

PRUDENTIAL FINANCIAL INC  
Form 11-K  
June 28, 2006

---

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**FORM 11-K**

(MARK ONE)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2005

OR

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

*Commission file number 001-16707*

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

that of the issuer named below:

The Prudential Employee Savings Plan

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

address of its principal executive office:

**Prudential Financial, Inc.**

**751 Broad Street**

**Newark, New Jersey 07102**

Financial Statements and Exhibits

(a) Financial Statements for the Year Ended December 31, 2005, and Independent Registered Public Accounting Firm's Report.

(b) The financial statements required to be filed hereunder appear commencing at page 2 hereof.

Edgar Filing: PRUDENTIAL FINANCIAL INC - Form 11-K

(c) Exhibits

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

(2) Exhibit 23.2 Consent of Independent Registered Public Accounting Firm (following financial statements).

---

**The Prudential Employee Savings Plan**

**Index**

**December 31, 2005 and 2004**

<b>Reports of Independent Registered Public Accounting Firms</b>	<b>Page</b> 1-2
<b>Financial Statements</b>	
Statements of Net Assets Available for Benefits  (Modified Cash Basis) at December 31, 2005 and December 31, 2004	3
Statement of Changes in Net Assets Available for Benefits  (Modified Cash Basis) for the Year Ended December 31, 2005	4
Notes to Financial Statements	5 15
<b>Additional Information*</b>	
Schedule I Schedule of Assets Held for Investment Purposes	16
Signature Page	17

<b>EXHIBIT</b>	<b>Description</b>
23.1	Consent of Independent Registered Public Accounting Firm Mitchell & Titus, LLP
23.2	Consent of Independent Registered Public Accounting Firm PricewaterhouseCoopers LLP

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

**Report of Independent Registered Public Accounting Firm**

To the Participants and Administrator of

The Prudential Employee Savings Plan

We have audited the accompanying statement of net assets available for benefits (modified cash basis) of The Prudential Employee Savings Plan (the Plan ) as of December 31, 2005, and the related statement of changes in net assets available for benefits (modified cash basis) for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 2, these financial statements and supplemental schedule were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2005, and the changes in net assets available for benefits for the year then ended, on the basis of accounting described in Note 2.

Our audit of the Plan's financial statements was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule (modified cash basis), (Schedule of Assets Held for Investment Purposes) of the Plan is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mitchell & Titus, LLP

New York, New York

June 22, 2006

**Report of Independent Registered Public Accounting Firm**

To the Participants and Administrator of

The Prudential Employee Savings Plan

We have audited the accompanying statement of net assets available for benefits (modified cash basis) of The Prudential Employee Savings Plan (the Plan ) as of December 31, 2004. This financial statement is the responsibility of the Plan s management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement was prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the Plan s financial statement referred to above presents fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2004, on the basis of accounting described in Note 2.

PricewaterhouseCoopers LLP

New York, New York

June 24, 2005

**The Prudential Employee Savings Plan Statement****of Net Assets Available for Benefits****(Modified Cash Basis)****December 31, 2005 and 2004**

	<b>2005</b>	<b>2004</b>
<b>Assets</b>		
Investments		
At contract value		
PESP Fixed Rate Fund	\$ 2,947,725,199	\$ 2,872,448,787
At fair value		
Insurance company pooled separate accounts		
Core Equity Account	262,303,982	224,784,126
Small Company Stock Account	355,286,359	343,330,430
Registered investment companies		
American Century Income & Growth Fund	121,222,747	95,691,879
American High Income Trust Fund	22,422,187	21,720,048
Dryden Active Allocation Fund	64,595,432	64,935,190
Dryden Stock Index Fund	229,221,333	243,397,454
Dryden International Equity Fund	168,673,966	
Fidelity Advisor Government Investment Fund	3,676,723	2,543,215
Jennison Equity Opportunity Fund	96,389,669	95,699,848
Jennison Growth Fund	387,817,810	349,855,636
Jennison U.S. Emerging Growth Fund	88,971,114	70,689,604
Strategic Partners International Value Fund		145,152,035
Master Trust (Note 11)		
Prudential Financial, Inc. Common Stock Fund	86,675,430	66,426,425
Prudential Financial, Inc. Common Stock Fund (ESOP) (Note 8)	361,295,890	255,815,322
Participant Loans	33,906,509	34,451,322
Net assets available for benefits	\$ 5,230,184,350	\$ 4,886,941,321

