

PRUDENTIAL FINANCIAL INC

Form 10-K/A

March 16, 2006

Table of Contents

---

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

---

**FORM 10-K/A**  
**AMENDMENT NO. 1**

(MARK ONE)

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

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

**OR**

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

**FOR THE TRANSITION PERIOD FROM            TO**

**COMMISSION FILE NUMBER 001-16707**

---

**Prudential Financial, Inc.**

(Exact Name of Registrant as Specified in its Charter)

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

**751 Broad Street**

**Newark, New Jersey 07102**

**(973) 802-6000**

(Address and Telephone Number of Registrant's Principal Executive Offices)

**22-3703799**  
(I.R.S. Employer Identification Number)

Edgar Filing: PRUDENTIAL FINANCIAL INC - Form 10-K/A

**SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:**

<b>Title of Each Class</b>	<b>Name of Each Exchange on Which Registered</b>
Common Stock, Par Value \$.01	New York Stock Exchange

(including Shareholder Protection Rights)

**SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of June 30, 2005, the aggregate market value of the registrant's Common Stock (par value \$0.01) held by non-affiliates of the registrant was \$33.71 billion and 513 million shares of the Common Stock were outstanding. As of January 31, 2006, 495 million shares of the registrant's Common Stock (par value \$0.01) were outstanding. As of June 30, 2005, and January 31, 2006, 2 million shares of the registrant's Class B Stock, for which there is no established public trading market, were outstanding and held by non-affiliates of the registrant.

**DOCUMENTS INCORPORATED BY REFERENCE**

**Certain of the information required to be furnished pursuant to Part III of Form 10-K is set forth in, and is hereby incorporated by reference herein from, Exhibit 99.1 to this Amendment No. 1 on Form 10-K/A.**

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page Number</b>
<b><u>EXPLANATORY NOTE</u></b>	2
PART III    Item 10. <u>Directors and Executive Officers of the Registrant</u>	3
Item 11. <u>Executive Compensation</u>	3
Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	4
Item 13. <u>Certain Relationships and Related Transactions</u>	5
Item 14. <u>Principal Accounting Fees and Services</u>	5
PART IV    Item 15. <u>Exhibits, Financial Statement Schedules</u>	5
<b><u>SIGNATURES</u></b>	6

**EXPLANATORY NOTE**

In its Annual Report on Form 10-K for the year ended December 31, 2005 filed with the Securities and Exchange Commission on February 28, 2006 (the "Original Filing"), Prudential Financial, Inc. ("Prudential Financial"), pursuant to General Instruction G to Form 10-K, provided certain of the information required by Items 10 through 14 of Part III of Form 10-K by incorporating by reference portions of the definitive proxy statement for Prudential Financial's May 9, 2006 Annual Meeting of Shareholders to be filed by Prudential Financial with the Securities and Exchange Commission pursuant to Regulation 14A (the "Definitive Proxy Statement"). Prudential Financial is filing this Amendment No. 1 on Form 10-K/A (this "Amendment") to amend the Original Filing solely in order to provide such Part III information in advance of the filing of the Definitive Proxy Statement. All other Items of the Original Filing are unaffected by this Amendment and such Items have not been included in this Amendment. Except as otherwise noted, information included in this Amendment is stated as of December 31, 2005 and does not reflect any subsequent information or events. All references in this Amendment to the "Annual Report on Form 10-K" refer to the Original Filing.

**Table of Contents**

*Throughout this Annual Report on Form 10-K/A, Prudential Financial and the Registrant refer to Prudential Financial, Inc., the ultimate holding company for all of our companies. Prudential Insurance refers to The Prudential Insurance Company of America, before and after its demutualization on December 18, 2001. Prudential, the Company, we and our refer to our consolidated operations before and after demutualization.*

**PART III**

**ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

We have adopted a code of business conduct and ethics, known as Making the Right Choices, which applies to our Chief Executive Officer, Chief Financial Officer and our Principal Accounting Officer, as well as to our directors and all other employees. Making the Right Choices is posted on our website at [www.investor.prudential.com](http://www.investor.prudential.com). Our code of business conduct and ethics, any amendments and any waiver granted to any of our directors or executive officers are available free of charge on our website at [www.investor.prudential.com](http://www.investor.prudential.com) and in print to any shareholder who requests it from our Shareholder Services department, whose contact information is provided in Item 15.

