

=====

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended June 30, 2002

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

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)

(973) 802-3274

(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 August 14, 2002. Common stock, par value of \$10 per share:
250,000 shares outstanding

=====

PRUCO LIFE INSURANCE COMPANY
INDEX TO FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

Page No.

<S> <C>
Cover Page

<C>
-

Index

2

PART I - Financial Information

Item 1. (Unaudited) Financial Statements

Consolidated Statements of Financial Position
As of June 30, 2002 and December 31, 2001

3

Consolidated Statements of Operations and Comprehensive Income

Three and Six months ended June 30, 2002 and 2001	4
Consolidated Statements of Changes in Stockholder's Equity Periods ended June 30, 2002 and December 31, 2001 and 2000	5
Consolidated Statements of Cash Flows Six months ended June 30, 2002 and 2001	6
Notes to Consolidated Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Item 3. Quantitative and Qualitative Disclosures About Market Risk	12
PART II - Other Information	

Item 2. Changes in Securities and Use of Proceeds	13
Item 6. Exhibits and Reports on Form 8-K	14
Signature Page	15

</TABLE>

Forward-Looking Statement Disclosure

Certain of the statements included in this Quarterly Report on Form 10-Q, including but not limited to those in the Management's Discussion and Analysis of Financial Condition and Results of Operations, constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as "expects," "believes," "anticipates," "includes," "plans," "assumes," "estimates," "projects," or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management's current expectations and beliefs concerning future developments and their potential effects upon Pruco Life Insurance Company ("the Company"). There can be no assurance that future developments affecting the Company will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including without limitation: general economic, market and political conditions, including the performance of financial markets, interest rate fluctuations and the continuing impact of the events of September 11; volatility in the securities markets; reestimates of our reserves for future policy benefits and claims; our exposure to contingent liabilities; catastrophe losses; investment losses and defaults; changes in our claims-paying or credit ratings; competition in our product lines and for personnel; fluctuations in foreign currency exchange rates and foreign securities markets; risks to our international operations; the impact of changing regulation or accounting practices; adverse litigation results; and changes in tax law. The Company does not intend, and is under no obligation to, update any particular forward-looking statement included in this document.

2

Pruco Life Insurance Company and Subsidiary

Consolidated Statements of Financial Position (Unaudited) As of June 30, 2002 and December 31, 2001 (In Thousands)

	June 30, 2002	December 31, 2001
	-----	-----
<S>	<C>	<C>
ASSETS		
Fixed maturities		
Available for sale, at fair value (amortized cost, 2002: \$4,304,687; 2001: \$3,935,472)	\$ 4,414,108	\$ 4,024,893
Equity securities - available for sale, at fair value (cost, 2002: \$5,138; 2001: \$173)	5,331	375
Commercial loans on real estate	7,582	8,190
Policy loans	878,540	874,065
Short-term investments	125,059	215,610
Other long-term investments	87,594	84,342
	-----	-----
Total investments	5,518,214	5,207,475
Cash and cash equivalents	525,136	374,185
Deferred policy acquisition costs	1,210,029	1,159,830
Accrued investment income	80,960	77,433
Reinsurance recoverable	381,512	300,697
Receivables from affiliates	45,054	33,074
Other assets	39,140	20,134
Separate Account assets	13,723,881	14,920,584
	-----	-----

TOTAL ASSETS	\$ 21,523,926	\$ 22,093,412
=====		
LIABILITIES AND STOCKHOLDER'S EQUITY		
Liabilities		
Policyholders' account balances	\$ 4,363,024	\$ 3,947,690
Future policy benefits and other policyholder liabilities	851,693	808,230
Cash collateral for loaned securities	220,278	190,022
Securities sold under agreement to repurchase	268,055	80,715
Income taxes payable	273,526	266,096
Other liabilities	157,782	228,596
Separate Account liabilities	13,723,881	14,920,584
	-----	-----
Total liabilities	19,858,239	20,441,933
	-----	-----
Contingencies (See Footnote 2)		
Stockholder's Equity		
Common stock, \$10 par value; 1,000,000 shares, authorized; 250,000 shares, issued and outstanding	2,500	2,500
Paid-in-capital	466,748	466,748
Retained earnings	1,149,867	1,147,665
Accumulated other comprehensive income:		
Net unrealized investment gains	46,500	34,718
Foreign currency translation adjustments	72	(152)
	-----	-----
Accumulated other comprehensive income	46,572	34,566
	-----	-----
Total stockholder's equity	1,665,687	1,651,479
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 21,523,926	\$ 22,093,412
	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