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

**The Prudential Employee Savings Plan****Statement of Changes in Net Assets Available for Benefits****(Modified Cash Basis)****December 31, 2005****Additions to net assets**

Investment income	
Net appreciation in fair value of investments	\$ 284,763,909
Interest and dividend income	167,811,929
<b>Total investment income</b>	<b>452,575,838</b>
Investment expenses (Note 5)	(7,827)
<b>Net investment income</b>	<b>452,568,011</b>

**Contributions**

Employer	43,517,946
Employee	158,512,530
<b>Total contributions</b>	<b>202,030,476</b>

Total additions	654,598,487
-----------------	-------------

**Deductions from net assets**

Benefits paid to participants	311,355,458
<b>Total deductions</b>	<b>311,355,458</b>

Net increase	343,243,029
--------------	-------------

**Net assets available for benefits**

Beginning of year	4,886,941,321
<b>End of year</b>	<b>\$ 5,230,184,350</b>

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

## The Prudential Employee Savings Plan

### Notes to Financial Statements

#### December 31, 2005 and 2004

#### 1. Description of the Plan

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

##### General

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

##### Participation

Each employee shall be an eligible employee and may commence participation on the later of (1) his or her Employment Commencement Date (or Reemployment Commencement Date), or (2) the date he or she becomes a Covered Employee as defined in the Plan Document. An eligible employee who is eligible to enroll as a participant in the Plan may elect to enroll, or not to enroll, pursuant to procedures established by the Administrative Committee. An eligible employee may choose whether or not to contribute to the Plan at any time. When an eligible employee is hired and does not affirmatively elect either to participate or to decline participation in the Plan within 30 days of hire, the employee will be automatically enrolled in the Plan until the employee affirmatively elects otherwise.

##### Contributions

Through automatic enrollment the participant will contribute 4% of his or her eligible earnings (as defined in the Plan) on a before-tax basis, subject to Internal Revenue Code (IRC) limitations. The participant's before-tax contribution amount, plus one-half the Company matching contributions, and all investment results thereon will be invested in the PESP Fixed Rate Fund as a result of automatic enrollment. The remaining half of the Company matching contributions will be invested in the Prudential Financial, Inc. Common Stock Fund (PFI Common Stock Fund) until subsequently transferred by the participant to one or more other investment options. Once enrolled, participants may elect to increase, decrease or stop their before-tax and after-tax contributions, at any time with the change effective as soon as administratively possible, subject to the Company's Personal Securities Trading Policy. Make-up after-tax contributions are not permitted. Rollover contributions are allowed.

Participants can contribute up to 50% of eligible earnings as defined in the Plan, in any combination of before-tax and/or after-tax contributions. The Company continues to match 100% of a participant's before-tax contributions only up to 4% of a participant's eligible earnings, as defined in the Plan. Effective January 1, 2004, employees hired on or after this date will be required to complete one year of service prior to becoming eligible for company matching contributions. Any employee hired before January 1, 2004 will not be subject to this rule, even if later rehired on or after such date.



**The Prudential Employee Savings Plan**

**Notes to Financial Statements**

**December 31, 2005 and 2004**

**1. Description of the Plan (Continued)**

If a participant reaches age 50 or older during the year and the participant reaches the regular 401(k) limit for such year (for example, \$14,000 in 2005) or certain of the Plan's other limits for contributions, the participant may be eligible to make before-tax catch-up contributions to the Plan during the calendar year from eligible earnings. Before-tax catch-up contributions are not subject to Company matching contributions. For 2005, catch-up contributions are limited to \$4,000, increased annually by \$1,000 to be \$5,000 in year 2006.

Contributions are subject to certain limitations imposed by applicable provisions of the Plan and the IRC.

