

July 31, 2009

Dear Representative:

It is apparent from the return of “bonus fever” that once again is gripping Wall Street that too many American corporations are ready to shrug off the lessons that should be learned from the current financial crisis and economic downturn. Congress must take action to ensure that shareowners – the individuals and institutions that own America’s publicly traded companies – can speak up on executive compensation through “say on pay” resolutions.

The signers of this letter congratulate Chairman Barney Frank and the House Financial Services Committee for taking the first step toward comprehensive financial regulatory reform by approving H.R. 3269, the “Corporate and Financial Institution Compensation Fairness Act.” We urge the full House of Representatives to approve this legislation. We are acutely aware of the fact that this is the first time Congress has had a chance to impose a meaningful remedy on those CEOs and board directors who have failed to protect the long-term interest of shareowners. It is imperative that the U.S. House of Representative act in the interests of shareowners now in order to pave the way for additional remedies to follow.

The financial crisis exposed significant weaknesses in the regulation and oversight of the U.S. capital markets, as well as failures in the corporate boardroom. Not only have tens of millions of Americans suffered severe losses in their stock portfolios, 401(k)s, mutual funds and traditional pension plans, they also have lost confidence in the integrity of our financial markets and in the effectiveness of board oversight of corporate management. Today, shareholders in America’s corporations – who more accurately should be thought of as “shareowners” -- have limited options when it comes to protecting themselves and the long term sustainability of the companies they own.

Far too many corporate boards failed their shareowners, whether it was by failing to understand, monitor and oversee risk, or by structuring and approving executive compensation programs that encouraged excessive risk-taking and produced outsized rewards -- with little or no downside for risk – for short-term results. At the same time, the rules and regulations governing the capital markets failed shareowners by denying them a meaningful voice in overseeing corporate directors (their elected representatives) and in holding directors accountable.

H.R. 3269 takes important steps in providing meaningful shareowner oversight of management and boards, thereby helping to restore investor confidence in the financial markets. The legislation would give shareowners a “say on pay” for top executives and ensure that they have a nonbinding, advisory vote on their company’s pay practices. The bill would require federal regulators to proscribe inappropriate or imprudently risky compensation practices as part of solvency regulation of all financial institutions, and all financial firms would be required to disclose any compensation structures that include incentive-based elements.

This legislation takes the first steps in addressing the failures exposed by the financial crisis, it is consistent with enhancing long-term shareowner value, and it deserves the support of all

Members of Congress. We strongly urge the adoption of this measure and further Congressional action in the coming months on other needed remedies.

Sincerely,

ShareOwners.org
Americans For Financial Reform
Social Investment Forum

Launched in June 2009, ShareOwners.org (www.shareowners.org) is a nonprofit and nonpartisan organization that will educate and organize U.S. investors to support both short- and long-term financial market reforms. ShareOwners.org's broad four-part agenda focuses on the need for stronger regulation (including a beefed-up SEC), increased accountability of boards/CEOs, improved financial transparency and protection of the legal rights of investors..

Americans for Financial Reform ("AFR") is a coalition of nearly 200 national, state and local consumer, employee, investor, community and civil rights organizations who seek meaningful reform of our banking and financial system. A full list of coalition members may be found at <http://ourfinancialsecurity.org/about/our-coalition/>. All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.

The Social Investment Forum (<http://www.socialinvest.org>) is the U.S. national nonprofit membership association for professionals, firms and organizations dedicated to advancing the practice and growth of socially responsible investing (SRI). Critical to responsible investment practice is the consideration of environmental, social and corporate governance criteria in addition to standard financial analysis. Nearly 400 SIF members support SRI through portfolio selection analysis, shareholder advocacy and community investing.