

PRUDENTIAL FINANCIAL INC  
 Form 424B2  
 June 13, 2008  
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Filed Pursuant to Rule 424(b)(2)  
 Registration Statement No. 333-132469  
 333-132469-01  
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#### CALCULATION OF REGISTRATION FEE

<u>Title of Each Class of Securities Offered</u>	<u>Maximum Aggregate Offering Price</u>	<u>Amount of Registration Fee (1)</u>
8.875% Fixed-to-Floating Rate Junior Subordinated Notes due 2068	\$600,000,000	\$23,580

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933.

#### Prospectus Supplement

(To Prospectus dated March 16, 2006)

**\$600,000,000**

## Prudential Financial, Inc.

### 8.875% Fixed-to-Floating Rate Junior Subordinated

### Notes due 2068

The 8.875% Fixed-to-Floating Rate Junior Subordinated Notes due 2068, or the *notes*, are our unsecured, subordinated debt instruments and will bear interest from the date they are issued to, but excluding, June 15, 2018, at an annual rate of 8.875%, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2008 and ending on June 15, 2018. From and including June 15, 2018, the notes will bear interest at an annual rate equal to three-month LIBOR plus 5.0%, payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, beginning September 15, 2018. We have the right, on one or more occasions, to defer the payment of interest on the notes as described in this prospectus supplement. We will not be required to settle deferred interest pursuant to the alternative payment mechanism described in this prospectus supplement until we have deferred interest for five consecutive years or, if earlier, made a payment of current interest during a deferral period. We may defer interest for one or more consecutive interest periods up to ten years without giving rise to an event of default. Deferred interest will accrue additional interest at an annual rate equal to the annual interest rate then applicable to the notes. In the event of our bankruptcy, holders of the notes may have a limited claim for deferred interest.

The principal amount of the notes will become due on June 15, 2038, or, if that day is not a business day, on the next business day (the *scheduled maturity date*), only to the extent that we have received proceeds from the sale of certain qualifying capital securities during a 180-day period ending on a notice date not more than 15 and not less than ten business days prior to such date. We will use our commercially reasonable efforts, subject to a market disruption event, to raise sufficient net proceeds from the issuance of qualifying capital securities to permit repayment of the notes in full on the scheduled maturity date. If we have not raised sufficient net proceeds to permit repayment of the notes on the scheduled maturity date, we will repay the notes to the extent of such net proceeds, and the unpaid portion will remain outstanding and will continue to bear interest at three-month LIBOR plus 5.0%, payable quarterly. We will use our commercially reasonable efforts, subject to a market disruption event, to raise sufficient proceeds from the issuance of qualifying capital securities to permit repayment of the remaining

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principal amount of the notes on the following quarterly interest payment date, and on each quarterly interest payment date thereafter, until the notes are paid in full. On June 15, 2068, or, if that day is not a business day, on the next business day (the *final maturity date*), we must pay any remaining outstanding principal and accrued and unpaid interest in full on the notes whether or not we have sold qualifying capital securities.

We may elect to redeem any or all of the notes at any time. Any redemption prior to June 15, 2048 will be subject to our covenants in the Replacement Capital Covenant, as described in this prospectus supplement. In the case of a redemption before June 15, 2018, the redemption price will be equal to the greater of (x) 100% of the principal amount of the notes being redeemed and (y) the applicable make-whole amount described herein, in each case plus any accrued and unpaid interest. The applicable make-whole amount will be lower in the case of a redemption of all outstanding notes in connection with a tax event or rating agency event. In the case of a redemption on or after June 15, 2018, the redemption price will be equal to 100% of the principal amount of the notes being redeemed plus any accrued and unpaid interest.

*Investing in the notes involves risks. See Risk Factors beginning on page S-8 of this prospectus supplement and the Risk Factors contained in our Annual Report on Form 10-K for the year ended December 31, 2007 and other periodic reports, incorporated by reference herein.*

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

	<u>Per Note</u>	<u>Total</u>
Initial public offering price	99.714%	\$598,284,000
Underwriting discount	1.000%	\$ 6,000,000
Proceeds, before expenses, to Prudential Financial, Inc.	98.714%	\$592,284,000

The underwriters expect to deliver the notes through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, Luxembourg ( *Clearstream Luxembourg* ) and Euroclear Bank N.V./S.A. ( *Euroclear* ) against payment in New York, New York on or about June 17, 2008.

*Joint Bookrunning Managers*

**JPMorgan**

*Joint Structuring Advisor*

**Morgan Stanley**

*Joint Structuring Advisor*

**Wachovia Securities**

**Citi**

**Credit Suisse**

**Goldman, Sachs & Co.**

**Lehman Brothers**

**UBS Investment Bank**

**BMO Capital Markets BNP PARIBAS BNY Mellon Capital Markets, LLC RBS Greenwich Capital Loop Capital Markets, LLC The Williams Capital Group, L.P.**

**Prospectus Supplement dated June 12, 2008.**

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This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of this offering. The second part is the prospectus, which contains more general information, some of which may not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus, together with the documents identified under the heading "Incorporation of Information by Reference" on page S-58 of this prospectus supplement. If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

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References in this prospectus supplement to the Company, Prudential Financial, Inc., Prudential Financial, we, us or our refer to Prudential Financial, Inc. only and do not include its consolidated subsidiaries.

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**No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus supplement or the accompanying prospectus. You must not rely on any unauthorized information or representations. This prospectus supplement and the accompanying prospectus are an offer to sell only the securities they describe and only under circumstances and in jurisdictions where it is lawful to do so. The information provided by or incorporated by reference in this prospectus supplement and the accompanying prospectus may only be accurate on the date of the document containing the information.**

Any investor purchasing the notes in this offering is solely responsible for ensuring that any offer or resale of the notes it purchased in this offering occurs in compliance with applicable laws and regulations.

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**SUMMARY**

*The following summary does not purport to be complete and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere, or incorporated by reference, in this prospectus supplement. You should read and consider carefully all of this information, including the information set forth under Risk Factors , as well as the financial statements in our Current Report on Form 8-K dated May 16, 2008 that are incorporated by reference herein, before making an investment decision.*

**Prudential Financial, Inc.**

**Business**

Prudential Financial, Inc., a financial services leader with approximately \$648 billion of assets under management as of December 31, 2007, has operations in the United States, Asia, Europe and Latin America. Through our subsidiaries and affiliates, we offer a wide array of financial products and services, including life insurance, annuities, mutual funds, pension and retirement-related services and administration, investment management, real estate brokerage and relocation services, and, through a joint venture, retail securities brokerage services. We provide these products and services to individual and institutional customers through one of the largest distribution networks in the financial services industry.

We are a holding company whose principal asset is our investments in subsidiaries. As a holding company, we are dependent on dividends, loans or advances, or other intercompany transfers of funds from our subsidiaries to meet our obligations. The subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due under our obligations or to make any funds available for such payment. Because we are principally a holding company, our right to participate in any distribution of assets of any of our subsidiaries, including The Prudential Insurance Company of America, upon the subsidiary's liquidation or reorganization or otherwise, is subject to the prior claims of its creditors, except to the extent that we may be recognized as a creditor of that subsidiary. Accordingly, our obligations under the notes will be effectively subordinated to all existing and future indebtedness and liabilities of our subsidiaries, including liabilities under contracts of insurance and annuities written by our insurance subsidiaries, and you, as holders of debt securities, should look only to our assets for payment thereunder.

Prudential Financial, Inc. has two classes of common stock outstanding: our Class A common stock, which we refer to as our common stock in this prospectus supplement and which began trading on December 13, 2001 on the New York Stock Exchange under the symbol PRU , reflects the performance of the Financial Services Businesses, while our Class B stock, which was issued through a private placement and does not trade on any exchange, reflects the performance of the Closed Block Business. On December 18, 2001, our date of demutualization, The Prudential Insurance Company of America converted from a mutual life insurance company owned by its policyholders to a stock life insurance company and became an indirect, wholly owned subsidiary of Prudential Financial, Inc.

We are incorporated under the laws of the State of New Jersey.

Additional information about Prudential Financial, Inc. and its subsidiaries can be found in our documents filed with the Securities and Exchange Commission, which are incorporated herein by reference. See Incorporation of Information by Reference and Where You Can Find

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More Information in this prospectus supplement.

### **Our Executive Offices**

Our registered office and principal executive offices are located at 751 Broad Street, Newark, New Jersey 07102. Our telephone number is (973) 802-6000.

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### **The Notes**

#### **Repayment of Principal**

We must repay the principal amount of the notes, together with accrued and unpaid interest, on June 15, 2038, or, if that day is not a business day, on the next business day (the *scheduled maturity date*), subject to the limitations described below.

We are required to repay the notes on the scheduled maturity date only to the extent of the net proceeds we have raised from the issuance of qualifying capital securities, as described under *Description of the Replacement Capital Covenant*, during a 180-day period ending on a notice date not more than 15 and not less than ten business days prior to the scheduled maturity date. We are required to use our commercially reasonable efforts, subject to a market disruption event, as described under *Description of the Junior Subordinated Notes Market Disruption Events*, to raise sufficient net proceeds from the issuance of qualifying capital securities to permit repayment of the notes in full on the scheduled maturity date in accordance with the foregoing requirement. If we have not raised sufficient net proceeds to permit repayment of the notes on the scheduled maturity date, we will repay the notes to the extent of such net proceeds, and the unpaid portion will remain outstanding and will continue to bear interest at three-month LIBOR plus 5.0%, payable quarterly. We will continue to use our commercially reasonable efforts, subject to a market disruption event, to raise sufficient proceeds from the issuance of qualifying capital securities to permit repayment of the remaining principal amount of the notes on the following quarterly interest payment date, and on each quarterly interest payment date thereafter, until the notes are paid in full.

Any unpaid principal amount of the notes, together with accrued and unpaid interest, will be due and payable on June 15, 2068, or, if that day is not a business day, on the next business day (the *final maturity date*), or upon acceleration following an event of default, regardless of the amount of qualifying capital securities we have issued and sold.

#### **Interest**

Interest on the notes will accrue from June 17, 2008. From and including June 17, 2008 to but excluding June 15, 2018, the notes will bear interest at an annual rate of 8.875%. We will pay that interest semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2008, subject to our rights and obligations described under *Description of the Junior Subordinated Notes Option to Defer Interest Payments* and *Description of the Junior Subordinated Notes Alternative Payment Mechanism*. From and including June 15, 2018, the notes will bear interest at an annual rate equal to three-month LIBOR plus 5.0% payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year (or if any of these days is not a business day, on the next business day), beginning on September 15, 2018, subject to our rights and obligations described under *Description of the Junior Subordinated Notes Option to Defer Interest Payments* and *Description of the Junior Subordinated Notes Alternative Payment Mechanism*. In the event that any interest payment date prior to June 15, 2018 falls on a day that is not a business day, the interest payment due on that date will be postponed to the next day that is a business day, and no interest will accrue as a result of that postponement.

#### **Option to Defer Interest Payments**



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We have the right on one or more occasions to defer the payment of interest on the notes for one or more consecutive interest periods that do not exceed ten years without giving rise to an event of default. We may defer payment of interest prior to, on or after the scheduled maturity date, subject to our obligations described under Description of the Junior Subordinated Notes Alternative Payment Mechanism and Description of the Junior Subordinated Notes Repayment of Principal . We may not defer interest beyond the final maturity date,

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any earlier accelerated maturity date arising from an event of default or any other earlier repayment in full or redemption of the notes. Deferred interest on the notes will bear interest at the then applicable interest rate, compounded on each interest payment date, subject to applicable law.