If a participant takes a hardship withdrawal from another qualified plan maintained by an affiliate that complies with the safe harbor provisions, such participant will be prohibited from making before-tax and after-tax contributions under the Plan for 6 months following receipt of such withdrawal.

**Participant Accounts**

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

**Vesting**

Participants are immediately vested in their contributions plus earnings thereon. Generally, participants become 100% vested in Company matching contributions upon the completion of three years of vesting service.

Vesting will be accelerated and participants will be 100% vested in the Company's matching contribution and earnings thereon in the case of reaching age 65, death, or total and permanent disability while an employee.

**Forfeitures**

If a participant terminates employment with the Company, the nonvested portion of the Company matching contributions and earnings thereon is forfeited. If the participant is reemployed within five years from the date of termination, the forfeited amount may be reinstated, subject to certain Plan provisions. During the five year period, as stated above, the pending forfeiture amounts are invested as part of the PESP Fixed Rate Fund. Any amounts not reinstated to a participant, after the five year period, may be used to reduce future Company matching contributions, or to pay administrative expenses.

At December 31, 2005 and 2004 pending forfeiture amounts invested in the PESP Fixed Rate Fund amounted to \$10,309,886 and \$13,831,208, respectively. Forfeitures of \$8,000,000 were used to reduce the Company's matching contributions in 2005.

## The Prudential Employee Savings Plan

### Notes to Financial Statements

December 31, 2005 and 2004

#### 1. Description of the Plan (Continued)

##### Investment Options

Currently, 50% of the Company matching contributions under the Plan are automatically invested in the PFI Common Stock Fund. The remainder of the participant's Company matching contributions are made according to the participant's current investment allocation selections.

Generally, there are no restrictions on transferring Company matching contributions from the PFI Common Stock Fund to any of the other 12 investment options available under the Plan, except for certain limitations including, but not limited to, the provisions of the Company's Personal Securities Trading Policy.

Currently participants may direct their current account balance and future contributions in 1% increments in any of the following thirteen investment options:

In July of 2005, the Company replaced the (*Strategic Partners International Value Fund, Class Z*) with a new investment option (*Dryden International Equity Fund, Class Z*).

*PESP Fixed Rate Fund* The goal of the PESP Fixed Rate Fund is to provide preservation of principal and stable, competitive interest rates based on current market conditions. The guaranteed rate of return is reset annually, in advance of the year to which the rate applies. The PESP Fixed Rate Fund is offered under a group annuity contract issued by the Company.

*Core Equity Account, VCA-IF (Prudential Separate Account)* This portfolio seeks to provide long-term growth, taking into account both income and capital appreciation, by investing primarily in the equities of major, well-established companies that appear to be in sound financial condition and have the potential for price appreciation greater than broadly based stock indices. This separate account is offered under a group annuity contract issued by the Company.

*Small Company Stock Account, VCA-6 (Prudential Separate Account)* This portfolio seeks long-term growth of capital, taking into account income and capital appreciation. The portfolio invests primarily in common stocks of small, less well-known U.S. companies. This separate account is offered under a group annuity contract issued by the Company.

*Dryden Active Allocation Fund, Class-Z* This mutual fund seeks income and long-term growth of capital by investing in a portfolio of equity, fixed-income, and money market instruments. The fund is actively managed to capitalize on undervalued securities as perceived by the fund managers.

*Dryden Stock Index Fund, Class-I* This mutual fund seeks to provide investment results that correspond to the price and yield performance of the Standard & Poor's 500 Composite Stock Price Index (S&P 500 Index).

*Jennison Growth Fund, Class-Z* This mutual fund seeks long-term growth of capital. It invests primarily in equity securities issued by companies with market capitalization exceeding \$1 billion and believed to have above-average growth prospects.

## The Prudential Employee Savings Plan

### Notes to Financial Statements

December 31, 2005 and 2004

#### 1. Description of the Plan (Continued)

*Strategic Partners International Value Fund, Class Z* This mutual fund seeks to achieve long-term growth of capital. It invests primarily in equity securities of foreign (non-U.S. based) companies of all sizes.

