

## On The Cover

Prudential provides diverse and wide-ranging financial protection to millions in the U.S. and abroad, in remote regions and bustling cities. Bathed in pale Arctic light is the town of Nanisivik on Baffin Island, in the eastern part of the Canadian Northwest territories. Prudential's group insurance covers the life and health needs of the villagers who work in the Nanisivik Mines. Reflecting the golden rays of the southern sun is the First International Building in Dallas, a real estate joint venture of the First International Bank in Dallas and Prudential.

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## Serving Diverse Needs

More than 50 million people rely on Prudential products to meet their life, health, auto, home, and retirement income insurance needs. In addition to providing financial protection for individuals and groups, Prudential and its subsidiaries offer this wide range of services:

## **Individual Insurance**

- Corporate Pension and Keogh Plans
- Group Plans for Small Businesses
- Estate Conservation
- Personal Financial Planning

### **Group Insurance**

- Administrative services for uninsured programs
- Second Opinion Surgical Program for contractholders
- Management of Health Maintenance Organizations

## **Group Pensions**

- Pension products and separate accounts invested in real estate, common stocks, and public and private debt securities.
- Discretionary management of pension assets

### Investments

- Intermediate and long-term financing for corporations
- Mortgages
- Real estate bought and developed
- · Real estate joint ventures

## **Subsidiary Services**

- Property and casualty surplus lines coverage through Dryden & Company, Inc.
- Property and casualty reinsurance through Prudential Reinsurance Company
- Lease, loan, and inventory supply programs for utility and industrial corporations through PruLease, Inc. and its subsidiaries
- Auto, home, dwelling fire, and personal catastrophe liability insurance through Prudential Property and Casualty Insurance Company.

The Year at a Glance	1978		1977
		(In Millions)	
Total life insurance sales	44,235		43,556
Life insurance in force	330,364		294,404
Total premium income	7,709		7,072
Net investment income	3,273		2,840
Paid or credited to policy- owners and beneficiaries	6,151		5,577
Benefits paid or credited on accident and health policies	1,780		1,639
Federal income taxes	366		286
Total assets	50,054		46,424
Yield on General Account portfolio (after expenses, excluding capital gains and losses and before Federal income taxes)	7.44%		7.02%

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## **A Year Of Accomplishment**

Prudential became the first insurer to reach the \$50 billion mark in total assets. In 1978 Prudential had a strong year of performance in serving the financial needs of individuals and business communities in the U.S. and Canada.

New records were set on all fronts sales, assets, investment income, and rate of return. All major subsidiaries continued their healthy growth patterns, each setting new earnings records.

Prudential's accomplishments in meeting the financial security needs of families are well known. Tens of millions of Americans and Canadians have helped assure their financial future by getting "a piece of the Rock."

The business community has also turned to Prudential to service its financial needs. We have the capacity and the investment specialists to tailor an effective financial package for businesses in need of debt and equity capital, whether through corporate instruments or real estate financing.

Most businesses need a coherent package of employee benefits to effectively address the needs of current employees and to attract new ones. Prudential has had long experience in providing innovative employee benefit options, with special emphasis on quality, speed, and economy of service.

In 1978 Prudential's group life in force exceeded that of individual policies, underscoring the growing importance

of this product to American business. The list of companies turning to Prudential is most impressive: today about 25 percent of *Fortune* top-ranked companies hold Prudential group coverage.

Not only have traditional group health insurance needs been provided, but innovative techniques have been developed for servicing and controlling group health costs — such as second opinion surgical programs, management of health maintenance organizations, and the administration of uninsured programs of large employers. Prudential has developed the finest and most extensive computerized claim system in the insurance industry to efficiently process the group health claims of our customers.

### **Pension Plans**

Prudential has developed a unique capacity to handle the varying pension plan requirements of employers, unions, and associations. As a result of innovative research by our pension and investment teams, we have, in recent years, introduced separate portfolios for pension funding by life insurance companies, developed the first commingled real estate portfolio for pension plan participation, added a commingled private placement bond account, as well as a publicly traded account, common stock accounts with varying objectives, and a short-term investment account. We also offer a discretionary investment management service which determines an investment strategy to meet the particular objectives of a pension fund.

ERISA has impinged significantly on the design and administration of pension plans. Prudential's experience and staff expertise have been of particular value to new and continuing pension clients in complying with ERISA's complications, while providing a favorable yield on funds deposited.

During 1978 Prudential continued to pump billions of dollars into the economies of the U.S. and Canada. Two-thirds of the almost \$6 billion invested in 1978 went into corporate securities; the remainder was invested in mortgages and real estate. While Prudential uses its capacity to make very large loans to industry, we also are a source of long-term financing for small and medium-sized firms.

The Standard & Poor's Index of 500 Stocks rose 1.1 percent for the year, with a total return of 6.5 percent including dividends. The Prudential portfolios, on average, showed a 10.3 percent return.

## Insurance Sales

Sales of individual life insurance were strong, up 11 percent in face amount from 1977. We continue to develop new approaches for special pension and small group services, as well as an expanded estate analysis program for those with substantial assets who want to safeguard their families' financial security. Specialized programs have been developed for business owners.

The progress of our subsidiaries has been gratifying. The Prudential Property and Casualty Insurance Company continued its steady growth and increased its net personal lines premium volume by 16 percent over 1977. Net operating income before capital gains and Federal income taxes was \$2.4 million in 1978.

Prudential Reinsurance Company increased its premium volume by \$78 million to \$315 million, with operating profits before taxes of \$35 million.

PruLease enjoyed pre-tax earnings of almost \$18 million, 24 percent ahead of the previous year. PruLease, a leading lessor of nuclear fuel, vehicle fleets,



Members of Prudential's Executive Office (counterclockwise from lower left): Robert A. Beck, chairman and chief executive officer; David J. Sherwood, president; Frank J. Hoenemeyer, executive vice president (Investments); John K. Kittredge, executive vice president (Group and Diversified Operations); Robert C. Winters, executive vice president (Administration); and Duncan Macfarlan, executive vice president (Individual Insurance Marketing).

and heavy construction equipment, also provides a broad range of lease, loan, and inventory supply programs to utilities and industry.

## **Total Assets**

From a small single-product company in 1875, Prudential has evolved into a multi-line, increasingly international insurance company, large and diverse enough to innovate and pioneer in ways that other financial institutions have not attempted.

In 1978 our assets reached \$50 billion, but our real strength is measured by

our willingness to adapt and readapt our organization and products to meet the changing needs of our policyowners and customers.

The years ahead will present many challenges, but we believe Prudential has never been as solidly placed as we are today. We are well ahead of the competition in our traditional investment, insurance, and pension markets; we have established ourselves as a force to be reckoned with in property and casualty insurance and reinsurance; and we are well positioned to take advantage of opportunity on many fronts.

We look forward to the challenge.

Robert a. Back

Chairman and Chief Executive Officer

President

## Individual Insurance

The face amount of individual life sales was a record \$26 billion, an 11 percent increase over 1977. More than 50 million people in the U.S., Canada, and parts of Europe and the Far East rely on Prudential to meet their life, health, pension, and property and casualty insurance needs.

In addition to providing financial protection for millions of families, Prudential also serves the special needs of individuals in the business and professional communities. Among the services offered are personal financial planning, programs for the protection of business interests, and estate conservation methods.