During any deferral period, we generally will not be permitted to make any payments of deferred interest on the notes (and compounded interest thereon) from any source other than eligible proceeds, as defined under Description of the Junior Subordinated Notes Alternative Payment Mechanism.

Commencing on the earlier of (i) the first interest payment date during a deferral period on which we pay current interest on the notes and (ii) the fifth anniversary of the commencement of a deferral period, we will, subject to the occurrence and continuation of a market disruption event, as defined under Description of the Junior Subordinated Notes Market Disruption Events, sell qualifying APM securities as defined below under Alternative Payment Mechanism, and apply the eligible proceeds to pay accrued and unpaid deferred interest on the notes.

We have no present intention of exercising our right to defer payment of interest.

### **Alternative Payment Mechanism**

Subject to the conditions described in Description of the Junior Subordinated Notes Option to Defer Interest Payments and to the exclusions described in Description of the Junior Subordinated Notes Market Disruption Events, if we defer interest on the notes, we will be required, commencing on the earlier of (i) the first interest payment date on which we pay current interest on the notes (which we may do from any source of funds) and (ii) the fifth anniversary of the commencement of the deferral period, if on such date such deferral period has not ended, to issue qualifying APM securities until we have raised an amount of eligible proceeds at least equal to the aggregate amount of accrued and unpaid deferred interest (including compounded interest thereon) on the notes. We refer to this method of funding the payment of deferred interest as the alternative payment mechanism. See Description of the Junior Subordinated Notes Alternative Payment Mechanism.

*Qualifying APM securities* means our common stock, qualifying preferred stock, qualifying warrants and mandatorily convertible preferred stock, provided that we may, without the consent of the holders of the notes, amend the definition of qualifying APM securities to eliminate common stock or qualifying warrants (but not both) and/or mandatorily convertible preferred stock from the definition if, after the issue date, an accounting standard or interpretive guidance of an existing accounting standard issued by an organization or regulator that has responsibility for establishing or interpreting accounting standards used by us in our principal public financial reports becomes effective or applicable to us such that there is more than an insubstantial risk that failure to eliminate common stock or qualifying warrants and/or mandatorily convertible preferred stock from the definition would result in a reduction in our earnings per share as calculated in accordance with such accounting standard or interpretive guidance. The trustee will promptly notify the holders of the notes, in the manner contemplated in the junior subordinated indenture, of any such change in the definition of qualifying APM securities.

Although our failure to comply with our obligations with respect to the alternative payment mechanism will be a breach of the junior subordinated indenture, it will not constitute an event of default thereunder or give rise to a right of acceleration or similar remedy under the terms thereof. The remedies of holders of the notes will be limited in such circumstances as described under Risk Factors. As a holder of the notes, you will have limited rights of acceleration.



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### **Subordination**

The notes will be unsecured, subordinated and junior in right of payment to all of our existing and future senior indebtedness. Senior indebtedness will include, among other things, all of our indebtedness for borrowed money but will not include (1) obligations to trade creditors created or assumed by us in the ordinary course of business or (2) indebtedness that is by its terms subordinate, or not superior, in right of payment to the notes. All of our existing indebtedness for money borrowed is senior to the notes. As of December 31, 2007, our short- and long-term debt ranking senior to the notes upon liquidation, on an unconsolidated basis, totaled approximately \$16.7 billion. Payments on the notes will also be effectively subordinated to all existing and future liabilities of our subsidiaries to the extent of the assets of such subsidiaries. As of December 31, 2007, our subsidiaries had total liabilities of approximately \$445 billion (including policyholders' account balance liability and reserves for future policy benefits and claims of approximately \$196 billion). See "Description of the Junior Subordinated Notes Subordination" for the definition of "senior indebtedness".

The terms of the notes permit us to make any payment of current or deferred interest on our indebtedness that ranks on a parity with the notes upon our liquidation, or *pari passu securities*, that is made pro rata to the amounts due on such *pari passu securities* (including the notes), provided that such payments are made in accordance with the last paragraph under "Description of the Junior Subordinated Notes Alternative Payment Mechanism", to the extent it applies, and any payments of principal or current or deferred interest on *pari passu securities* that, if not made, would cause us to breach the terms of the instrument governing such *pari passu securities*.

### **Certain Payment Restrictions Applicable to Prudential**

At any time when we have given notice of our election to defer interest payments on the notes but the related deferral period has not yet commenced or a deferral period is continuing, we and our subsidiaries generally may not make payments on or redeem or purchase any shares of our capital stock or any of our debt securities or guarantees that rank upon our liquidation on a parity with or junior to the notes, subject to certain limited exceptions. In addition, subject to certain limited exceptions, if any deferral period lasts longer than one year, we and our subsidiaries generally may not redeem or purchase securities that upon our liquidation would rank *pari passu* or junior to any of our qualifying APM securities, the proceeds of which were used to settle deferred interest during the relevant deferral period, until the first anniversary of the date on which all deferred interest has been paid.

### **Redemption of the Notes**

We may elect to redeem any or all of the notes at any time. In the case of a redemption before June 15, 2018, the redemption price will be equal to the greater of (x) 100% of the principal amount of the notes being redeemed and (y) the applicable make-whole amount, in each case plus any accrued and unpaid interest. The applicable make-whole amount will be lower in the case of a redemption of all outstanding notes in connection with a tax event or rating agency event. In the case of a redemption on or after June 15, 2018, the redemption price will be equal to 100% of the principal amount of the notes being redeemed plus any accrued and unpaid interest. For a description of the applicable make-whole amounts, including the definitions of tax event and rating agency event, see "Description of the Junior Subordinated Notes Redemption".

Any redemption of the notes before June 15, 2048 will be subject to the covenants described under the section entitled "Description of the Replacement Capital Covenant".



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### **Limitation on Claims in the Event of Our Bankruptcy, Insolvency or Receivership**

In certain events of our bankruptcy, insolvency or receivership prior to the redemption or repayment of the notes, whether voluntary or not, a holder of notes will have no claim for, and thus no right to receive, deferred and unpaid interest (including compounded interest thereon) to the extent the amount of such interest exceeds an amount equal to the earliest two years of accumulated and unpaid interest (including compounded interest thereon) on such holder's notes.

### **Events of Default**

The following events are events of default under the junior subordinated indenture with respect to the notes:

- the failure to pay interest, including compounded interest, in full on any notes for a period of 30 days after the conclusion of a ten-year period following the commencement of any deferral period if such deferral period has not ended prior to the conclusion of such ten-year period;

- the failure to pay principal on the notes when due, subject to the limitations described below under "Description of the Junior Subordinated Notes - Repayment of Principal"; or

- certain events of bankruptcy, insolvency or receivership involving us.

If an event of default described in the first two bullet points above occurs and continues, the trustee or the holders of at least 25% in aggregate principal amount of the outstanding notes may declare the entire principal amount of, and all accrued but unpaid interest on, all notes to be due and payable immediately. If an event of default occurs involving certain events of our bankruptcy, insolvency or receivership, the principal amount of the notes will automatically become due and payable.

We will not be in default of our obligations, nor will an event of default occur, if we elect to defer interest in accordance with the terms of the notes (as described in "Option to Defer Interest Payments" above), or if we do not pay principal on the notes at or after the scheduled maturity date (as described in "Repayment of Principal" above) as a result of our failure to raise sufficient proceeds from the issuance of qualifying capital securities, *provided* that we have used our commercially reasonable efforts to do so.

### **Material United States Federal Income Tax Considerations**

There is no statutory, judicial or administrative authority that directly addresses the U.S. federal income tax treatment of securities similar to the notes. Based on, among other things, certain assumptions and certain representations made by us, Debevoise & Plimpton LLP, our special tax counsel, will render its opinion generally to the effect that, although the matter is not free from doubt, under then applicable law the notes will be treated as indebtedness for U.S. federal income tax purposes. Such opinion is not binding on the Internal Revenue Service (IRS) or any court and

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there can be no assurance that the IRS or a court will agree with such opinion. We agree, and by acquiring an interest in a note each beneficial owner of a note agrees, to treat the notes as indebtedness for U.S. federal income tax purposes. See Material United States Federal Income Tax Considerations .

### **Form**

The notes will be represented by one or more global securities registered in the name of Cede & Co., as nominee for The Depository Trust Company ( DTC ). Beneficial interests in the notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the global securities through either DTC (in the United States), or Clearstream, Luxembourg or Euroclear (in Europe) if they are participants in those systems, or indirectly through organizations which are participants in those systems.

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**Replacement Capital Covenant**

Around the time of the initial issuance of the notes, we will enter into a replacement capital covenant in which we will covenant for the benefit of holders of one or more designated series of our indebtedness, other than the notes (which initially will be our 6.625% senior notes due 2037 (CUSIP No. 74432QBD6)), that neither we nor any of our subsidiaries will repay, redeem, defease or purchase the notes before June 15, 2048, except to the extent that the amount repaid, redeemed, defeased or purchased does not exceed the sum of (i) the applicable percentage (as defined under Description of the Replacement Capital Covenant ) of the aggregate amount of net cash proceeds we and our subsidiaries have received from the sale of specified securities in the specified amounts described therein and (ii) the applicable percentage of the market value of common stock that we and our subsidiaries have issued (determined as of the date of issuance) in connection with the conversion of specified non-equity convertible securities, in each case during the applicable measurement period (as defined under Description of the Replacement Capital Covenant ).

The replacement capital covenant will terminate upon the occurrence of certain events, including an acceleration of the notes due to the occurrence of an event of default. The replacement capital covenant is not intended for the benefit of holders of the notes and may not be enforced by them, except that we will agree in the junior subordinated indenture that we will not amend the replacement capital covenant to impose additional restrictions on the type or amount of qualifying capital securities that we may include for purposes of determining when repayment, redemption, defeasance or purchase of the notes is permitted, except with the consent of the holders of a majority in outstanding principal amount of the notes.



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**SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION**

Certain of the statements included in this prospectus supplement may constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as expects, believes, anticipates, includes, plans, assumes, estimates, intends, should, will, shall, or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management's current expectations and beliefs concerning future developments and their potential effects upon Prudential Financial, Inc. and its subsidiaries. There can be no assurance that future developments affecting Prudential Financial, Inc. and its subsidiaries will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including, among others:

general economic, market and political conditions, including the performance and fluctuations of fixed income, equity, real estate and other financial markets;

interest rate fluctuations;

domestic or international military actions, natural or man-made disasters including terrorist activities or pandemic disease, or other events resulting in catastrophic loss of life;

fluctuations in foreign currency exchange rates and foreign securities markets;

regulatory or legislative changes;

changes in tax law;

changes in statutory or U.S. GAAP accounting principles, practices or policies;

differences between actual experience regarding mortality, morbidity, persistency, surrender experience, interest rates or market returns and the assumptions we use in pricing our products, establishing liabilities and reserves or for other purposes;

reestimates of our reserves for future policy benefits and claims;

changes in our assumptions related to deferred policy acquisition costs, valuation of business acquired or goodwill;

investment losses and defaults;

changes in our claims-paying or credit ratings;

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competition in our product lines and for personnel;

economic, political, currency and other risks relating to our international operations;

Prudential Financial, Inc.'s primary reliance, as a holding company, on dividends or distributions from its subsidiaries to meet debt payment obligations and continue share repurchases, and the applicable regulatory restrictions on the ability of the subsidiaries to pay such dividends or distributions;

risks due to the lack of legal separation between our Financial Services Businesses and our Closed Block Business;

ineffectiveness of risk management policies and procedures in identifying, monitoring and managing risks;

changes in assumptions for retirement expense;

adverse determinations in litigation or regulatory matters and our exposure to contingent liabilities, including in connection with our divestiture or winding down of businesses; and

effects of acquisitions, divestitures and restructurings, including possible difficulties in integrating and realizing the projected results of acquisitions.