3

Pruco Life Insurance Company and Subsidiary

Consolidated Statements of Operations and Comprehensive Income (Unaudited)
Three and Six Months Ended June 30, 2002 and 2001 (In Thousands)

	Six months ended June 30,		Three months ended June 30,	
	2002	2001	2002	2001
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
REVENUES				
Premiums	\$ 41,266	\$ 47,354	\$ 22,968	\$ 23,936
Policy charges and fee income	258,748	240,330	131,715	121,226
Net investment income	163,796	174,803	82,325	84,493
Realized investment (losses) gains, net	(32,306)	307	(26,080)	(10,570)
Asset management fees	5,132	3,869	2,880	1,716
Other income	7,633	740	6,425	70
	-----	-----	-----	-----
Total revenues	444,269	467,403	220,233	220,871
	-----	-----	-----	-----
BENEFITS AND EXPENSES				
Policyholders' benefits	116,929	115,490	59,116	58,585
Interest credited to policyholders' account balances	96,672	98,033	49,486	49,225
General, administrative and other expenses	231,577	201,061	137,221	97,522
	-----	-----	-----	-----
Total benefits and expenses	445,178	414,584	245,823	205,332
	-----	-----	-----	-----
(Loss) Income from operations before income taxes	(909)	52,819	(25,590)	15,539
	-----	-----	-----	-----
Income tax (benefit) provision	(3,116)	11,286	(8,326)	2,645
	-----	-----	-----	-----
NET INCOME (LOSS)	2,207	41,533	(17,264)	12,894
	-----	-----	-----	-----

Other comprehensive income, net of tax:

Unrealized gains (losses) on securities, net of reclassification adjustment	11,782	9,396	30,928	(7,215)
Foreign currency translation adjustments	224	3,320	219	-
	-----	-----	-----	-----
Other comprehensive income (loss)	12,006	12,716	31,147	(7,215)
	-----	-----	-----	-----
TOTAL COMPREHENSIVE INCOME	\$ 14,213	\$ 54,249	\$ 13,883	\$ 5,679
	=====	=====	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

4

Pruco Life Insurance Company and Subsidiary

Consolidated Statements of Changes in Stockholder's Equity (Unaudited)
Periods Ended June 30, 2002 and December 31, 2001 and 2000 (In Thousands)

<TABLE>

<CAPTION>

stockholder's	Common stock	Paid-in- capital	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Balance, January 1, 2000 1,669,819	\$ 2,500	\$ 439,582	\$ 1,258,428	\$ (30,691)	\$
Net income 103,496	-	-	103,496	-	
Contribution from Parent 27,166	-	27,166	-	-	
Change in foreign currency translation adjustments, net of taxes (993)	-	-	-	(993)	
Change in net unrealized investment losses, net of reclassification adjustment and taxes 33,094	-	-	-	33,094	
	-----	-----	-----	-----	-----
Balance, December 31, 2000 1,832,582	2,500	466,748	1,361,924	1,410	
Net income 67,582	-	-	67,582	-	
Dividends to Parent (153,816)	-	-	(153,816)	-	
Policy credits to eligible Policyholders (128,025)	-	-	(128,025)	-	
Change in foreign currency translation adjustments, net of taxes 3,168	-	-	-	3,168	
Change in net unrealized investment gains, net of reclassification adjustment and taxes 29,988	-	-	-	29,988	
	-----	-----	-----	-----	-----
Balance, December 31, 2001 1,651,479	2,500	466,748	1,147,665	34,566	
Net income 2,207	-	-	2,207	-	
Policy credits to eligible Policyholders (5)	-	-	(5)	-	
Change in foreign currency translation adjustments, net of taxes 224	-	-	-	224	
Change in net unrealized investment losses, net of reclassification adjustment and taxes 11,782	-	-	-	11,782	