## Sales Growth Strong

Individual life and health insurance sales by Prudential's nearly 24,000 agents throughout the U.S. and parts of Canada showed substantial growth in 1978. By year-end, the Company's in-

dividual life insurance in force totaled \$156 billion, a rise of 8 percent over 1977.

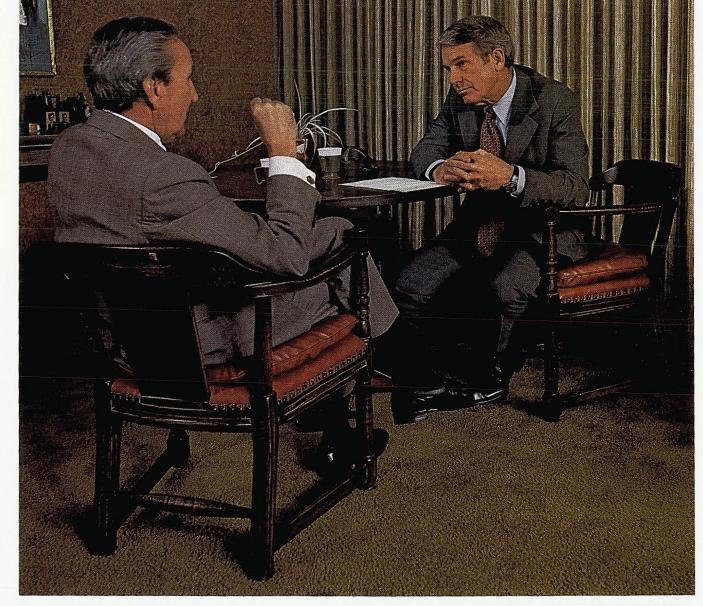
The marketing highlights for the year:

- Face amount of individual life sales rose to a record \$26 billion, an 11 percent increase over 1977.
- New individual life premiums totaled over \$342 million, up 6 percent.
- New health premiums totaled \$101 million, a 3 percent increase over 1977.
- Net written premium on individual personal lines of property and casualty insurance was \$438 million, a 16 percent increase over 1977.
- Surveys conducted in 1978 by independent research firms revealed that

public recall of Prudential life insurance advertising exceeds recall of the advertising of the next four life insurance companies combined.

## Individualized Services Provided

Prudential's special pension and small group services meet a variety of diverse needs. Corporate Pension Plans, which provide retirement benefits for employees of corporations, offer favorable Federal income tax treatment to the contributing corporate employer and to participating employees. Prudential's Keogh plans assist employers in unincorporated businesses to provide for their employee retirement needs. The Company offers three kinds of Internal Revenue Serviceapproved Keogh plans and a comprehensive administrative service for both Keogh and Corporate plans. At



In Houston, Special Agent Jack Dulworth, CLU (r) discusses insurance with client Bill Lane, president and chief executive officer of Riviana Foods, Inc. and chairman of the Augusta National Golf Club and Masters Golf Classic. Setting the pace for Prudential's Ordinary Agencies for the third consecutive year, Dulworth established a new Company record in 1978 with more than \$25 million in sales.



In Miami, top District Agent Travis Young Jr. (c) visits with the Gerald Goldschlagers, a policyowner family. Young, of the Coral Gables District, led the District Agencies sales force for the second time in three years. He offers his clients complete multi-lines service, with more than half of the policies he sold providing coverage for automobiles or homes through **Prudential Property** and Casualty Insurance Company.

year-end 1978, nearly a quarter of a million individuals were covered by Prudential's tax-qualified individual pension programs.

In addition to offering personalized retirement programs, Prudential helps owners of small businesses to meet to safeguard their families' financial security. Using the Computerized Estate Conservation Analysis, the Prudential agent studies the client's personal and business objectives, determines the nature of the client's assets, and obtains a computerized plan which enables the agent to make an

## Through a variety of special programs, Prudential serves business owners, executives, professionals, and dual-income families.

their special insurance needs. Prudential's Group Security and Employee Benefits Programs enable business persons who employ fewer than 50 individuals to obtain insurance benefits for themselves, their employees, and their families under plans which are tailored to the requirements of the firm and its employees. In 1978, these programs covered almost 100,000 businesses.

individualized estate plan recommendation to the client. Executives, professionals, and dual-income families whose estates are growing at a substantial rate are among those who take advantage of estate analysis and conservation services.

## **Business Owners Served**

In addition to serving business and professional individuals through personal financial planning and estate conservation methods, Prudential has specialized programs for persons who own businesses.

The Business Valuation Service uses computer technology to help business owners estimate the value of their businesses and to provide for the active and profitable continuation of their enterprises in the event of the death of one of the principals.

Through the Employer's Advisory Service, employers can efficiently demonstrate the value of fringe benefits to their employees. Each employee receives a computerized statement which details the total value of the benefit package.

## **Estate Analysis Expanded**

In 1978, Prudential expanded estate analysis programs to better serve persons with substantial assets who wish

## **Group Insurance**

Almost 19
million
Americans
and nearly
2 million
Canadians are
protected by
some type
of Prudential
group
insurance.



In Chicago, more than 8,200 employees of the Chicago Tribune are covered by Prudential group policies for their life, health, and dental insurance needs.



Nearly 25 percent of *Fortune* magazine's top-listed companies have a Group Insurance relationship with Prudential. More than 290 of the top Fortune 1000 industrials and top 200 nonindustrials hold full or partial Prudential Group coverage.

Almost 19 million Americans and nearly 2 million Canadians are protected by some type of Prudential Group Insurance. In addition, members of several Federal Government agencies have coverage of one kind or another with Prudential. Prudential also administers the Veteran's Group Life Insurance program and the Servicemen's Group Life policy for the country's military forces.

1978 through a nationwide network of over 11,000 Board Certified Surgeons. In cases where elective surgery is recommended, employees can obtain, at no cost to themselves, a second opinion from a Board Certified Surgeon.

As another means of health care cost containment, Prudential expanded its management and ownership of Health Maintenance Organizations (HMOs), which provide on-going health care on a monthly preset fee basis. Total enrollment in the four Prudential-operated HMOs increased 48 percent in 1978 from 36,600 to 54,300.

Late last year, Prudential formed an alliance with Kaiser-Permanente to es-

## Prudential provides vital administrative services for the uninsured programs of many large employers who elect to assume liability themselves.

A well-trained claim staff of almost 4,000 working with highly sophisticated systems such as PRUTRAC, a computerized claim system for health coverages, and Speedental, a Group dental claim system, keeps the work load moving swiftly. In 1978, Prudential systems were used to pay 7.8 million health claims and 2.8 million dental claims. Today, with 3,000 computer terminals, Prudential has the largest computerized health claim payment system in the insurance industry.

Some 175 Prudential Group Sales Representatives, working with Prudential agents and brokers, market Group life and health insurance policies and other services to groups of 50 or more individuals in the U.S. and Canada. They operate from 31 Group Sales Offices located in major cities throughout the Company's nine home office regions.

Prudential also provides vital administrative services for the uninsured programs of large employers who elect to assume liability themselves.