Prudential Financial does not intend, and is under no obligation, to update any particular forward-looking statement included in this document.

You should review carefully the section captioned "Risk Factors" in this prospectus supplement for a more complete discussion of the risks of an investment in the notes.

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**RISK FACTORS**

*Your investment in the notes will involve certain risks described below. In consultation with your own financial and legal advisors, you should carefully consider the information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus, and pay special attention to the following discussion of risks relating to the notes before deciding whether an investment in the notes is suitable for you. In addition to the risk factors relating to the notes set forth below, we also specifically incorporate by reference into this prospectus supplement the section captioned *Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2007 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008. The notes will not be an appropriate investment for you if you are not knowledgeable about significant features of the notes or financial matters in general. You should not purchase the notes unless you understand, and know that you can bear, these investment risks.*

**Our obligation to repay the notes on the scheduled maturity date is subject to the issuance of qualifying capital securities.**

Our obligation to repay the notes on the scheduled maturity date is limited. We are required to repay the notes on the scheduled maturity date only to the extent that we have raised sufficient net proceeds from the issuance of qualifying capital securities (as defined under *Description of the Replacement Capital Covenant* ) within a 180-day period ending on a notice date not more than 15 and less than ten business days prior to such date. If we have not raised sufficient net proceeds from the issuance of qualifying capital securities to permit repayment of the notes on the scheduled maturity date, we will not be required to repay the unpaid amount until (i) we have raised sufficient net proceeds from the issuance of qualifying capital securities to permit repayment in full in accordance with this requirement, (ii) we redeem the notes, (iii) an event of default occurs and the notes are accelerated or (iv) the final maturity date for the notes. Our ability to raise sufficient net proceeds in connection with this obligation to repay the notes will depend on, among other things, market conditions at the time the obligation arises and our financial strength, performance and prospects, as well as the acceptability to prospective investors of the terms of these securities. Although we have agreed to use our commercially reasonable efforts, subject to a market disruption event, to raise sufficient net proceeds from the issuance of qualifying capital securities to repay the notes during the 180-day period referred to above and on each interest payment date after the scheduled maturity date until the notes are repaid in full, our failure to do so would not be an event of default or give rise to a right of acceleration or similar remedy with respect to the notes until the final maturity date, and we will be excused from using our commercially reasonable efforts if certain market disruption events occur.

**We have the right to defer interest for ten years without causing an event of default.**

We have the right at one or more times to defer interest on the notes for one or more consecutive interest periods that do not exceed ten years. Although we would be subject to the alternative payment mechanism after we have deferred interest for a period of five consecutive years (or upon our payment of current interest after a deferral), if we are unable to raise sufficient eligible proceeds (as defined in *Description of the Junior Subordinated Notes Alternative Payment Mechanism* ), we may defer payments of accrued interest on the notes for one or more consecutive interest periods that do not exceed ten years without causing an event of default with respect to the notes. During any such deferral period, holders of notes will receive limited or no current payments on the notes and, so long as we are otherwise in compliance with our obligations, such holders will have no remedies against us for nonpayment unless we fail to pay all deferred interest (including compounded interest) at the end of the ten-year deferral period, at the final maturity date or, if applicable, at the earlier accelerated maturity date, redemption date or repayment date of the notes.

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**Table of Contents****Our ability to pay deferred interest is limited by the terms of the alternative payment mechanism, and is subject to market disruption events and other factors beyond our control.**

If we elect to defer interest payments, we generally will not be permitted to pay deferred interest on the notes (or compounded interest thereon) during the deferral period from any source other than the eligible proceeds from the issuance of qualifying APM securities, as described under Description of the Junior Subordinated Notes Alternative Payment Mechanism . The preferred stock issuance cap limits the net proceeds from the issuance of qualifying preferred stock and mandatorily convertible preferred stock that we may apply to the payment of deferred interest with respect to all deferral periods to 25% of the aggregate principal amount of the notes issued in this offering. The common equity issuance cap limits our obligation to issue common stock (or, if we have amended the definition of qualifying APM securities to eliminate common stock, qualifying warrants) prior to the fifth anniversary of the commencement of a deferral period to a number of shares of our common stock issued (or issuable upon exercise of such qualifying warrants) to be applied for purposes of funding deferred interest hereunder, that, together with the number of shares of our common stock previously issued or issuable upon exercise of qualifying warrants previously issued during such deferral period for such purposes, does not exceed 2% of the total number of shares of our outstanding common stock as of the date of our most recent publicly available consolidated financial statements immediately prior to the date of such issuance. Additionally, we will not be required to sell our common stock or mandatorily convertible preferred stock (or, if we have amended the definition of qualifying APM securities to eliminate common stock, qualifying warrants) for purposes of paying deferred interest on the notes to the extent that the number of shares of our common stock to be so issued (or which would be issuable upon exercise or conversion of any such qualifying warrants or mandatorily convertible preferred stock) would exceed the share cap amount . The share cap amount is initially 110 million shares of common stock (or 220 million shares of common stock if we have amended the definition of qualifying APM securities to eliminate common stock), subject to increase as described below under Description of the Junior Subordinated Notes Alternative Payment Mechanism . If we have reached the share cap amount and the preferred stock issuance cap, we may continue to defer interest on the notes, and such deferral will not constitute an event of default unless such deferral period exceeds ten years.

The occurrence of a market disruption event may prevent or delay a sale of qualifying APM securities pursuant to the alternative payment mechanism and, accordingly, the payment of deferred interest on the notes. Market disruption events may occur as a result of events and circumstances both within and beyond our control, such as the failure to obtain approval of our stockholders or a regulatory body or governmental authority to issue qualifying APM securities notwithstanding our commercially reasonable efforts. Moreover, we may encounter difficulties in successfully marketing our qualifying APM securities, particularly during times that we are subject to the restrictions on dividends as a result of the deferral of interest. See Description of the Junior Subordinated Notes Option to Defer Interest Payments , Description of the Junior Subordinated Notes Alternative Payment Mechanism and Description of the Junior Subordinated Notes Market Disruption Events .

**We have the ability under certain circumstances to narrow the definition of qualifying APM securities, which may make it more difficult for us to succeed in selling sufficient qualifying APM securities to fund the payment of deferred interest.**

We may, without the consent of the holders of the notes, amend the definition of qualifying APM securities to eliminate common stock, qualifying warrants (but not both) and/or mandatorily convertible preferred stock from the definition if, after the issue date of the notes, an accounting standard or interpretive guidance of an existing accounting standard issued by an organization or regulator that has responsibility for establishing or interpreting accounting standards used by us in our principal public financial reports becomes effective or applicable to us, such that there is more than an insubstantial risk that failure to eliminate common stock, qualifying warrants and/or mandatorily convertible preferred stock from the definition would result in a reduction in our earnings per share, as calculated in accordance with such accounting standard or interpretive guidance. The elimination of common stock, qualifying warrants or mandatorily convertible preferred stock from the definition of qualifying APM securities, together with continued application of the preferred stock issuance cap, may make it more difficult for us to sell sufficient qualifying APM securities to fund the payment of deferred interest.

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### **Deferral of interest payments and other characteristics of the notes could adversely affect the market price of the notes.**

We currently do not intend to exercise our right to defer payments of interest on the notes. However, if we exercise that right in the future, the market price of the notes is likely to be affected. As a result of our deferral right, the market price of the notes may be more volatile than the market prices of other securities that are not subject to optional deferrals. If we do defer interest on the notes and you sell your notes during the period of that deferral, you may not receive the same return on your investment as a holder that continues to hold its notes until we pay the deferred interest at the end of the applicable deferral period.

The notes are unlike traditional subordinated debt securities not only with respect to the possible optional deferral of interest, but also because holders have limited remedies, and our obligation to repay the principal amount of the notes prior to the final maturity date is subject to conditions. Investor demand for securities with the characteristics of the notes may change as these characteristics are assessed by market participants, regulators, rating agencies and others. Accordingly, the notes that you purchase, may trade at a significant discount to the price that you paid.

### **The junior subordinated indenture does not limit the amount of indebtedness we may issue, including indebtedness that ranks senior to or *pari passu* with the notes upon our liquidation or in right of payment as to principal or interest, and other future liabilities may rank senior to or equally with the notes in right of payment upon liquidation.**

The notes will be subordinate and junior in right of payment to our senior indebtedness, which includes all of our obligations for money borrowed (other than the notes and other obligations issued under the junior subordinated indenture), as well as other obligations such as capital leases, but will not include (1) obligations to trade creditors created or assumed by us in the ordinary course of business or (2) indebtedness that is by its terms subordinate, or not superior, in right of payment to the notes. All of our existing indebtedness for money borrowed is senior indebtedness. The terms of the junior subordinated indenture do not limit our ability to incur additional debt, including secured or unsecured debt. As of December 31, 2007, our short- and long-term debt ranking senior to the notes upon liquidation, on a non-consolidated basis, totaled approximately \$16.7 billion in principal amount. This does not include obligations, including policyholder claims, of our subsidiaries, to which holders of the notes are structurally subordinated (see the risk factor entitled "The notes will be effectively subordinated to the obligations of our subsidiaries").

*Pari passu securities* means indebtedness that by its terms ranks in right of payment upon our liquidation on a parity with the notes. We may issue *pari passu* securities as to which we are required to make payments of interest that are not made pro rata with payments of interest on other *pari passu* securities (including the notes) and that, if not made, would cause us to breach the terms of the instrument governing such *pari passu* securities. The terms of the notes permit us to make (i) any payment of current or deferred interest on *pari passu* securities that is made pro rata to the amounts due on such *pari passu* securities (including the notes), *provided* that such payments are made in accordance with the last paragraph under "Description of the Junior Subordinated Notes - Alternative Payment Mechanism" to the extent it applies, (ii) any payment of principal or current or deferred interest on *pari passu* securities that, if not made, would cause us to breach the terms of the instrument governing such *pari passu* securities and (iii) any payment of principal on *pari passu* securities having the same scheduled maturity date as the notes, *provided* that such *pari passu* securities have a scheduled maturity date provision that is substantially similar to that applicable to the notes and the payment of principal is made pro rata to all the *pari passu* securities having such a provision, including the notes.

