

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2000

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 November 14, 2000. Common stock, par value of
\$10 per share: 250,000 shares outstanding

PRUCO LIFE INSURANCE COMPANY

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Pruco Life Insurance Company and Subsidiaries

Consolidated Statements of Financial Position
As of September 30, 2000 and December 31, 1999 (In Thousands)

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<TABLE>
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	(Unaudited) September 30,	December
	2000	1999
	-----	-----
	<C>	<C>
31,		

<S>		
ASSETS		
Fixed maturities		
Available for sale, at fair value (amortized cost, 2000: \$3,359,031; 1999:		
\$3,084,057)	\$ 3,315,978	\$
2,998,362		
Held to maturity, at amortized cost (fair value, 2000: \$346,033; 1999: \$377,822)	353,579	
388,990		
Equity securities - available for sale, at fair value (cost, 2000: \$7,822 ; 1999: \$3,238)	7,657	
4,532		
Mortgage loans on real estate	9,645	
10,509		
Policy loans	844,680	
792,352		
Short-term investments	509,692	
207,219		
Other long-term investments	88,352	
77,769		

Total investments	5,129,583	
4,479,733		
Cash	70,046	
76,396		
Deferred policy acquisition costs	1,138,699	
1,062,785		
Accrued investment income	79,148	
68,917		
Other assets	110,894	
48,228		
Separate Account assets	16,996,687	
16,032,449		
	-----	-----

----- TOTAL ASSETS 21,768,508 =====	\$ 23,525,057 =====	\$
LIABILITIES AND STOCKHOLDER'S EQUITY		
Liabilities		
Policyholders' account balances 3,116,261	\$ 3,452,178	\$
Future policy benefits and other policyholder liabilities 635,978	693,401	
Cash collateral for loaned securities 87,336	174,645	
Securities sold under agreement to repurchase 21,151	50,691	
Income taxes payable 145,600	233,933	
Payables to affiliate 487	24,011	
Other liabilities 59,427	138,685	
Separate Account liabilities 16,032,449	16,996,687	
-----	-----	-----
Total liabilities 20,098,689	21,764,231	
-----	-----	-----
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 439,582	439,582	
Retained earnings 1,258,428	1,335,041	
Accumulated other comprehensive loss		
Net unrealized investment losses (28,364)	(14,093)	
Foreign currency translation adjustments (2,327)	(2,204)	
-----	-----	-----
Accumulated other comprehensive loss (30,691)	(16,297)	
-----	-----	-----
Total stockholder's equity 1,669,819	1,760,826	
-----	-----	-----
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY 21,768,508 =====	\$ 23,525,057 =====	\$
</TABLE>		

See Notes to Consolidated Financial Statements

Pruco Life Insurance Company and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income (Unaudited)
Nine and Three Months Ended September 30, 2000 and 1999 (In Thousands)

	Nine months ended September 30,		Three months ended September 30,
	2000	1999	2000
1999			

<S>	<C>	<C>	<C>	<C>
REVENUES				
Premiums \$ 27,892	\$ 87,695	\$ 68,794	\$26,967	
Policy charges and fee income 98,227	350,779	304,593	121,372	
Net investment income 71,911	248,495	209,508	80,520	
Realized investment losses, net (4,116)	(15,222)	(17,916)	(1,228)	
Asset management fees 15,347	53,702	40,863	18,850	
Other income 160	685	1,005	275	
	-----	-----	-----	
Total revenues 209,421	726,134	606,847	246,756	
	-----	-----	-----	
BENEFITS AND EXPENSES				
Policyholders' benefits 35,392	181,172	142,125	63,452	
Interest credited to policyholders' account balances 31,448	123,490	93,697	44,039	
General, administrative and other expenses 106,525	304,903	298,183	92,354	
	-----	-----	-----	
Total benefits and expenses 173,365	609,565	534,005	199,845	
	-----	-----	-----	
Income from operations before income taxes 36,056	116,569	72,842	46,911	
	-----	-----	-----	
Income tax provision 12,619	39,956	25,494	16,419	
	-----	-----	-----	
NET INCOME \$ 23,437	\$76,613	\$ 47,348	\$ 30,492	
	-----	-----	-----	
Other comprehensive income (loss), net of tax:				
Unrealized gains (losses) on securities, net of reclassification adjustment (8,369)	14,271	(27,867)	13,696	
Foreign currency translation adjustments 260	123	790	1,550	
	-----	-----	-----	
Other comprehensive income (loss), net of tax (8,109)	14,394	(27,077)	15,246	
	-----	-----	-----	
TOTAL COMPREHENSIVE INCOME \$ 15,328	\$ 91,007	\$ 20,271	\$ 45,738	
	=====	=====	=====	