Balance, June 30, 2002	\$ 2,500	\$ 466,748	\$ 1,149,867	\$ 46,572	\$
1,665,687					

</TABLE>

See Notes to Consolidated Financial Statements

5
Pruco Life Insurance Company and Subsidiary

Consolidated Statements of Cash Flows (Unaudited)
Six Months Ended June 30, 2001 and 2000 (In Thousands)

<TABLE>

<CAPTION>

	2002	2001
	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 2,207	\$ 41,533
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Policy charges and fee income	(34,645)	(39,033)
Interest credited to policyholders' account balances	96,672	98,033
Realized investment (gains) losses, net	32,306	(307)
Amortization and other non-cash items	(5,284)	(12,227)
Change in:		
Future policy benefits and other policyholders' liabilities	43,463	33,903
Accrued investment income	(3,527)	5,434
Receivables from affiliates	(11,980)	24,651
Policy loans	(4,475)	(25,851)
Deferred policy acquisition costs	(50,199)	19,863
Income taxes payable/receivable	7,430	38,364
Other, net	(54,661)	(54,544)
Cash Flows From Operating Activities	17,307	129,819
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Proceeds from the sale/maturity of:		
Fixed maturities:		
Available for sale	932,838	1,767,648
Equity securities	-	274
Commercial loans on real estate	608	536
Payments for the purchase of:		
Fixed maturities:		
Available for sale	(1,332,737)	(1,980,148)
Equity securities	(4)	(176)
Cash collateral for loaned securities, net	30,256	44,630
Securities sold under agreement to repurchase, net	187,340	(39,988)
Other long-term investments	(11,787)	(2,717)
Short-term investments, net	90,536	103,855
Cash Flows Used In Investing Activities	(102,950)	(106,086)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Policyholders' account balances:		
Deposits	936,679	731,505
Withdrawals	(584,106)	(647,426)
Cash payments to eligible policyholders	(115,979)	-
Cash provided to affiliate	-	(65,636)
Cash Flows From Financing Activities	236,594	18,443
Net increase in Cash and cash equivalents	150,951	42,176
Cash and cash equivalents, beginning of year	374,185	453,071
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 525,136	\$ 495,247

</TABLE>

Notes to Consolidated Financial Statements

6
Pruco Life Insurance Company and Subsidiary

Notes to Consolidated Financial Statements (Unaudited)

1. BASIS OF PRESENTATION

The accompanying interim consolidated financial statements have been prepared pursuant to the rules and regulations for reporting on Form 10-Q on the basis of

accounting principles generally accepted in the United States. These interim financial statements are unaudited but reflect all adjustments which, in the opinion of management, are necessary to provide a fair presentation of the consolidated results of operations and financial condition of the Pruco Life Insurance Company ("the Company"), for the interim periods presented. The Company is a wholly owned subsidiary of the Prudential Life Insurance Company of America ("Prudential"), which in turn is a wholly owned subsidiary of Prudential Financial, Inc. All such adjustments are of a normal recurring nature. The results of operations for any interim period are not necessarily indicative of results for a full year. Certain amounts in the Company's prior year consolidated financial statements have been reclassified to conform with the current year presentation. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2001.

2. CONTINGENCIES AND LITIGATION

Contingencies

On an ongoing basis, our internal supervisory and control functions review the quality of our sales, marketing and other customer interface procedures and practices and may recommend modifications or enhancements. In certain cases, if appropriate, we may offer customers remediation and may incur charges, including the cost of such remediation, administrative costs and regulatory fines.

It is possible that the results of operations or the cash flow of the Company in a particular quarterly or annual period could be materially affected as a result of payments in connection with the matters discussed above depending, in part, upon the results of operations or cash flow for such period. Management believes, however, that the ultimate payments in connection with these matters should not have a material adverse effect on the Company's financial position.

Litigation

Prudential and the Company are subject to legal and regulatory actions in the ordinary course of their businesses, including class actions. Pending legal and regulatory actions include proceedings relating to aspects of the businesses and operations that are specific to the Company and Prudential and that are typical of the businesses in which the Company and Prudential operate. Some of these proceedings have been brought on behalf of various alleged classes of complainants. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts, including punitive or exemplary damages.