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**Our ability to meet our obligations under the notes is dependent upon distributions from our subsidiaries, but our subsidiaries' ability to make distributions is limited by law and certain contractual agreements.**

We are a holding company whose principal assets are our investments in our subsidiaries. As a holding company, we are dependent on dividends, loans or advances, or other intercompany transfers of funds from our subsidiaries to meet our obligations. These subsidiaries are separate legal entities and have no obligation to pay any amounts due under our obligations or to make any funds available for such payment. New Jersey insurance law provides that, except in the case of extraordinary dividends or distributions, all dividends or distributions paid by our insurance subsidiaries may be declared or paid only from unassigned surplus, as determined pursuant to statutory accounting principles, less unrealized investment gains and revaluation of assets. Our New Jersey insurance subsidiaries must also notify the New Jersey insurance regulator of their intent to pay a dividend. If the dividend, together with other dividends or distributions made within the preceding twelve months, would exceed a specified statutory limit, our subsidiaries must also obtain the prior non-disapproval of the New Jersey insurance regulator. In addition to regulatory restrictions, the ability of some of our subsidiaries to make distributions to us is limited by contractual agreements.

**The notes will be effectively subordinated to the obligations of our subsidiaries.**

Our subsidiaries are separate and distinct legal entities. Because we are principally a holding company, our right to participate in any distribution of assets of any of our subsidiaries, including The Prudential Insurance Company of America, upon the subsidiary's liquidation or reorganization or otherwise, is subject to the prior claims of its creditors, except to the extent that we may be recognized as a creditor of that subsidiary. The applicable insurance laws of the jurisdiction where each of our insurance subsidiaries is domiciled would govern any proceedings relating to that insurance subsidiary. The insurance authority of that jurisdiction would act as a liquidator or rehabilitator for the subsidiary. Both creditors and policyholders of the subsidiary would be entitled to payment in full from the subsidiary's assets before we, as a shareholder, would be entitled to receive any distribution from the subsidiary which we might apply to make payments of principal and interest on the notes or other indebtedness.

Accordingly, our obligations under the notes will be effectively subordinated to all existing and future indebtedness and liabilities of our subsidiaries, including liabilities under contracts of insurance and annuities written by our insurance subsidiaries, and you, as holders of notes, should look only to our assets for payment thereunder. As of December 31, 2007, our subsidiaries had total liabilities of approximately \$445 billion (including our policyholders' account balance liability and reserves for future policy benefits and claims of approximately \$196 billion).

**Our right to repay, redeem, defease or purchase the notes is limited by a replacement capital covenant that we are making in favor of certain of our senior debtholders.**

At or around the time of issuance of the notes, we will enter into a replacement capital covenant pursuant to which we will covenant that neither we nor any of our subsidiaries will repay, redeem, defease or purchase all or any part of the notes before June 15, 2048, except to the extent that the amount repaid, redeemed, defeased or purchased does not exceed the sum of (i) the applicable percentage of the aggregate amount of net cash proceeds we or our subsidiaries have received, during the applicable measurement period from the sale of common stock, rights to acquire common stock, mandatorily convertible preferred stock, debt exchangeable for common equity and certain other qualifying capital securities and (ii) the applicable percentage of the market value of common stock that we and our subsidiaries have issued during the applicable measurement period (determined as of the date of issuance) in connection with the conversion of convertible or exchangeable securities, other than securities for which we or any of our subsidiaries have received equity credit from any rating agency (as described under Description of the Replacement Capital Covenant). Although under the replacement capital covenant the principal amount of notes that we may repay, redeem, defease or purchase may be based on the net cash proceeds from certain issuances of the securities listed in the preceding sentence (as



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described under Description of the Replacement Capital Covenant ), we may modify the replacement capital covenant without your consent to the extent that such modification does not impose additional restrictions on the type or amount of qualifying capital securities that we may include for purposes of determining whether or to what extent repayment, redemption, defeasance or purchase of the notes is permitted. In addition, beginning on the scheduled maturity date, we will have no obligation to use commercially reasonable efforts to issue any securities other than qualifying capital securities to repay the notes. See Description of the Replacement Capital Covenant .

**There can be no assurance that the IRS or a court will agree with the characterization of the notes as indebtedness for U.S. federal income tax purposes.**

There is no statutory, judicial or administrative authority that directly addresses the U.S. federal income tax treatment of securities similar to the notes. Thus, no assurance can be given that the IRS or a court will agree with the characterization of the notes as indebtedness for U.S. federal income tax purposes. If, contrary to the opinion of our special tax counsel, the notes were recharacterized as our equity, payments on the notes to non-United States holders would generally be subject to U.S. federal withholding tax at a rate of 30% (or such lower applicable income tax treaty rate). See Material United States Federal Income Tax Considerations .

**We may redeem the notes at any time. If we redeem the notes in full prior to June 15, 2018, the applicable make-whole redemption price may be lower if there is a challenge to the tax characterization of the notes or certain other events occur.**

We may redeem at our option all or any part of the notes at any time. The redemption price for the notes will be equal to their principal amount, if they are redeemed on or after June 15, 2018, and will be equal to the greater of (x) their principal amount and (y) a make-whole amount, if they are redeemed prior to June 15, 2018, in each case plus any accrued and unpaid interest to the date of redemption. The make-whole amount, if applicable, will be lower in the case of redemption of all outstanding notes in connection with the occurrence of certain changes relating to the tax treatment of the notes or the degree of equity credit accorded to the notes by one or more nationally recognized rating agencies. If we redeem the notes, the redemption would be a taxable event to you. See Description of the Junior Subordinated Notes Redemption .

A change in law or regulations, IRS pronouncement or threatened challenge resulting in a tax event could occur at any time. Similarly, changes in rating agency methodology for assigning equity credit to the notes could result in the notes being redeemed earlier than would otherwise be the case. See Description of the Junior Subordinated Notes Redemption for a further description of those events.

**If interest payments on the notes are deferred, holders of the notes will be required to recognize income for U.S. federal income tax purposes in advance of the receipt of cash attributable to such income.**

If we were to defer interest payments on the notes, the notes would be treated as issued with original issue discount ( OID ) at the time of such deferral, and all stated interest due after such deferral would be treated as OID. In such case, a United States holder would be required to include such stated interest in income as it accrues, regardless of such United States holder's regular method of accounting, using a constant yield method, before such holder received any payment attributable to such income, and would not separately report the actual payments of interest on the notes as taxable income. See Material United States Federal Income Tax Considerations United States Holders Interest Income and Original Issue Discount .

**Claims would be limited upon our bankruptcy, insolvency or receivership.**



In certain events of our bankruptcy, insolvency or receivership prior to the redemption or repayment of any notes, whether voluntary or not, a holder of notes will have no claim for, and thus no right to receive, deferred and unpaid interest (including compounded interest thereon) to the extent the amount of such interest exceeds an amount equal to the earliest two years of accumulated and unpaid interest (including compounded interest thereon) on such holder's notes.

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### **As a holder of the notes, you will have limited rights of acceleration.**

An event of default under the junior subordinated indenture is limited to certain payment defaults, after giving effect to our deferral rights, and specific events of bankruptcy, insolvency and receivership relating to us. The junior subordinated indenture provides that the indenture trustee must give registered holders notice of all defaults or events of default after they become known to the indenture trustee. However, except in the cases of a default or an event of default in payment on the notes, the indenture trustee will be protected in withholding the notice if its responsible officers determine that withholding of the notice is in the interest of such holders. There is no right of acceleration upon breaches by us of other covenants under the junior subordinated indenture, including our obligations under the alternative payment mechanism.

### **The secondary market for the notes may be illiquid.**

The notes are a new issue of securities with no established trading market and will not be listed on any national securities exchange. The underwriters have advised us that they intend to make a market for the notes, but they have no obligation to do so and may discontinue market making at any time and for any reason without providing any notice. We cannot give any assurance as to the liquidity of any trading market for the notes.

### **If a trading market does develop, changes in our credit ratings or the debt markets could adversely affect the market price of the notes.**

The price for the notes depends on many factors, including:

our credit ratings with major credit rating agencies;

the prevailing interest rates being paid by other companies similar to us;

our financial condition, financial performance and future prospects;

our election to defer payment on the notes discussed above in the risk factor entitled "Deferral of interest payments and other characteristics of the notes could adversely affect the market price of the notes"; and

the overall condition of the financial markets.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Such fluctuations could have an adverse effect on the price of the notes.

In addition, credit rating agencies continually review their ratings for the companies that they follow, including us. The credit rating agencies also evaluate the insurance industry as a whole and may change their credit rating for us based on their overall view of our industry. A negative

change in our rating could have an adverse effect on the price of the notes.

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**Table of Contents****RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth our ratio of earnings to fixed charges on a historical basis for the periods indicated. The ratios are calculated by dividing earnings by fixed charges. For purposes of this computation, earnings are defined as income from continuing operations before income taxes, extraordinary gain on acquisition and cumulative effect of accounting change excluding undistributed income from equity method investments, fixed charges and interest capitalized. Fixed charges are the sum of gross interest expense, interest credited to policyholders account balances and an estimated interest component of rent expense.

**Ratio of Earnings to Fixed Charges**

	<b>Three Months Ended March 31,</b>		<b>Year Ended December 31,</b>				
	<b>2008</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Ratio of Earnings to Fixed Charges	1.09	2.23	2.05	2.12	2.19	2.10	1.78

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**USE OF PROCEEDS**

We expect to receive proceeds, after deducting underwriting commissions and other offering expenses, of approximately \$591.7 million from this offering. We currently intend to use the proceeds for general corporate purposes and to fund our previously authorized share repurchase program.

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**DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES**

*The following is a description of the material terms of the notes and the junior subordinated indenture. It does not purport to be complete in all respects. This description is subject to and qualified in its entirety by reference to the notes and the junior subordinated indenture referred to below, copies of which are available upon request from us.*

The notes will be issued pursuant to the subordinated debt indenture, to be dated as of June 17, 2008, between us and The Bank of New York (as successor to JPMorgan Chase Bank, N.A.), as trustee. We refer to the subordinated debt indenture, as amended and supplemented by a first supplemental indenture, to be dated as of June 17, 2008, as the *junior subordinated indenture*, and to The Bank of New York or its successor, as trustee, as the *trustee*. You should read the junior subordinated indenture for provisions that may be important to you.

When we use the term *holder* in this prospectus supplement with respect to registered notes, we mean the person in whose name such note is registered in the security register. We expect that the notes will be held in book-entry form only, as described below under *Book-Entry System*, and will be held in the name of DTC or its nominee.

The junior subordinated indenture does not limit the amount of debt that we or our subsidiaries may incur under the junior subordinated indenture or under other indentures to which we are or become a party or otherwise. The notes are not convertible into or exchangeable for shares of our common stock, our authorized preferred stock or any other securities.

**General**

We will initially issue \$600,000,000 aggregate principal amount of notes. We may, without the consent of holders of the notes, increase the principal amount of the notes by issuing additional notes in the future on the same terms and conditions as the notes being offered hereby in all respects, except for any difference in the issue date, issue price and interest accrued prior to the issue date of the additional notes, and with the same CUSIP number as the notes offered hereby, so long as such additional notes are fungible for U.S. federal income tax purposes with the notes offered hereby. The notes offered hereby and any such additional notes would rank equally and ratably in right of payment and would be treated as a single series of junior subordinated debt securities for all purposes under the junior subordinated indenture.

The notes will be subordinated and junior in right of payment to all of our senior indebtedness, as defined under *Subordination* below.

The Bank of New York will initially serve as paying agent for the notes.

