
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PRUDENTIAL FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

New Jersey
(State or Other Jurisdiction of
Incorporation or Organization)

22-2703799
(I.R.S. Employer Identification No.)

Prudential Plaza
751 Broad Street
Newark, New Jersey 07102
(973)802-6000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**THE 2003 PRUDENTIAL FINANCIAL STOCK
PURCHASE PROGRAM FOR ELIGIBLE EMPLOYEES OF PRUDENTIAL
SECURITIES INCORPORATED PARTICIPATING IN VARIOUS PRUDENTIAL
SECURITIES INCORPORATED PROGRAMS**

(Full Title of the Plans)

John M. Liftin
Senior Vice President and General Counsel
Prudential Financial, Inc.
Prudential Plaza
751 Broad Street
Newark, New Jersey 07102
(973) 802-7001

(Name, address, including zip code, and telephone number, including area code, of agent for service)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered(1)	Amount to Be Registered	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$0.01 per share	6,000,000	\$ 32.15	\$ 192,900,000	\$ 17,746.80

- (1) The number of shares being registered represents the underlying shares for the restricted stock that may be held by participants under the 2003 Prudential Financial Stock Purchase Program For Eligible Employees Of Prudential Securities Incorporated Participating In Various Prudential Securities Incorporated Programs (the "Program"). Such indeterminate number of additional shares as may be issuable pursuant to the recapitalization provisions under the Program is hereby also registered.
- (2) Computed pursuant to Rule 457(h) solely for the purpose of determining the registration fee, based upon an assumed price of \$32.15 per share, which was the average of the high and low prices of the Common Stock on January 6, 2003, as reported on the New York Stock Exchange.
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Part I—

Information Required in the Section 10(a) Prospectus

All information required by Part I to be contained in the prospectus is omitted from this Registration Statement in accordance with Rule 428 under the Securities Act of 1933, as amended (the “Securities Act”).

Part II—

Information Required in the Registration Statement

Item 3. *Incorporation of Certain Documents by Reference.*

The following documents previously filed with the Securities and Exchange Commission (the “Commission”) by Prudential Financial, Inc. (the “Company”) are incorporated herein by reference:

- (a) The prospectus constituting part of the Company’s Registration Statement on Form S-1 (File No. 333-58524) (the “S-1 Registration Statement”) filed with the Commission on December 13, 2001 pursuant to Rule 424(b)(1) under the Securities Act.
- (b) The Annual Report of the Company on Form 10-K for the fiscal year ended December 31, 2001 filed with the Commission on March 26, 2002.
- (c) The Quarterly Report of the Company on Form 10-Q for the fiscal quarters ending March 31, 2002 (filed with the Commission on May 15, 2002), June 30, 2002 (filed with the Commission on August 14, 2002) and September 30, 2002 (filed with the Commission on November 14, 2002).
- (d) Current Reports on Form 8-K dated January 3, 2002, February 13, 2002, May 7, 2002, August 6, 2002, August 8, 2002, August 15, 2002, October 3, 2002, October 15, 2002, October 21, 2002, November 5, 2002, November 12, 2002, November 14, 2002, November 25, 2002, December 4, 2002 and December 20, 2002 filed pursuant to Section 13 of the Securities Exchange Act of 1934 (the “Exchange Act”). Information furnished under Item 9 of Form 8-K is not incorporated by reference herein.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of this Registration Statement and prior to the filing of a post-effective amendment to this Registration Statement which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the respective dates of filing of such documents.

Item 4. *Description of Securities.*

Not applicable.

Item 5. *Interests of Named Experts and Counsel.*

Not applicable.

Item 6. *Indemnification of Directors and Officers.*

The New Jersey Business Corporation Act provides that a New Jersey corporation is required to indemnify a director or officer against his or her expenses to the extent that such director or officer has been successful on the merits or otherwise in any proceeding against such director or officer by reason of his or her being or having been such director or officer. A New Jersey corporation also has the power to indemnify a director or officer against his or her expenses and liabilities in connection with any proceeding involving the director or officer by reason of his or her being or having been such a director or officer if such a director or officer acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation (or in the case of a proceeding by or in the right of the corporation, upon an appropriate determination by a court); and with respect to any criminal proceeding, such director or officer had no reasonable cause to believe his or her conduct was unlawful. No indemnification shall be made to or on behalf of a director or officer if a judgment or final adjudication adverse to the director or officer establishes that his or her omissions (a) were in breach of his or her duty of loyalty to the corporation or its shareholders, (b) were not in good faith or involved a knowing violation of law or (c) resulted in receipt by the director or officer of an improper personal benefit.