Beginning in 1995, regulatory authorities and customers brought significant regulatory actions and civil litigation against the Company and Prudential involving individual life insurance sales practices. In 1996, Prudential, on behalf of itself and many of its life insurance subsidiaries including the Company entered into settlement agreements with relevant insurance regulatory authorities and plaintiffs in the principal life insurance sales practices class action lawsuit covering policyholders of individual permanent life insurance policies issued in the United States from 1982 to 1995. Pursuant to the settlements, the companies agreed to various changes to their sales and business practices controls, to a series of fines, and to provide specific forms of relief to eligible class members. Virtually all claims by class members filed in connection with the settlements have been resolved and virtually all aspects of the remediation program have been satisfied. While the approval of the class action settlement is now final, Prudential and the Company remain subject to oversight and review by insurance regulators and other regulatory authorities with respect to its sales practices and the conduct of the remediation program. The U.S. District Court has also retained jurisdiction as to all matters relating to the administration, consummation, enforcement and interpretation of the settlements.

As of June 30, 2002, Prudential and/or the Company remained a party to approximately 40 individual sales practices actions filed by policyholders who "opted out" of the class action settlement relating to permanent life insurance policies issued in the United States between 1982 and 1995. In addition, there were 17 sales practices actions pending that were filed by policyholders who were members of the class and who failed to "opt out" of the class action settlement. Prudential and the Company believe that those actions are governed by the class settlement release and expects them to be enjoined and/or dismissed. Additional suits may be filed by class members who "opted out" of the class settlements or who failed to "opt out" but nevertheless seek to proceed against Prudential and/or the Company. A number of the plaintiffs in these cases seek large and/or indeterminate amounts, including punitive or exemplary damages. Some of these actions are brought on behalf of multiple plaintiffs. It is possible that substantial punitive damages might be awarded in any of these actions and particularly in an action involving multiple plaintiffs.

Prudential has indemnified the Company for any liabilities incurred in connection with sales practices litigation covering policyholders of individual permanent life insurance policies issued in the United States from 1982 to 1995.

2. CONTINGENCIES AND LITIGATION (continued)

The Company's litigation is subject to many uncertainties, and given the complexity and scope, the outcomes cannot be predicted. It is possible that the results of operations or the cash flow of the Company in a particular quarterly or annual period could be materially effected by an ultimate unfavorable resolution of pending litigation and regulatory matters. Management believes, however, that the ultimate outcome of all pending litigation and regulatory matters should not have a material adverse effect on the Company's financial position.

3. RELATED PARTY TRANSACTIONS

The Company has extensive transactions and relationships with Prudential and other affiliates. It is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

Expense Charges and Allocations

All of the Company's expenses are allocations or charges from Prudential or other affiliates. These expenses can be grouped into the following categories: general and administrative expenses, retail distribution expenses and asset management fees.

The Company's general and administrative expenses are charged to the Company using allocation methodologies based on business processes. Management believes that the methodology is reasonable and reflects costs incurred by Prudential to process transactions on behalf of the Company. Prudential and the Company operate under service and lease agreements whereby services of officers and employees, supplies, use of equipment and office space are provided by Prudential.

The Company is allocated estimated distribution expenses from Prudential's retail agency network for both its domestic life and annuity products. The estimate of allocated distribution expenses is intended to reflect a market based pricing arrangement. The Company has capitalized the majority of these distribution expenses as deferred policy acquisition costs.

In accordance with a revenue sharing agreement with Prudential Investments LLC, which began on February 1, 2002, the Company receives fee income from policyholder account balances invested in the Prudential Series Funds ("PSF"). These revenues were recorded as "Asset management fees" in the Consolidated Statements of Operations and Comprehensive Income.

Corporate Owned Life Insurance

The Company has sold three Corporate Owned Life Insurance ("COLI") policies to Prudential. The cash surrender value included in Separate Accounts was \$626.7 million and \$647.2 million at June 30, 2002 and December 31, 2001, respectively. The fees received related to the COLI policies were \$4.4 million for both the periods ending June 30, 2002 and 2001.