**Interest Rate and Interest Payment Dates**

***Fixed Rate Period***

From and including June 17, 2008 to but excluding June 15, 2018, the notes will bear interest at the annual rate of 8.875%, and we will pay accrued interest semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2008, subject to our rights and obligations under Option to Defer Interest Payments and Alternative Payment Mechanism below. We refer to these dates as *fixed-rate interest payment dates* and we refer to the period from and including June 17, 2008 to but excluding the first fixed-rate interest payment date and each successive period from and including a fixed-rate interest payment date to but excluding the next fixed-rate interest payment date as a *fixed-rate interest period*. Interest payments will be made to the persons or entities in whose names the notes are registered at the close of business on June 1 or December 1, as the case may be, immediately preceding the relevant fixed-rate interest payment date. The amount of interest payable for any fixed-rate interest period will be computed on the basis of a 360-day year consisting of twelve 30-day months. In the event that any fixed-rate interest payment date falls on a day that is

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not a business day, the interest payment due on that date will be postponed to the next day that is a business day, and no interest will accrue as a result of that postponement.

*Business day* means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in The City of New York are authorized or required by law or executive order to remain closed, (iii) a day on which the corporate trust office of the trustee is closed for business or (iv) on or after June 15, 2018, a day that is not a London banking day.

***Floating Rate Period***

From and including June 15, 2018, the notes will bear interest at an annual rate equal to three-month LIBOR, as defined below, plus 5.0%, and we will pay accrued interest quarterly in arrears on March 15, June 15, September 15 and December 15 (or if any of these days is not a business day, on the next business day, except that if such business day is in the next succeeding calendar month, the immediately preceding business day), beginning on September 15, 2018, subject to our rights and obligations under Option to Defer Interest Payments and Alternative Payment Mechanism below. We refer to these dates as *floating-rate interest payment dates*, and together with the fixed-rate interest payment dates, as *interest payment dates*, and we refer to the period from and including June 15, 2018 to but excluding the first floating-rate interest payment date and each successive period from and including a floating-rate interest payment date to but excluding the next floating-rate interest payment date as a *floating-rate interest period* and, together with each fixed-rate interest period, an *interest period*. We will pay such accrued interest to the persons or entities in whose names the notes are registered at the close of business on March 1, June 1, September 1 and December 1, as the case may be, immediately preceding the relevant floating-rate interest payment date. The amount of interest payable for any floating-rate interest period will be computed on the basis of a 360-day year and the actual number of days elapsed.

For the purposes of calculating interest due on the notes during any floating rate interest period:

*Three-month LIBOR* means, with respect to any floating rate interest period, the rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three-month period commencing on the first day of that floating rate interest period that appears on Reuters Page LIBOR01 as of 11:00 a.m., London time, on the LIBOR determination date (as defined below) for that floating rate interest period. If such rate does not appear on Reuters Page LIBOR01, three-month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that floating rate interest period and in a principal amount of not less than \$1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the calculation agent (as defined below) after consultation with us, at approximately 11:00 a.m., London time, on the LIBOR determination date for that floating rate interest period. The calculation agent will request the principal London office of each of these banks to provide a quotation of its rate. If at least two such quotations are provided, three-month LIBOR with respect to that floating rate interest period will be the arithmetic mean (rounded upward if necessary to the nearest whole multiple of 0.00001%) of such quotations. If fewer than two quotations are provided, three-month LIBOR with respect to that floating rate interest period will be the arithmetic mean (rounded upward if necessary to the nearest whole multiple of 0.00001%) of the rates quoted by three major banks in New York City selected by the calculation agent after consultation with us, at approximately 11:00 a.m., New York City time, on the first day of that floating rate interest period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that floating rate interest period and in a principal amount of not less than \$1,000,000. However, if fewer than three banks selected by the calculation agent to provide quotations are quoting as described above, three-month LIBOR for that floating rate interest period will be the same as three-month LIBOR as determined for the previous floating rate interest period or, in the case of the interest period beginning on June 15, 2018, 2.776%. The establishment of three-month LIBOR for each floating rate interest period by the calculation agent will (in the absence of manifest error) be final and binding.



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*Calculation agent* means The Bank of New York, or any other successor appointed by us, acting as calculation agent.

*Reuters Page LIBOR01* means the display so designated on the Reuters 3000 Xtra (or such other page as may replace that page on that service, or such other service as may be nominated by us as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

*LIBOR determination date* means the second London banking day (as defined below) immediately preceding the first day of the relevant floating rate interest period.

*London banking day* means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London.

## **Option to Defer Interest Payments**

We may elect at one or more times to defer payment of interest on the notes for one or more consecutive interest periods that do not exceed ten years. We may defer payment of interest prior to, on or after the scheduled maturity date, subject to our obligations described under Alternative Payment Mechanism and Repayment of Principal below. We may not defer interest beyond the final maturity date, as defined under Repayment of Principal Final Maturity below, any earlier accelerated maturity date arising from an event of default or any other earlier repayment in full or redemption of the notes.

Deferred interest on the notes will bear interest at the then applicable interest rate, compounded on each interest payment date, subject to applicable law. As used in this prospectus supplement, a *deferral period* refers to the period beginning on an interest payment date with respect to which we defer interest and ending on the earlier of (i) the tenth anniversary of that interest payment date and (ii) the next interest payment date on which we have paid all deferred and unpaid amounts (including compounded interest on such deferred amounts) and all other accrued interest on the notes. When we use the term *interest* in this prospectus supplement, we are referring not only to regularly scheduled interest payments but also to interest on interest payments not paid on the applicable interest payment date.

We will agree in the junior subordinated indenture that:

immediately following the fifth anniversary of the commencement of a deferral period or, if earlier, the first interest payment date during the deferral period on which we pay current interest on the notes, we will be required, subject to the occurrence and continuation of a market disruption event (as defined below under Market Disruption Events), to sell qualifying APM securities pursuant to the alternative payment mechanism and apply the eligible proceeds (as each of these terms are defined below under Alternative Payment Mechanism) to the payment of any deferred interest (including compounded interest thereon) on the next interest payment date, and this requirement will continue in effect until the end of such deferral period; and

we will not pay any deferred interest on the notes (including compounded interest thereon) from any source other than eligible proceeds from the issuance of qualifying APM securities prior to the final maturity date, except at any time that the principal amount has been accelerated and such acceleration has not been rescinded or in the case of a business combination to the extent described in the second succeeding paragraph below.

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Although our failure to comply with the foregoing obligations with respect to the alternative payment mechanism and payment of interest during a deferral period will be a breach of the junior subordinated indenture, it will not constitute an event of default under the junior subordinated indenture or give rise to a right of acceleration or similar remedy under the terms thereof.

If we are involved in a merger, consolidation, amalgamation, binding share exchange or conveyance, transfer or lease of assets substantially as an entirety to any other person or a similar transaction (a *business*

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*combination* ) where immediately after the consummation of the business combination more than 50% of the surviving or resulting entity's voting stock is owned by the shareholders of the other party to the business combination, then the surviving or resulting entity may settle any deferred interest on the next interest payment date following the date of consummation of the business combination with any available funds. The alternative payment mechanism will, however, apply to the deferral period if the surviving or resulting entity does not elect to do so, and will in any event apply to any deferral period that commences after the consummation of the business combination.

At the end of ten years following the commencement of a deferral period, we must pay all accrued and unpaid deferred interest, including compounded interest, and our failure to pay all accrued and unpaid deferred interest, including compounded interest, at the conclusion of such ten-year period will result in an event of default giving rise to a right of acceleration.

If we have paid all deferred interest (including compounded interest thereon) on the notes, we can again defer interest payments on the notes as described above.

We will give the holders of the notes and the trustee written notice of our election to commence or continue a deferral period at least one and not more than 60 business days before the next interest payment date.

We have no present intention of exercising our right to defer payments of interest.

**Dividend and Other Payment Stoppages During Deferral Periods and Under Certain Other Circumstances**

We will agree in the junior subordinated indenture that, so long as any notes remain outstanding, if

we have given notice of our election to defer interest payments on the notes but the related deferral period has not yet commenced, or

a deferral period is continuing;

then we will not, nor will we permit our subsidiaries to:

declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any shares of our capital stock;

make any payment of principal of, or interest or premium, if any, on, or repay, purchase or redeem any of our debt securities that rank upon our liquidation on a parity with or junior to the notes; or

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make any guarantee payments regarding any guarantee issued by us of securities of any of our subsidiaries if the guarantee ranks upon our liquidation on a parity with or junior to the notes.

The restrictions listed above do not apply to:

any purchase, redemption or other acquisition of shares of our capital stock in connection with:

any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors, consultants or independent contractors;

the satisfaction of our obligations pursuant to any contract entered into in the ordinary course of business prior to the beginning of the applicable deferral period;

a dividend reinvestment or shareholder purchase plan; or

the issuance of our capital stock, or securities convertible into or exercisable for such capital stock, as consideration in an acquisition transaction, the definitive agreement for which is entered into prior to the applicable deferral period;

any exchange, redemption or conversion of any class or series of our capital stock, or the capital stock of one of our subsidiaries, for any other class or series of our capital stock, or of any class or series of our indebtedness for any class or series of our capital stock;

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any purchase of fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of such capital stock or the securities being converted or exchanged;

any declaration of a dividend in connection with any shareholder rights plan, or the issuance of rights, stock or other property under any shareholder rights plan, or the redemption or purchase of rights pursuant thereto;

any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock;

(i) any payment of current or deferred interest on debt securities that rank in right of payment upon our liquidation on a parity with the notes (including the notes, *pari passu securities* ) that is made pro rata to the amounts due on such *pari passu* securities (including the notes); *provided* that such payments are made in accordance with the last paragraph under *Alternative Payment Mechanism* below to the extent it applies, and (ii) any payment of principal or current or deferred interest on *pari passu* securities that, if not made, would cause us to breach the terms of the instrument governing such *pari passu* securities; or

any payment of principal in respect of *pari passu* securities having the same scheduled maturity date as the notes, as required under a provision of such *pari passu* securities that is substantially the same as the provision described below under *Repayment of Principal* , and that is made on a pro rata basis among one or more series of *pari passu* securities having such a provision and the notes.

For the avoidance of doubt, no terms of the notes will restrict in any manner the ability of any of our subsidiaries to pay dividends or make any distributions to us or to any of our other subsidiaries.

In addition, if any deferral period lasts longer than one year, we may not redeem or purchase, nor permit any of our subsidiaries to purchase, any of our securities that on our liquidation rank *pari passu* with or junior to any of our qualifying APM securities the proceeds of which were used to settle deferred interest during the relevant deferral period until the first anniversary of the date on which all deferred interest has been paid.

If we are involved in a business combination where immediately after its consummation more than 50% of the surviving or resulting entity's voting stock is owned by the shareholders of the other party to the business combination, then the immediately preceding paragraph will not apply if the surviving or resulting entity settles all deferred interest on the next interest payment date following the date of consummation of the business combination.

### **Alternative Payment Mechanism**

Subject to the conditions described in *Option to Defer Interest Payments* above and to the exclusions described in this section and in *Market Disruption Events* below, if we defer interest on the notes, we will be required, commencing on the earlier of (i) the first interest payment date on which we pay current interest on the notes (which we may do from any source of funds) and (ii) the fifth anniversary of the commencement of the deferral period, if on such date such deferral period has not ended, to issue qualifying APM securities until we have raised an amount of eligible proceeds at least equal to the aggregate amount of accrued and unpaid deferred interest (including compounded interest thereon) on the notes. We refer to this method of funding the payment of deferred interest as the *alternative payment mechanism* .