Prudential Financial, Inc.'s certificate of incorporation provides that no director shall be personally liable to Prudential Financial, Inc. or any of its shareholders for damages for breach of duty as a director, except for liability based upon an act or omission (i) in breach of the director's duty of loyalty to Prudential Financial, Inc. or its stockholders, (ii) not in good faith or involving a knowing violation of law, or (iii) resulting in receipt by such director of an improper personal benefit.

The by-laws of Prudential Financial, Inc. provide that Prudential Financial, Inc. shall indemnify the following persons:

(a) any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (including any appeal thereon) (other than an action by or in the right of Prudential Financial, Inc.) by reason of the fact that such person is or was a director, officer, or employee of Prudential Financial, Inc., or is or was serving at the request of Prudential Financial, Inc. as a director or officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including reasonable costs, disbursements and attorneys' fees), judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of Prudential Financial, Inc., and, with respect to any criminal action or proceeding, such person has no reasonable cause to believe his or her conduct was unlawful; or

(b) any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit (whether civil, criminal, administrative, arbitrative or investigative) by or in the right of Prudential Financial, Inc. to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, or employee of Prudential Financial, Inc., or is or was serving at the request of Prudential Financial, Inc. as director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including reasonable costs, disbursements and attorneys' fees) judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of Prudential Financial, Inc; provided, however, that no indemnification shall be made in respect of any claim, issue or matter if a judgment or final adjudication adverse to such person establishes that his or her acts or omissions (i) were in breach of his or her duty of loyalty to Prudential Financial, Inc. or its shareholders, (ii) were not in good faith or involved a knowing violation of law or (iii) resulted in receipt by such person of an improper personal benefit.

For directors and officers of the level of Senior Vice President or above, the determination of entitlement to indemnification must be made (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (iii) by the shareholders.

Policies of insurance are maintained by the Registrant with unrelated insurers under which its directors and officers are insured, within the limits and subject to the limitations of the policies, against certain expenses in connection with the defense of, and certain liabilities which might be imposed as a result of, actions, suits or proceedings to which they are parties by reason of being or having been such directors or officers.

Item 7. *Exemption from Registration Claimed.*

Not applicable.

Item 8. *Exhibits.*

The Exhibits accompanying this Registration Statement are listed on the accompanying Exhibit Index.

Item 9. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the “Securities Act”);

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant’s annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act and each filing of the Prudential Insurance Company of America Deferred Compensation Plan’s annual report pursuant to Section 15(d) of the Exchange Act that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

The Registrant. Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of New Jersey, on this 9th day of January, 2003.

PRUDENTIAL FINANCIAL, INC.

By: /s/ MARK B. GRIER

Name: Mark B. Grier

Title: Vice Chairman

KNOW ALL MEN BY THESE PRESENTS: that each person whose signature appears below constitutes and appoints Mark B. Grier, Richard J. Carbone and John M. Liftin, and each of them, as true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities to sign any and all amendments (including post-effective amendments) to this Registration Statement on Form S-8, and to file the same, with all exhibits thereto, and any other documents in connection herewith, with the Commission, granting unto said attorneys-in-law and agents, and each of them, full power and authority to do and perform each and every act and thing required and necessary to be done in and about the foregoing as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated on this 9th day of January, 2003.

<u>Name</u>	<u>Title</u>
<u>/s/ ARTHUR F. RYAN</u>	Chairman, Chief Executive Officer, President and Director
Arthur F. Ryan	
<u>/s/ RICHARD J. CARBONE</u>	Chief Financial Officer (Principal Financial Officer)
Richard J. Carbone	
<u>/s/ ANTHONY S. PISZEL</u>	Controller
Anthony S. Piszal	
<u>/s/ FRANKLIN E. AGNEW</u>	Director
Franklin E. Agnew	
<u>/s/ FREDERIC K. BECKER</u>	Director
Frederic K. Becker	
<u>/s/ GILBERT F. CASELLAS</u>	Director
Gilbert F. Casellas	
<u>/s/ JAMES G. CULLEN</u>	Director
James G. Cullen	
<u>/s/ ALLAN D. GILMOUR</u>	Director
Allan D. Gilmour	

