

PRUDENTIAL FINANCIAL INC  
Form 424B3  
November 01, 2005

**PRICING SUPPLEMENT NO. 98 DATED NOVEMBER 1, 2005**  
(To Prospectus dated March 21, 2005 and Prospectus Supplement dated April 29, 2005)

**Filed Under Rule 424(b)(3)**  
**Registration Statement Nos.**  
**333-123240, 333-123240-01 and 333-123240-02**

## **Prudential Financial, Inc.**

**\$30,000,000**

### **Inflation-Linked Retail Medium Term Notes Due November 2, 2020**

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This pricing supplement relates to \$30,000,000 principal amount of Inflation-Linked Retail Medium Term Notes, or the notes, of Prudential Financial, Inc. You should read this pricing supplement in conjunction with the Prospectus dated March 21, 2005 and Prospectus Supplement dated April 29, 2005. Unless otherwise defined herein, capitalized terms used herein have the meanings given to them in the accompanying prospectus, as supplemented.

We will pay interest on the notes on the first calendar day of each month, which we refer to as an Interest Payment Date, beginning December 1, 2005. Until December 1, 2005, the annual interest rate payable on the notes will be 5.875%. Thereafter, the annual interest rate will be equal to the Inflation Index Adjustment, which will be determined as described in this pricing supplement under Certain Note Terms, plus 2.00%, or 200 basis points. However, at no time will the annual interest rate for any interest payment period be less than zero.

We will base the Inflation Index Adjustment for each interest payment period on the percentage change in the U.S. Consumer Price Index, or CPI, as defined in this pricing supplement under Certain Note Terms. The Inflation Index Adjustment may be a positive or negative rate in any interest payment period. We will calculate the Inflation Index Adjustment monthly and reset the interest rate on the notes monthly.

The notes will mature and be payable at 100% of their principal amount on November 2, 2020, plus accrued and unpaid interest thereon to but excluding that date, and will not be subject to redemption prior to maturity. The notes will represent unsecured unsubordinated indebtedness of Prudential Financial, Inc. and will rank equally with its other unsecured unsubordinated indebtedness from time to time outstanding.

**Investing in the notes involves certain risks, including those described in the Additional Risk Factors section beginning on page PS-2 of this pricing supplement, the Risk Factors section beginning on page S-6 of the accompanying prospectus supplement, and the Notes Regarding Forward-Looking Statements and Certain Risks section beginning on page 3 of the accompanying prospectus.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this pricing supplement, the accompanying prospectus, or the prospectus supplement. Any representation to the contrary is a criminal offense.

	<u>Price to Public (1)</u>	<u>Purchasing Agent's Discount</u>	<u>Proceeds, Before Expenses, to Us (2)</u>
<b>Per Note</b>	100.00%	2.70%	97.30%
<b>Total</b>	\$ 30,000,000	\$ 810,000	\$ 29,190,000

(1) Plus accrued interest, if any, from November 1, 2005, if settlement occurs after that date.

(2) Net of accrued interest, if any, from November 1, 2005, if settlement occurs after that date.

The Agents expect to deliver the notes in book-entry form only, through the facilities of The Depository Trust Company, New York, New York, on or about November 1, 2005.

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***MORGAN STANLEY***

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## ADDITIONAL RISK FACTORS

*You should carefully consider the following discussion of risks, and the other information provided and incorporated by reference in this pricing supplement and the accompanying prospectus and prospectus supplement. The notes will not be an appropriate investment for you if you are not knowledgeable about significant features of the notes, about our financial condition, operations and business or financial matters in general. You should not purchase the notes unless you understand, and know that you can bear, these risks.*

### **Historical changes in the CPI are not necessarily indicative of future changes.**

Movements in the CPI that have occurred in the past are not necessarily indicative of changes that may occur in the future, which may be wider or more confined than those that have occurred historically. As reported by the Bureau of Labor Statistics of the U.S. Department of Labor, the CPI is a measure of the average change in consumer prices over time in a fixed market basket of goods and services. In calculating the CPI, price changes for the various items are averaged together with weights that represent their relative importance in the spending of urban households in the United States. The contents of the market basket of goods and services and the weights assigned to the various items are updated periodically to take into account changes in consumer expenditure patterns. Changes in the level of the CPI are a function of the changes in specified consumer prices over time, which result from the interaction of many factors that we, the agents and their affiliates do not control and cannot foresee. In addition, changes in the way the CPI is calculated could reduce the level of the CPI and lower the interest payments with respect to the notes. Investors should not rely on any historical changes or trends in the CPI as an indicator of future changes in the CPI. Changes in the CPI will impact the rate of interest payable on the notes but it is impossible to predict whether the level of the CPI will rise or fall.