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We will agree to apply eligible proceeds raised during any deferral period pursuant to the alternative payment mechanism to pay deferred interest (including compounded interest thereon) on the notes.

Notwithstanding the foregoing, our rights and obligations under the alternative payment mechanism are subject to the following limitations:

we are not required to issue common stock (or, if we have amended the definition of qualifying APM securities to eliminate common stock, as discussed below, qualifying warrants) prior to the fifth

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anniversary of the commencement of a deferral period, if the number of shares of common stock issued (or issuable upon the exercise of such qualifying warrants) to be applied for purposes of funding deferred interest hereunder plus the number of shares of common stock previously issued or issuable upon the exercise of previously issued qualifying warrants during such deferral period for such purposes would exceed an amount equal to 2% of the total number of shares of our issued and outstanding common stock as of the date of our most recent publicly available consolidated financial statements immediately prior to the date of such issuance (the *common equity issuance cap* );

we are not permitted to issue qualifying preferred stock or mandatorily convertible preferred stock to the extent that the net proceeds of any issuance of qualifying preferred stock and mandatorily convertible preferred stock applied, together with the net proceeds of all prior issuances of qualifying preferred stock and any still-outstanding mandatorily convertible preferred stock applied, during the current and all prior deferral periods to pay interest on the notes pursuant to the alternative payment mechanism would exceed 25% of the aggregate principal amount of the notes (the *preferred stock issuance cap* ); and

so long as the definition of *qualifying APM securities* has not been amended to eliminate common stock, as discussed below:

the sale of qualifying warrants to pay deferred interest is an option that may be exercised at our sole discretion, and we will not be obligated to sell qualifying warrants or to apply the proceeds of any such sale to pay deferred interest on the notes, and

no class of investors of our securities, or any other party, may require us to issue qualifying warrants.

Once we reach the common equity issuance cap for a deferral period, we will not be obligated to issue more common stock (or, if we have amended the definition of *qualifying APM securities* to eliminate common stock, qualifying warrants) as described above, pursuant to the alternative payment mechanism, prior to the fifth anniversary of the commencement of such deferral period even if the number of our outstanding shares of common stock subsequently increases. The common equity issuance cap will cease to apply with respect to a deferral period following the fifth anniversary of the commencement of that deferral period, at which point we must pay any deferred interest, regardless of the time at which it was deferred, using the alternative payment mechanism, subject to any market disruption event and the share cap amount, described below. In addition, if the common equity issuance cap is reached during a deferral period and we subsequently repay all deferred interest, the common equity issuance cap will cease to apply with respect to a deferral period at the termination of such deferral period and will not apply again unless and until we start a new deferral period.

*Eligible proceeds* means, for each relevant interest payment date, the net proceeds (after underwriters' or placement agents' fees, commissions or discounts and other expenses relating to the issuance or sale of the relevant securities, where applicable) that we have received during the 180 days prior to the related interest payment date from the issuance or sale of qualifying APM securities, up to the preferred stock issuance cap in the case of qualifying APM securities that are qualifying preferred stock or mandatorily convertible preferred stock, to persons that are not our subsidiaries.

In addition to the common equity issuance cap and the preferred stock issuance cap, we are not required to sell shares of common stock or mandatorily convertible preferred stock (or, if we have amended the definition of *qualifying APM securities* to eliminate common stock, qualifying warrants) for purposes of paying deferred interest on the notes if the number of shares of common stock to be sold (or which would be issuable upon exercise or conversion of mandatorily convertible preferred stock or qualifying warrants sold), together with the number of shares of common stock previously sold (or issued upon conversion or exercise of mandatorily convertible preferred stock or qualifying warrants that we were required to sell as a result of an amendment to the definition of *qualifying APM securities* ), or issuable upon conversion or exercise of still-outstanding mandatorily convertible preferred stock or such qualifying warrants) for purposes of paying deferred interest on the notes would be in excess of 110 million (or 220 million if we have amended the definition of *qualifying APM securities* to eliminate common stock), as adjusted for any stock split, reverse stock split, stock dividend,





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reclassification, recapitalization, split-up, combination, exchange of shares or other similar transaction (the *share cap amount*). If at any time deferred interest is outstanding under the notes, we will increase the share cap amount, as necessary, such that it is at least equal to the number of shares of common stock that we would need to issue to raise sufficient proceeds to pay (assuming a price per share equal to the average of the current market price (as defined below) of shares of our common stock over the ten-trading day period preceding such date) three times the then outstanding deferred interest on the notes (including compounded interest thereon) up to a maximum of ten years of interest (including compounded interest thereon); *provided* that we will only be required to increase the share cap amount to the extent that such increase does not result in a share cap amount that is greater than (i) the number of authorized and unissued shares of common stock at the time of such increase minus (ii) the maximum number of shares of common stock that can be issued under existing options, warrants, convertible securities, equity-linked contracts and other agreements of any type that require us to issue a determinable number of shares of common stock (such maximum number the *Fixed Commitments*). If the increase in the share cap amount is limited due to the proviso in the immediately preceding sentence or if the number of authorized and unissued shares of common stock reduced by the Fixed Commitments is less than the share cap amount, we will use commercially reasonable efforts to obtain shareholder consent at the next annual meeting of our shareholders to increase the number of shares of our authorized common stock so that such proviso does not limit the share cap amount and the number of authorized and unissued shares of common stock reduced by the Fixed Commitments is at least equal to the increased share cap amount. For purposes of determining the amounts accruing during the period after June 15, 2018, the interest (other than outstanding deferred interest) will be computed by reference to spot three-month LIBOR on the calculation date plus a margin equal to 5.0%.

If, as of a date no more than 15 and no less than ten business days in advance of any interest payment date, we have not raised sufficient eligible proceeds to pay all deferred interest (including compounded interest thereon) on the notes in accordance with the alternative payment mechanism on such interest payment date as a result of the foregoing limitation, we will provide written certification to the trustee (which the trustee will promptly forward upon receipt to each holder of record of the notes) of our calculation of the share cap amount, the number of authorized and unissued shares of our common stock, the fixed commitments and the number of shares of our common stock issued (or issuable upon exercise of such qualifying warrants) that we have sold pursuant to the alternative payment mechanism during the 180-day period preceding the date of such notice.

If we issue additional notes, the share cap amount will be increased proportionately to the principal amount of such additional notes.

Our failure to use commercially reasonable efforts to seek shareholder approval to increase the number of authorized shares would constitute a breach under the junior subordinated indenture, but would not constitute an event of default under the indenture or give rise to a right of acceleration or similar remedy.

*Mandatorily convertible preferred stock* means preferred stock with (a) no prepayment obligation of the liquidation preference on our part, whether at the election of the holders or otherwise, and (b) a requirement that the preferred stock convert into our common stock within three years from the date of their issuance at a conversion ratio within a range established at the time of issuance of such preferred stock, subject to customary anti-dilution adjustments.

*Qualifying APM securities* means our common stock, qualifying preferred stock, qualifying warrants and mandatorily convertible preferred stock, *provided* that we may, without the consent of the holders of the notes, amend the definition of *qualifying APM securities* to eliminate common stock or qualifying warrants (but not both) and/or mandatorily convertible preferred stock from the definition if, after the issue date, an accounting standard or interpretive guidance of an existing accounting standard issued by an organization or regulator that has responsibility for establishing or interpreting accounting standards used by us in our principal public financial reports becomes effective or applicable to us such that there is more than an insubstantial risk that failure to eliminate common stock or qualifying warrants and/or mandatorily convertible preferred stock from the



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definition would result in a reduction in our earnings per share as calculated in accordance with such accounting standard or interpretive guidance. The trustee will promptly notify the holders of the notes, in the manner contemplated in the junior subordinated indenture, of any such change.

*Qualifying preferred stock* means our non-cumulative perpetual preferred stock that (i) ranks *pari passu* with or junior to all other outstanding preferred stock of the issuer, other than preferred stock that is issued or issuable pursuant to a stockholders' rights plan or similar plan or arrangement, (ii) contains no remedies other than permitted remedies and (iii)(a) is redeemable, but is subject to intent based replacement disclosure, and has a provision that provides for mandatory suspension of distributions upon its failure to satisfy one or more financial tests set forth therein or (b) is subject to a qualifying replacement capital covenant, as such terms are defined under Description of the Replacement Capital Covenant.

*Qualifying warrants* means any net share-settled warrants to purchase our common stock that have an exercise price at the time of pricing greater than the current market price (as defined below) of our common stock and that we are not entitled to redeem for cash and the holders of which are not entitled to require us to purchase for cash in any circumstances. If we sell qualifying warrants to pay deferred interest pursuant to the alternative payment mechanism, we will be required to use commercially reasonable efforts, subject to the common equity issuance cap and the share cap amount, to set the terms of the qualifying warrants so as to raise sufficient proceeds from their issuance, together with the proceeds of other qualifying APM securities that we are selling, to pay all deferred interest on the notes in accordance with the alternative payment mechanism. We intend that any qualifying warrants issued in accordance with the alternative payment mechanism will have exercise prices at least 10% above the current market price of our common stock on the date of issuance.

*Current market price* of our common stock on any date will be the closing sale price per share of common stock (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions by the New York Stock Exchange or, if our common stock is not then listed on the New York Stock Exchange, as reported by the principal U.S. securities exchange on which our common stock is traded or quoted. If our common stock is not so traded or quoted, the current market price will be the average of the mid-point of the last bid and ask prices for our shares of common stock on the relevant date from each of at least three nationally recognized independent investment banking firms selected by us for this purpose.

Although our failure to comply with our obligations with respect to the alternative payment mechanism will be a breach of the junior subordinated indenture, it will not constitute an event of default thereunder or give rise to a right of acceleration or similar remedy under the terms thereof. The remedies of holders of the notes will be limited in such circumstances as described under Risk Factors. As a holder of the notes, you will have limited rights of acceleration.

If, due to a market disruption event, the application of any of the limitations under the alternative payment mechanism described above or otherwise, we were able to raise some, but not all, eligible proceeds necessary to pay all deferred interest (including compounded interest thereon) on any interest payment date, we will apply any available eligible proceeds to pay accrued and unpaid interest on the applicable interest payment date in chronological order based on the date each payment was first deferred, and you will be entitled to receive your pro rata share of any amounts received on the notes. If we have outstanding *pari passu* securities under which we are obligated to sell securities that are qualifying APM securities and apply the net proceeds to the payment of deferred interest or distributions on such *pari passu* securities, then on any date and for any period the amount of net proceeds received by us from those sales and available for payment of the deferred interest and distributions will be applied to the notes and those other *pari passu* securities on a pro rata basis up to the common equity issuance cap or the preferred stock issuance cap and the share cap amount (or comparable provisions in the instruments governing those *pari passu* securities) in proportion to the total amounts that are due on the notes and such securities.