</TABLE>

See Notes to Consolidated Financial Statements

Pruco Life Insurance Company and Subsidiaries

Consolidated Statements of Changes in Stockholder's Equity (Unaudited)
Periods Ended September 30, 2000 and December 31, 1999 and 1998 (In Thousands)

<TABLE>
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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, 1998 1,505,517	\$ 2,500	\$ 439,582	\$ 1,050,871	\$ 12,564	\$
Net income 151,962	-	-	151,962	-	
Change in foreign currency translation adjustments, 2,980 net of taxes	-	-	-	2,980	
Change in net unrealized investment losses, net of (7,227) reclassification adjustment and taxes	-	-	-	(7,227)	
-	-----	-----	-----	-----	-----
Balance, December 31, 1998 1,653,232	\$ 2,500	\$ 439,582	\$ 1,202,833	\$ 8,317	\$
Net income 55,595	-	-	55,595	-	
Change in foreign currency. translation adjustments, (742) net of taxes	-	-	-	(742)	
Change in net unrealized investment losses, net of (38,266) reclassification adjustment and taxes	-	-	-	(38,266)	
-	-----	-----	-----	-----	-----
Balance, December 31, 1999 1,669,819	\$ 2,500	\$ 439,582	\$ 1,258,428	\$ (30,691)	\$
Net income 76,613	-	-	76,613	-	
Change in foreign currency translation adjustments, 123 net of taxes	-	-	-	123	
Change in net unrealized investment gains, net of 14,271 reclassification adjustment and taxes	-	-	-	14,271	
-	-----	-----	-----	-----	-----
Balance, September 30, 2000 1,760,826	\$ 2,500	\$ 439,582	\$ 1,335,041	\$ (16,297)	\$
=====	=====	=====	=====	=====	

</TABLE>

See Notes to Consolidated Financial Statements

Pruco Life Insurance Company and Subsidiaries

Consolidated Statements of Cash Flows (Unaudited)
Nine Months Ended September 30, 2000 and 1999 (In Thousands)

	2000	1999
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 76,613	\$ 47,348
Adjustments to reconcile net income to net cash (used in)		
provided by operating activities:		
Policy charges and fee income	(50,971)	(68,377)
Interest credited to policyholders' account balances	123,490	93,697
Realized investment losses, net	15,222	17,916
Amortization and other non-cash items	(8,372)	48,808
Change in:		
Future policy benefits and other policyholders' liabilities	57,423	7,549
Accrued investment income	(10,231)	(5,773)
Payables to/Receivables from affiliate, net	23,524	(212)
Policy loans	(52,328)	(24,844)
Deferred policy acquisition costs	(75,914)	(122,831)
Income taxes payable	88,333	(21,821)
Other, net	16,593	68,630
Cash Flows From Operating Activities	\$ 203,382	\$ 40,090
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale/maturity of:		
Fixed maturities:		
Available for sale	1,703,145	2,558,072
Held to maturity	35,180	38,903
Equity securities	1,147	5,189
Mortgage loans on real estate	864	683
Other long-term investments	-	320
Payments for the purchase of:		
Fixed maturities:		
Available for sale	(2,004,763)	(2,732,358)
Held to maturity	-	(24,170)
Equity securities	(5,503)	(2,059)
Other long-term investments	(4,137)	(33)
Cash collateral for loaned securities, net	87,309	(8,354)
Securities sold under agreement to repurchase, net	29,540	505
Other long-term investments	(6,446)	(14,918)
Short-term investments, net	(302,517)	(40,558)
Cash Flows Used In Investing Activities	(466,181)	(218,778)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Policyholders' account balances:		
Deposits	1,894,558	2,598,383
Withdrawals	(1,638,109)	(2,424,550)
Cash Flows From Financing Activities	256,449	173,833
Net decrease in Cash	(6,350)	(4,855)
Cash, beginning of year	76,396	89,679
CASH, END OF PERIOD	\$ 70,046	\$ 84,824
	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

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"), a wholly owned subsidiary of The Prudential Insurance Company of America ("Prudential"), for the interim periods presented. 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 2000 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, 1999.