<u>Name</u>		<u>Title</u>
/s/	WILLIAM H. GRAY, III	Director
	William H. Gray, III	
/s/	JON F. HANSON	Director
	Jon F. Hanson	
/s/	GLEN H. HINER	Director
	Glen H. Hiner	
/s/	CONSTANCE J. HORNER	Director
	Constance J. Horner	
/s/	BURTON G. MALKIEL	Director
	Burton G. Malkiel	
/s/	IDA F. S. SCHMERTZ	Director
	Ida F. S. Schmertz	
/s/	RICHARD M. THOMSON	Director
	Richard M. Thomson	
/s/	JAMES A. UNRUH	Director
	James A. Unruh	
/s/	STANLEY C. VAN NESS	Director
	Stanley C. Van Ness	

INDEX TO EXHIBITS TO REGISTRATION STATEMENT ON FORM S-8

Exhibits

4.1	Form of Amended and Restated Certificate of Incorporation of Prudential Financial, Inc. Incorporated by reference to Exhibit 3.1 to the S-1 Registration Statement.
4.2	Form of By-laws of Prudential Financial, Inc. Incorporated by reference to Exhibit 3.2 to the S-1 Registration Statement.
4.3	Form of certificate for the Common Stock of Prudential Financial, Inc., par value \$.01 per share. Incorporated by reference to Exhibit 4.1 to the S-1 Registration Statement.
4.4	Form of Shareholders' Rights Plan. Incorporated by reference to Exhibit 4.2 to the S-1 Registration Statement.
4.5	Upon the request of the Securities and Exchange Commission, the Registrant will furnish copies of all instruments defining the rights of holders of long-term debt of the Registrant.
5.1	Opinion of McCarter & English, LLP.
23.1	Consent of PricewaterhouseCoopers LLP.
23.2	Consent of McCarter & English, LLP (included in Exhibit 5.1).
24.1	Power of Attorney (included in Signature Pages).
99	The 2003 Prudential Financial Stock Purchase Program For Eligible Employees Of Prudential Securities Incorporated Participating In Various Prudential Securities Incorporated Programs.

January 10, 2003

Prudential Financial, Inc.
751 Broad Street
Newark, NJ 07102

Ladies and Gentlemen:

We have acted as special New Jersey counsel to Prudential Financial, Inc., a New Jersey corporation (the “Company”), in connection with the filing by the Company of a Registration Statement on Form S-8 (the “Registration Statement”) relating to 6,000,000 shares of the Company’s common stock, par value \$.01 per share (the “Common Stock”), authorized for issuance under The 2003 Prudential Financial Stock Purchase Program For Eligible Employees of Prudential Securities Incorporated Participating in Various Prudential Securities Incorporated Programs (the “Program”).

We have examined the originals, or copies certified or otherwise identified to our satisfaction, of the Program and such other corporate records, documents, certificates or other instruments as in our judgment are necessary or appropriate to enable us to render the opinion set forth below.

Based on the foregoing, we are of the opinion that the Common Stock has been duly authorized and, when issued in accordance with the terms of the Program, will be legally issued, fully paid and non-assessable.

The foregoing opinion is limited to the laws of the State of New Jersey, and we are expressing no opinion as to the effect of the laws of any other jurisdiction.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933 or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/s/ McCarter & English, LLP

McCarter & English, LLP

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of our report dated February 12, 2002 relating to the financial statements and financial statement schedules of Prudential Financial, Inc., which appears in the Annual Report on Form 10-K of Prudential Financial, Inc. for the year ended December 31, 2001.