## **Containing Health Care Costs**

Group contractholders were offered second opinion surgical programs in

tablish a jointly managed HMO in Dallas, Texas. Joseph Califano Jr., U.S. Secretary of Health, Education, and Welfare, described the new venture as "the kind of initiative and innovation which this country needs if we are to meet the challenge of runaway inflation in the health care sector."

## **Group Coverage Grew**

During 1978, Prudential's successful Group Marketing efforts yielded these results:

- Group life insurance sales totaled \$17 billion. Group insurance sales were substantially greater than in any year prior to 1977.
- Group life in force increased 16 percent from \$146 billion to \$170 billion and now comprises 52 percent of Prudential's total life insurance in force.
- Sales to new policyowners, or plan improvements by existing policyowners, resulted in \$336.9 million in annualized new life and health premiums. Health premium sales rose by 25 percent over 1977.

## **Group Pensions**

More than 3,000 group pension clients rely on Prudential to manage almost \$17 billion in assets. For millions of Americans, pension, profit-sharing, and thrift plans are a major source of financial security. To a great extent, the realization of their retirement goals depends upon the sound investment management of plan assets.

In 1978, over 3,000 group pension clients relied on Prudential to manage almost \$17 billion in assets on behalf of more than 3 million individuals. These clients include corporations of all sizes, labor-management pension funds, public employee retirement systems, nonprofit institutions, and associations of self-employed individuals.

Prudential offers a wide range of group pension products and investment accounts to its clients. These include: the General Account (Prudential's largest account, primarily used to support products with guarantees); separate accounts for large individual retirement plans; and a variety of commingled separate accounts. Each commingled separate account is invested primarily in one type of investment such as common stocks, real property, private placement debt investments, publicly traded bonds, or short-term investments. A skilled professional staff in specialized investment departments manages each of these accounts. In addition, the Pension Asset Management Group provides discretionary investment management services for clients who choose this investment service. Members of the Pension Asset Management Group establish individually tailored, long-term target investment objectives and manage the actual distribution of pension assets among selected separate accounts.

# The Pension Asset Management Group provides discretionary investment management services for clients.

In addition to providing money management skills, Prudential can provide other services which are vital to the operation of retirement plans. These include actuarial, administrative, and individual record-keeping services as well as communications programs which inform a client's employees about their pension benefits.

## 1978 Highlights

Prudential received \$1.5 billion in group pension considerations in 1978. Of this amount, \$1.2 billion were placed in the General Account, which is primarily invested in privately placed corporate debt and mortgage loans. The balance was distributed among the various separate accounts.

At the end of 1978, Prudential managed almost \$17 billion in group pension assets, an increase of over 13 percent for the year. These funds were invested as follows:

More than \$11.7 billion were invested in the General Account, or 70 percent of the total; \$3.3 billion in Common

**Commingled Separate Net Assets** 1978 Accounts Invested **December 31, 1978** Rate of Primarily in: **Market Value** Return\* (In Millions) Common Stocks VCA-IF \$1,303.2 8.8% VCA-5 12.7 865.3 VCA-6 11.8 106.7 **Property** PRISA® 921.4 19.5 **Fixed Income** Investments **PRIVEST** 403.2 2.0 VCA-7 40.4 2.9 **Short-Term** Investments TIA 241.2 8.1 \*After investment management fee

Stock Accounts, or 20 percent; \$.9 billion in the Prudential Property Investment Separate Account, or 5 percent; \$.7 billion in Fixed Income Investment Accounts, or 4 percent; and \$.2 billion in short-term investments, or 1 percent.

Of the total \$17 billion, \$.9 billion were funds of clients who have delegated investment discretion to Prudential, to be carried out by the Pension Asset Management Group.

## Investment Needs Served

In addition to its General Account and separate accounts for large individual retirement plans, Prudential offers the following commingled separate investment accounts:

- Variable Contract Account Investment Fund (VCA-IF), which is invested in a diversified portfolio consisting primarily of common stocks. A relatively conservative vehicle for common stock investment, this account is used for benefits, such as variable annuities, which are linked to investment results, as well as for the advance funding of fixed-dollar benefits.
- Variable Contract Account-5 (VCA-5), which is invested in a diversified portfolio consisting primarily of common stocks. It is designed to provide retirement plans with a relatively aggressive vehicle for common stock investment where employee benefits are not linked to investment results.
- Variable Contract Account-6 (VCA-6), which is invested in a diversified portfolio consisting primarily of common stocks. This is designed to provide a relatively aggressive vehicle for common stock investment for thrift, profit-sharing, and retirement plans where employee benefits are linked to investment results.
- The Prudential Property Investment Separate Account (PRISA®), which is invested primarily in the equity ownership of real property.
- The Prudential Private Placement Debt Investment Separate Account (PRIVEST), which is invested primarily in privately placed debt securities.
- Variable Contract Account-7 (VCA-7), which provides a diversified portfolio consisting primarily of publicly traded debt securities.
- The Temporary Investment Account (TIA), which is invested in short-term cash equivalent securities.



In Texas, these workers at Exxon's Baytown refinery are among the millions of Americans who have pension or savings plan assets managed by Prudential.

## **Investments**

Prudential is an important source of long-term financing for small and medium-sized firms as well as for large corporations.

Prudential strengthened its position as the world's largest insurance company in 1978 with \$5.8 billion of cash flow for investments through the Company's General and Separate Accounts and its subsidiaries.

The investment pace was brisk throughout the year as the Company continued to pump billions of dollars into the economies of the U.S. and Canada. Nearly two-thirds of those funds were invested in corporate securities, with the rest going into mortgages and properties.

## **Investment Highlights**

Highlights of Prudential's General Account investment results in 1978:

- Net investment income increased by \$332 million to \$3 billion.
- The overall yield on invested assets increased .42 percentage points, reaching a new high of 7.44 percent excluding capital gains and before Federal income taxes. This gain was the largest single year increase ever for the Company.
- Nearly \$5 billion in corporate debt, preferred stocks, and mortgages were authorized. The rate of return on these new investments averaged 9.72 percent before expenses and taxes.
- Some \$4.2 billion in corporate debt, preferred stocks, and mortgages were

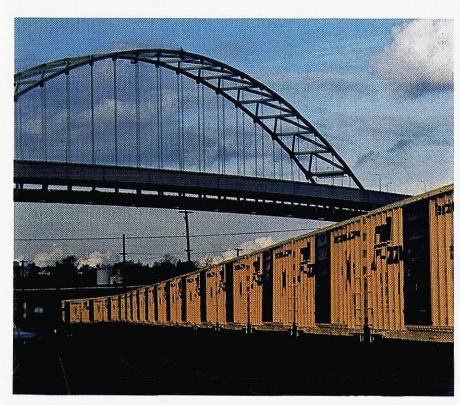
Some 1,400 industrial and public utility corporations hold direct placement loans from Prudential in amounts up to \$250 million.

acquired. The combined rate on these acquisitions was 9.56 percent.

## Corporate Debt and Preferred Stocks

A decline in the demand for business long-term financing in 1978 led to a reduced allocation to corporate debt and preferred stocks in the General Account. The dollar volume of 1978 activity dropped below the levels of the two previous years. Authorizations amounted to \$2.5 billion with a yield of 9.73 percent. Acquisitions totaled \$2.9 billion with a yield of 9.53 percent. Most General Account authorizations and acquisitions involved private placement financing.