In addition, we have adopted Corporate Governance Guidelines, which we refer to as our Corporate Governance Principles and Practices. Our Corporate Governance Principles and Practices are available free of charge on our website at [www.investor.prudential.com](http://www.investor.prudential.com) and in print to any shareholder who requests them from our Shareholder Services department, whose contact information is provided in Item 15.

Certain other information called for by this item is hereby incorporated herein by reference to the sections entitled Item 1 Election of Directors, Compliance with Section 16(a) of the Exchange Act, Committees of the Board of Directors Audit Committee and Report of the Audit Committee (except to the extent that portions of such report are permitted by SEC rules not to be so incorporated) of the document attached as Exhibit 99.1 to this Amendment No. 1 on Form 10-K/A (the Proxy Statement Disclosures), which Proxy Statement Disclosures will form part of the Registrant's definitive proxy statement for the Annual Meeting of Shareholders to be held on May 9, 2006, to be filed by the Registrant with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after December 31, 2005. Additional information called for by this item is contained in Item 1C of the Annual Report on Form 10-K under the caption Executive Officers of the Registrant.

**ITEM 11. EXECUTIVE COMPENSATION**

The information called for by this item is hereby incorporated herein by reference to the sections entitled Committees of the Board of Directors, Compensation of Directors, Compensation Committee Report on Executive Compensation, Compensation of Executive Officers, Summary Compensation Table, Retirement Plans, Prudential Severance and Senior Executive Severance Plan; Change of Control Program, Long-Term Compensation Table Grants in 2005, Option Grant Table Grants in 2005 and Performance Graph in the Proxy Statement Disclosures. Additional information called for by this Item is contained in Item 12.

**Table of Contents****ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table provides information as of December 31, 2005, regarding securities issued under our equity compensation plans that were in effect during fiscal 2005. All outstanding awards relate to our Common Stock. For additional information about our equity compensation plans see Note 15 to the Consolidated Financial Statements included in the Annual Report on Form 10-K.

	(a)	(b)	(c)
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in (a))
Equity compensation plans approved by security holders Omnibus Plan Stock Options	20,408,324	\$ 38.73	(1)
Equity compensation plans approved by security holders Omnibus Plan Restricted Stock and Restricted Stock Units	3,638,924	N/A	(1)
Equity compensation plans approved by security holders Omnibus Plan Performance Shares(2)	1,139,696	N/A	(1)
Total equity compensation plans approved by security holders Omnibus Plan	25,186,944	N/A	50,858,478
Equity compensation plans approved by security holders Board of Directors(3)	N/A	N/A	431,782
Total equity compensation plans approved by security holders	25,186,944	N/A	51,290,260
Equity compensation plans not approved by security holders MasterShare(4)	183,135	N/A	497,274
Grand Total	25,370,079	N/A	51,787,534

- (1) All shares of Common Stock subject to awards under the Prudential Financial, Inc. Omnibus Incentive Plan (the Omnibus Plan ) may be issued in the form of stock options, restricted stock and units, and performance shares (as well as stock appreciation rights, long-term incentive payments and other awards provided for under the Omnibus Plan). The Omnibus Plan does not, by its terms, allocate any number of shares to a particular type of award.
- (2) These performance shares are the target amount awarded, reduced for cancellations and releases to date. The actual number of shares the Compensation Committee will award at the end of each performance period will range between 50% and 150% of this target based upon a measure of the reported performance of the Company s Financial Services Businesses relative to stated goals.
- (3) A maximum of 500,000 shares may be issued under the Prudential Financial Deferred Compensation Plan for Non-Employee Directors, 100,000 of which have been registered on Form S-8. Participants in the Plan may receive shares of Common Stock as distributions under the Plan upon their termination of service on the Board. In 2005 and 2004, 13,168 and 42,630 shares of Common Stock, respectively, were distributed to former participants of the Plan upon their retirement from the Board, leaving a balance of 431,782 shares of Common Stock available for future distribution. The Company will register additional shares on Form S-8 in the future, if necessary.
- (4) The equity compensation plan referred to is the 2002 Prudential Financial Stock Purchase Program for Eligible Employees of Prudential Securities Incorporated Participating in Various Prudential Securities Incorporated Programs, adopted by the Prudential Securities Board of Directors in April 2002 (the 2002 MasterShare Conversion Program ), and for which 12,775,000 shares of restricted Common Stock were

