. The maximum dividend which may be paid in any 12 month period without notification or approval is limited to the lesser of 10% of surplus as of December 31 of the preceding year or the net gain from operations of the preceding calendar year. Cash dividends may only be paid out of surplus derived from realized net profits. Based on these limitations and the Company's surplus position at December 31, 1994, the Company would be permitted a maximum of $60 million in dividend distributions in 1995, all of which could be paid in cash, without approval from The State of Arizona Department of Insurance.

7. FAIR VALUE INFORMATION

The fair value amounts have been determined by the Company using available information and reasonable valuation methodologies for only those accounts for which fair value

disclosures are required. Considerable judgment is necessarily applied in interpreting data to develop the estimates of fair value. Accordingly, the estimates presented may not be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies could have a material effect on the estimated fair values.

The following methods and assumptions were used in calculating the fair values. For all other financial instruments presented in the table, the carrying value is a reasonable estimate of fair value.

FIXED MATURITIES. Fair values for fixed maturities, other than private placement securities, are based on quoted market prices or estimates from independent pricing services. Fair values for private placement securities are estimated using a discounted cash flow model which considers the current market spreads between the U.S. Treasury yield curve and corporate bond yield curve adjusted for the type of issue, its current quality and its remaining average life. The fair value of certain non-performing private placement securities is based on amounts provided by state regulatory authorities.

MORTGAGE LOANS. The fair value of the commercial mortgage and agricultural loan portfolio is primarily based upon the present value of the scheduled cash flows discounted at the appropriate U.S. Treasury rate, adjusted for the current market spread for a similar quality mortgage. For certain non-performing and other loans, fair value is based upon the value of the underlying collateral.

POLICY LOANS. The estimated fair value is calculated using a discounted cash flow model based upon current U.S. Treasury rates and historical loan repayments.

INVESTMENT-TYPE INSURANCE CONTRACT LIABILITIES. Fair values for the Company's investment-type insurance contract liabilities are estimated using a discounted cash flow model, based on interest rates currently being offered for similar contracts.

The following table discloses the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1994 and 1993.

	($000's) 1994		($000's) 1993	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:				
Fixed maturities	$ 2,647,315	$ 2,596,172	$ 2,835,251	$ 2,951,602
Equity securities	3,326	3,326	2,788	2,788
Mortgage loans	71,919	71,805	56,184	58,738
Policy loans	493,862	448,617	420,271	416,243
Other long-term investments	4,044	4,044	2,753	2,753
Short-term investments	191,455	191,455	201,079	201,079
Financial Liabilities:				
Investment-type insurance contracts	$ 794,691	$ 761,324	$ 1,053,025	$ 1,033,692

8. CONTINGENCIES

Various lawsuits against the Company have arisen in the course of the Company's business. In certain of these matters, large and/or indeterminate amounts are sought. In the opinion of the Company, any ultimate liability which would result from such litigation would not have a material adverse effect on the Company's financial position.

PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE I - SUMMARY OF INVESTMENTS - OTHER THAN INVESTMENTS IN AFFILIATES
DECEMBER 31, 1994

($000's)

Type of investment	Cost	Market Value	Amount at which shown on the Balance Sheet
Fixed Maturities:			
Bonds:			
United States Government and government agencies and authorities	$ 600,992	$ 576,601	$ 600,992
Foreign governments	86,027	85,791	86,027
Public Utilities.	174,687	174,972	174,687
All other corporate bonds	1,783,448	1,756,651	1,783,448
Redeemable preferred stock.	2,161	2,157	2,161
Total fixed maturities	2,647,315	2,596,172	2,647,315

Equity Securities:			
Common Stock.	4,531	2,765	2,765
Nonredeemable preferred stock	903	561	561
Total equity securities	5,434	3,326	3,326
Mortgage loans on real estate.	71,919	XXXXXX	71,919
Real Estate.	7,189	XXXXXX	7,189
Policy Loans	493,862	XXXXXX	493,862
Other long-term investments.	4,044	XXXXXX	4,044
Short-term investments	191,455	XXXXXX	191,455
Total investments.	$ 3,421,218		$ 3,419,110

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PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE VI - SCHEDULE OF REINSURANCE
FOR YEAR ENDED DECEMBER 31, 1994

($000's)

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Life insurance in force.	$ 48,003,675	$ 531,166	$ 0	$ 47,472,509	N/A
Life insurance premiums and . . . . . annuity considerations	$ 613,237	$ 1,476	$ 59	$ 611,820	.010%

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PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE VI - SCHEDULE OF REINSURANCE
FOR YEAR ENDED DECEMBER 31, 1993

($000's)

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Life insurance in force.	$ 48,837,477	$ 290,386	$ 0	$ 48,547,091	N/A
Life insurance premiums and. . . . . . annuity considerations	$ 564,747	$ 847	$ 0	$ 563,900	N/A

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PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE VI - SCHEDULE OF REINSURANCE
FOR YEAR ENDED DECEMBER 31, 1992

($000's)

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Percentage

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Life insurance in force.	$ 49,317,116	$ 168,915	$ 0	$ 49,148,201	N/A
Life insurance premiums and. . . . . . annuity considerations	$ 497,610	$ 522	$ 0	$ 497,088	N/A

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