2. 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.

On October 28, 1996, the Company entered into a Stipulation of Settlement with attorneys for the plaintiffs in a consolidated class action lawsuit pending in a Multi-District Litigation proceeding in the U.S. District Court for the District of New Jersey. The class action suit involved alleged improprieties in connection with the sale, servicing and operation of permanent life insurance policies from 1982 through 1995. Pursuant to the settlement, the Company has participated in a remediation program pursuant to which relief was offered to policyowners who were misled when they purchased permanent life insurance policies in the United States from 1982 to 1995. Prudential has agreed to indemnify the Company for any liability incurred in connection with that litigation.

The balance of the Company's litigation is subject to many uncertainties, and given the complexity and scope, the outcomes cannot be predicted with precision. Management believes that any ultimate liability that could result from such litigation would 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 (except for those agents employed directly by the Company in Taiwan), supplies, use of equipment and office space are provided by Prudential.

Pruco Life Insurance Company and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

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3. RELATED PARTY TRANSACTIONS (continued)

The Company is allocated estimated distribution expenses from Prudential's retail agency network for both its domestic life and annuity products. The Company has capitalized the majority of these distribution expenses as deferred policy acquisition costs ("DAC"). At April 1, 2000, Prudential and the Company agreed to revise the estimate of allocated distribution expenses to reflect a market based pricing arrangement.

The Company is charged an asset management fee by Prudential Global Asset Management ("PGAM") for managing the Separate Account investment portfolio.

These fees are a component of general, administrative and other expenses.

In accordance with a profit sharing agreement with Prudential, the Company receives fee income from policyholder account balances invested in the Prudential Series Funds ("PSF"). These amounts are recorded as "Asset management fees" in the Consolidated Statements of Operations. The Company also collects these fees on behalf of Prudential and records a Payable to affiliate in the Consolidated Statements of Financial Position.

On September 29, 2000, the Board of Directors for the Prudential Series Fund, Inc. ("PSFI") adopted resolutions to terminate the existing management agreement between PSFI and Prudential, and has appointed another subsidiary of Prudential as the fund manager for PSF. The Company is currently assessing the effect of these resolutions on its profit sharing agreement with Prudential.

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 \$715.1 million and \$725.3 million at September 30, 2000 and December 31, 1999, respectively. The fees received related to the COLI policies were \$4.0 million for the nine months ending September 30, 2000.

Reinsurance

The Company currently has three reinsurance agreements in place with Prudential (the reinsurer). Specifically 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, and 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 September 30, 2000 and December 31, 1999.

Debt Agreements

In July 1998, the Company established a revolving line of credit facility of up to \$500 million with Prudential Funding Corporation, a wholly owned subsidiary of Prudential. There is no outstanding debt relating to this credit facility as of September 30, 2000 or December 31, 1999.

Pruco Life Insurance Company and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

4. RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 was amended by SFAS 137, "Accounting for Derivative Instruments and Hedging Activities- Deferral of the Effective Date of FASB Statement No. 133," issued June 1999, and by SFAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" issued in June 2000. SFAS 133, as amended, requires that companies recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. SFAS 133 does not apply to most traditional insurance contracts. However, certain hybrid contracts that contain features which may affect settlement amounts similarly to derivatives may require separate accounting for the "host contract" and the underlying "embedded derivative" provisions. The latter provisions would be accounted for as derivatives as specified by the statement.

SFAS No. 133 provides, if certain conditions are met, that a derivative may be specifically designated as (1) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedge), (2) a hedge of the exposure to variable cash flows of a forecasted transaction (cash flow hedge), or (3) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security or a foreign-currency-denominated forecasted transaction (foreign currency hedge).