Reinsurance

The Company currently has four reinsurance agreements in place with Prudential and affiliates. Specifically, the Company has a reinsurance 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. In addition there are two yearly renewable term agreements 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. The Company is not relieved of its primary obligation to the policyholder as a result of these reinsurance transactions. These agreements had no material effect on net income for the periods ended June 30, 2002 or 2001. The fourth agreement is described below.

On January 31, 2001, the Company transferred all of its assets and liabilities associated with the Company's Taiwan branch including Taiwan's insurance book of business to an affiliated Company, Prudential Life Insurance Company of Taiwan Inc. ("Prudential of Taiwan"), a wholly owned subsidiary of Prudential Financial, Inc.

The mechanism used to transfer this block of business in Taiwan is referred to as a "full acquisition and assumption" transaction. Under this mechanism, the Company is jointly liable with Prudential of Taiwan for two years from the giving of notice to all obligees for all matured obligations and for two years

after the maturity date of not-yet-matured obligations. Prudential of Taiwan is also contractually liable, under indemnification provisions of the transaction, for any liabilities that may be asserted against the Company. The transfer of the insurance related assets and liabilities was accounted for as a long-duration coinsurance transaction under accounting principles generally accepted in the United States. Under this accounting treatment, the insurance related liabilities remain on the books of the Company and an offsetting reinsurance recoverable is established.

As part of this transaction, the Company made a capital contribution to Prudential of Taiwan in the amount of the net equity of the Company's Taiwan branch as of the date of transfer. In July 2001, the Company dividended its interest in Prudential of Taiwan to Prudential.

Premiums ceded for the periods ending June 30, 2002 and 2001 from the Taiwan coinsurance agreement were \$37.6 million and \$41.3 million, respectively. Benefits ceded for the periods ending June 30, 2002 and 2001 from the Taiwan coinsurance agreement were \$7.1 million and \$6.0 million, respectively.

Included in the reinsurance recoverable balances were affiliated reinsurance recoverables of \$322.6 million and \$285.8 million at June 30, 2002 and December 31, 2001, respectively. Of these affiliated amounts, the reinsurance recoverable related to the Taiwan coinsurance agreement was \$297.5 million and \$ 260.6 million at June 30, 2002 and December 31, 2001, respectively.

Debt Agreements

In July 1998, the Company established a revolving line of credit facility of up to \$500 million with Prudential Funding LLC, a wholly owned subsidiary of Prudential. There was no outstanding debt relating to this credit facility as of June 30, 2002 or December 31, 2001.

9

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") addresses the consolidated financial condition of Pruco Life Insurance Company as of June 30, 2002, compared with December 31, 2001, and its consolidated results of operations for the six month and three month periods ended June 30, 2002 and June 30, 2001. You should read the following analysis of our consolidated financial condition and results of operations in conjunction with the Company's MD&A and audited Consolidated Financial statements included in the Company's Report on Form 10-K for the year ended December 31, 2001.

The Company sells interest-sensitive individual life insurance and variable life insurance, term life insurance, individual variable and fixed annuities, and a non-participating guaranteed interest contract ("GIC") called Prudential Credit Enhanced GIC ("PACE") primarily through Prudential's sales force in the United States. These markets are subject to regulatory oversight with particular emphasis placed on company solvency and sales practices. These markets are also subject to increasing competitive pressure as the legal barriers which have historically segregated the markets of the financial services industry have been changed through both legislative and judicial processes. Regulatory changes have opened the insurance industry to competition from other financial institutions, particularly banks and mutual funds that are positioned to deliver competing investment products through large, stable distribution channels. The Company also had marketed individual life insurance through its branch office in Taiwan. The Taiwan branch was transferred to an affiliated Company on January 31, 2001, as described in the Notes to the Financial Statements. Beginning February 1, 2001, Taiwan's net income is not included in the Company's results of operations.

