



Prudential

PRUDENTIAL FINANCIAL PLANNING SERVICES
PRUCHOICESM
MUTUAL FUND INVESTMENT PROGRAM

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This Wrap Fee Program Brochure provides information about the qualifications and business practices of Prudential Financial Planning Services, a division of Pruco Securities, LLC, and PruChoice, our mutual fund wrap fee program. If you have any questions about the contents of this Brochure, please contact us at the telephone number provided above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Pruco Securities, LLC is an investment adviser registered with the SEC. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Pruco Securities, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2 -Material Changes

Item 6 of this Brochure has been updated to describe the PruChoice Select List Plus, a subset of the Select List. The objective of the Select List Plus is to provide a shorter, concise and focused list of options in each of the asset classes for which a strategic asset allocation recommendation is made by the Strategic Investment Research Group (SIRG) division of Prudential Investments.

We will continue our practice of offering and/or delivering the most current Brochure to clients on an annual basis, at a minimum. If we make material changes to the Brochure, there will be a summary, as provided above, that identifies and discusses such changes. In addition, you may request a Brochure free of charge at any time by contacting the Pruco COMMAND Service Center at (800) 235-7637.

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Item 4 - Services, Fees and Compensation

Introduction

Pruco Securities, LLC (“Pruco Securities”), doing business as Prudential Financial Planning Services (“PFPS”), provides advisory services and programs as an SEC-registered investment adviser. Pruco Securities is also an SEC-registered broker-dealer, offering retail securities brokerage services and engaging in the business of selling variable life insurance, variable annuities, mutual funds, Section 529 College Savings Plans and general securities. Pruco Securities is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”).

In this Brochure, we refer to “PFPS” in its investment adviser capacity when discussing advisory services and programs and to “Pruco Securities” when discussing the company generally or in its broker/dealer capacity specifically regarding brokerage services and operations.

Pruco Securities is a wholly-owned subsidiary of The Prudential Insurance Company of America (“Prudential”) which in turn is an indirect wholly-owned subsidiary of Prudential Financial, Inc. (“Prudential Financial”), a global financial services organization. As a Prudential Financial company, Pruco Securities is affiliated with other insurance companies, investment advisers and broker-dealers. *For more information about material affiliations in connection with PFPS’ advisory services, please refer to Item 9.*

As an investment adviser, PFPS acts as the sponsor of two wrap fee programs, namely PruChoice, a non-discretionary, mutual fund program, and Managed Assets Consulting Services (“MACS”), a discretionary program. PFPS also offers fee-based financial planning services.

By way of definition, a wrap fee advisory program bundles, or wraps, investment advisory services (which may include advice concerning the selection of other available investment options, investment research, and professional management) and brokerage services (such as execution of transactions and custody of assets), providing them to a client and charging a specified advisory fee. The wrap fee is based generally upon a percentage of the assets under management in the account and not directly upon transactions in a client's account.

At the end of our fiscal year, December 31, 2011, PFPS had approximately \$2.9 billion of assets under management – approximately \$2.5 billion in PruChoice and \$440 million in MACS.

This Brochure describes the PruChoice Program. If you are interested in learning more about MACS or financial planning, please contact your PFPS advisory representative for separate program materials and disclosure brochures.

Overview of the PruChoice Program

PruChoice is a non-discretionary mutual fund investment wrap fee program (“PruChoice” or the “Program”) where the client makes all investment decisions related to the Program. PruChoice is a long term investment program designed to meet the client’s investment needs by providing personalized asset allocation modeling using a wide range of mutual funds from well-known fund families. PruChoice also offers professional research; mutual fund monitoring, automatic rebalancing and performance reporting for individual accounts and certain qualified employee benefit plans. Clients may exchange shares from fund to fund, within and across fund families, without being subject to sales charges. In a wrap fee program, the sales charges are replaced by an annual asset-based Program Fee. *Fees are further discussed below.*

As Program sponsor, PFPS and its advisory representatives provide clients with investment advisory and related services with respect to investments made by the client in selected mutual funds as described below. Prudential Investments LLC (“Prudential Investments”), an affiliate of PFPS, provides certain administrative services to the Program. Moreover, the Strategic Investment Research Group (SIRG), a unit within Prudential Investments, selects and monitors the Funds in the Program.