*American Century Income & Growth Fund, Investor Class* This mutual fund seeks capital growth by investing in common stocks with income as a secondary objective. It invests primarily in common stocks selected from the 1,500 largest publicly traded U.S. companies. The managers employ quantitative models combining measure of a stock's value and growth potential in selecting stocks.

*Jennison Equity Opportunity Fund, Class-Z* This mutual fund seeks to achieve long-term growth of capital and income. Current income is a secondary objective. It invests primarily in common stocks issued by companies with growth prospects that appear to be under appreciated by the market.

*Jennison U.S. Emerging Growth Fund, Class-Z* This mutual fund seeks long-term capital appreciation. It invests primarily in stocks of small- and medium-sized U.S. companies with the potential for above-average growth.

*American High Income Trust Fund, Class-A* This mutual fund seeks to provide a high level of current income with capital appreciation as a secondary goal. It invests primarily in higher-yielding and generally lower-rated (below investment) grade or equivalent unrated corporate bonds and other debt securities, including those of non-U.S. issuers. The fund may also invest in equity securities that provide an opportunity for capital appreciation. Additionally it may hold cash or money market instruments.

*Prudential Financial, Inc. (PFI) Common Stock Fund* This portfolio primarily invests in Prudential Financial, Inc. common stock and a small portion is invested in money market shares or other liquid investments. The goal is to approximate the returns of a direct investment in shares of PFI common stock in a fund that also provides modest liquidity. This option has an ESOP and non-ESOP portion (Note 8).

*Fidelity Advisor Government Investment Fund, Class I* This options seeks to provide a high-level of current income by investing at least 80% of its assets in intermediate-term U.S. Government Securities as well as repurchase agreements for these securities. It may also have allocations to agency issues, including mortgage backed securities.

*Dryden International Equity Fund, Class Z* This mutual fund seeks to achieve long-term growth of capital through investments primarily in medium-sized foreign companies based in at least five different countries (non-U.S. based) and emerging markets securities. Additionally it may hold cash or money market instruments, investment grade bonds, foreign currency forward contracts, future contracts, swaps and options.

**The Prudential Employee Savings Plan**

**Notes to Financial Statements**

**December 31, 2005 and 2004**

**1. Description of the Plan (Continued)**

**Payment of Benefits**

Upon termination of service due to retirement, disability, death or other reasons, a participant may elect to receive a lump sum amount equal to the value of the participant's vested interest in his or her account, purchase an annuity from the Company, receive a combination of a single payment for less than the total plus an annuity, receive partial distributions (no more than five withdrawals per plan year and the amount of any such withdrawal must equal at least \$300) or delay taking a distribution until it is considered mandatory by law.

Actively employed participants can make in-service withdrawals from the plan. The amount for in-service withdrawals includes after-tax contributions account, rollover contributions account (if any), and pre-2001 Company Matching Contributions account. Participants can make up to five withdrawals each calendar year, and the withdrawals will be subject to a 10% federal early distribution tax, in addition to the regular income tax that applies, except for after-tax distributions.

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

**Participant Loans**

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

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

a) \$50,000 reduced by the participant's highest outstanding loan balance during the preceding twelve months in the plan, or

b) 50% of their entire vested Plan account, or

c) 100% of the value of the sum of the balance, if any, of the participant's before-tax contribution account and rollover account.

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

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

## **The Prudential Employee Savings Plan**

### **Notes to Financial Statements**

**December 31, 2005 and 2004**

## **2. Summary of Accounting Policies**

### **Basis of Accounting**

The financial statements of the Plan are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The modified cash basis of accounting is a cash receipts and disbursements method of accounting with investments stated at fair value.

### **Use of Estimates**

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

### **Investment Valuation and Income Recognition**

The Plan's investments are stated at fair value except for its investment contract (PESP Fixed Rate Fund), which is valued at contract value (Note 3). The value of the units owned by the Plan in the registered investment companies is based on quoted net asset value of units held by the Plan. The value of the participation units owned by the Plan in the Company's pooled separate accounts and in the master trust are determined by the fair value of the total underlying assets as determined by quoted market prices, divided by the total number of units outstanding.