Generally, policyholders who purchase the Company's products have the option of investing in the Separate Accounts, segregated funds for which investment risks are borne by the customer, or the Company's portfolio, referred to as the General Account. The Company earns its profits through policy fees charged primarily to Separate Account annuity and life policyholders and through the interest spread for the GIC and certain annuity and individual life products. Policy charges and fee income consist mainly of three types, sales charges or loading fees on new sales, mortality and expense charges ("M&E") assessed on fund balances, and mortality and related charges based on total life insurance in-force business. Policyholder fund values are affected by net sales (sales less withdrawals), changes in interest rates and investment returns. The interest spread represents the difference between the investment income earned on the Company's investment portfolio that supports the products and the amount of interest credited to the policyholders' accounts. Products that generate spread income primarily include the GIC product, general account individual life insurance products, fixed annuities and the fixed-rate option of variable annuities.

The Company's Changes in Financial Position and Results of Operations are described below.

1. Analysis of Financial Condition

From December 31, 2001 to June 30, 2002 there was a decrease of \$569 million in total assets from \$22,093 million to \$21,524 million. Separate Account assets declined \$1,197 million mainly from market value declines. Fixed maturities increased by \$389 from investing policyholder deposits. Cash and cash equivalents are \$151 million higher than December 31, 2001 as a result of increased securities lending activities. Reinsurance recoverable increased by \$81 million primarily as a result of a \$37 million increase in reserves of the transferred business of the Taiwan branch and an increase of \$40 million associated with a new reinsurance agreement that reinsures the variable life insurance policies. The transfer of the Company's Taiwan branch accounted for using coinsurance accounting requires the establishment of reinsurance recoverable and the inclusion of the Taiwan branch future policy reserve liabilities on the Company's statement of financial position.

During this six-month period, liabilities decreased by \$584 million from \$20,442 million to \$19,858 million. Corresponding with the asset change, Separate Account liabilities decreased by \$1,197 million primarily from market value declines. Other liabilities decreased by \$71 million mainly due to the funding of policy credits to the Separate Account policyholders, which had been accrued in other liabilities at December 31, 2001. This decrease was partially offset by an increase in reinsurance payables of \$35 million primarily related to the new variable life reinsurance contract. Policyholder account balances increased by \$415 million primarily from positive net sales (sales less withdrawals) of annuity products with fixed rate options and the funding of policy credits. A higher level of securities lending activity increased liabilities by \$218 million. Future policy benefits increased \$43 million mainly due to an increase in reserves of the transferred Taiwan business.

10

2. Results of Operations

For the six months ended June 30, 2002 versus 2001

- - - - -

Net Income

Consolidated net income of \$2.2 million for the first six months of 2002 was \$39.3 million lower than for the first six months of 2001. The decrease in net income was caused primarily by an increase in the amortization of deferred acquisition costs ("DAC") of \$34.5 million contained in "General, Administrative and Other Expenses". The decline in our Separate Account assets resulting from unfavorable market conditions contributed to the increased amortization of DAC reflecting a decrease in expected future gross profits. Continued deterioration in market conditions may result in further increases in the amortization of DAC. In addition, there was a \$32.6 million change in realized investment (losses)/gains resulting from the realization of losses on fixed maturities and derivatives. During 2002, there were losses on sales and impairments of fixed maturities due to credit related issues compared to gains on sales in the prior year due to the favorable impact of declining interest rates. These items were partially offset by lower taxes and higher policy charges and fee income, as described below.

Revenues

Consolidated revenues decreased by \$23.1 million, from \$467.4 million to \$444.3 million. As discussed above, realized losses on investments decreased revenues by \$32.6 million. The decrease consists of \$20.3 million of increased credit related losses on fixed maturities from sales and impairments and \$12.3 million in derivative and other losses. The derivative losses were mainly from Treasury futures as the Company is in a net short position in a declining interest rate environment. Net investment income is lower by \$11.0 million due to lower yields available on the reinvestment of fixed maturities and lower interest rates for short-term investments. The fixed maturity portfolio yield declined from 7.22% for the period ended June 30, 2001 to 6.63% for the period ended June 30, 2002. Premiums decreased by \$6.1 million mainly due to the transfer of the Taiwan branch as of January 31, 2001, and the subsequent ceding of premiums which caused a \$7.5 million decline in premiums. This was partially offset by an increase in domestic life insurance premiums of \$2.1 million. The increase in domestic life premiums was a result of higher term insurance sales and renewals of the Term Essential and Term Elite products of \$21.6 million partially offset by lower extended term premiums. Extended term policies represent term insurance the Company issued, under policy provisions to customers who previously had lapsing variable life insurance with the Company.