Under SFAS No. 133, the accounting for changes in fair value of a derivative depends on its intended use and designation. For a fair value hedge, the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item. For a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings when the forecasted transaction affects earnings. For a hedge of a net investment in a foreign subsidiary, the gain or loss is reported in other comprehensive income

as part of the foreign currency translation adjustment. For all other derivatives not designated as hedging instruments, the gain or loss is recognized in earnings in the period of change. The Company is required to adopt this Statement, as amended, as of January 1, 2001. Adoption of SFAS 133, as amended, is not expected to have a material impact on the Company's financial position or results of operations.

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

The following analysis should be read in conjunction with the Notes to Consolidated Financial Statements.

The Company sells interest-sensitive individual life insurance and variable life insurance, individual variable and fixed annuities, and guaranteed interest contracts ("GICs") by utilizing Prudential's sales force in the United States. The Separate Account annuity and life products are fee based, as compared to the GIC and General Account annuity and life products which are primarily interest spread products. 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 pressures as the legal barriers that have historically segregated the markets of the financial services industry have 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 companies that are positioned to deliver competing investment products through large, stable distribution channels. The Company also sells traditional individual life insurance through its branch office in Taiwan.

The Company has entered into discussions with the Arizona Department of Insurance and the Taiwan Ministry of Finance ("MoF") regarding the transfer of the Taiwan business to Prudential Life Insurance Company of Taiwan, Inc. ("PLICT"), a subsidiary of Prudential. PLICT has received approval for an Application for Incorporation with the Taiwan Ministry of Economic Affairs and received its company license on November 4, 2000. PLICT has filed with the MoF for its insurance business license. The Company is awaiting approval of the transfer from the Arizona Department of Insurance. Once that approval is received, the Company will submit its business transfer plan to the MoF. The transaction is expected to be completed within the next few months.

The Company's Analysis of Financial Condition and Results of Operations are described below.

1. Analysis of Financial Condition

From December 31, 1999 to September 30, 2000, there was an increase of \$1.7 billion in total assets from \$21.8 billion to \$23.5 billion, the majority of which relates to a \$964 million increase in Separate Accounts from net cash inflows as described below. General Account invested assets increased by \$650 million, mainly due to net purchases and appreciation of fixed maturities of \$282 million, net purchases of short-term investments of \$302 million and increased policy loan lending of \$52 million. Other assets increased by \$63 million due to timing on the cash collection of receivables for securities sold.

During this nine-month period, liabilities also increased by \$1.7 billion from \$20.1 billion to \$21.8 billion. Corresponding with the asset change, Separate Account liabilities increased by \$964 million due to cash inflows to the Separate Accounts of \$1,902 million, net investment income (including unrealized losses of \$440 million) of \$171 million, and surrenders, withdrawals and disbursements of \$1,109 million. General Account policyholder balances increased by \$336 million during this period mainly from new sales of GICs of \$157 million, and Discovery Select annuity product ("Discovery Select") sales. Net sales (sales less withdrawals) and exchanges of Discovery Select were approximately \$1,092 million in the first nine months of 2000 for the General and Separate Accounts. There was also an increase in future policy benefits and other policyholder benefits of \$57 million mainly due to increase in the Taiwan business. The remaining increases in liabilities relate to increases in securities lending of \$116 million, taxes payable of \$88 million, and other liabilities. Other liabilities increased by \$79 million mainly due to timing on the cash payment for purchases of securities.

2. Results of Operations

For the nine months ended September 30, 2000 and September 30, 1999

Consolidated income before income taxes of \$116.6 million is \$43.7 million more than for the first nine months of 1999, with after tax income of \$76.6 million, an improvement of \$29.3 million from the prior year. Revenues grew by \$119.3 million, an increase of 19.7% from the prior year, while benefits and expenses grew by \$75.6 million, or 14.1%, from the prior year.