Much of the reduction in corporate debt commitments occurred in the very large loan category. However, Prudential continued to be an important source of long-term financing for small and medium-sized firms. Loans of less than \$15 million made up one-fifth of ▶



In Portland, Ore., these new railroad freight cars, built by FMC Corporation, are bound for the American Rail Box Company in Chicago. Prudential provided American Rail Box with a loan to purchase freight cars for lease to the railroad industry.



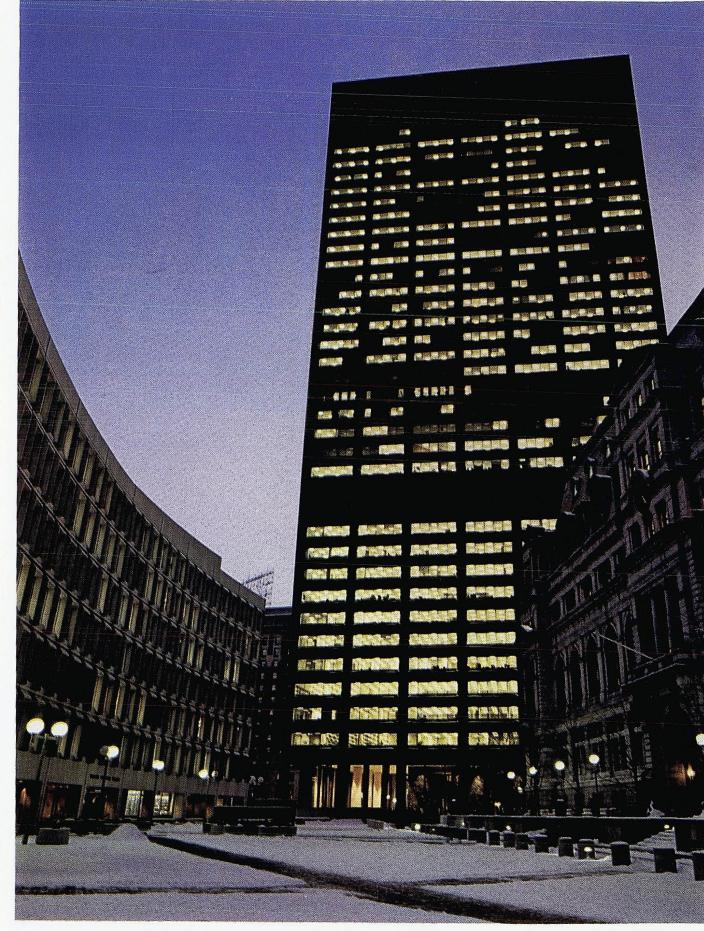


Transporting crude and refined oil products around the world from its Canadian home port of St. John, New Brunswick, is the Irving Arctic. A \$15 million loan from Prudential provided the financing for construction of the tanker.

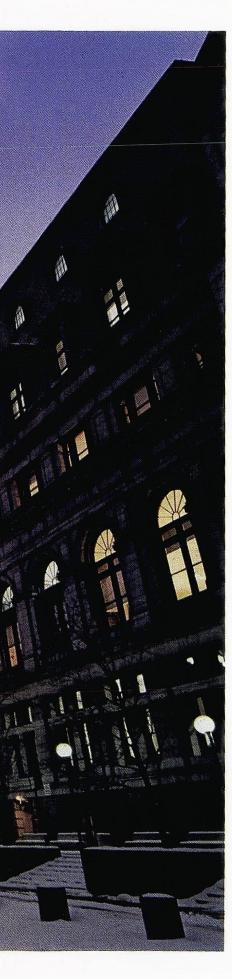
## Investments

(Continued)

Net investment income increased by \$332 million to \$3 billion.



In Boston, the historic and the modern meet at One Beacon Street, a new office building (c) acquired by Prudential. The building is flanked by the 100-year-old Pemberton Square Court House (r) and the curved Center Plaza building.



the dollar amount of total authorizations and comprised two-thirds of the total number of authorizations.

At year-end, Prudential's General Account bond portfolio, composed mostly of direct placement loans to some 1,400 industrial and public utility corporations, amounted to \$20.6 billion with an interest rate of 8.5 percent. The quality of the portfolio remained excellent with realized losses of only \$14 million during 1978. Preferred stock holdings amounted to an additional \$1.4 billion.

### Common Stocks

After several major declines and advances the stock market ended the year relatively unchanged. The Standard & Poor's Index of 500 Stocks rose 1.1 percent for the year, for a total return of 6.5 percent including dividends.

All of Prudential's portfolios outperformed this broad market average. The Company's General Account stock portfolio closed the year with a market value of \$1.7 billion and a total return of 10.3 percent. The 14 separate common stock accounts managed by the Company had a combined market value at year-end of \$3.4 billion. Market appreciation and dividends on the group produced a total return of 10.2 percent.

## Real Estate and Mortgage Loans

U.S. commercial and industrial building activity continued at an energetic pace due to the general improvement in real estate rental and occupancy rates

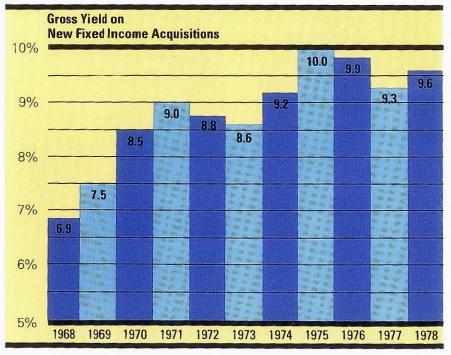
which began two years ago. Toward the latter part of 1978, however, rising construction costs, high interest rates, and concern about a business downturn began to reduce new project starts.

In 1978, Prudential's General Account mortgage loan authorizations were \$2.3 billion at an average interest rate of 9.7

Each working day Prudential invested an average of \$24 million in real estate, bonds, mortgages, and stocks.

percent. Included in this total were almost \$600 million authorized for the purchase of several packages of single family residential mortgage participations which were available at attractive yields. General Account mortgage acquisitions amounted to \$1.3 billion at an average interest rate of 9.64 percent. Total mortgage holdings at year-end were \$12.9 billion with an average rate of 8 percent.

The demand for existing quality properties became even more intense during 1978, as domestic and foreign buyers brought increasing pressure on the limited supply. In the area of new property development, 21 projects were authorized for a total equity investment of \$90 million.



## **Expense Management**

In 1978, Prudential disbursed nearly \$6.2 billion in benefits. Every year Prudential pays or credits billions of dollars in benefits to policyowners and beneficiaries. In 1978, the Company disbursed nearly \$6.2 billion in benefits, including \$1.9 billion for health insurance claims; \$1.3 billion for death benefits; and \$841 million for annuity payments. It paid policyowner dividends amounting to \$1.3 billion.

Prudential has long been a leader in reducing administrative expenses and improving policyowner services through the use of computer technology and expense control systems. These measures ultimately benefit millions of policyowners.

## Administrative Efficiency Increased

In 1978, the scope of Prudential's computer operations expanded significantly, allowing the Company to achieve productivity gains. The number of clerical workers handling individual insurance transactions in regional home offices, for example, declined by 360, or 6.2 percent.