/s/ PRICEWATERHOUSECOOPERS LLP
New York, New York
January 10, 2003

PRUDENTIAL SECURITIES INCORPORATED

THE 2003 PRUDENTIAL FINANCIAL STOCK PURCHASE PROGRAM FOR ELIGIBLE
EMPLOYEES OF PRUDENTIAL SECURITIES INCORPORATED PARTICIPATING IN
VARIOUS PRUDENTIAL SECURITIES INCORPORATED PROGRAMS

Adopted by the Board of Directors of Prudential Securities Incorporated on
January 7, 2003

Article I. PURPOSES

Section 1.1 The purposes of The 2003 Prudential Financial Stock Purchase Program For Eligible Employees Of Prudential Securities Incorporated Participating In Various Prudential Securities Incorporated Programs (the "Program") are (a) to provide Participants (as defined below) with an opportunity to acquire an ownership interest in Prudential Financial, Inc. ("Prudential Financial") by allowing them to authorize a payroll deduction to purchase Prudential Financial Restricted Shares (as defined below) in accordance with the terms of this Program, (b) to foster and promote the long-term financial success of Prudential Financial and Prudential Securities Incorporated ("PSI") by aligning employee interests with that of Prudential Financial and PSI through the use of matching contributions and awards in the form of Prudential Financial Restricted Shares and (c) to increase materially stockholder value by (i) motivating superior performance by Participants and (ii) enabling PSI to retain the services of outstanding employees upon whose judgment, interest and special effort the successful conduct of its operations is largely dependent. The Program is not required to be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not subject to the provisions of the Employee Retirement Income Securities Act of 1974, as amended ("ERISA").

Article II. ADMINISTRATION

Section 2.1 The Director of Human Resources of PSI or his designee (the "Administrator") shall be responsible for the administration of the Program. Any authority exercised by the Administrator under the Program shall be exercised by the Administrator in his sole discretion. Subject to the terms of the Program, the Administrator is authorized to prescribe, amend and rescind rules and regulations relating to the administration of the Program, to provide for conditions and assurances deemed necessary or advisable to protect the interests of Prudential Financial, PSI and their affiliates, and to make all other determinations necessary or advisable for the administration and interpretation of the Program (including any transition or other rules applicable to an "Amended Eligible Program" as defined in Article V hereof) or to carry out its provisions and purposes. Determinations, interpretations or other actions made or taken by the Administrator pursuant to the provisions of the Program shall be final, binding and conclusive for all purposes and upon all persons.

Article III. PARTICIPATION

Section 3.1 Each person who is a participant in any of those programs of PSI that were identified to the Board of Directors of Prudential Financial in connection with its approval of the registration of Prudential Financial Stock for purposes of this Program (each, an "Eligible Program"), who is an employee of PSI at the date (a) on which deferral elections may be made in accordance with the terms of the Program (the "Deferral Election Date") and/or (b) awards may be granted (the "Award Grant Date") and in whose name an account is maintained in connection with such Eligible Program an ("Eligible Program Account") may participate in this Program (each such participant, a "Participant").

Article IV. OFFERS OF PRUDENTIAL FINANCIAL RESTRICTED SHARES

Section 4.1 Deferral Election.

(a) Election. Subject to the terms and conditions of this Program, during any election period specified by the Administrator (the "Election Period"), any Participant may, by written election (including an electronic election) (a "Deferral Election") to PSI in form and substance satisfactory to PSI, (1) direct the deferral of his eligible earnings (as defined in the Eligible Program) to acquire shares of the Prudential Stock Index Fund ("Fund Shares"), the Fixed Income Option ("Fixed Income Option") then available under the Program, and/or shares of Common Stock of Prudential Financial, par value \$.01 per share, listed on the New York Stock Exchange under the symbol "PRU"

("Prudential Financial Stock"), which shall be held in such Participant's Eligible Program Account through the conclusion of the applicable Restricted Periods (as defined in the Eligible Program) or (2) periodically redirect future investments and/or rebalance between current investment options (excluding Prudential Financial Stock constituting PSI's matching contribution(s) and/or award(s)), as set forth in the Eligible Program. Participants may make a Deferral Election by completing the Eligible Program Enrollment Form and/or Deferral Election Form online. Notwithstanding the foregoing, each such Participant must also sign and return to the Administrator a hard copy of a completed Representations, Warranties and Acknowledgments form. The Deferral Election must be completed and the Representations, Warranties and Acknowledgments form must be sent to PSI by the 20th of the month following the Election Period (or such other date as designated in the Eligible Program) in order to be effective. The last Deferral Election received from a Participant during the Enrollment Period and/or Election Period shall become irrevocable upon the expiration of the Election Period. Each Participant who makes a Deferral Election shall be notified by the Administrator whether and to what extent such election has been accepted not later than the end of the month following the Election Period.

(b) Percentage Eligible Earnings Subject to Election. Each Participant may elect to defer any percentage between five percent (5%) and twenty-five percent (25%) of eligible earnings.