Policy charges and fee income, consisting primarily of mortality and expense ("M&E"), loading and other insurance charges assessed primarily on Separate Account policyholder fund balances, increased by \$46.2 million as a result of the growth in Separate Account fund balances. Separate Account fund values have grown \$3.1 billion from \$13.9 billion at September 30, 1999 to \$17.0 billion at September 30, 2000. The increase primarily results from \$2.54 billion of net sales (sales less withdrawals) and market appreciation of Discovery Select, and \$521 million of net sales and market appreciation on life products, mainly Variable Universal Life ("VUL"). Although fund values have increased from the prior period, there has been a decline in net sales year over year of the Company's largest product, Discovery Select, due to the termination of the Exchange Program on May 1, 2000 and increased surrenders. The Exchange Program provided the contractholders of older Prudential or Pruco Life annuity products an opportunity to convert to Discovery Select. Net sales of Discovery Select are \$1,022 million lower than the prior year, \$648 million of this decrease is from lower exchange sales. The remainder of the decrease is primarily from increased surrenders as the business ages and as there are waivers of surrender charges on policies acquired through the Exchange Program. The Company launched a new variable annuity product, Strategic Partners One, on September 22, 2000. The Exchange Program may be reinstated in the future with this new product.

The increase in premiums of \$18.9 million is primarily from Taiwan premiums which grew \$14.1 million due to increased persistency rates and growth in the in force business of 16%. Premiums from annuitizations of Discovery Select contracts also contributed to the growth in premiums.

Asset management fees, which are charged on policyholder accounts invested in the PSF, a portfolio of mutual fund investments, increased by \$12.8 million. This increase is also due to the growth in the Separate Account fund balances, as described above.

Net investment income increased by \$39.0 million from the prior year, as total fixed maturities and short-term investments increased \$659 million since September 30, 1999, mainly due to cash inflows from sales of the Prudential Credit Enhanced ("PACE") product, a GIC product, and General Account annuity sales. An increase in investment yields accounted for approximately \$7 million of this increase.

Realized investment losses improved by \$2.7 million from the prior year as increases in gains recognized on swaps and forward contracts of \$12.7 million offset increased losses on fixed maturities of \$11 million. Losses on fixed maturities were a result of higher writedowns for other than temporary impairments of \$8.0 million in 2000 versus \$4.2 million in 1999. The remainder of the fixed maturity losses arose from sales of fixed maturities in a higher interest rate environment.

Policyholder benefits, including changes to reserves, increased by \$39 million. Reserves increased by \$27 million due to higher Taiwan life insurance sales and premiums from Discovery Select annuitizations in the amount of \$10.3 million and \$5.6 million, respectively. In addition, reserves for life insurance products increased by \$11 million due to increases for extended term and disabled waived premium reserves and increases to the unearned revenue reserve due to modeling refinements. Policyholder benefits are \$12 million higher due to increased death claims and growth in the business.

Interest credited to policyholder account balances increased by \$29.8 million mainly due to the increase in GIC policyholder account balances and General Account annuity accounts from sales as mentioned in the net investment income section above.

General, administrative and other expenses increased by \$6.7 million from the prior year. There was \$7.4 million more in non-deferrable expenses due to growth in trail commissions on Discovery Select exchanges, which are not subject to capitalization. In addition, asset management fees paid to PGAM for managing the Separate Account portfolios increased by \$5.6 million as the Separate Account portfolios upon which these fees are assessed have grown. As of April 1, 2000,

there was a change in the allocation of estimated distribution expenses from Prudential's retail agency network which decreased year over year expenses (net of capitalization) by \$5.9 million. Reductions in salary related and consulting expenses due to reduced staff counts in 2000 of approximately \$7 million were offset by increased expenses of approximately \$7 million for annuities and the Taiwan business due to business growth.

In addition, DAC amortization, which is a component of general, administrative and other expenses, was lower by \$7 million as a decrease in the DAC amortization of life products of \$13.5 million was mostly offset by increases in annuity and Taiwan DAC amortization of \$9.7 million and \$3.1 million, respectively. DAC amortization for life products decreased as the prior year included write-offs of DAC for policies that were rescinded as a result of the Company's policyholder remediation program, as described in the Notes to the Financial Statements. Annuity DAC amortization increased due to growth in profitability of the annuity business, changes made late in 1999 to the assumptions used in the amortization model, and the release of DAC due to Discovery Select lapse experience. Taiwan DAC amortization increased due to growth in the business.

For the three months ended September 30, 2000 and September 30, 1999

Consolidated income before taxes for the three months ended September 30, 2000 was \$46.9 million, an increase of \$10.8 million from \$36.1 million earned for the three months ended September 30, 1999. Accordingly, after tax income of \$30.5 million is higher than the prior year by \$7.1 million. Total revenues are higher by \$37.3 million, or 17.8%, while benefits and expenses have risen \$26.5 million, or 15.3%.