Large-scale computers are also used to support marketing efforts. In 1978, computers were used to identify eligible policyowners and invite their participation in the Guaranteed Life Issue Program. This program, which allowed Installation of on-line printing capability increased the speed with which insurance applications were processed. This new automated system quickly produces necessary underwriting information and tracks the status of pending applications via terminals and printers.

## Medicare/Medicaid Services

In addition to serving the needs of its individual and group clients, Prudential serves as intermediary for Medicare Part B (noninstitutional claims) in New Jersey, North Carolina, and Georgia, and as fiscal agent for a major part of New Jersey's Medicaid plan. Prudential also processes Medicare Part A claims for half of New Jersey's health institutions. In 1978, the Company processed 13.2 million government health program claims, an increase of 6 percent over 1977. It paid out \$777 million in benefits, a 12 percent increase. In the last 12 years, Prudential has written over 30 million checks and disbursed \$4.3 billion in Medicare and Medicaid funds.

## Personnel Development

Prudential's people are its most important resource. The increased use of computers, employee development programs, job redesign, and other

## Extensive use of computers has increased staff productivity, improved policyowner services, and helped to contain administrative expenses.

policyowners to purchase additional life insurance without providing the usual evidence of insurability, produced approximately \$468 million in new life insurance sales.

The number of computer terminals in use in the Company increased from 3,700 in 1977 to more than 5,900 at the end of 1978, allowing more employees to use computer data storage capabilities. Prudential's new word processing systems helped improve the efficiency of clerical workers. An Electronic Mail System replaced the intra-company teletype network in 1978 and processes hundreds of messages daily between Prudential offices. In addition, U.S. computer operations are being centralized into five regional areas to better serve policyowners by minimizing overhead expense and fully utilizing new computer technology.

progressive measures have enriched the work environment for thousands of Prudential employees.

The Company's affirmative action programs are an important part of its personnel development efforts. In 1978, Prudential attained or surpassed most of its affirmative action goals. More than 26 percent of all persons hired for home office positions were minorities and 76 percent of new home office employees were women. Extensive college recruiting efforts increased the number of high potential women and minorities within the Company. In 1978, 55 percent of all college graduates hired in home offices were women, compared to 45 percent in 1977; 24 percent were minority group members, an increase from 19 percent in the previous year.





In Detroit, Myrtle Gray (inset) of Pru-dential's Group Claim Office uses an on-line dental claim terminal to com-municate directly with computers in Minneapolis, one of the Company's five regional computer centers in the U.S.

## **Corporate Citizenship**

Cash contributions and grants of Prudential and The Prudential Foundation amounted to \$4.3 million.

The cornerstone of Prudential's wideranging efforts to meet its social responsibilities continued to be the contribution of money and the services of Prudential people to a variety of worthy programs and activities. Cash contributions and grants of Prudential and The Prudential Foundation amounted to \$4.3 million in fiscal 1978, with about two-thirds going to the areas of education, health, and federated drives such as the United Way. Included in the Company's more than \$1 million in contributions to colleges and universities were nearly \$325,000 to match educational gifts of employees.

The Prudential Foundation was established at the end of 1977 with a Company contribution of \$50 million. The Foundation will increasingly take the initiative in seeking out deserving projects. Further, it will systematically formulate specific goals and priorities for corporate giving.

## Loaned Executives and Volunteers

The Company also donated the services of Prudential executives to a number of worthy projects. For example, in addition to a cash contribution to the American Productivity Center in

Efforts to improve the productivity of private enterprise and the quality of working life were among the programs supported.

Houston, the Company loaned the full-time services of one of its Vice Presidents to the Center for a one-year



In Washington, D.C., Prudential provided a \$1.4 million mortgage loan for a two-block urban renewal project in the "O" Street neighborhood. Studying specifications for the project are (I-r): Eugene F. Doerfler, a Giant Food executive; Edwin B. Goodridge, regional vice president, Prudential Real Estate Investment Operations; William F. Sheehan, general manager, Prudential Real Estate Investment Operations; and James D. Adkins, project developer. In background is historic Farmers' Market, which is to be restored in the project.

period. Other executives were loaned to the City of Newark to help seek tax abatements needed to pave the way for the restoration of the James Street Commons Historic District; to the Office of Management and Budget in Washington, D.C. to provide counsel on Federal retirement and death benefit programs; and to a Transitional Task Force organized to help the newly elected County Executive launch a new form of government in Essex County, New Jersey.

In addition, hundreds of Prudential employees at all job levels volunteered their own time and skills to youth groups, charities, and civic organizations throughout the U.S. and Canada. Thirty-seven employees below the rank of Manager were presented coveted Orville E. Beal Awards for distinguished volunteer service in 1978.

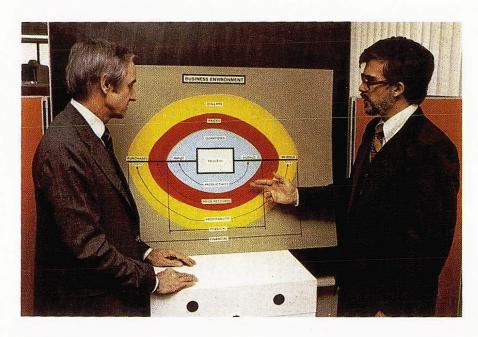
### Social Action Investments

Each year Prudential provides loans for a number of business ventures in which social factors may be a major consideration. In 1978, for example, a \$1.4 million mortgage loan was provided for a two-block urban renewal project in the "O" Street neighborhood of Washington, D.C. The project will include: restoration of a historic 90year-old Farmers' Market that was damaged in the 1968 riots; a pedestrian mall and parking area; and the first new chain supermarket to be built in Washington's inner city in more than 10 years. Nearly 250 persons, many of them from the predominantly black neighborhood, are expected to be employed by the project. Additional financing for the project came from the U.S. Department of Commerce, the District of Columbia, and a minority entrepreneur.

## **Other Activities**

While fulfilling its primary social function of providing sound and competitive insurance products and financial services, Prudential strives in all aspects of its operations to be responsive to the needs of policyowners and the public at large and to meet its obligations as a responsible corporate citizen and industry leader. Some examples in 1978:

- Purchasing units throughout the Company and its subsidiaries increased the volume of business conducted with minority vendors by 50 percent over 1977.
- Consumer affairs and other personnel throughout the Company devoted considerable attention to complaints



In Houston, Robert F. Lewis II (r) and C. Jackson Grayson Jackson examine a mathematical model developed >> the American Productivity Center to help firms assess their business performance. Prudential loaned Lewis, a vice president, to the Center for a year and awarded a \$100,000 grant to support programs for improving the productivity of U.S. private enterprise. Grayson is chairmar and chief executive officer of the Center-

made directly to the Company or referred through news media and regulators. These complaints represent only a tiny fraction of the millions of insurance transactions handled accurately, courteously, and promptly.

