

Prudential Savings Bank

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September 15, 2006

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D.C. 20552

Re: Proposed Rulemaking No. 2006-29

Dear Sir or Madam:

We are writing to express our support of the proposed rulemaking by the Office of Thrift Supervision ("OTS") captioned "Stock Benefit Plans in Mutual to Stock Conversions and Mutual Holding Company Structures" (No. 2006-29) (hereinafter referred to as the "Proposed Rulemaking").

Prudential Mutual Holding Company (the "MHC") and its "mid-tier" subsidiary, Prudential Bancorp, Inc. of Pennsylvania (the "BHC"), are the parent holding companies for Prudential Savings Bank (the "Bank"), a Pennsylvania chartered savings bank headquartered in Philadelphia, Pennsylvania. The Bank converted to stock form and concurrently completed its reorganization to the mutual holding company structure in March 2005. The primary banking regulators of the Bank are the Commonwealth of Pennsylvania Department of Banking (the "Department") and the Federal Deposit Insurance Corporation (the "FDIC"). The MHC and the BHC are bank holding companies registered with the Board of Governors of the Federal Reserve System (the "FRB"). The Bank is well capitalized and has not been a source of supervisory concern.

We note that a comment letter on the Proposed Rulemaking has been submitted on behalf of Joseph Stilwell, Stilwell Value Partners VI, L.P. and other Stilwell entities (collectively, the "Stilwell Group"). Stilwell is a shareholder of our BHC. We are familiar with Mr. Stilwell and believe that the OTS should consider certain facts regarding Stilwell and other activist shareholders who have submitted comment letters on the Proposed Rulemaking.

As you may be aware, Mr. Stilwell has been an activist shareholder for a number of years and has been instrumental, we believe, in forcing the boards of directors of a number of financial institutions to sell their institutions. Prior to public disclosure in June 2005 by the Stilwell Group

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of its ownership of 9.1% of the issued and outstanding common stock of our BHC (amounting to more than 20% of the stock held by shareholders other than Prudential Mutual Holding Company), the Stilwell Group had taken positions in excess of 5.0% of the issued and outstanding shares of seven other financial institutions. Mr. Stilwell's general mode of operation has been to disclose the Stilwell Group's accumulation of a position and demanding that the institution meet with him in order to discuss methods to maximize shareholder value by, among other things, repurchasing its shares and pursuing a sale of control which would result in significant profits to the Stilwell Group. All but one of those seven institutions have ended up selling control.

Mr. Stilwell remained true to form in his dealing with us. Even before filing the Schedule 13D reflecting ownership by the Stilwell Group in excess of 5.0%, Mr. Stilwell and his counsel called to inform BHC that the Stilwell Group would be filing the Schedule 13D and that Mr. Stilwell wished to meet with the board of directors of BHC and management of BHC to discuss, among other things, his request that he be appointed to the board. He indicated at the meeting, as stated later in the amendments to the Schedule 13D, that the Stilwell Group would oppose the approval of our proposed stock option plan ("SOP") and recognition and retention plan ("RRP") (collectively, the "Stock Benefit Plans") unless Mr. Stilwell was appointed to BHC's board of directors. The board of BHC believed, and continues to believe, based on Mr. Stilwell's statements and actions and his prior history, that his appointment to the board was not in the best interests of BHC or the Bank in that it appeared that Mr. Stilwell's primary focus was on pursuing a course of action designed to be beneficial to the Stilwell Group, and, in the opinion of the board of the BHC and the Bank, not in the best interests of the Bank or BHC. Mr. Stilwell then indicated to our management that if BHC entered into a "capital plan" pursuant to which it would make a binding commitment to repurchase \$30 million of its stock over the next three years (at current pricing for the stock, that would equate to approximately 35% of the public shares) and appoint him to the board, he would withdraw his objection to the approval of the BHC's Stock Benefit Plans. The board of directors of BHC has determined that adoption of the capital plan proposed by Mr. Stilwell would be imprudent and potentially constitute a breach of its fiduciary duties. Such a plan could, we believe, constitute an unsafe and unsound practice. It is obvious that Mr. Stilwell's actions are motivated solely by personal benefit.

We are aware that, subsequent to his investment in our BHC and the public attacks made by the Stilwell Group with respect to our institution, the Stilwell Group invested in another MHC, Roma Financial Corporation, and apparently is commencing the same types of threatening activities there. It is clear to us that the Stilwell Group will utilize whatever means possible at as many institutions as possible in order to advance their goal of maximizing profits for the Stilwell Group.

We noted that the comment letter on the Proposed Rulemaking on behalf of the Stilwell Group cites the provisions of the Nasdaq Marketplace Rules regarding shareholder approvals of stock benefit plans. The arguments made in this context are, at best, disingenuous. In the context of our proposed stock benefit plans, the Stilwell Group made the argument to the Nasdaq that a majority of the minority vote was required. We discussed this directly with the Nasdaq and, upon consideration, the Nasdaq agreed with us that no majority of the minority vote is

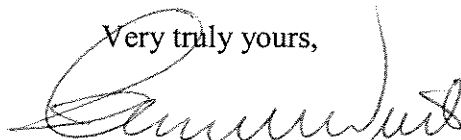
required under the Nasdaq rules and that our mutual holding company is entitled to vote its shares. Mr. Stilwell and his counsel are fully aware of this.

We believe that any comments made by Mr. Stilwell should be considered in light of his history and his stated intentions to force BHC to take actions which would personally benefit Mr. Stilwell by placing him on BHC's board and/or engaging in massive stock buybacks regardless of the corporate reasonableness thereof. We note that Mr. Stilwell purchased his shares knowing full well that the mutual holding company structure ensures corporate control by MHC. Now, after the fact, Mr. Stilwell is attempting to wreak havoc at MHC through all possible means, without regard to the impact on the Bank and BHC, in order to advance his own personal agenda. We believe that Mr. Stilwell is exactly the type of activist shareholder that Congress was trying to neutralize when it authorized the mutual holding company structure. Based on the history of the Stilwell Group, we submit that their comments on the Proposed Rulemaking should be given little weight and, more appropriately, should be viewed for what they really are – attempts to further enrich the members of the Stilwell Group without regard to the public policy sentiments supporting the creation of the mutual holding company structure or the adverse consequences to the MHCs that the Stilwell Group chooses to invest in.

In closing, I would like to advise the OTS that I, as well as many other mutual institutions and mutual holding companies, are extremely troubled by the increasingly aggressive and, in certain cases, hostile actions being taken by certain activist shareholders of mutual holding companies. In my opinion, the goal of such shareholders is to take control of, or exercise a controlling influence on, the day-to-day operations of the mutual holding companies that they have chosen to invest in for their own personal benefit. Clearly, their actions and agenda are having a chilling effect on other mutual institutions that will continue unless the OTS, like the FDIC, shuts down this avenue of attack.

Thank you for your time and consideration.

Very truly yours,



Thomas A. Vento
President – Chief Executive Officer