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Section 4.2 Award Grants.

Subject to the terms and conditions of this Program, during any period specified by the Eligible Program, a Participant may qualify for an Award in the form of Prudential Financial Restricted Shares, which shall be subject to such terms and conditions (including forfeiture and transfer restrictions) as set forth in the Eligible Program. Prudential Financial Stock granted to a Participant pursuant to such Award shall be held in the Participant's Eligible Program Account through the conclusion of the applicable Restricted Periods (as defined in the Eligible Program). Notwithstanding the foregoing, any such Award shall be cancelled and Prudential Financial Stock shall not be transferred to the Eligible Program Account of any Participant who has not signed and returned to the Administrator a hard copy of a completed Representations, Warranties and Acknowledgments form in accordance with the requirements of the Eligible Program.

Section 4.3 Establishment and Operation of the Fixed Income Investment.

(a) Participants Authorize Agency Agreement. Any Fixed Income Option under an Eligible Program that is required to be held by an agent shall be authorized pursuant to an agency agreement (the "Agency Agreement") with the agent thereof (the "Agent") and PSI as parties thereto. The Agent shall hold assets for the sole benefit of the Participants. Each Participant who elects to participate in the Program shall be deemed to have directed PSI to enter into the Agency Agreement on his behalf. PSI shall, on behalf of each Participant who has designated the Fixed Income Option in any Election filed with PSI approved by the Administrator, record in such Participant's Eligible Program Account such Participant's interest in the Fixed Income Option which shall be valued as provided in the Eligible Program. No Participant may sell, assign, transfer, encumber, grant any option on or any other interest in the Fixed Income Option held by such Participant and any such sale, assignment, transfer, encumbrance, grant, or other disposition shall be void ab initio.

(b) Agent May Be Affiliate of PSI. The Agent shall not be required to be independent of PSI and its affiliates. Although legal title to the Fixed Income Option would be held by the Agent, the Agent would act only upon the direction of Participants acting through PSI, and would have no discretionary authority under the Agency Agreement. Each Participant in the Program shall be deemed to have authorized the Agent to take such actions as described in the Eligible Program.

(c) Maintenance of Fixed Income Option. The Fixed Income Option shall be paid in cash in accordance with the terms and conditions (including the forfeiture and transfer restrictions) of the Eligible Program. If the Fixed Income Option is terminated, the liquidation proceeds will be applied evenly to purchase Fund Shares and Prudential Financial Stock for such Participant's Eligible Program Account, subject to the forfeiture and transfer restrictions of the Eligible Program.

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(d) Agent's Expenses. PSI will pay the fees and expenses of the Agent under the Agency Agreement.

(e) Restrictions; Potential Forfeiture. The Deferral Account (as defined in the Eligible Program) and all securities, cash or other property held in the Participant's Eligible Program Account shall be subject to potential forfeiture and transfer restrictions as set forth in the Eligible Program.

Section 4.4 Dividends and Voting. Prior to the Distribution Date, each Participant shall be entitled to vote Prudential Financial Stock and Fund Shares held in such Participant's Eligible Program Account. Each Participant with an interest in the Fixed Income Option held pursuant to the Agency Agreement shall also have such voting rights (if any) as are described in the Eligible Program. Additionally, each Participant shall receive dividends or other distributions (if any) when made by the Fund or Prudential Financial as the case may be, or to receive any earnings earned in respect of any assets held in such Participant's Eligible Program Account. However, as a condition of participation in this Program, such dividends, distributions and earnings shall be subject to the forfeiture and transfer restrictions of the Eligible Program.

Section 4.5 Termination of Employment. The Participant shall be subject to forfeiture and transfer restrictions applicable to such Participant's Fund Shares, Prudential Financial Restricted Shares and/or interest in the Fixed Income Option as set forth in the Eligible Program. Any forfeited Prudential Financial Restricted Shares shall revert to The PSI Programs L.L.C.

Section 4.6 Beneficiaries. The Participant's designation of a beneficiary or beneficiaries in accordance with the procedures applicable to the Eligible Program will govern with respect to Fund Shares, Prudential Financial Restricted Shares, the interest in the Fixed Income Option and/or cash or other property held in such Participant's Eligible Program Account under this Program that become transferable upon death.