These decreases were partially offset by increases in policy charges and fee income and other income. Policy charges and fee income, consisting primarily of mortality and expense ("M&E"), loading and other insurance charges assessed on General and Separate Account policyholder fund balances, increased by \$18.4 million. The increase was a result of a \$24.6 million increase for domestic individual life products offset by a \$6.2 million decrease for annuity products. Mortality and sales based loading charges for life products increased as a result of growth of the in-force business. The in-force business (excluding term insurance) grew to \$61.7 billion at June 30, 2002 from \$56.1 billion at June 30, 2001 and \$58.7 billion at December 31, 2001. In contrast, annuity fees are mainly asset based fees which are dependent on the fund balances which are

affected by net sales as well as asset depreciation or appreciation on the underlying investment funds in which the customer has the option to invest. Annuity fund balances have declined as a result of unfavorable valuation changes in the securities market over the past two years. Other income increased \$6.9 million primarily from expense allowance recoveries from the new variable life reinsurance contract.

Benefits and Expenses

Policyholder benefits increased by \$1.4 million from increased death and surrender benefits offset by decreases in reserve provisions for the Taiwan branch and domestic life insurance reserves. Death benefits were higher by \$18.2 million due to higher death claims of \$11.8 million consistent with the increase of the life insurance in-force business and higher guaranteed minimum death benefits for annuity products of \$6.4 million. There were also increased benefits paid on surrenders of reduced paid up policies of \$3.3 million. Taiwan benefits and reserves were \$5.9 million lower due to the transfer of the branch as of January 31, 2001. Domestic life reserves decreased \$14.7 million primarily as a result of the lower amount of extended term insurance. This was partially offset by increases for term insurance reserves due to sales and renewals of the Term Essential and Term Elite products.

Interest credited to policyholder account balances decreased by \$1.4 million despite growth in policyholder account balances as interest crediting rates were decreased in reaction to the declining investment portfolio yields.

General, administrative, and other expenses increased \$30.5 million from the prior year. The primary reason for the increase is an increase in DAC amortization of \$34.5 million, as described above.

11

For the three months ended June 30, 2002 versus 2001

Net income

Consolidated net income for the three months ended June 30, 2002 is \$30.2 million lower than the prior year comparable three-month period. The largest factor in this decrease is higher DAC amortization of \$45.2 million (\$29 million after tax) attributable to unfavorable market conditions.

Revenues

Consolidated revenues of \$220.2 are comparable to the prior year as decreases in realized gains were offset by increases in policy charges and other income. Realized losses on investments increased by \$15.5 million as a result of increased derivative losses of \$11.6 million and credit related sales and impairments of fixed maturities of \$3.9 million. The derivative losses were mainly from Treasury futures as the Company is in a net short futures position in a declining interest rate environment. Policy charges and fee income increased \$10.5 million due to an increase from domestic individual life products of \$13.0 million from continued growth of the in-force business partially offset by a decrease in individual annuity charges due to declining fund values as a result of the securities market. Other income increased \$6.4 million as a result of expense allowance recoveries on the new reinsurance contract.

Benefits and Expenses

Policyholder benefits are \$0.5 million higher due to higher death claims of \$8.1 million from growth in the life insurance in-force business and higher minimum death benefit guarantees for annuity products of \$2.1 million. Offsetting this is a decrease in reserves of \$9.7 million from decreases to extended term premium reserves partially offset by increases for term insurance reserves.

General, administrative and other expenses increased \$39.7 million. As mentioned above, the largest factor was the increase in DAC amortization of \$45.2 million.

3. Liquidity and Capital Resources

Principal cash flow sources are investment and fee income, investment maturities and sales, and premiums and fund deposits. These cash inflows may be supplemented by financing activities through other Prudential affiliates.