### **During periods of reduced inflation or deflation, the interest rate applicable to the notes for any interest payment period could be lower than 2.00% and as low as zero.**

During periods of reduced inflation, the amount of interest payable on the notes will decrease. Therefore, if the Inflation Index Adjustment were to decrease to 1.00% based on the observed change in the CPI, for example, the interest rate in that period would be 2.00% above the Inflation Index Adjustment, or 3.00%. In a period of deflation, the Interest Index Adjustment would be negative, which then could result in an interest rate below 2.00% and as low as zero. For example, if the Inflation Index Adjustment were -1.00%, the interest rate in that period would be 1.00%, and if the Inflation Index Adjustment were -2.00%, the interest rate in that period would be zero. The calculation of the Inflation Index Adjustment in respect of the CPI incorporates an approximate three-month lag, as described under **Certain Note Terms Ref CPI**, which will affect the amount of interest payable on the notes and may have an impact on the trading prices of the notes, particularly during periods of significant and rapid changes in the CPI.

### **The yield on the notes may be lower than the yield on a standard debt security of comparable maturity.**

The amounts we will pay you on Interest Payment Dates and the Maturity Date may be less than the return you could have earned on other investments. Because the level of the CPI as of each Interest Payment Date may be less than, equal to or only somewhat greater than its value as of the previous Interest Payment Date, and because interest payments after December 1, 2005 are determined by the level of the CPI, the effective yield to maturity on the notes may be less than that which would be payable on a conventional fixed-rate, non-callable debt security of Prudential Financial, Inc. of comparable maturity.

In addition, any such return may not fully compensate you for any opportunity cost to you when other factors relating to the time value of money are taken into account.

**We are acting as the calculation agent for the notes, which could result in a conflict of interest.**

Because we are acting as the calculation agent for the notes, potential conflicts of interest may exist between us and you, including with respect to certain determinations and judgments that we as calculation agent must make in determining amounts due to you.

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**CERTAIN NOTE TERMS**

1. Aggregate Original Principal Amount: \$30,000,000
2. Issue Date: November 1, 2005
3. Maturity Date: November 2, 2020
  - a. Amount Payable on the Maturity Date: 100% of principal amount, plus accrued and unpaid interest thereon to but excluding that date
4. Interest Category: Floating Rate Notes
5. Trustee: Citibank, N.A.
6. Calculation Agent: Prudential Financial, Inc.
7. Purchasing Agent: Morgan Stanley & Co. Incorporated
8. Interest:
  - a. Frequency of Interest Payments: Monthly, with an initial interest payment period from and including the Issue Date to but excluding December 1, 2005
  - b. Interest Payment Dates: The 1<sup>st</sup> calendar day of each month, commencing December 1, 2005, or if such date is not a Business Day, the next succeeding Business Day
  - c. Final Interest Payment Period: From and including October 1, 2020, to but excluding the Maturity Date
  - d. Interest Rate: Until December 1, 2005, the Initial Interest Rate; thereafter, the Inflation Index Adjustment + Spread, subject to the Minimum Interest Rate Limitation
  - e. Initial Interest Rate: 5.875%
  - f. Day Count: Actual/Actual
  - g. Inflation Index Adjustment: The Inflation Index Adjustment (expressed as a percentage per year) for an interest payment period will be calculated as follows:

$$\text{Inflation Index Adjustment} = (\text{Ref CPI}_n - \text{Ref CPI}_{n-12}) / \text{Ref CPI}_{n-12}$$

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The Inflation Index Adjustment will be expressed as a percentage, rounded to the nearest one-hundredth of one percent. All percentages resulting from any intermediate calculation on the notes will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with .000005% rounded up to .00001%. All coupon amounts used in or resulting from such calculation on the notes will be rounded to the nearest one-hundredth of a percentage point, with .0005% rounded up to .001%.

- h. Spread: 2.00% over Inflation Index Adjustment
  
- i. Interest Reset Date: The first day of each month beginning December 1, 2005

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j. Interest Determination Date: The 5<sup>th</sup> business day preceding each Interest Reset Date

k. Minimum Interest Rate Limitation: Zero per year for each interest payment period

*Definition.* CPI means the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers, which is published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor, as reported on Bloomberg page CPURNSA or any successor service.