The Questionnaire and Investment Policy Statement

As PruChoice is a non-discretionary advisory wrap fee program, the PFPS advisory representative takes no discretion over the client’s account and all investment decisions remain with the client. To participate in the Program, a PruChoice client receives and completes a confidential investor profile questionnaire (the “Questionnaire”) to help identify his/her financial situation, investment objectives, risk tolerance and time horizon.

An Investment Policy Statement is generated after an analysis of the client’s responses to the Questionnaire and contains, among other things, the proposed asset allocation model, the asset allocation selected by the client, and the mutual funds chosen to fulfill the asset allocation as approved by the client. These mutual funds may include no-load classes of mutual funds sponsored by Prudential Investments LLC (“Proprietary Funds”) and no-load and load-waived classes of other mutual funds (“Third Party Funds”) (each Proprietary Fund or Third Party Fund is herein called a “Fund” and collectively referred to as “Funds”).

Quantitative Management Associates LLC (“QMA”), an affiliate of PFPS, develops the asset allocation models used in PruChoice. QMA reviews (and updates as necessary) capital market assumptions (expected return, standard deviation and correlations) and recommends asset allocations to reflect changing market conditions on an annual basis. These recommended allocations and capital market assumptions are the core components of the PruChoice Questionnaire and Investment Policy Statement.

The PFPS advisory representative presents the Investment Policy Statement to the client and assists the client in evaluating the asset allocation proposal and the Funds appropriate for each asset class by offering information, advice and recommendations. Working with a PFPS advisory

representative, a client may revisit his/her responses to the Questionnaire to obtain different asset allocation proposals and to compare the impact of various asset allocations on meeting investment objectives before selecting an asset allocation for implementation. Please note that there can be no assurance that these objectives will be achieved.

From time to time PFPS may recommend a different asset allocation to the client due to: (i) a change in the client's objectives as identified in discussions between the client and his/her PFPS advisory representative and relayed to PFPS through a revised Questionnaire, (ii) a determination by PFPS that significant long-term changes in market conditions have occurred warranting a modification of asset allocation proposals, or (iii) the addition of a new Fund or removal of an existing Fund. PFPS will follow the directions of the client as to whether any changes will be made to the client's existing allocation.

A client is requested to inform his/her PFPS advisory representative of any material change in his/her circumstances that may affect the Investment Policy Statement. As necessary, the client may be requested to complete a new Questionnaire that would generate an Investment Policy Statement that proposes a new asset allocation. To implement the new allocation, the client will need to sign a new PruChoice Client Advisory Agreement.

The client also may authorize PFPS to periodically rebalance the client's account so that the allocation of investments in the selected Funds remains invested in accordance with the allocation selected by the client. This rebalancing may be performed quarterly or annually at the election of the client on the PruChoice Client Advisory Agreement.

Termination of a Fund from the Program

PFPS at its discretion may remove any Program Fund from the Program, and a Program Fund may terminate its participation in the Program, at any time and in any manner. In the event of a Program Fund removal or termination, PFPS will give prompt notice to clients of the event and the opportunity to select a new Program Fund from the options available in the Program. Where a client fails to (i) select a new Program Fund within the time required by the notice or (ii) provide other instructions, the client authorizes PFPS to liquidate the terminating Fund's shares and use the proceeds to purchase shares of the Program money market Fund.

Ineligible Fund in Purchase Instructions

If PFPS receives Program instructions for a transaction that involves a fund that is not participating in the Program or cannot be purchased for any reason, the client authorizes PFPS to use the monies designated for such transaction to purchase shares of the Program's money market Fund. The client at any time may instruct PFPS to liquidate any portion of the money market Fund to purchase other Funds available in the Program.