• Among its many activities in the legislative area, Prudential fought for the containment of hospital costs by actively supporting an amendment to a Senate bill limiting the increase in hospital costs that could be passed on to either private or Medicare/Medicaid patients; supported the establishment of Federal standards for state no-fault insurance (adoption of the proposed legislation failed narrowly in a House Committee); helped defeat an attempt

by the House Ways and Means Committee to start financing Social Security from general revenues; and worked successfully for a Department of Labor and IRS exemption from certain separate account prohibitions of ERISA which would have rendered many of the Company's routine investment and group pension transactions illegal. In addition, Robert A. Beck, Chairman and Chief Executive Officer, chairs a Business Roundtable task force on Social Security. Beck also serves as a member of a special committee advising Senator Howard Metzenbaum, Chairman of the Subcommittee on Citizens and Shareholders Rights and Remedies, on corporate governance of mutual insurance companies.

## **Subsidiaries**

In the past 11 years, the number of Prudential subsidiaries has grown from zero to 22.

In 1978, the Prudential family of companies expanded significantly with the formation of eight new subsidiaries. This brings the total number of subsidiaries to 22, including PRUCO, Inc., Prudential's wholly owned holding company. Four of these subsidiaries are headquartered outside the U.S. Belgian-based Le Rocher, Compagnie de Réassurance, S.A.; PIC Realty Canada Limited; Prudential Fund Management Canada Limited; and PruServiços Participações S.A. located in Brazil.

The rapid growth in the number of subsidiaries - from zero to 22 in the past 11 years - reflects Prudential's aggressive diversification efforts. Subsidiaries allow the Company to enter new businesses and markets and expand the range of services it offers. For example, there are subsidiaries that enable Prudential to underwrite special risks; to finance and manage a health maintenance organization; to lease vehicles and equipment and to market fuel supply contracts to utilities and other industries; and to act as a partner in inner-city housing rehabilitation.

## **Prudential Reinsurance** Company

Prudential Reinsurance Company, now the sixth largest reinsurer in the U.S. and estimated to be the 15th largest in the world, marked its fifth year of operation in 1978, achieving an annual premium volume of \$315,2 million.

From an initial investment of \$75 million five years ago, Prudential Reinsurance Company, known as Pru Re, has become an international business with a subsidiary in Europe, a newly opened office in Toronto, an eye on the Far East, and supervisory responsibility for Prudential's investment in a Brazilian insurance company.

Pru Re enjoyed a year of solid growth and significant expansion in 1978. Consolidated assets for the Company and its subsidiaries stood at \$977.2 million, with a GAAP adjusted stockholders' equity of \$123.8 million at year-end 1978. Net premium volume was \$315.2 million in 1978, and the Company's combined operating ratio was 99.8 percent. Total operating income before taxes was \$35 million. In 1978 Pru Re received an "A" or "excellent" rating from A.M. Best Company, an independent evaluator of insurance companies.

In 1978, Pru Re organized two wholly owned subsidiaries: Gibraltar Casualty Company and Dryden & Company, Inc. Gibraltar specializes in insuring those risks or categories of coverage generally considered to be nonstandard and difficult to place. Dryden provides underwriting and claim services for Gibraltar Casualty Company.

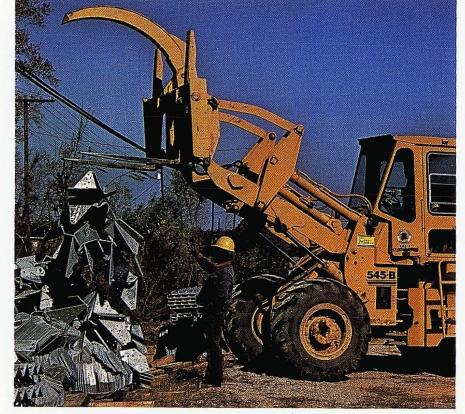


## PruLease, Inc.

For PruLease, 1978 was a year of substantial growth and accomplishment. Annual pre-tax earnings were \$17.8 million, 24 percent ahead of 1977. PruLease's portfolio also reached a record level of \$615.9 million, 12 percent over year-end 1977, with no defaults or losses.

PruLease and its subsidiaries provide a broad range of lease, loan, and inventory supply programs to highly rated utility and industrial corporations throughout the U.S. A leading lessor of nuclear fuel, PruLease also leases heavy-construction equipment and large fleets of trucks and autos.

Competing for business with major lenders and lessors, especially major banks, PruLease has expanded its portfolio through product development and program innovation. Each year it has increased the number of products offered either directly or through its subsidiaries. During its first five years of operation, PruLease expanded from a single-product company — a full pay-



In Alabama, this front-end loader, owned by PruLease, Inc., is leased for use in the construction of power transmission lines.



Spanning the Hudson River from Tarrytown to Nyack, N.Y., is the threemile-long Tappan Zee Bridge. Pru Re provides financial protection for this bridge and many other vital transportation facilities around the world.

out lessor — to a diversified source of short and intermediate term financing. When acquired by Prudential, the Company's \$232 million portfolio was solely comprised of equipment and nuclear lease contracts. In 1978,

and Federal income taxes was \$2.4 million in 1978.

Premium volume for personal lines increased 16 percent to \$438 million in 1978. With 1.1 million cars insured, Prudential Property and Casualty Com-

## Through its subsidiaries, Prudential reinsures special casualty risks, insures autos and homes, and leases fuel, vehicles, and other equipment.

PruLease's year-end portfolio was more than twice as large as in 1973 and included fuel supply programs and secured and unsecured loans and operating leases.

## Prudential Property and Casualty Insurance Company

Prudential Property and Casualty Insurance Company achieved its first operating gain in 1978, less than eight years after it was established. Net operating income before capital gains pany is estimated to be the country's 18th largest insurer of private passenger automobiles and to rank 13th among homeowners' insurers, protecting 852,000 homes.

To achieve these positive financial results, Prudential Property and Casualty Company improved its combined ratio for personal lines losses and expenses in 1978, while the estimated combined ratio for the industry as a whole deteriorated slightly.

## **Financial Statements**

Statement Of Financial Condition Summary Of Operations Changes In Financial Position Income Dollar Notes To Financial Statements Accountants' Report

Statement Of Financial Condition

	1978	1977
Assets	(In I	Millions)
Bonds	\$20,495	\$18,761
Preferred stocks	1,432	1,326
Common stocks	1,806	1,741
Investment in stock of subsidiaries	700	656
Mortgage loans on real estate	12,830	12,466
	1,574	1,408
Real estate { Investment	235	216
Loans on policies	2,406	2,221
Other loans and investments	734	651
Cash and temporary investments	101	232
Net premiums secured by policy reserves	1,622	1,474
Investment income due and accrued	711	623
Common stocks	3,033	3,125
Separate Account assets { Common stocks	2,301	1,469
Other assets	74	55
Total Assets	\$50,054	\$46,424

## Liabilities and Surplus

Total Elabilities and Julpius	\$50,054	\$46,424
Total Liabilities and Surplus	¢EO OE4	\$46 424
Unassigned surplus	2,031	1,945
Margin for protection of policyowners Special contingency reserve\$ 675 Unassigned surplus		
Mandatory securities valuation reserve	733	423
Accrued taxes and other liabilities	288	239
		000
Other policy reserves and liabilities	5.950	5.747
Reserved for policy dividends	965	928
Insurance and annuity reserves	\$40,087	\$37,142