Ref CPI<sub>n</sub> = As to any Interest Reset Date, the level of CPI for the third calendar month (the Reference Month) preceding the month in which that Interest Reset Date occurs, as reported in the second calendar month prior to such Interest Reset Date.

Ref CPI<sub>n-12</sub> = As to any Interest Reset Date, the level of CPI for the 12th calendar month preceding the relevant Reference Month

*Example.* For example, for the Interest Payment Period from and including December 1, 2005 to but excluding January 1, 2006, CPI<sub>n</sub> will be 198.8, the CPI for September 2005 (the Reference Month), and Ref CPI<sub>n-12</sub> will be 189.9, the CPI for September 2004 (which is the CPI for the 12<sup>th</sup> calendar month preceding the Reference Month). The rate at which interest will be paid for that period will be calculated as follows:

Inflation Index Adjustment =

$$= (\text{Ref CPI}_n - \text{Ref CPI}_{n-12}) / \text{Ref CPI}_{n-12}$$

$$= (198.8 - 189.9) / 189.9$$

$$= .04687$$

Spread = 2.00%

$$\text{Interest Rate} = .04687 + .0200 = .06687 = 6.687\%$$

9. Survivor's Option: YES

10. Further Issuances

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Prudential Financial, Inc. may, from time to time, without the consent of the existing holders, issue additional notes with the same terms as the notes, except for the issue date, issue price, initial interest accrual date and, depending on the issue date, the initial interest payment date. Any such additional notes will bear the same CUSIP number and be fungible with the notes offered by this pricing supplement.

11. CUSIP Number: 74432RAB9

Initial trades settle flat and clear SDFS: DTC Book Entry only, DTC number 050, via Morgan Stanley & Co. Incorporated.

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### THE CONSUMER PRICE INDEX

The consumer price index is the non-seasonally adjusted U.S. City Average All Items Consumer Price Index published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor. The Bureau of Labor Statistics makes available almost all consumer price index data and press releases immediately at the time of release. This material may be accessed electronically by means of the Bureau of Labor Statistics home page on the Internet at <http://www.bls.gov>.

According to the publicly available information provided by the Bureau of Labor Statistics, the consumer price index is a measure of the average change in consumer prices over time in a fixed market basket of goods and services, including food, clothing, shelter, fuels, transportation, drugs and charges for the services of doctors and dentists. User fees (such as water and sewer service) and sales and excise taxes paid by the consumer are also included. Income taxes and investment items such as stocks, bonds and life insurance are not included. The consumer price index includes expenditures by urban wage earners and clerical workers, professional, managerial and technical workers, the self-employed, short-term workers, the unemployed, retirees and others not in the labor force. In calculating the consumer price index, price changes for the various items are averaged together with weights that represent their significance in the spending of urban households in the United States. The contents of the market basket of goods and services and the weights assigned to the various items are updated periodically to take into account changes in consumer expenditure patterns. The consumer price index is expressed in relative terms based on a reference period for which the level is set at 100 (currently the base reference period used by the Bureau of Labor Statistics is 1982-1984). For example, because the CPI for the 1982-1984 reference period is 100, an increase of 16.5 percent from that period would be shown as 116.5.

The Bureau of Labor Statistics has made numerous technical and methodological changes to the consumer price index over the last 25 years, and it is likely to continue to do so. Examples of recent methodological changes include:

- the use of regression models to adjust for the quality improvements in various goods (televisions, personal computers, etc.);

- the introduction of geometric averages to account for consumer substitution within consumer price index categories; and

- changing the housing/shelter formula to improve rental equivalence estimation.

These changes and any future changes could reduce the level of the consumer price index and therefore lower the interest payable on the notes.

The Bureau of Labor Statistics occasionally rebases the consumer price index. The current standard reference base period is 1982-1984 = 100. The consumer price index was last rebased in January 1988. Prior to the release of the consumer price index for January 1988, the standard reference base was 1967 = 100. If the Bureau of Labor Statistics rebases the consumer price index during the time the notes are outstanding, the calculation agent will continue to calculate inflation using the existing base year in effect for the consumer price index at the time of issuance of the notes as long as the old consumer price index is still published. The conversion to a new reference base does not affect the measurement of the percent changes in a given index series from one time period to another, except for rounding differences. Thus, rebasing might affect the published headline number often quoted in the financial press; however, the inflation calculation for the notes should not be adversely affected by any such

rebased because the old-based consumer price index can be calculated by using the percent changes of the new rebased consumer price index to calculate the levels of the old consumer price index (because the two series should have the same percentage changes).