A taxable event may occur when a client's investment in a Fund is liquidated whether due to an exchange, redemption, rebalancing or otherwise unless the investment is held in a tax exempt or deferred vehicle (such as a pension or profit sharing plan qualified under Section 401(A) of the

Internal Revenue Code or an individual retirement account (IRA) subject to Section 408 of the Internal Revenue Code). Neither PFPS nor its advisory representatives offer tax advice. Clients are urged to consult their independent tax advisors.

Brokerage Account

To participate in the Program, a client must sign the PruChoice Client Advisory Agreement with PFPS as well as open a brokerage account with Pruco Securities (“Brokerage Account”) in which the mutual funds positions for the Program will be transacted and held. A client signs a separate client agreement that governs the brokerage relationship with Pruco Securities. Pruco Securities acts as an introducing broker and forwards clients’ transactions for execution to First Clearing, LLC (“First Clearing”), the clearing broker for Pruco Securities’ Brokerage Accounts. First Clearing also acts as the qualified custodian of client’s advisory assets in PruChoice. First Clearing is not affiliated with Pruco Securities.

Uninvested cash in the Program is transferred from the Program to the Brokerage Account. On a daily basis, this uninvested cash will be moved into a sweep vehicle that is not part of the Program. Pruco Securities Brokerage Accounts offer both affiliated and unaffiliated sweep vehicles. No advisory fee is paid on assets in the Brokerage Account, except for mutual fund shares held under the Program.

Program Reporting

Each PruChoice client will receive: 1) confirmations of Program transactions, 2) account statements from First Clearing on a monthly or quarterly basis, depending on whether there have been transactions during a month, and 3) a performance report (the “Quarterly Performance Review”). The Quarterly Performance Review includes a summary of the allocation of client assets among Program Funds, the performance history for client assets in the Program Funds and rates of return as compared to appropriate market indices.

Proxy Voting

PFPS will not take any action or render any advice with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held in the Program account, and the client or the named fiduciary expressly retains the right and obligation to vote any proxies relating to the securities held in the Program account to the extent consistent with applicable law; provided, however, the client or the named fiduciary may delegate said rights and obligations to any properly authorized agent. PFPS will not accept any delegation from the client of such voting authority or responsibility. If either PFPS or First Clearing comes into possession of any proxy materials or other shareholder information, it will use its best efforts to forward such materials to clients in a timely manner.

The client will be solely responsible for making any and all elections related to any class action lawsuits, mergers, acquisitions, tender offers, bankruptcy proceedings or other such events pertaining to the securities held in the Program account.

Fees and Expenses

Clients are assessed an annual fee for participating in PruChoice (the “Program Fee”). The effective annual rate for the Program Fee currently is 1.25% of the client’s assets invested in the Program, which is the net of the 2.00% standard rate and a credit of 0.75%. This credit is provided to offset certain compensation received from the Funds or the Funds’ affiliates by PFPS’s affiliated companies for providing various services to the Funds. The Program Fee may be negotiable and may differ based on a number of factors including, but not limited to, the amount of the client’s assets and the number and size of related client accounts maintained at PFPS and Pruco Securities. PFPS may change the annual fee rate for participation in the Program in the future; however, this fee change only will apply to new clients who enter into a PruChoice Client Advisory Agreement after the date of the fee change.

The Program Fee is payable quarterly in advance. It is calculated based on the value of assets in the Program on the last business day of the previous calendar quarter. In addition to the Program Fee, each time that additional funds aggregating \$10,000 or more are invested in the Program during any one quarter, a Program Fee, prorated for the number of calendar days remaining in the quarter will be charged to the client. For redemptions from the Program aggregating \$10,000 or more, a credit will be provided to the client for the portion of the calendar quarter remaining. For purposes of calculating any additional fees or credits during a quarter, additional investments and redemptions may be netted and offset each other, depending upon when the transactions occur. There are no Program Fee adjustments made within any calendar quarter for appreciation or depreciation of assets during the quarter.

A client may choose to pay the Program Fee either through an automatic cash debit from the Brokerage Account or through an automatic redemption of Fund shares. A client makes this payment election on the PruChoice Client Advisory Agreement which describes each option in greater detail.

