

January 17, 2007

Consumer Protection Division  
N.C. Attorney General's Office  
9001 Mail Service Center  
Raleigh, NC 27699-9001

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Also sent via fax: (919) 716-6050

Re: Legal Notice of Information Security Breach Pursuant to the Identity Theft Protection Act of 2005

To Whom it May Concern:

As you are aware, North Carolina law requires notice to the N.C. Attorney General's Office in the event of an information security breach involving the personal information about North Carolina residents. In accordance with that requirement, we write to inform you of an information security breach that Towers Perrin, a vendor that provides consulting services to Prudential, first reported to Prudential on January 3, 2007.

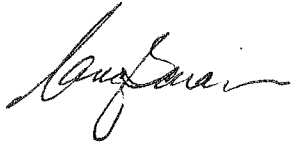
On December 1, 2006, Towers Perrin learned that five laptops had been stolen from its offices in Manhattan. The laptops contained personal information about approximately 35,000 current and former Prudential employees, including their names and social security numbers, and certain other pension benefit calculation information. Towers Perrin has advised us that the laptops were not encrypted, but that the laptops and the email program were separately password protected. Towers Perrin has no information indicating the information has been misused. It reported the theft to the New York City Police Department (Mid-town South Precinct). The police report number is 2006-014-17855. Subsequently the District Attorney's Office for the County of New York requested that Towers Perrin delay notifying affected individuals until January 5, 2007.

We estimate that about approximately 286 North Carolina residents were affected by this incident. We are in the process of notifying all affected customers of the possible information security breach via written letter to each affected individual. The letters were mailed yesterday and today, January 16 and 17, 2007. For your convenience, a copy of the notice is enclosed with this letter. As the notice indicates, Towers Perrin has committed to encrypt all laptops that contain Prudential information by the end of this month.

The notices describe (1) the general nature of the incident resulting in the potential information security breach, (2) the type of personal information that was the subject of the possible security breach, (3) the precautionary measures Towers Perrin is taking to protect personal information from further unauthorized access, (4) contact information for inquiries regarding the incident, (5) how to enroll in Equifax's credit monitoring service, which Towers Perrin is making available to affected individuals free of charge for one year; and (6) advice that affected individuals consider placing an initial fraud alert on their credit files and that they review account statements and monitor free credit reports that are available to them.

If you have any questions or need further information regarding this incident, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Greg Perrin".

Enclosure

**TO:** Certain current and former employees of Prudential

**RE:** Important notice about personal data

**DATE:** January 16, 2007

I am writing to let you know that on January 9 we learned that laptop computers containing information about you were stolen from Towers Perrin, a company that provides actuarial consulting services to Prudential. To perform this work, Towers Perrin had access to some personal information about you, including your name and Social Security number, which were on the stolen laptops. Further details concerning this incident are contained in the enclosed letter from Towers Perrin.

We are deeply troubled that this situation occurred and are acutely aware of the need to safeguard personal information. We routinely evaluate the information security programs of third party business partners that require personal information to provide services to our employees. In this case, the internal controls we understood to be in place at Towers Perrin did not operate as intended. We are carefully reviewing this incident and are working with Towers Perrin to evaluate and immediately implement additional data protection measures needed. For example, all laptop computers containing Prudential-related information will be encrypted by the end of January.

At this time, we have no knowledge that information about you has been used inappropriately. As a precaution, Towers Perrin has arranged, at no cost to you, for you to enroll in a credit watch service so that you can monitor the situation. Towers Perrin has provided information about this service in the enclosed letter. I encourage you to take advantage of this credit watch service.

Towers Perrin has established a hotline to handle any questions you may have. That number is (800) 788-2795. Once again, we sincerely regret any concern or inconvenience that this incident may cause.

Sincerely,



Sharon C. Taylor  
Senior Vice President  
Corporate Human Resources