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### Market Disruption Events

A *market disruption event* means the occurrence or existence of any of the following events or sets of circumstances:

we would be required to obtain the consent or approval of our stockholders or a regulatory body (including, without limitation, any securities exchange) or governmental authority to issue or sell qualifying APM securities pursuant to the alternative payment mechanism or to issue qualifying capital securities pursuant to our repayment obligations described under Repayment of Principal below, as the case may be, and that consent or approval has not yet been obtained notwithstanding our commercially reasonable efforts to obtain that consent or approval;

trading in securities generally, or shares of our common stock specifically, on the New York Stock Exchange or any other national securities exchange, or in the over-the-counter market on which our common stock is then listed or traded, shall have been suspended or the settlement of such trading generally shall have been materially disrupted or minimum prices shall have been established on any such exchange or market by the Securities and Exchange Commission, the relevant exchange or by any other regulatory body or governmental agency having jurisdiction and the establishment of such minimum prices shall have materially disrupted trading in, and the issuance and sale of, our common stock;

a banking moratorium shall have been declared by the federal or state authorities of the United States such that the issuance of, or market trading in, the qualifying APM securities or the qualifying capital securities, as applicable, has been materially disrupted or ceased;

a material disruption shall have occurred in commercial banking or securities settlement or clearance services in the United States such that the issuance of, or market trading in, the qualifying APM securities or the qualifying capital securities, as applicable, has been materially disrupted or ceased;

the United States shall have become engaged in hostilities, there shall have been an escalation in hostilities involving the United States, there shall have been a declaration of a national emergency or war by the United States or there shall have occurred any other national or international calamity or crisis, such that the issuance of, or market trading in, the qualifying APM securities or the qualifying capital securities, as applicable, has been materially disrupted or ceased;

there shall have occurred such a material adverse change in general domestic or international economic, political or financial conditions (including, without limitation, as a result of terrorist activities or the effect of international conditions on the financial markets in the United States) such that trading in the qualifying APM securities or qualifying capital securities, as the case may be, has been materially disrupted or ceased;

an event occurs and is continuing as a result of which the offering document for the offer and sale of qualifying APM securities or qualifying capital securities, as applicable, would, in our reasonable judgment, contain an untrue statement of a material fact or omit to state a material fact required to be stated in that offering document or necessary to make the statements in that offering document not misleading and either (a) the disclosure of that event at such time, in our reasonable judgment, is not otherwise required by law and would have a material adverse effect on our business or (b) the disclosure relates to a previously undisclosed proposed or pending material business transaction, and we have a *bona fide* reason for keeping the same confidential or its disclosure would impede our ability to consummate the transaction, *provided* that no single suspension period described in this bullet shall exceed 90 consecutive days and multiple suspension periods described in this bullet shall not exceed an aggregate of 180 days in any 360-day period; or

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we reasonably believe that the offering document for the offer and the sale of qualifying APM securities or qualifying capital securities, as the case may be, would not be in compliance with a rule or regulation of the Securities and Exchange Commission (for reasons other than those described in the immediately preceding bullet) and we determine that we are unable to comply with such rule or regulation or such

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compliance is impracticable, *provided* that no single suspension period described in this bullet shall exceed 90 consecutive days and multiple suspension periods described in this bullet shall not exceed an aggregate of 180 days in any 360-day period.

We will be excused from our obligations under the alternative payment mechanism in respect of any interest payment date if we provide written certification to the trustee (which the trustee will promptly forward upon receipt to each holder of record of notes) no more than 15 and no less than ten business days in advance of that interest payment date certifying that:

a market disruption event was existing after the immediately preceding interest payment date; and

either (a) the market disruption event continued for the entire period from the business day immediately following the preceding interest payment date to the business day immediately preceding the date on which that certification is provided or (b) the market disruption event continued for only part of this period, but we were unable to raise sufficient eligible proceeds during the rest of that period to pay all accrued and unpaid interest.

We will not be excused from our obligations under the alternative payment mechanism if we determine not to pursue or complete the sale of qualifying APM securities due to pricing, coupon, dividend rate or dilution considerations.

## **Repayment of Principal**

### ***Scheduled Maturity***

We must repay the principal amount of the notes, together with accrued and unpaid interest, on June 15, 2038, or, if that day is not a business day, on the next business day (the *scheduled maturity date* ).

Our obligation to repay the notes on the scheduled maturity date is limited. We are required to repay the notes on the scheduled maturity date only to the extent of the net proceeds we have raised from the issuance of qualifying capital securities, as described under *Description of the Replacement Capital Covenant* below, within a 180-day period ending on a notice date not more than 15 and not less than ten business days prior to the scheduled maturity date. If we have not raised sufficient proceeds to permit repayment of all principal and accrued and unpaid interest on the notes on the scheduled maturity date, the unpaid amount will remain outstanding and bear interest at the floating rate described below, payable quarterly. We will be required to repay the unpaid portion of the principal amount of the notes on each subsequent interest payment date to the extent of the net proceeds we receive from any subsequent issuance of qualifying capital securities until we have repaid the notes in full, we have redeemed the notes as described under *Redemption* below or an event of default resulting in the acceleration of the notes occurs.

We will use our commercially reasonable efforts, subject to a market disruption event, to raise sufficient net proceeds from the issuance of qualifying capital securities in a 180-day period ending on a notice date not more than 15 and not less than ten business days prior to the scheduled maturity date to permit repayment of the notes in full on this date in accordance with the above requirement. If we are unable for any reason to raise sufficient proceeds, we will continue to use our commercially reasonable efforts, subject to a market disruption event, to raise sufficient proceeds from the sale of qualifying capital securities to permit repayment of the notes on the next quarterly interest payment date in accordance with the above requirement, and on each quarterly interest payment date thereafter until we have repaid the notes in full, we have redeemed the notes as described under *Redemption* below or an event of default resulting in the acceleration of the notes occurs. Except under

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the circumstances described below, our failure to use our commercially reasonable efforts to raise these proceeds would be a breach of covenant under the junior subordinated indenture. However, in no event will such failure be an event of default thereunder or give rise to a right of acceleration or similar remedy under the terms thereof.

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Although under the replacement capital covenant the principal amount of notes that we may redeem or repay at any time may be based on the net cash proceeds from certain issuances during the applicable measurement period of common stock, qualifying warrants, mandatorily convertible preferred stock and debt exchangeable for common equity in addition to certain qualifying capital securities (as described under Description of the Replacement Capital Covenant ), we have no obligation under the junior subordinated indenture to use commercially reasonable efforts to issue any securities other than qualifying capital securities in connection with the above obligation.

*Commercially reasonable efforts* to sell our qualifying capital securities means commercially reasonable efforts to complete the offer and sale of our qualifying capital securities to third parties that are not subsidiaries of ours in public offerings or private placements. We will not be considered to have made commercially reasonable efforts to effect a sale of qualifying capital securities if we determine to not pursue or complete such sale due to pricing, coupon or dividend rate considerations.

We will not be obligated under the junior subordinated indenture to sell qualifying capital securities to permit repayment of the notes under the terms of the replacement capital covenant if we provide written certification to the trustee (which certification will be forwarded to each holder of record of the notes) no more than 15 and no less than ten business days in advance of the required repayment date certifying that:

a market disruption event was existing during the entire 180-day period preceding the date of the certificate or, in the case of any required repayment date following the scheduled maturity date, the entire 90-day period preceding the date of the certificate; or

the market disruption event continued for only part of the 180- or 90-day period, as the case may be, but we were unable after commercially reasonable efforts to raise sufficient net proceeds during the rest of that period to permit repayment of the notes in full.

We will also provide written certification to the trustee (which trustee will forward to each holder of record of the notes) no more than 15 and no less than ten business days in advance of the required repayment date in the event that we were unable, although no market disruption event occurred, after commercially reasonable efforts to raise sufficient net proceeds during the 180- or 90-day period, as the case may be, to permit repayment of the notes in full.

Payments in respect of the notes on and after the scheduled maturity date will be applied, first, to deferred interest (including compounded interest thereon) to the extent of eligible proceeds under the alternative payment mechanism, second, to current interest that we are not paying from other sources and, third, to the principal of the notes; *provided* that if we are obligated to sell qualifying capital securities and repay principal on any outstanding *pari passu* securities in addition to the notes in respect thereof, then on any date and for any period such payments will be made on the notes and those other *pari passu* securities having the same scheduled maturity date as the notes pro rata in accordance with their respective outstanding principal amounts and no such payment shall be made on any other *pari passu* securities having a later scheduled maturity date until the principal of and all accrued and unpaid interest on the notes has been paid in full. If at any time we are obligated to sell qualifying capital securities and repay principal on any outstanding *pari passu* securities having an earlier scheduled maturity date in addition to the notes, then no payment shall be made on the notes until the principal of and all accrued and unpaid interest on those *pari passu* securities having an earlier scheduled maturity date is paid in full. If we raise less than \$5 million of net proceeds from the sale of qualifying capital securities during the relevant 180- or 90-day period, we will not be required to repay any notes on the scheduled maturity date or the next interest payment date, as applicable. On the next interest payment date as of which we have raised at least \$5 million of net proceeds during the 180-day period preceding the applicable notice date (or, if shorter, the period since we last repaid any principal amount of notes), we will be required to repay a principal amount of the notes equal to the entire net proceeds from the sale of qualifying capital securities during such 180-day or shorter period.



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### ***Final Maturity***

Any principal amount of the notes, together with accrued and unpaid interest, will be due and payable on the final maturity date of June 15, 2068, or, if that day is not a business day, on the next business day, or upon acceleration following an event of default of the notes, regardless of the amount of qualifying capital securities we have issued and sold by that time.

### **Redemption**

The notes:

are repayable on the scheduled maturity date or thereafter as described under **Repayment of Principal** above;

are redeemable, in whole or in part, at our election at any time at the applicable redemption price set forth below; and

are not subject to any sinking fund or similar provisions.

Any redemption of the notes prior to June 15, 2048 will be subject to the restrictions described under **Description of the Replacement Capital Covenant**. On and after June 15, 2048, we may redeem the notes using cash from any source.

In the case of any redemption, the redemption price will be equal to (1) in the case of any redemption on or after June 15, 2018, 100% of the principal amount of the notes being redeemed or (2) in the case of any redemption prior to June 15, 2018, the greater of (i) 100% of the principal amount of the notes being redeemed and (ii) the present value of a principal payment on June 15, 2018 and scheduled payments of interest that would have accrued from the redemption date to June 15, 2018 on the notes being redeemed, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the treasury rate (as defined below) plus the applicable spread (as defined below), in each case plus any accrued and unpaid interest to the redemption date. In the case of a redemption in part and not in whole, we may not effect such redemption unless at least \$25 million aggregate principal amount of the notes, excluding any notes held by us or any of our affiliates, remains outstanding after giving effect to such redemption.

For the purposes of clause (ii) in the preceding paragraph:

*treasury rate* means the semi-annual equivalent yield to maturity of the *treasury security* that corresponds to the *treasury price* (calculated in accordance with standard market practice and computed as of the second trading day preceding the redemption date);

*treasury security* means the United States Treasury security that the *treasury dealer* determines would be appropriate to use, at the time of determination and in accordance with standard market practice, in pricing the notes being redeemed in a tender offer based on a spread to United States Treasury yields;

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*treasury price* means the bid-side price for the treasury security as of the third trading day preceding the redemption date, as set forth in the Wall Street Journal in the table entitled "Treasury Bonds, Notes and Bills", except that: (i) if that table (or any successor table) is not published or does not contain that price information on that trading day; or (ii) if the treasury dealer determines that the price information is not reasonably reflective of the actual bid-side price of the treasury security prevailing at 3:30 p.m., New York City time, on that trading day, then treasury price will instead mean the bid-side price for the treasury security at or around 3:30 p.m., New York City time, on that trading day (expressed on a next trading day settlement basis) as determined by the treasury dealer through such alternative means as are commercially reasonable under the circumstances;

*treasury dealer* means J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated (or their successors) or, if J.P. Morgan Securities Inc. or Morgan Stanley & Co. Incorporated (or their successors)

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refuse to act as treasury dealers for this purpose or cease to be primary U.S. Government securities dealers, another nationally recognized investment banking firm that is a primary U.S. Government securities dealer specified by us for these purposes; and

*applicable spread* means 0.875% in the case of a redemption of all outstanding notes in connection with a tax event or a rating agency event (each as defined below) and 0.750% in all other cases.