December 31,

## **Summary Of Operations And Margin For Protection Of Policyowners**

	Year end	Year ended December 31,	
	1978	1977	
Income		(In Millions)	
Insurance premiums and annuity considerations	\$ 7,709	\$7,072	
nvestment income (net of related expenses of \$457 million in			
1978 and \$419 million in 1977)	3,273	2,840	
Net realized and unrealized capital gains (losses) on Separate Accounts	233	(465	
	\$11,215	\$9,447	
Application of Income			
Paid or credited to policyowners and beneficiaries (including dividends			
of \$1,331 million in 1978 and \$1,192 million in 1977)	\$ 6,151	\$5,577	
ncrease in insurance and annuity reserves to provide for future payments			
to policyowners and beneficiaries	2,986	1,880	
Addition to the margin for protection of policyowners	197	280	
Total paid to or set aside for the protection of policyowners and			
beneficiaries	9,334	7,737	
nsurance operating expenses	1,363	1,280	
State premium and other insurance taxes	152	144	
ncome taxes (including foreign taxes of \$14 million in 1978 and \$12			
million in 1977)	366	286	
	\$11,215	\$9,447	
Change in the Margin for Protection of Policyowners			
From application of income (see above)	\$ 197	\$ 280	
Net realized and unrealized capital gains on other than Separate Accounts of \$199 million (\$215 million loss in 1977) less increase in mandatory	Ψ 10 <i>/</i>		
securities valuation reserve of \$310 million (\$71 million decrease in 1977)	(111)	(14	
Margin for protection of policyowners, beginning of year	1,945	1,80	
Margin for protection of policyowners, end of year	\$ 2,031	\$1,94	

## **Statement Of Changes In Financial Position**

			Year ended December 31	
		,但可能是在美国的地位对自己的自己的自己的主义的自己的。 第一	1978	1977
Source of Funds			(In M	lillions)
From application of inc	come		\$ 197	\$ 280
			2,986	1,880
			(193)	1,056
		Bonds and stocks	1,447	1,346
From investments sold	, matured or repaid	Mortgage loans and real estate	1,032	1,011
		Separate Account assets	573	199
			\$6,042	\$5,772
Application of Fu	nds			
	Bonds and stocks		\$3,166	\$3,657
Investments acquired (	Mortgage loans an	d real estate	1,685	1,256
	Separate Account	assets	612	636
Net increase in miscell	aneous assets		710	330
			\$6,173	\$5,879
Decrease in cash and t	emporary investmen	nts	\$ 131	\$ 107

## Income Dollar Sources And Applications

## Income Dollar: Investment income (after investment expenses and taxes) 30¢ Insurance premiums and annuity considerations 70¢

And How It Was Used:	
Insurance and income taxes	5¢
Operating expenses	12¢
Dividends to policyowners	12¢
Added to reserves for protection of policyowners	27¢
To policyowners and beneficiaries (excluding dividends)	44¢

Percentage Distribution of Benefits Paid:	
Interest and other	5%
Matured endowments	2%
Surrenders	8%
Annuity payments	12%
Health claims	30%
Dividends	22%
Death claims	21%

## **Notes To Financial Statements Years Ended December 31, 1978 And 1977**

1. The financial statements have been prepared in accordance with accounting practices prescribed or permitted by insurance regulatory authorities except as modified by the inclusion in application of income of certain items which have the net effect of decreasing application of income by \$72 million in 1978 and increasing application of income by \$84 million in 1977 and which otherwise would have been shown as changes in the margin for protection of policyowners. Such modifications include:

	1978	1977
	(In Millions)	
Adjustments to policy and contract reserves due to changes in valuation bases	\$ 12	\$140
Contribution to Company pension plan for prior service costs	(48)	(29)
Federal income tax and interest thereon applicable to prior years	(5)	42
Funding of The Prudential Foundation		(50)
Other	(31)	(19)
	\$(72)	\$ 84

- A. Asset values are stated principally as follows: bonds and mortgage loans at amortized cost; preferred stocks at cost; common stocks at market value; real estate at cost less accumulated straight-line depreciation (\$443 million in 1978 and \$394 million in 1977) and encumbrances (\$171 million in 1978 and \$154 million in 1977); investments in stock of subsidiaries at equity in net assets, (the changes in net assets, excluding amounts invested, are included in net realized and unrealized capital gains); Separate Account assets at market value. Mortgage loans on real estate include \$1,337 million in 1978 and \$1,175 million in 1977 outstanding with joint ventures of a subsidiary and with partnerships in which the Company has invested.
- B. Foreign exchange gains and losses, which result principally from the translation of the financial statements of Prudential's Canadian operations into U.S. dollars, are included in net realized and unrealized capital gains and losses.
- C. A mandatory securities valuation reserve is provided out of the margin for protection of policyowners based upon statutory formula.
- D. Reserves for life insurance policies and individual annuity contracts are maintained on the net level annual premium method except for certain individual life policies sold since 1974 which are on a modified reserve valuation method which reaches the net level premium reserve by the end of the tenth policy year and certain term and accidental death benefits which are on the Commissioners Reserve Valuation Method. Reserves for group annuity contracts are maintained on the net single premium method.
- E. Premiums are recognized as income over the premium paying period of the policy whereas expenses, including acquisition costs such as commissions in connection with acquiring new business, are charged to operations as incurred.
- F. Federal income taxes, under provisions of the Internal Revenue Code relating to life insurance companies, are based upon taxable investment income (\$759 million in 1978 and \$642 million in 1977) consisting of investment income less related expenses, exclusions (primarily interest on policy and other contract liability requirements) and deductions. Investment tax credits are used as they occur to reduce Federal income taxes.
- 2. Assets in the amount of \$1,397 million and \$1,244 million at December 31, 1978 and 1977, respectively, were on deposit with governmental authorities or trustees as required by law.
- 3. The Company has a pension plan covering substantially all employees. The cost of the plan, including amortization of prior service cost, is funded currently and amounted to \$101 million in 1978 and \$78 million in 1977 and is included as part of the insurance and investment expenses.
- 4. Various lawsuits against the Company have arisen in the course of the Company's business. In certain of these matters, large and/or indeterminate amounts are sought. In the opinion of the Company any ultimate liability which could result from such litigation would not have a material effect on the Company's financial position or the results of its operation.

## Accounta**nt**s' Report

To the Board of Directors of The Prudential Insurance Company of America

We have examined the statements of financial condition of The Prudential Insurance Company of America as of December 31, 1978 and 1977, and the related summaries of operations and margin for protection of policyowners and statements of changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial condition of The Prudential Insurance Company of America at December 31, 1978 and 1977, and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Touche Ross & Co. Certified Public Accountants

Newark, New Jersey March 23, **1979** 

## **Board Of Directors**

## As of December 31, 1978

The business of the corporation is managed by a Board of Directors of 24 members, all of whom are policyowners. Six, called Public Directors, are appointed by the Chief Justice of the Supreme Court of N ew Jersey. Sixteen are elected by the policyowners. The Chairman of the Board and Chief Executive Officer and the President a re ex officio directors.