**Table of Contents**

registered on Form S-8 by the Company in May 2002. The 2002 MasterShare Conversion Program provided participants in various compensation programs sponsored by Prudential Securities the opportunity to exchange restricted property held under such programs for shares of Prudential Financial restricted Common Stock. Upon the consummation of the Prudential Securities/Wachovia transaction, the 2002 MasterShare Conversion Program was suspended, and the majority of the unissued shares were deregistered under a Post-Effective Amendment to Form S-8 effective March 28, 2003. In 2003, Prudential Financial also registered additional shares of Common Stock for a new program to be effective in 2003. However, as a result of the transaction, no share exchanges were permitted, and the entire amount of shares registered under the 2003 program (6,000,000 shares) was also deregistered through a Post-Effective Amendment to Form S-8 on March 28, 2003.

The other information called for by this item is hereby incorporated herein by reference to the sections entitled "Voting Securities and Principal Holders Thereof" in the Proxy Statement Disclosures.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The information called for by this item is hereby incorporated herein by reference to the section entitled "Certain Relationships and Related Transactions" in the Proxy Statement Disclosures.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information called for by this item is hereby incorporated herein by reference to the section entitled "Item 2 - Ratification of the Appointment of Independent Auditor" in the Proxy Statement Disclosures.

**PART IV**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

3. Exhibits:

24.1 Powers of Attorney.

31.1 Section 302 Certification of the Chief Executive Officer.

31.2 Section 302 Certification of the Chief Financial Officer.

99.1 Proxy Statement Disclosures.

Prudential Financial, Inc. will furnish upon request a copy of any exhibit listed above upon the payment of a reasonable fee covering the expense of furnishing the copy. Requests should be directed to:

Shareholder Services

Prudential Financial, Inc.

751 Broad Street, 6th Floor

Newark, New Jersey 07102

Table of Contents

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Newark, and state of New Jersey, on the 16<sup>th</sup> day of March, 2006.

Prudential Financial, Inc.

By: /s/ RICHARD J. CARBONE  
Name: **Richard J. Carbone**

Title: **Senior Vice President**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 16, 2006:

Name	Title
/s/ ARTHUR F. RYAN <b>Arthur F. Ryan</b>	Chairman, Chief Executive Officer, President and Director
/s/ RICHARD J. CARBONE <b>Richard J. Carbone</b>	Chief Financial Officer (Principal Financial Officer)
/s/ DENNIS G. SULLIVAN <b>Dennis G. Sullivan</b>	Vice President (Principal Accounting Officer)
/s/ FREDERIC K. BECKER* <b>Frederic K. Becker</b>	Director
/s/ GORDON M. BETHUNE* <b>Gordon M. Bethune</b>	Director
/s/ GASTON CAPERTON* <b>Gaston Caperton</b>	Director
/s/ GILBERT F. CASELLAS* <b>Gilbert F. Casellas</b>	Director
/s/ JAMES G. CULLEN* <b>James G. Cullen</b>	Director
/s/ WILLIAM H. GRAY, III* <b>William H. Gray, III</b>	Director

Edgar Filing: PRUDENTIAL FINANCIAL INC - Form 10-K/A

**William H. Gray, III**

/s/ JON F. HANSON\* Director

**Jon F. Hanson**

/s/ CONSTANCE J. HORNER\* Director

**Constance J. Horner**

/s/ KARL J. KRAPEK\* Director

**Karl J. Krapek**

/s/ JAMES A. UNRUH\* Director

**James A. Unruh**

By:\* /s/ RICHARD J. CARBONE  
**Attorney-in-fact**



**Table of Contents**

**EXHIBIT INDEX**

**Exhibit Number and Description**

24.1	Powers of Attorney.
31.1	Section 302 Certification of the Chief Executive Officer.
31.2	Section 302 Certification of the Chief Financial Officer.
99.1	Proxy Statement Disclosures.