Policy charges and fee income increased by \$23.1 million, primarily due to increased M&E fees, and asset management fees increased by \$3.5 million, primarily as a result of the growth in the Separate Account fund balances upon which these fees are assessed.

Net investment income increased by \$8.6 million from the prior year, as total fixed maturities and short-term investments increased \$659 million since September 30 1999, mainly due to GIC and General Account annuity sales. Investment yields have also increased.

Realized investment losses have improved by \$2.9 million as there have been fewer losses realized on sales of fixed maturities in 2000.

Policyholder benefits, including changes to reserves, increased by \$28.1 million. Life product reserves and benefits increased by \$22.7 million from the prior year. The increase in life policyholder benefits from the previous year is \$9.8 million, mainly due to larger than expected death claims. Also contributing to this increase from the prior year, is a 1999 adjustment that reduced policyholder benefits for the term conversion premium credit, creating a \$4.1 million variance to this line. Life reserves increased by \$12.9 million due to increases to extended term and disabled waived premium reserves, and increases to the unearned revenue reserve due to modeling refinements. In addition, reserves increased due to higher Taiwan life insurance sales and premiums from Discovery Select annuitizations in the amount of \$2.1 million and \$3.3 million, respectively.

Interest credited to policyholder account balances increased by \$12.6 million mainly due to the increase in GIC policyholder account balances from sales as mentioned above.

General, administrative and other expenses decreased by \$14.2 million from the prior year. As of April 1, 2000, there was a change in the allocation of estimated distribution expenses from Prudential's retail agency network. This change decreased quarter over quarter expenses by \$4.1 million (net of capitalization). In addition, there was lower DAC amortization of \$14.9 million, as 1999 rescissions related to the remediation program increased write-offs of DAC for life products in the prior year creating a \$9.6 million positive variance, and annuity DAC amortization was \$5.6 million less due to modeling refinements. Salary and consulting expenses were approximately \$2 million lower due to reduced staffing. Offsetting these decreases was an increase to the reserve for unbeknownst modified endowment contracts ("UMEC") for \$6.3 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 complemented 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 \$23.5 billion of assets at September 30, 2000 compared to \$21.8 billion at December 31, 1999, of which \$17.0 billion and \$16.0 billion were held in Separate Accounts at September 30, 2000 and December 31, 1999, respectively, under variable life insurance policies and variable annuity contracts. The remaining assets consisted primarily of investments and deferred policy acquisition costs.

4. Information Concerning Forward-Looking Statements

Some of the statements contained in Management's Discussion and Analysis, including those words such as "believes", "expects", "intends", "estimates", "assumes", "anticipates" and "seeks", are forward-looking statements. These forward-looking statements involve risk and uncertainties. Actual results may differ materially from those suggested by the forward-looking statements for various reasons. In particular, statements contained in Management's Discussion and Analysis regarding the Company's business strategies involve risks and uncertainties, and we can provide no assurance that we will be able to execute our strategies effectively or achieve our financial and other objectives.

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 1999 Form 10K.

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 16, 1999 and declared effective April 30, 1999.
- (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:

Amount registered*:	\$500,000,000
Aggregate price of the offering amount registered:	\$500,000,000
Amount sold*:	\$319,319,033
Aggregate offering price of amount sold to date:	\$319,319,033

*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**	\$ 11,176,166
Other expenses**	\$ 16,915,718

Total	\$ 28,091,884

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

(vi) Net offering proceeds: \$291,227,149

(vii) Not applicable.

(viii) Not applicable.

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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 filed herewith (previously filed as an exhibit to the Company's Registration Statement on Form S-1 as filed November 2, 1990, Registration No. 33-37587).
- 4(b) Market-Value Adjustment Annuity Contract is incorporated by reference to the Company's registration statement on Form S-1, Registration No. 333-18053, as filed November 17, 1995.
- 27 Financial Data Schedule is filed herewith in accordance with EDGAR instructions.

(b) Reports on Form 8K

None

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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)

Signature

Title

Date

President and Director

November 14, 2000

Esther H. Milnes

William J. Eckert, IV

Principal Financial Officer and
Chief Accounting Officer

November 14, 2000

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