

July 28, 2010  
Statement from Prudential Financial

Prudential is proud to have worked with the Department of Veterans Affairs for more than 44 years. During that time we have helped families manage after the loss of those who have sacrificed so much for our country. This remains our heartfelt commitment.

We firmly believe that our interest-bearing Alliance Account is a convenient and flexible way for beneficiaries to safeguard and access their money. As opposed to sending beneficiaries a check, money in the Alliance Account begins earning interest immediately.

We regret if anyone has experienced a delay using the Alliance Account and will continue to work to ensure that beneficiaries receive their proceeds. The account is designed to give beneficiaries a place to hold money they received during a very emotional time in their lives -- while they decide what they want to ultimately do with the funds.

We fully disclose the nature and terms of the account to accountholders, including the interest credited to their account. We also make it clear to beneficiaries that they can withdraw some or all of their money immediately or at any other time and without delay. And, we offer third-party financial counseling to beneficiaries of servicemembers to help them make the best decisions about the use of these funds and other governmental benefits.

The interest rate paid to accountholders has been comparable to other on-demand accounts, especially given that the funds are invested to ensure that the proceeds are readily available to beneficiaries. While we have had years where we have made a profit, we have also had years when we had losses because we assume the investment risk for the money in the Alliance Account.

We remain committed to keeping our promises to all of our clients.