### Orville E. Beal

Former President, The Prudential Insurance Company of America

### Robert A. Beck, CLU

Chairman of the Board and Chief Executive Officer, The Prudential Insurance Company of America

### William T. Cahill

Counselor at Law — Partner, Cahill, Wilinski and Cahill and Former Governor of the State of New Jersey

### C. Malcolm Davis

Chairman of the Board, Fidelity Union Bancorporation

## Fairleigh S. Dickinson Jr.

Chairman of the Board, National Community Bank of New Jersey, Chairman of the Board, Air New England and Former Chairman of the Board, Becton, Dickinson and Company

## Adrian M. Foley Jr.

Counselor at Law — Partner, Connell, Foley & Geiser

## Margery S. Foster

University Professor of Economics, Rutgers University

## Paul A. Gorman

Director and Former Chairman of the Board and President, International Paper Company

### Robert R. Herring

Chairman of the Board and Chief Executive Officer, Houston Natural Gas Corporation

## Frank J. Hoenemeyer

Executive Vice President, The Prudential Insurance Company of America

## James C. Kellogg IV

Counselor at Law — Partner, Gifford, Woody, Palmer & Serles

### Burton G. Malkiel

Chairman of the Economics Department, Princeton University

## James P. McFarland

Director and Former Chairman of the Board, General Mills, Inc.

### Roger H. McGlynn

Counselor at Law — Partner, Lum, Biunno & Tompkins

### Robert B. Meyner

Counselor at Law — Senior Partner, Meyner and Landis and Former Governor of the State of New Jersey

### Albert G. Mumma

Management Consultant and Former Chairman of the Board, Worthington Corporation

## Samuel R. Pierce Jr.

Counselor at Law — Partner, Battle, Fowler, Jaffin, Pierce & Kheel

### Donald E. Procknow

President and Chief Executive Officer, Western Electric Co.

### Robert M. Schaeberle

Chairman of the Board and Chief Executive Officer, Nabisco, Inc.

## David J. Sherwood, CPCU

President, The Prudential Insurance Company of America

### Richard M. Thomson

Chairman and Chief Executive Officer, The Toronto-Dominion Bank

## Lloyd B. Wescott

President, Hunterdon Hills Holsteins, Inc. and Former President, New Jersey State Board of Control, Department of Institutions and Agencies

### Helen N. Wilkins

President, Servo-Tek Products Company

## David L. Yunich

Director and Consultant, W.R. Grace & Company and Former Vice Chairman, R.H. Macy & Company, Inc.

## Committees Of The Board\*

### **Executive Committee**

Robert B. Meyner, Chairman William T. Cahill Fairleigh S. Dickinson Jr. Adrian M. Foley Jr. Roger H. McGlynn Albert G. Mumma Lloyd B. Wescott David L. Yunich

Two other members of the Board rotate on this Committee. Chairman of the Finance Committee is a member ex officio.

### **Finance Committee**

Paul A. Gorman, Chairman Orville E. Beal C. Malcolm Davis Margery S. Foster Burton G. Malkiel Samuel R. Pierce Jr. David L. Yunich

Two other members of the Board rotate on this Committee. Chairman of the Executive Committee is a member ex officio.

## Committee on Dividends

C. Malcolm Davis, Chairman William T. Cahill Margery S. Foster Paul A. Gorman Robert B. Meyner Samuel R. Pierce Jr. Donald E. Procknow

## **Committee on Nominations**

James P. McFarland, Chairman Orville E. Beal C. Malcolm Davis Robert R. Herring Burton G. Malkiel Albert G. Mumma Richard M. Thomson

## Committee on Salaries

David L. Yunich, Chairman Orville E. Beal Fairleigh S. Dickinson Jr. Robert R. Herring James P. McFarland Roger H. McGlynn Samuel R. Pierce Jr. Robert M. Schaeberle Richard M. Thomson Lloyd B. Wescott

### **Auditing Committee**

Albert G. Mumma, Chairman William T. Cahill C. Malcolm Davis Robert R. Herring James P. McFarland Robert B. Meyner Robert M. Schaeberle Lloyd B. Wescott

\*The Chairman of the Board and Chief Executive Officer is ex officio a member of all standing committees except the Auditing Committee.

## **Senior Officers**

## As of December 31, 1978

Robert A. Beck, CLU Chairman and Chief Executive Officer

David J. Sherwood, CPCU President

Frank J. Hoenemeyer Executive Vice President (Investments)

John K. Kittredge, CLU, FSA Executive Vice President (Group and Diversified Operations)

Duncan Macfarlan, CLU Executive Vice President (Individual Insurance Marketing)

Robert C. Winters, CLU, FSA Executive Vice President (Administration)

Floyd H. Bragg, CLU President (North Central Operations)

John D. Buchanan Jr., CLU President (South-Central Operations)

Edgar F. Bunce Jr. Senior Vice President (Common Stock)

Raymond A. Charles Senior Vice President (Corporate Finance)

James E. Clark, CLU President (Mid-America Operations)

William D. Clowney, CLU President (Eastern Operations)

James R. Gillen Senior Vice President and Associate General Counsel

James B. Jacobson, CLU President (Western Operations)

Albion U. Jenkins Jr., FSA Senior Vice President (Corporate Services and Buildings)

Donald R. Knab Senior Vice President (Real Estate Investment)

Jack T. Kvernland, FSA
President
(Prudential Property and
Casualty Insurance Company
and Prudential Reinsurance
Company)

W. James D. Lewis, FSA President (Canadian Operations)

William P. Lynch, CLU Senior Vice President (District Agencies)

John J. Marcus, CLU, FSA Senior Vice President (Insurance Services)

Meyer Melnikoff, FSA Senior Vice President and Actuary (Group Pension)

Joseph J. Melone, CLU Senior Vice President (Public Affairs)

A. Douglas Murch, CLU, FSA Senior Vice President (Computer Systems and Services)

E. William Nash Jr., CLU President (Southwestern Operations)

Clarence F. Pease, CLU Senior Vice President (Ordinary Agencies)

Pellegrino P. Porraro, CLU President (Central Atlantic Operations)

Lesley L. Ralson, CLU Senior Vice President (Group Insurance)

Robert J. Scales, CLU President (Northeastern Operations)

Robert W. Smith, CLU Senior Vice President (Personnel)

John B. Stoddart Jr. Senior Vice President and General Counsel

Julius Vogel, CLU, FSA Senior Vice President and Chief Actuary

Clifford H. Whitcomb Senior Vice President and Comptroller

Edward D. Zinbarg Senior Vice President (Common Stock)

Alvin Zises President (PruLease, Inc.)

Isabelle L. Kirchner
Vice President and Secretary

Bryan Wilson, CLU Vice President and Treasurer

## **Notice Of Election**

The Prudential Insurance Company of America is a mutual life insurance company incorporated under the Laws of the State of New Jersey with its principal office in the City of Newark, New Jersey. By statute, Prudential's Board of Directors consists of twenty-four persons including the Chairman and President, who are ex-officio directors. There are six public directors who are appointed by the Chief Justice of the Supreme Court of New Jersey, and sixteen directors who are elected by Prudential policyholders for terms of four years. The policyholders elect four directors each year in an election held at the principal office at the address below on the first Tuesday in April from 10 a.m. to 2 p.m. A policyholder whose contract has been in force for one year and who, if an individual, is at least 18 years old, may vote either in person or by mail. Mail ballots may be obtained by writing to the Secretary, The Prudential Insurance Company of America, Prudential Plaza, Newark, New Jersey 07101 no later than 60 days prior to the date of the election. The law requires that the request for a ballot must contain the policyholder's name, address, contract number and, if an individual, the date of birth.

