

HENRY A. WAXMAN, CALIFORNIA,
CHAIRMAN

TOM LANTOS, CALIFORNIA
EDOLPHUS TOWNS, NEW YORK
PAUL E. KANJORSKI, PENNSYLVANIA
CAROLYN B. MALONEY, NEW YORK
ELIJAH E. CUMMINGS, MARYLAND
DENNIS J. KUCINICH, OHIO
DANNY K. DAVIS, ILLINOIS
JOHN F. TIERNEY, MASSACHUSETTS
WM. LACY CLAY, MISSOURI
DIANE E. WATSON, CALIFORNIA
STEPHEN F. LYNCH, MASSACHUSETTS
BRIAN HIGGINS, NEW YORK
JOHN A. YARMUTH, KENTUCKY
BRUCE L. BRALEY, IOWA
ELEANOR HOLMES NORTON,
DISTRICT OF COLUMBIA
BETTY McCOLLUM, MINNESOTA
JIM COOPER, TENNESSEE
CHRIS VAN HOLLEN, MARYLAND
PAUL W. HODES, NEW HAMPSHIRE
CHRISTOPHER S. MURPHY, CONNECTICUT
JOHN P. SARBANES, MARYLAND
PETER WELCH, VERMONT

ONE HUNDRED TENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5051
FACSIMILE (202) 225-4784
MINORITY (202) 225-5074
TTY (202) 225-6852

<http://oversight.house.gov>

TOM DAVIS, VIRGINIA,
RANKING MINORITY MEMBER

DAN BURTON, INDIANA
CHRISTOPHER SHAYS, CONNECTICUT
JOHN M. McHUGH, NEW YORK
JOHN L. MICA, FLORIDA
MARK E. SOUDER, INDIANA
TODD RUSSELL PLATT, PENNSYLVANIA
CHRIS CANNON, UTAH
JOHN J. DUNCAN, JR., TENNESSEE
MICHAEL R. TURNER, OHIO
DARRELL E. ISSA, CALIFORNIA
KENNY MARCHANT, TEXAS
LYNN A. WESTMORELAND, GEORGIA
PATRICK T. McHENRY, NORTH CAROLINA
VIRGINIA FOXX, NORTH CAROLINA
BRIAN P. BILBRAY, CALIFORNIA
BILL SALI, IDAHO

May 8, 2007

Mr. John J. Haley
President and Chief Executive Officer
Watson Wyatt
901 North Glebe Road
Arlington, VA 22203

Dear Mr. Haley:

I am writing to request information regarding the executive compensation consulting services provided by your company. Corporations often rely on outside firms such as yours to provide advice to directors on how to compensate senior executives. The Oversight Committee is conducting a preliminary inquiry into executive compensation practices, including the role played by executive pay consultants.

Recent press reports and company disclosures have raised questions about the independence of the advice companies receive from executive compensation consultants. In some cases, the firms that provide executive pay advice to a company's board also perform other types of services for company management, such as employee benefit plan and pension plan consulting. The fees received for these other services can be substantial, reportedly reaching hundreds of millions of dollars in some cases.¹

Shareholders and investors have expressed concerns that a compensation consultant's ongoing business relationships with a company could compromise the independence of the advice the consultants provide to the company's board about executive compensation. Little is known about the extent of this practice, however, because the Securities and Exchange Commission does not require companies to disclose whether executive compensation consultants perform other services for management.

To further the Committee's understanding of these issues, I request that you provide information regarding the executive compensation and other services your company has

¹ According to press reports, for example, Hewitt Associates received more than half a billion dollars in revenue from Verizon from 1997-2006 for services rendered to Verizon other than its executive compensation services. *Outside Advice on Boss's Pay May Not Be So Independent*, New York Times (April 10, 2006).

provided to large U.S. companies. For each of the largest 250 companies measured by revenue,² please provide the following information for the time period from January 1, 2002, through December 31, 2006:

1. Identify each company for which your firm provided both executive compensation consulting services as well as other types of services;³
2. For each company identified in response to request no. 1,
 - a. Describe the nature of the executive compensation consulting services provided by your company;
 - b. Provide the total revenues received annually for providing executive compensation consulting services;
 - c. Describe the nature of all other services (other than executive compensation consulting services) provided by your company; and
 - d. Provide the total revenues received annually for providing these other services.

In responding to these requests, please include information regarding companies affiliated with your firm, such as a corporate parent or subsidiary. The Committee requests that you provide this information on or before May 29, 2007.

The Committee on Oversight and Government Reform is the principal oversight committee in the House of Representatives and has broad oversight jurisdiction as set forth in House Rule X. An attachment to this letter provides additional information about how to respond to the Committee's request.

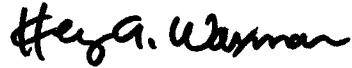
² In responding to this letter, please use the list of the top 250 companies measured by revenue in the 2007 Fortune 500 list, available at <http://money.cnn.com/magazines/fortune/fortune500/2007/>.

³ In responding to this request, please include a company if your firm provided both categories of services (executive compensation consulting and other types of services) at any point during the January 1, 2002, through December 31, 2006, time period. Please do not exclude a company on the grounds that the services were provided during different years or time periods.

John J. Haley
May 8, 2007
Page 3

If you have any questions regarding this letter, please contact Michael Gordon or David Rapallo of the Committee staff at (202) 225-5420.

Sincerely,

A handwritten signature in black ink that reads "Henry A. Waxman". The signature is written in a cursive, flowing style.

Henry A. Waxman
Chairman

Enclosure

cc: Tom Davis
Ranking Minority Member