Clients should note that the Program Fee is imposed on all Fund shares transferred into the Program, including Fund shares on which the client may have previously paid a sales charge. Also, to the extent that monies used for investment in PruChoice come from redemptions of the client's other non-PruChoice mutual fund investments, clients should consider the cost, if any, of sales charges previously paid.

Please note that clients may purchase Fund shares – proprietary or third party – directly from the respective Fund or from a broker-dealer (subject to applicable sales charges and other transactional, execution and custodial fees) without participating in the Program or paying the Program Fee described above. The Program Fee for the aggregate cost of all the services provided by PFPS under PruChoice may be more or less than the fees and charges that a client would pay if the client paid separately for investment advice, brokerage, and other services.

Item 5 - Account Requirements and Types of Clients

Types of Clients

PFPS' clients are primarily individuals. Other clients of PFPS include pension and profit sharing plans, trusts, estates, charitable organizations, corporations or other business entities, as well as governmental entities.

Account Requirements

Operating exclusively in the United States, PFPS only opens accounts for individuals or entities having a legal US address. A client must sign a PruChoice Client Advisory Agreement with PFPS as well as sign a Brokerage Account client agreement with Pruco Securities in order for PFPS and Pruco Securities to perform transactional, custodial, administrative and other services associated with PruChoice.

Minimum Investments

Generally, the minimum initial investment requirement for participation in PruChoice is \$25,000 for retail accounts and \$10,000 for retirement and custodial accounts. PFPS, in its sole discretion, may lower these requirements for certain accounts.

PFPS will not transfer into PruChoice any assets held in a fund or fund class that is not available through PruChoice or that impose any type of redemption fee upon redemption. Further, PFPS, in its sole discretion, may choose to terminate a client's participation in PruChoice in the event the market value of assets held in the Program fall below the minimum initial investment requirement.

Termination

Either PFPS or a client may terminate participation in PruChoice upon five business days' prior written notice to the other. PFPS and Pruco Securities will request that the client provide instructions to Pruco Securities regarding Fund share redemptions to close the Program account within thirty days of the date of the termination notice. Where a client fails to provide instructions regarding disposition of the Fund positions in a timely manner, Pruco Securities will follow its standard procedures to close the Brokerage Account. In the event of any termination from the Program, PFPS will refund a pro-rated Program Fee based on the portion of the current calendar quarter then remaining, the associated Brokerage Account will be deemed a non-advisory brokerage account, the sale of any Fund positions will be subject to standard brokerage commissions, even if Funds are no-load Funds, and such Brokerage Account will be subject to an annual account maintenance fee.

Item 6 - Portfolio Manager Selection and Evaluation

The Program is designed to give investors the ability to select mutual funds covering a wide range of asset classes. The Program typically offers between 400-500 mutual funds, including no-load classes of the Proprietary Funds and certain no-load and load-waived classes of Third Party Funds. PFPS relies on the expertise of Prudential Investments, an affiliate of PFPS, to conduct the initial and ongoing due diligence of the Funds, including those of PFPS' affiliates, selected for and participating in PruChoice.

The Strategic Investment Research Group (SIRG)

The Strategic Investment Research Group (SIRG), a team of investment professionals at Prudential Investments, provides *quantitative* mutual fund research that is used to help support the construction and maintenance of PruChoice's investment platform.

PI reviews funds in PruChoice across multiple analytical measurements. During the course of a fund evaluation, SIRG analysts may speak with representatives of the fund companies to assess the experience and talent of the fund's portfolio management team. Funds within PruChoice are evaluated annually using *quantitative* criteria to determine whether they are performing as expected, both from a style perspective and a relative performance perspective. Those funds whose style consistently differs from their approved classification may be reclassified into a more appropriate classification. If a manager is ranked in the bottom decile of its universe for an extended period, generally seven years, the manager and its funds are removed from the PruChoice menu.

PruChoice Select List

SIRG also maintains and monitors a *Select List for PruChoice*. Funds recommended for the Select List are expected to produce competitive risk-adjusted, long-term performance results within their respective peer groups. The objective of the Select List is to provide fund options in each of the asset classes for which a strategic asset allocation recommendation is made by PI, as well as for the other asset classes in which clients may invest.