Purchases and sales of units of participation are recorded on a trade-date basis. Interest and dividend income is recorded when received.

The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains or losses and unrealized appreciation (depreciation) on those investments.

### **Payment of Benefits**

Benefits are recorded when paid.

### **Participant Loans**

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

## **3. Investment Contract with Insurance Company**

The fixed dollar accounts of the unallocated group annuity insurance contract, as part of the PESP Fixed Rate Fund, are valued at contract value (which represents contributions made under the contract, plus interest, less participant withdrawals). This amount value approximates fair value. The contract is fully benefit responsive.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. For 2005 and 2004, the annual crediting interest rate established for both before-tax and after-tax contributions was 5.30% and 5.50%, respectively. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than 3.5%.



**The Prudential Employee Savings Plan****Notes to Financial Statements****December 31, 2005 and 2004****4. Investments**

The following table presents the Plan's investments, that represent five percent or more of the Plan assets.

	<b>December 31</b>	
	<b>2005</b>	<b>2004</b>
<b>Investments at fair value as determined by quoted market price</b>		
Insurance company pooled separate accounts		
Core Equity Account	\$ 262,303,982*	\$ 224,784,126
Small Company Stock Account	355,286,359*	343,330,430*
	617,590,341	568,114,556
Registered investment companies		
Dryden Stock Index Fund	229,221,333	243,397,454*
Jennison Growth Fund	387,817,810*	349,855,636*
	617,039,143	593,253,090
Master Trust		
Prudential Financial, Inc. Common Stock Fund	86,675,430	66,426,425
Prudential Financial, Inc. Common Stock Fund ESOP	361,295,890	255,815,322
	447,971,320*	322,241,747*
Investments at contract value		
PESP Fixed Rate Fund	2,947,725,199*	2,872,448,787*
	\$ 4,630,326,003	\$ 4,356,058,180

\* Represents five percent or more of the Plan's net assets available for benefits as of the end of the year.

**The Prudential Employee Savings Plan****Notes to Financial Statements****December 31, 2005 and 2004****4. Investments (Continued)**

During 2005, the Plan's investments (including gains and losses on investments bought and sold during the year) appreciated in value by \$284,763,909 as follows:

**Net Change in Fair Value**

	<b>Year Ended December 31, 2005</b>
<b>Investments at fair value as determined by quoted market price</b>	
Core Equity Account	\$ 45,536,215
Small Company Stock Account	37,024,212
American Century Income & Growth Fund	3,285,600
American High Income Trust Fund	(847,655)
Dryden Active Allocation Fund	1,612,587
Dryden Stock Index Fund	6,584,458
Dryden International Equity Fund	10,599,477
Fidelity Advisor Government Investment Fund	(40,581)
Jennison Equity Opportunity Fund	4,645,198
Jennison Growth Fund	48,104,289
Jennison U.S. Emerging Growth Fund	12,718,247
Strategic Partners International Value Fund	4,634,998
Mid-Cap Transition Account	4,813,842
Prudential Financial, Inc. Common Stock Fund (Note 8)	106,093,022
 Net change in fair value	 \$ 284,763,909

**5. Related Party Transactions**

The Company (or an affiliate of the Company), on behalf of the Plan, acts as the investment manager for each of the investment options currently offered by the Plan other than the American Century Income & Growth Fund, American High Income Trust Fund, and the Fidelity Advisors Government Investment Fund. The mutual funds bear expenses ranging from .30% to 1.32% of average net assets attributable to each investment option, substantially all of which relates to investment management and other fees received by the Company and its affiliates.

Plan expenses paid by the Company for management fees of the Pooled Separate Accounts and other administrative expenses of the Plan amounted to \$2,347,271 for the year ended December 31, 2005.

Trustee fees paid by the Company on behalf of the Plan amounted to \$5,000 for the year ended December 31, 2005.



**The Prudential Employee Savings Plan****Notes to Financial Statements****December 31, 2005 and 2004****5. Related Party Transactions (Continued)**

During 2005, the Plan reimbursed the Company \$7,827 for the payment of asset management expenses.

