

American Federation of Labor and Congress of Industrial Organizations



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November 9, 2007

Mr. Frederic K. Becker, Chairman
Audit Committee
Board of Directors
Prudential Financial, Inc.
751 Broad Street
Newark New Jersey 07102

Dear Mr. Becker:

Chief executive officers of the nation's largest companies say that health care costs represent the biggest pressure they face today. Prudential Financial Inc. also faces \$1.43 billion in potential retiree health care costs, one of the highest among U.S. companies. We are concerned about possible conflicts on Prudential Financial's board relating to the company's exposure to the health care crisis.

Arthur F. Ryan, who has been Prudential Financial's chairman and CEO since 1994, is also a director of Regeneron Pharmaceuticals. James G. Cullen, the board's Compensation Committee chair and a member of the Audit Committee, is a director of Johnson & Johnson. William H. Gray, III, chair of the Corporate Governance and Business Ethics Committee, which oversees the company's corporate governance issues and practices, including recommendations of individuals for seats on the board, and oversees the company's ethics and conflict of interest policies, is a director of Pfizer Inc. John F. Hanson, who is the chair of the Executive Committee, is the chairman of HealthSouth Corporation. Constance J. Horner, a member of the Compensation and Corporate Governance and Business Ethics Committees, is also a director of Pfizer Inc. Christine A. Poon, who joined the board in 2006, is currently a director of Johnson & Johnson. James A. Unruh, a member of the board's Audit Committee, is also a member of Tenet Healthcare.

We are also concerned that a substantial portion of the wealth of Messrs. Ryan, Cullen, Gray, Hanson, and Unruh, as well as that of Ms. Horner and Ms. Poon, is invested in the pharmaceutical and health insurance industries.

Each of these pharmaceutical and health insurance companies and PhRMA oppose legislation that could significantly lower our company's health care costs through the expansion of the federal Medicare program to cover all Americans, and letting Medicare negotiate prescription drug prices. Because prescription drugs represent a large portion of retiree health costs, the conflicts between Prudential Financial Inc., PhRMA, Regeneron Pharmaceuticals, Johnson & Johnson, and Pfizer Inc. could have a direct impact on our company's profitability.

Moreover, universal health care is already emerging as an issue in the 2008 presidential race and will very likely be a key priority for the nation's next president. A plan to provide universal health care coverage is unquestionably in the interest of our company and its shareholders because it would lower prescription drug costs and transfer substantial retiree medical costs to the federal government. So, too, are more limited reforms that would cover retirees and give the Medicare program the ability to negotiate drug prices with pharmaceutical manufacturers. Yet, PhRMA, the trade association representing pharmaceutical companies, Regeneron Pharmaceuticals, Johnson & Johnson, Pfizer Inc., HealthSouth Corporation, and Tenet Healthcare have reiterated their opposition to such a plan.

We believe that the mere appearance of these conflicts of interest is serious enough that Messrs. Ryan, Cullen, Gray, Hanson, Unruh, Ms. Horner, and Ms. Poon should be asked to recuse themselves from voting and from chairing board committees when necessary. The New York Stock Exchange listing standards also require our company have such a policy in place. Without a recusal policy that is effectively monitored, these directors have the ability to influence, and possibly control, the board's consideration of health care matters. The lack of such a policy also leaves the company vulnerable to shareholder lawsuits.

Union-sponsored pension plans hold more than \$400 billion in total assets and are significant holders of the company's common stock. Union members across America participate in retirement systems with assets in excess of \$5 trillion. The AFL-CIO has serious concerns about the adequacy of corporate governance and ethics policies as long as these conflicted directors participate in matters affecting health care at our company. In order to ensure that the company's conflict of interest policies are more complete, we would like you to address the following:

1. Does the Company require a director who is also a director or an officer or a former officer of a health insurance or pharmaceutical company to recuse himself/herself from any Board discussions or decisions relating to any matter on health insurance or the pharmaceutical industry?

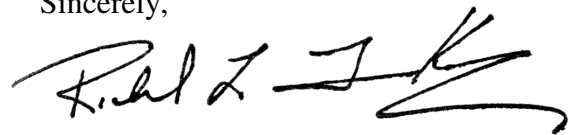
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2. What steps has the Company taken to assure that directors participating in Board discussions and decisions regarding health insurance and prescription drug price reform act solely in the best interests of the Company?
3. Has the Company ever taken a position supporting legislation letting Medicare create a formulary and negotiate the prices of prescription drugs with pharmaceutical companies?
4. Has the Company ever supported federal or state legislation to permit consumers to purchase prescription drugs from Canada?
5. For each director who is either a director or an officer, or a former officer of a pharmaceutical or a health insurance company, please describe how the Company has addressed New York Stock Exchange Listing Standard 303A.10, which states that "A 'conflict of interest' occurs when an individual's private interest interferes in any way—or even appears to interfere—with the interests of the corporation as a whole."
6. Please describe annual unit price and the total cost to the Company of each prescription drug purchased by the Company from a company whose director or officer or former officer is also a director of the Company.

We look forward to your reply and would be happy to discuss this issue with you and the Board as soon as possible.

If you have any questions about this letter, please call Daniel Pedrotty, director of our Office of Investment, at (202) 637-5379.

Sincerely,



Richard L. Trumka

RLT/ms
opeiu #2, afl-cio