Funds are reviewed for the Select List quarterly after the quarter-end results have been evaluated using both *quantitative* and *qualitative* criteria. SIRG analysts also respond to events that impact funds within PruChoice as they occur, such as manager changes, mergers, acquisitions, protracted underperformance, etc. Funds experiencing these types of changes may receive further scrutiny with a note to the field. Firm events can have either positive or negative effects on a fund's future performance and are therefore not intended as sell recommendations; instead, they are a means of identifying funds requiring closer future scrutiny.

The Select List is regularly updated to reflect portfolio manager changes and organizational changes as they unfold. An independent, third party research firm produces a quarterly fund fact sheet for use by Pruco registered representatives on Select List funds in PruChoice, as well as for

any other funds in the top 50 funds by assets in PruChoice, with information including individual portfolio managers, asset class, performance, and the fund's investment policy statement.

PruChoice Select List Plus

Funds on the Select List Plus are a subset of the Select List. Funds recommended for Select List Plus have generally exhibited style consistency, long-term portfolio manager tenure, and ability to demonstrate strong performance, net of expense ratios, through stock selection relative to the category peer group. Select List Plus is updated at least annually to reflect funds with these characteristics. The objective of Select List Plus is to provide a shorter, concise and focused list of options in each of the asset classes for which a strategic asset allocation recommendation is made by SIRG.

Item 7 – Client Information Provided to Portfolio Managers

Prudential respects the privacy of clients and is committed to protecting it. To this end, the information provided by the client on the PruChoice Client Advisory Agreement and Questionnaire is used by PFPS to provide Program services and by the PFPS advisory representative to assist the client with selecting an asset allocation and other Program features. Portfolio managers of the Funds participating in PruChoice are not furnished with personal information specific to individual clients. The Portfolio managers receive information regarding fund purchases and sales on an aggregate basis.

Item 8 – Client Contact with Portfolio Managers

Clients do not have direct access to the portfolio managers of the underlying Funds invested in through PruChoice. Fund companies make information available to Fund shareholders, including PruChoice clients, through commentaries, webcasts and other media. Clients may contact PFPS or their advisory representative to obtain information regarding the Funds or portfolio managers. Clients are encouraged to review underlying Fund information available on the fund websites.

Item 9 – Additional Information

Disciplinary Information

Pruco Securities is a registered broker-dealer and many of its management persons as well as its advisory representatives are registered representatives. The following chart provides a brief summary of regulatory matters regarding the activities of Pruco Securities that may be material to your evaluation. Additional information about regulatory matters relating to Pruco Securities and PFPS' advisory affiliates may be found in PFPS' Form ADV-Part 1, which may be viewed online at www.adviserinfo.sec.gov or as a hard copy upon a client's request.

Resolution Date	Regulator	Description of Allegation and Resolution
September 30, 2011	Kentucky Department of Financial Institutions	Involved the failure to register two investment advisory representatives. Pruco Securities paid a \$3,000 fine.
April 1, 2009	Florida Office of Financial Regulation (FL-OFR)	Involved mistaken approval of the appointment of a Pruco Securities registered representative with a viatical company and failure to supervise subsequent sales of unregistered securities in the form of viatical settlement contracts to four investors. Pruco Securities remediated four investors (totaling not more than \$128,000) and paid the \$15,000 examination costs and expenses of the FL-OFR.
July 23, 2008	Vermont Department of Banking, Insurance, Securities and Health Care Administration	Involved failure to register certain agents in the state. Pruco Securities paid the state \$57,500, consisting of an administrative penalty, back registration fees and investigative expenses.
February 28, 2008	FINRA	Involved unsuitable recommendation of Class B mutual fund shares, failure to give breakpoint discounts on sales charges and the supervisory and compliance procedures of Pruco Securities. Pruco Securities was censured and fined \$100,000, required to provide remediation to certain customers, and required to retain an independent examiner who would submit a report to Pruco and FINRA.
June 21, 2007	Maine Office of Securities	Involved failure to reasonably supervise activities of a former registered representative who allegedly engaged in unethical conduct of recommending unsuitable transactions and mutual fund switching. Pruco Securities paid \$36,528.97 in restitution to seven Maine clients.
May 9, 2007	FINRA	Involved failures relating to review, filing with FINRA, recordkeeping and supervision related to certain