The Company is the Plan sponsor and, therefore, these transactions qualify as party-in-interest.

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

The following is a reconciliation of Participant Loans between the financial statements and Form 5500:

	<b>December 31,</b>	
	<b>2005</b>	<b>2004</b>
Participant Loans per the financial statements	\$ 33,906,509	\$ 34,451,322
Certain cumulative deemed distributions of participant loans	(2,436,476)	(1,499,025)
Participant Loans per the Form 5500	\$ 31,470,033	\$ 32,952,297

The following is a reconciliation of Benefits Paid between the financial statements and Form 5500 (including Deemed Distributions) for the year ended December 31, 2005:

Total Benefits paid to participants per financial statements	\$ 311,355,458
2005 Active Loan Defaults (Deemed Distributions)	1,269,635
Prior Period Active Loan defaults Foreclosed	(332,184)
Total Benefits paid & Deemed distributed to participants per Form 5500	\$ 312,292,909

**7. Plan Termination**

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

## The Prudential Employee Savings Plan

### Notes to Financial Statements

December 31, 2005 and 2004

#### 8. Employee Stock Ownership Plan ( ESOP )

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

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

#### 9. Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated July 30, 2002, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code. Although the Plan has been amended since the receipt of the letter, the Plan administrator and the Company's tax counsel believe that the Plan is designed and is currently being operated in material conformity with the applicable requirements of the IRC, and no provision for income tax is necessary.

#### 10. Risks and Uncertainties

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

#### 11. Interest in Master Trust

A portion of the Plan's investments are in the Master Trust which was established for the investment of assets of the Plan and other Prudential Company sponsored Defined Contribution Plans. The assets of the Master Trust are held by Prudential Trust Company (the Trustee). As of December 31, 2005 and 2004, the Plan's interest in the net assets of the Master Trust was 100%.

**The Prudential Employee Savings Plan**

**Notes to Financial Statements**

**December 31, 2005 and 2004**

**12. Subsequent Event**

Effective on January 18, 2006, the Jennison Equity Opportunity Fund CI-Z will be replaced with the Artisan Mid Cap Value Fund CI-Z.

**The Prudential Employee Savings Plan**  
**Schedule of Assets Held for Investment Purposes**  
**December 31, 2005**

**Additional Information**  
**Schedule I**

<b>Identity of issue, borrower lessor or similar party</b>	<b>Description of investment</b>	<b>Cost</b>	<b>Current Value</b>
* PESP Fixed Rate Fund	Prudential Insurance Co. General Account	\$ 2,947,725,199	\$ 2,947,725,199
* Core Equity Account	Prudential Insurance Co. Separate Account	202,456,270	262,303,982
* Small Company Stock Account	Prudential Insurance Co. Separate Account	215,818,310	355,286,359
American Century Income & Growth Fund	Mutual Fund	112,209,981	121,222,747
American High Income Trust Fund	Mutual Fund	22,022,145	22,422,187
Dryden Active Allocation Fund	Mutual Fund	59,886,567	64,595,432
Dryden Stock Index Fund	Mutual Fund	220,849,876	229,221,333
Dryden International Equity Fund	Mutual Fund	158,427,271	168,673,966
Fidelity Advisor Government Investment Fund	Mutual Fund	3,717,411	3,676,723
Jennison Equity Opportunity Fund	Mutual Fund	94,089,075	96,389,669
Jennison Growth Fund	Mutual Fund	365,396,143	387,817,810
Jennison U.S. Emerging Growth Fund	Mutual Fund	67,305,466	88,971,114
Prudential Financial, Inc. Common Stock Fund	Master Trust Investment Account	179,037,440***	447,971,320
* Participant Loans	4.00% - 10.50%**		33,906,509
		\$ 4,648,941,154	\$ 5,230,184,350

\* Party-in-interest.

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

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

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on their behalf by the undersigned thereunto duly authorized.

---

THE PRUDENTIAL EMPLOYEE SAVINGS PLAN

By /s/ Robert B. Weinman  
Robert B. Weinman

Vice President, Corporate Employee Benefits

Chairperson of the Administrative Committee  
Dated: June 22, 2006