

November 9, 2005

Letter of Comment No: 9
File Reference: 1025-PNU

Mr. Robert H. Herz, Chairman
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856

Re: Board Meeting of November 10, 2005 – Pensions and Other Postretirement Benefits

Dear Mr. Herz:

Prudential understands that the Board will be discussing whether to add a project to its agenda to reconsider the provisions of FASB Statements No. 87 and 106. We offer the following views for your consideration.

Prudential has been reviewing the current accounting model for pensions. Our objective is to suggest changes in the current model in a way that better presents the economics of a pension plan and simplifies or standardizes certain rules in the model. We acknowledge that pension accounting requires a long-term view of the cash flows and requires a significant number of assumption variables. Consequently, we agree with some view of smoothing.

We are still formulating our detailed views on pension accounting and will share them with you at a later date.

Our high level philosophy on pension accounting is described below:

The High Level Philosophy of Pensions

The statement of financial position will measure the position of a defined benefit pension plan at fair value. The position of a pension plan is defined as plan assets less pension obligation.

Delayed recognition is still allowed for certain changes in the plan assets and plan obligations. However, all deferrals (prior service and gain/loss) will be grouped and classified, as one balance, on the balance sheet as a component of stockholders' equity. The balance of this account will be tax affected.

Note: This philosophy no longer requires a concept of an additional minimum liability.

Smoothing techniques, while still permissible, should be narrowed.

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Ultimately, all changes in the pension obligation and pension assets will be recorded in the income statement. Therefore, the income statement ultimately reflects pension cost as defined by: Pension cost = Benefit payments less Employee contributions less Return on plan assets.

Applicability to Other Postretirement Benefits

The same high level philosophy also pertains to Other Postretirement Benefits

We appreciate this opportunity to communicate our views and look forward to the comment process on these issues.

Sincerely,

A handwritten signature in cursive script that reads "Dennis G. Sullivan".

Dennis G. Sullivan
Principal Accounting Officer