Resolution Date	Regulator	Description of Allegation and Resolution
		advertisements and sales literature by Pruco Securities and its affiliate, Prudential Investment Management Services LLC (PIMS). Pruco and PIMS were fined \$525,000, jointly and severally, and required to comply with certain undertakings.
April 4, 2006	Nebraska Department of Banking and Finance	Involved untimely transmission of payments received by a registered representative from a customer for the customer's account. Pruco paid a \$7,500 fine and investigative costs of \$5,000.
October 7, 2005	NASD	Involved untimely filing with NASD of certain amendments to Form U4 and Form U5. Pruco Securities paid a \$550,000 fine.
July 13, 2004	Texas State Securities Board	Involved securities-related sales activity at locations not registered as branch offices with the state. Pruco Securities paid a \$10,000 administrative fine.
February 6, 2003	NASD	Involved failure to timely file with NASD certain disclosure event. Pruco Securities paid a \$100,000 fine.

Other Financial Industry Activities and Affiliations

As noted earlier, Pruco Securities is a registered broker-dealer and many of its management persons as well as all PFPS investment advisory representatives are securities registered representatives. Pruco Securities' management persons do not receive any compensation directly related to Program Fees or commissions from securities-related transactions.

In support of PruChoice, PFPS maintains relationships material to its advisory business with the affiliated Prudential Financial companies described below.

- **The Prudential Insurance Company of America** ("Prudential") – the parent company of Pruco Securities, Prudential provides Pruco Securities (and therefore PFPS) with various services which include services of officers, the use of telecommunications, office space, systems and equipment, programmer and analyst services and mail operation services. PFPS investment advisory representatives and personnel are employees of Prudential, which provides them with salaries, expense support and other benefits.

- **Prudential Investments LLC** (“Prudential Investments”) – an SEC-registered investment adviser that provides advisory implementation and administration services for the Program and serves as the portfolio manager of the Proprietary Funds (Prudential Investments family of funds).
- **Jennison Associates LLC** (“Jennison”) – an SEC-registered investment adviser that manages affiliated Proprietary Fund portfolios.
- **Prudential Investment Management, Inc.** (“PIM”) – an SEC-registered investment adviser that manages affiliated Proprietary Fund portfolios.
- **Quantitative Management Associates LLC** (“QMA”) – an SEC-registered investment adviser that provides asset allocation model portfolios to Prudential Investments for use in the Program.
- **Prudential Investment Management Services** (“PIMS”) – a SEC-registered broker-dealer that serves as the principal underwriter and distributor for certain domestic Proprietary Funds and acts as the clearing broker (on behalf of First Clearing) for mutual fund transactions associated with PruChoice.

A PFPS advisory representative has material affiliations in brokerage and insurance capacities. While s/he does not earn any other direct form of advisory compensation from PFPS other than financial planning fees (for those who qualify as a PFPS financial planner) and a portion of the Program Fee for PruChoice and MACS, her/his activities as an advisory representative of PFPS, as a registered representative of Pruco Securities and as an insurance agent of Prudential and its insurance company affiliates may make her/him eligible for commissions, bonuses, retirement benefits, and non-cash compensation (such as attendance at conferences, sales awards and prizes and expense reimbursements). A client will enter into a separate contractual relationship for each type of product or service, including but not limited to an advisory program, brokerage account, variable annuity or variable life insurance, which the client wishes to purchase or engage. If you have any questions about the capacity in which a Prudential Representative is acting, any compensation he or she may receive or any issues relating to conflicts of interest, please ask your PFPS advisory representative or his/her supervisor.

Code of Ethics

PFPS maintains a code of ethics as required by applicable SEC rules. Our code of ethics requires advisory personnel and advisory representatives to conduct business in an honest and forthright manner in accordance with the highest of ethical standards. In addition, the code of ethics requires advisory personnel and advisory representatives to put client interests ahead of our own and disclose actual and potential meaningful conflicts of interest.