Cash outflows consist principally of benefits, claims and amounts paid to policyholders in connection with policy surrenders, withdrawals and net policy loan activity. Uses of cash also include commissions, general and administrative expenses, and purchases of investments. Liquidity requirements associated with policyholder obligations are monitored regularly so that the Company can manage cash inflows to match anticipated cash outflow requirements.

The Company believes that cash flow from operations together with proceeds from scheduled maturities and sales of fixed maturity investments, are adequate to satisfy liquidity requirements based on the Company's current liability structure.

The Company had \$21.5 billion of assets at June 30, 2002 compared to \$22.1 billion at December 31, 2001, of which \$13.7 billion and \$14.9 billion were held in Separate Accounts at June 30, 2002 and December 31, 2001, respectively, under

variable life insurance policies and variable annuity contracts. The remaining assets consisted primarily of investments and deferred policy acquisition costs.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's exposure to market risks and the way these risks are managed, are summarized in Item 7a of the 2001 Form 10K.

12
PART II

Item 2. Changes in Securities and Use of Proceeds.

(d) Information required by Item 701(f) of Regulation S-K:

The information below pertains to modified guaranteed annuity contracts issued by the Company in two distinct variable annuity products, Discovery Preferred Variable Annuity and Discovery Select Variable Annuity. However, because the modified guaranteed annuity option of each of these products is identical, the Company has aggregated the registration of these securities.

- (1) The original effective date of the Registration Statement of the Company for the Discovery Preferred Variable Annuity on Form S-1 was declared effective on November 27, 1995 (Registration No. 33-61143). The Discovery Select prospectus was added through filings under Rule 424 of the Securities Act of 1993. The registration statement continues to be effective through annual amendments, the most recent filed April 24, 2001 and declared effective May 1, 2001.
- (2) Offering commenced immediately upon effectiveness of the registration statement.
- (3) Not applicable.
- (4)
 - (i) The offering has not been terminated.
 - (ii) The managing underwriter of the offering is Prudential Investment Management Services LLC.
 - (iii) Market-Value Adjustment Annuity Contracts (also known as modified guaranteed annuity contracts).
 - (iv) Securities registered and sold for the account of the Company:

<TABLE>
<CAPTION>
<S>

<C>	<C>	<C>
	Amount registered*:	\$ 500,000,000
	Aggregate price of the offering amount registered:	\$ 500,000,000
	Amount sold*:	\$ 383,729,442
	Aggregate offering price of amount sold to date:	\$ 383,729,442
	* Securities not issued in predetermined units	
	No securities have been registered for the account of any selling security holder.	
(v)	Expenses associated with the issuance of the securities:	
	Underwriting discounts and commissions**	\$ 11,312,451
	Other expenses**	\$ 22,610,603
	Total	\$ 33,923,054

** Amounts are estimated and are paid to affiliated parties.

- (vi) Net offering proceeds: \$ 349,806,388
- (vii) Not applicable.
- (viii) Not applicable.

</TABLE>

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 3(i)(a) The Articles of Incorporation of Pruco Life Insurance Company (as amended through October 19, 1993) are incorporated by reference to the initial Registration Statement on Form S-6 of Pruco Life Variable Appreciable Account as filed July 2, 1996, Registration No. 333-07451.
- 3(ii) By-Laws of Pruco Life Insurance Company (as amended through May 6, 1997) are incorporated by reference to Form 10-Q as filed by the Company on August 15, 1997.
- 4(a) Modified Guaranteed Annuity Contract is incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 33-37587 as filed November 2, 1990.
- 4(b) Market-Value Adjustment Annuity Contract is incorporated by reference to the Company's registration statement on Form S-3, Registration No. 33-61143, as filed on April 12, 2002.

(b) Reports on Form 8K

None

14

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

PRUCO LIFE INSURANCE COMPANY
(Registrant)

<TABLE>
<CAPTION>

Signature ----- <S>	Title ----- <C>	Date ----- <C>
/s/ Andrew J. Mako ----- Andrew J. Mako	Executive Vice President (Authorized Signatory)	August 14, 2002
/s/ William J. Eckert, IV ----- William J. Eckert, IV	Vice President and Chief Accounting Officer (Principal Accounting Officer)	August 14, 2002

</TABLE>

15