ARTICLE V. AMENDMENT, MODIFICATION, OR TERMINATION

Section 4.7 PSI, through its Board of Directors, acting in its sole and absolute discretion, without notice to or consent of any Participant or beneficiary, reserves the right to amend, modify, restate, suspend or terminate the Program or any Eligible Program at any time, in whole or in part provided that neither amounts then credited to a Participant's Deferral Account nor the Participant's Eligible Program Account or the number of Prudential Financial Restricted Shares issuable under any Award for which all terms and conditions of such Award have been satisfied are reduced. Upon any amendment, modification or restatement of an Eligible Program (each, an "Amended Eligible Program"), the Board of Directors of PSI may prescribe transition or other rules governing Deferral Election, Award or other provisions applicable to such Amended Eligible Program.

Article VI. MISCELLANEOUS

Section 6.1 Claims Procedure; Arbitration; Choice of Law. A Participant and any beneficiaries designated by the Participant (each, a "Claimant") may claim a benefit under the Program by making a written request to the Administrator. The Administrator shall furnish the Claimant with a written response within a reasonable time. A Claimant may request PSI's Deferred Compensation Committee (the "Committee") to review a denied claim for benefits under the Program within a reasonable time not to exceed ninety (90) days after the receipt by the Claimant of written notice of denial of a claim. After exhaustion of the remedy provided to Claimants by the Administrator and the Committee, any unresolved controversy or dispute arising under the Program shall be submitted to and settled by arbitration in accordance with the then-prevailing Constitution and Rules of the New York Stock Exchange, Inc. or of the National Association of Securities Dealers, Inc. Such arbitration will be conclusive and binding. Judgment based upon the decision of the arbitrators may be entered in any court having competent jurisdiction thereof. The Program shall be governed by, and construed and enforced in accordance with the substantive and procedural laws of the State of New York, without giving effect to the conflicts of law provisions thereof.

Section 6.2 Compliance with Applicable Laws, Etc. The Program (and the execution of all transactions contemplated hereby) and the obligations of PSI and the Agent under the Program shall be subject to all applicable foreign, Federal and state laws, rules, and regulations, and to such approvals by any regulatory or governmental agency as may be required, and to any rules or regulations of any exchange on which Prudential Financial Stock is listed. PSI may postpone any of its obligations hereunder, the purchase, issuance or delivery of Prudential Financial Restricted Shares under the terms hereof or any other action permitted under the Program to permit PSI, with reasonable diligence, to complete such stock exchange listing or registration or qualification of such Prudential Financial Stock or other required action under any foreign, Federal or state law, rule, or regulation and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Prudential

Financial Restricted Shares in compliance with applicable laws, rules, and regulations. PSI shall not be obligated by virtue of any provision of the Program to otherwise purchase, sell or issue Prudential Financial Stock in violation of any such laws, rules, or regulations.

Section 6.3 No Guarantee of Employment. Nothing contained in the Program or any Eligible Program shall be construed as a contract of employment between PSI and any Participant or as creating any right of a Participant to continue in the employment of PSI or any of its affiliates for a particular length of time. A Participant shall continue to be an "employee-at-will," meaning that a Participant may resign at any time and PSI may terminate a Participant's employment at any time, with or without reason or notice.

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Section 6.4 Participant Expenses. Expenses incurred by Participants and/or their beneficiaries in connection with any controversy or dispute arising under the Program, including, but not limited to, legal fees and disbursements, shall be borne by such Participants and/or their beneficiaries.

Section 6.5 Validity. Any provision or portion of a provision of the Program deemed to be in violation of any law or regulation in a particular jurisdiction shall be void and of no effect, and shall not affect the continued validity of any other provision of the Program, which shall remain in full force and effect in such jurisdiction; provided further that any deemed invalidity of a provision in a particular jurisdiction shall not affect the validity of such provision (or the continued validity of any provision of the Program) in any other jurisdiction. The obligations of PSI under the Program shall be binding upon its assignee(s), any successor corporation or organization resulting from the merger, consolidation or other reorganization or from any reincorporation or change of name of PSI or upon any change in control.

Section 6.6 Headings. Paragraph titles contained herein are inserted as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of the Program or any provision.

Section 6.7 Gender and Number. Except when otherwise indicated by the context, words in the masculine gender used in the Program shall include the feminine gender, the singular shall include the plural, and the plural shall include the singular.

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