The code of ethics also incorporates the Prudential Financial Information Barrier Policy and Personal Securities Trading Policy, which are intended, among other things, to deter and prevent insider trading and contain detailed requirements with respect to information barriers pertaining to material nonpublic information, as well as restrictions on and reporting and monitoring of employees' personal securities trading.

All PFPS advisory personnel and advisory representatives have a duty to know, understand and comply with the code of ethics and are required to report any violation of the code of ethics promptly to PFPS' chief compliance officer.

PFPS will provide a copy of our code of ethics to clients or prospective clients upon request and without charge.

Participation or Interest in Client Transactions and Personal Trading

Pruco Securities, as a broker-dealer, routinely effects securities transactions for compensation for its clients and recommends mutual funds, insurance and annuity products sponsored by its affiliates; it does not take positions in securities that it sells to clients for investment purposes, including positions held by clients in PruChoice. From time to time, PFPS advisory representatives themselves personally invest in mutual funds through PruChoice and, as a result, may purchase or sell the same mutual funds that they recommend to clients. It is therefore possible that an advisory representative could benefit from clients investing in the same mutual funds; or that an advisory representative could sell a Fund's shares while recommending that clients purchase them. PFPS considers these potential conflicts to be of limited significance. Our advisory representatives do not recommend any Fund unless it is suitable and in the best interest of the client. A PFPS advisory representative has no incentive to recommend one Fund over another to a client and her/his compensation from the Program Fee is not impacted by clients' investments in the same Funds as those invested in by the PFPS advisory representative. Moreover, PFPS' code of ethics requires that neither PFPS nor any advisory representative place her/his own interest ahead of any client's interest.

At times, PFPS advisory representatives may recommend Proprietary Funds for which a PFPS affiliate acts as an investment adviser. While PFPS and its advisory representatives receive no additional compensation from investments in Proprietary Funds, there is an embedded value to Prudential Financial for such investments and our affiliates may receive greater compensation and/or profits from investments in Proprietary Funds than received from other Funds. In addition, our affiliates may provide various services to the Funds and receive compensation from the Funds for these services. Please refer to each Fund's prospectus for more information about the fees and other payments that a Prudential Financial company may receive in connection with clients' participation in the Program.

Further, for certain (IRAs) and accounts subject to the Employee Retirement Income Security Act of 1974 (ERISA), the Program Fee and other fees paid to PFPS and its affiliates will not exceed the direct expenses attributable to providing services to the Proprietary Funds, including any affiliated money market fund, made available to PruChoice accounts.

Review of Accounts

PFPS advisory representatives have general knowledge of their client accounts and, at minimum, review the accounts with the respective client on an annual basis. The reviews may include consideration of i) changes in the client's financial situation or investment objectives and ii)

investment activity in the account.

Clients receive a quarterly performance report that contain details of account activity, current asset allocation, market value and performance reporting. In addition, unless otherwise specified, clients receive trade confirmations and statements related to account activity and positions in the Brokerage Accounts.

Client Referrals and Other Compensation

From time to time, PFPS may enter into joint marketing activities with investment managers and/or sponsors of Funds that participate in PruChoice. These managers and/or sponsors may pay a portion, or all, of the cost of the activities, which payment occasionally may take the form of reimbursement to PFPS or its affiliates.

Clients should seek outside professional counsel in the areas pertaining to legal, tax, accounting and plan administration matters as PFPS advisory representatives do not provide advice in these areas. If asked, PFPS advisory representatives may suggest outside professionals as a courtesy to clients. These outside professionals typically are not affiliated with PFPS and clients establish separate relationships with them. Although PFPS advisory representatives are not directly compensated for recommending outside professionals, the use of these professionals may result in referrals to PFPS at a later date.

Financial Information

Registered Investment Advisers are required to provide clients with certain financial information or disclosure about their financial condition. PFPS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. Please contact your PFPS advisory representative if you would like to receive a copy of Pruco Securities' balance sheet for the most recent year.