*Tax event* means the receipt by us of an opinion of counsel experienced in such matters to the effect that, as a result of any:

amendment to or change (including any officially announced proposed change) in the laws or regulations of the United States or any political subdivision or taxing authority of or in the United States that is enacted or effective on or after the date of issuance of the notes;

official administrative decision or judicial decision or administrative action or other official pronouncement (including a private letter ruling, technical advice memorandum or other similar pronouncement) by any court, government agency or regulatory authority interpreting or applying those laws or regulations that is announced on or after the date of issuance of the notes; or

threatened challenge asserted in connection with an audit of us, or a threatened challenge asserted in writing against any taxpayer that has raised capital through the issuance of securities that are substantially similar to the notes, which challenge is asserted against us or becomes publicly known on or after the date of issuance of the notes;

there is more than an insubstantial increase in the risk that interest payable by us on the notes is not, or within 90 days of the date of such opinion will not be, deductible by us, in whole or in part, for U.S. federal income tax purposes.

*Rating agency event* means that any nationally recognized statistical rating organization within the meaning of Section 3(a)(62) under the Securities Exchange Act of 1934, as amended (the *Exchange Act*) that then publishes a rating for us (a *rating agency*) amends, clarifies or changes the criteria it uses to assign equity credit to securities such as the notes, which amendment, clarification or change results in:

the shortening of the length of time the notes are assigned a particular level of equity credit by that rating agency as compared to the length of time they would have been assigned that level of equity credit by that rating agency or its predecessor on the issue date of the notes; or

the lowering of the equity credit (including up to a lesser amount) assigned to the notes by that rating agency as compared to the equity credit assigned by that rating agency or its predecessor on the issue date of the notes.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address. Unless we default in payment of the redemption price and accrued interest, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption.

We may not redeem the notes in part if the principal amount has been accelerated and such acceleration has not been rescinded or unless all accrued and unpaid interest, including deferred interest, has been paid in full on all outstanding notes for all interest periods terminating on or before the redemption date.

In the event of any redemption, neither we nor the trustee will be required to:

issue, register the transfer of, or exchange, notes during a period beginning at the opening of business 15 days before the day of selection for redemption of notes and ending at the close of business on the day of mailing of notice of redemption; or

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transfer or exchange any notes so selected for redemption, except, in the case of any notes being redeemed in part, any portion thereof not to be redeemed.

### **Defeasance**

The junior subordinated indenture provides that we will be deemed to have paid and discharged the entire indebtedness represented by the notes ( *defeasance* ), if:

we have irrevocably deposited or caused to be irrevocably deposited with the trustee as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the holders (i) cash, or (ii) U.S. government obligations, maturing as to principal and interest at such times and in such amounts as will insure the availability of cash or (iii) a combination thereof, sufficient, without reinvestment, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the trustee, to pay and discharge (a) the principal and interest on the notes and (b) any mandatory sinking fund payments or analogous payments applicable to the notes on the due dates thereof;

such deposit will not result in a breach or violation of, or constitute a default under, any agreement or instrument to which we are a party or by which we are bound;

we have delivered to the trustee an opinion of independent legal counsel satisfactory to the trustee to the effect that holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times, as would have been the case if such deposit, defeasance and discharge had not occurred;

no event of default or event which with notice or lapse of time or both would become an event of default with respect to the notes shall have occurred and be continuing on the date of such deposit;

such defeasance shall not cause the trustee to have a conflicting interest with respect to any of our securities or result in the trust arising from such deposit to constitute, unless it is qualified as, a regulated investment company under the Investment Company Act of 1940, as amended;

we have delivered to the trustee an opinion of counsel substantially to the effect that the trust funds deposited will not be subject to any rights of holders of senior indebtedness, and after the 90th day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; and

we have delivered to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent provided for relating to the defeasance have been complied with.

### **Subordination**

The payment of the principal of and interest on the notes is expressly subordinated, to the extent and in the manner set forth in the junior subordinated indenture, in right of payment to the prior payment in full of all of our senior indebtedness.

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Subject to the qualifications described below, the term *senior indebtedness* is defined in the junior subordinated indenture to include principal of, premium (if any) and interest on, and any other payment due pursuant to any of the following, whether incurred prior to, on or after the date of this prospectus supplement:

all of our obligations (other than obligations pursuant to the junior subordinated indenture and the notes) for money borrowed;

all of our obligations evidenced by securities, notes (other than the notes offered pursuant to this prospectus supplement), debentures, bonds or other similar instruments, including obligations incurred in connection with the acquisition of property, assets or businesses;

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all of our capital lease obligations;

all of our reimbursement obligations with respect to letters of credit, bankers' acceptances or similar facilities issued for our account;

all of our obligations issued or assumed as the deferred purchase price of property or services, including all obligations under master lease transactions pursuant to which we or any of our subsidiaries have agreed to be treated as owner of the subject property for U.S. federal income tax purposes;

all of our payment obligations under interest rate swap or similar agreements or foreign currency hedge, exchange or similar agreements at the time of determination, including any such obligations we incurred solely to act as a hedge against increases in interest rates that may occur under the terms of other outstanding variable or floating rate indebtedness of ours; and

all obligations of the types referred to in the preceding bullet points of another person and all dividends of another person the payment of which, in either case, we have assumed or guaranteed or for which we are responsible or liable, directly or indirectly, jointly or severally, as obligor, guarantor or otherwise.

The notes will rank senior to all of our equity securities.

The senior indebtedness will continue to be senior indebtedness and entitled to the benefits of the subordination provisions irrespective of any amendment, modification or waiver of any term of the senior indebtedness or extension or renewal of the senior indebtedness. Notwithstanding anything to the contrary in the foregoing, senior indebtedness will not include (1) obligations to trade creditors created or assumed by us in the ordinary course of business or (2) indebtedness that is by its terms subordinate, or not superior, in right of payment to the notes.

As of December 31, 2007, our short- and long-term debt ranking senior to the notes upon liquidation, on an unconsolidated basis, totaled approximately \$16.7 billion. All liabilities of our subsidiaries are effectively senior to the notes to the extent of the assets of such subsidiaries. As of December 31, 2007, our subsidiaries had total liabilities of approximately \$445 billion (including policyholders' account balance liability and reserves for future policy benefits and claims of approximately \$196 billion).

If either of the following circumstances exist, we will first pay all senior indebtedness, including any interest accrued after such events occur, in full before we make any payment or distribution, whether in cash, securities or other property, on account of the principal of or interest on the notes:

in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization, assignment for creditors or other similar proceedings or events involving us or our assets; or

(a) in the event and during the continuation of any default in the payment of principal, premium, if any, or interest on any senior indebtedness beyond any applicable grace period, (b) in the event that any event of default with respect to any senior indebtedness has occurred and is continuing, permitting the direct holders of that senior indebtedness (or a trustee) to accelerate the maturity of that senior indebtedness, whether or not the maturity is in fact accelerated (unless, in the case of either (a) or (b), the payment default or event of default has been cured or waived or ceased to exist and any related acceleration has been rescinded), or (c) in the event that any judicial proceeding is pending with respect to a payment default or event of default described in (a) or (b).

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In such events, we will pay or deliver directly to the holders of senior indebtedness any payment or distribution otherwise payable or deliverable to holders of the notes. We will make the payments to the holders of senior indebtedness according to priorities existing among those holders until we have paid all senior indebtedness, including accrued interest, in full.

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If such events of insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization, assignment for creditors or other similar proceedings or events involving us or our assets as described in the first bullet above occur, after we have paid in full all amounts owed on senior indebtedness, the holders of notes together with the holders of any of our other *pari passu* securities will be entitled to receive from our remaining assets any principal, premium or interest due at that time on the notes and such other obligations, subject to the limitation on payments of deferred and unpaid interest described under **Limitation on Claims in the Event of Our Bankruptcy, Insolvency or Receivership**, before we make any payment or other distribution on account of any of our capital stock or obligations ranking junior to the notes.

If we violate the junior subordinated indenture by making a payment or distribution to holders of the notes before we have paid all the senior indebtedness in full, then such holders of the notes will have to pay or transfer the payments or distributions to the trustee in bankruptcy, receiver, liquidating trustee or other person distributing our assets for payment of the senior indebtedness.

Because of the subordination provisions, if we become insolvent, holders of senior indebtedness may receive more, ratably, and holders of the notes having a claim pursuant to those securities may receive less, ratably, than our other creditors. This type of subordination will not prevent an event of default from occurring under the junior subordinated indenture in connection with the notes.

The junior subordinated indenture places no limitation on the amount of senior indebtedness that we may incur. We expect from time to time to incur additional indebtedness and other obligations constituting senior indebtedness.

### **Limitation on Claims in the Event of Our Bankruptcy, Insolvency or Receivership**

The junior subordinated indenture provides that each holder of notes, by that holder's acceptance of the notes, agrees that in certain events of our bankruptcy, insolvency or receivership prior to the redemption or repayment of the notes, whether voluntary or not, that holder of notes will have no claim for, and thus no right to receive, deferred and unpaid interest (including compounded interest thereon) to the extent the amount of such interest exceeds an amount equal to the earliest two years of accumulated and unpaid interest (including compounded interest thereon) on such holder's notes.

### **Denominations**

The notes will be issued only in registered form, without coupons, in denominations of \$1,000 each or multiples of \$1,000. We expect that the notes will be held in book-entry form only, as described under **Book-Entry System**, and will be held in the name of DTC or its nominee.

### **Limitation on Mergers and Sales of Assets**

The junior subordinated indenture generally permits a consolidation or merger between us and another entity. It also permits the conveyance, transfer or lease by us of all or substantially all of our property and assets. These transactions are permitted if:

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the resulting or acquiring entity, if other than us, is organized and existing under the laws of a domestic jurisdiction and expressly assumes by a supplemental indenture to the junior subordinated indenture the payment of all amounts due on the debt securities and performance of all the covenants in the junior subordinated indenture on our part to be performed or observed; and

certain other conditions as prescribed in the junior subordinated indenture are met.

If we consolidate or merge with or into any other entity or convey, transfer or lease all or substantially all of our assets according to the terms and conditions of the junior subordinated indenture, the resulting or acquiring entity will be substituted for us in such junior subordinated indenture with the same effect as if it had been an

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original party to the junior subordinated indenture. As a result, such successor entity may exercise our rights and powers under the junior subordinated indenture, in our name and, except in the case of a lease of all or substantially all of our properties and assets, we will be released from all our liabilities and obligations under the junior subordinated indenture and under the notes.

**Events of Default; Waiver and Notice**

The following events are *events of default* (and are the only events of default) with respect to the notes:

the failure to pay interest, including compounded interest, in full on any notes for a period of 30 days after the conclusion of a ten-year period following the commencement of any deferral period if such deferral period has not ended prior to the conclusion of such ten-year period;

the failure to pay principal on the notes when due, subject to the limitations described under [§147](#)