The notes represent obligations of Prudential Financial, Inc. only. The U.S. government is not involved in any way in this offering and is under no obligation relating to the notes or to the holders of the notes.

*CPI Contingencies.* If the CPI for a particular month is revised, the previously reported CPI will continue to be used to calculate interest payments on the notes.

The interest rate for the notes during the initial interest payment period from and including the issue date to but excluding the initial interest reset date will be 5.875% per annum. In no case will the interest rate for the notes for any monthly interest payment period be less than the minimum interest rate of 0.00% per annum or more than the maximum interest rate of 100% per annum. The amount of interest payable on the notes on each interest payment date will be calculated on an actual/actual day count basis. If the CPI for a particular month is revised, the previously reported CPI will continue to be used to calculate interest payments on the notes.

If by 3:00 p.m. on any interest determination date the CPI is not published on Bloomberg CPURNSA for any relevant month, but has otherwise been published by the Bureau of Labor Statistics, the calculation agent will determine the CPI as reported by the Bureau of Labor Statistics for such month using such other source as on its face appears to accurately set forth the CPI as reported by the Bureau of Labor Statistics.

In calculating  $CPI_n$  and  $CPI_{n-12}$ , the calculation agent will use the most recently available value of the CPI determined as described above on the applicable interest determination date, even if such value has been adjusted from a prior reported value for the relevant month. However, if a value of  $CPI_n$  and  $CPI_{n-12}$  used by the calculation agent on any interest reset date to determine the interest rate on the notes (an initial CPI) is subsequently revised by the Bureau of Labor Statistics, the calculation agent will continue to use the initial CPI, and the interest rate determined on such interest determination date will not be revised.

If the CPI is rebased to a different year or period and the 1982-1984 CPI is no longer used, the base reference period for the notes will continue to be the 1982-1984 reference period as long as the 1982-1984 CPI continues to be published.

If, while the notes are outstanding, the CPI is discontinued or substantially altered, as determined by the calculation agent in its sole discretion, the calculation agent will determine the interest rate on the notes by reference to the applicable substitute index that is chosen by the Secretary of the Treasury for the Department of The Treasury's Inflation-Linked Treasuries as described at 62 Federal Register 846-874 (January 6, 1997) or, if no such securities are outstanding, the substitute index will be determined by the calculation agent in accordance with general market practice at the time; provided that the procedure for determining the resulting interest rate is administratively acceptable to the calculation agent.

The following table sets forth the CPI from January 2000 to September 2005, as reported by the Bureau of Labor Statistics of the U.S. Department of Labor.

<b>Month</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
January	190.7	185.2	181.7	177.1	175.1	168.8
February	191.8	186.2	183.1	177.8	175.8	169.8
March	193.3	187.4	184.2	178.8	176.2	171.2
April	194.6	188.0	183.8	179.8	176.9	171.3
May	194.4	189.1	183.5	179.8	177.7	171.5
June	194.5	189.7	183.7	179.9	178.0	172.4
July	195.4	189.4	183.9	180.1	177.5	172.8
August	196.4	189.5	184.6	180.7	177.5	172.8
September	198.8	189.9	185.2	181.0	178.3	173.7
October		190.9	185.0	181.3	177.7	174.0
November		191.0	184.5	181.3	177.4	174.1
December		190.3	184.3	180.9	176.7	174.0

As previously stated, movements in the CPI that have occurred in the past are not necessarily indicative of changes that may occur in the future, which may be wider or more confined than those that have occurred historically.

After December 1, 2005, the interest payable on the notes on any Interest Payment Date will be reduced in the event that the CPI used to calculate the interest then payable on the notes is less than the CPI used to calculate the interest payable on the notes on the preceding Interest Payment Date.

#### CERTAIN UNITED STATES

#### FEDERAL INCOME TAX CONSEQUENCES

For a description of the U.S. federal income tax considerations relating to the notes, see Certain United States Federal Income Tax Consequences in the accompanying prospectus supplement. The special features of the notes are not expected to alter the tax treatment described therein.

#### SUPPLEMENTAL PLAN OF DISTRIBUTION

An affiliate of the underwriter is entering into an interest rate swap with us in connection with this offering and will receive compensation in connection with that transaction.