



AFSCME®

American Federation of State, County and Municipal Employees, AFL-CIO

FBI
Marc

Gerald W. McEntee
President

William Lucy
Secretary-Treasurer

Vice Presidents

Ronald C. Alexander
Columbus, OH

Ken Allen
Portland, OR

Henry L. Bayer
Chicago, IL

George Boncoraglio
New York, NY

Anthony Caso
Boston, MA

Greg Devereux
Olympia, WA

Danny Donohue
Albany, NY

David R. Fillman
Harrisburg, PA

Michael Fox
Harrisburg, PA

Albert Garrett
Detroit, MI

Raglan George, Jr.
New York, NY

Alice Goff
Los Angeles, CA

Sherryl Gordon
Trantion, NJ

anny J. Homan
Des Moines, IA

Salvatore Luciano
New Britain, CT

Roberta Lynch
Chicago, IL

Glenard S. Middleton Sr.
Baltimore, MD

Patricia A. Moes
Worthington, OH

Michael D. Murphy
Madison, WI

Henry Nicholas
Philadelphia, PA

Russell K. Okata
Honolulu, HI

Ellie Ortiz Lopez
San Juan, PR

George E. Popyack
Oakland, CA

Greg Powell
Austin, TX

Joan H. Reed
New York, NY

Eddie Rodriguez
New York, NY

Joseph P. Rugola
Columbus, OH

Kathy J. Sackman
Pomona, CA

Elliot Seide
St. Paul, MN

Henry E. Sullivan
Albany, NY

David Warrick
Indianapolis, IN

Jeanette D. Wynn
Tallahassee, FL

1625 L Street, N.W., Washington, D.C. 20036-5687

Telephone: (202) 429-1000

Fax: (202) 429-1293

TDD: (202) 659-0446

Website: <http://www.afscme.org>

March 27, 2007

Members of the Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Representative:

On behalf of the 1.4 million members of the American Federation of State, County and Municipal Employees (AFSCME), I am writing in strong support of "The Shareholder Vote on Executive Compensation Act" (H.R. 1257). AFSCME supports H.R. 1257 because it would require public companies to ensure that shareholders have a yearly nonbinding advisory vote on their company's executive compensation plans. It also would require an additional nonbinding advisory vote if the company awards a new golden parachute package at the same time it negotiates the purchase or sale of the company. These new requirements would strengthen shareholder input and improve corporate governance.

We support H.R. 1257 because directors are not accountable to shareholders. CEO pay has grown out of control, and in too many cases there is no relationship between compensation and performance. For example, Home Depot's \$257 million severance package to Bob Nardelli illustrates this disturbing trend. In fact, beyond any one example, in 2005 the average U.S. CEO earned more in one workday than an average worker's annual earnings. Unfortunately, decision-makers with the responsibility to link executive compensation to performance and to increase shareholders' voice in the compensation review process have not lived up to their responsibility. Corporate boards, Self Regulatory Organizations, and the Securities and Exchange Commission (SEC) have had ample opportunity to act in the interests of shareholders, and they have failed. H.R. 1257 moves us in the right direction.

AFSCME hopes the SEC's new requirements to disclose executive compensation will significantly increase transparency on general compensation, retirement benefits, and perquisites. While this information is necessary, it does not permit sufficient action. To act on this information, shareholders need a mechanism to provide input on individual pay packages. Given the reality of plurality voting for most directors, a "no" vote is almost meaningless. H.R. 1257 would provide shareholders with a mechanism targeted to act on compensation information and provide useful input to public companies to help shape appropriate decisions.

Requiring an advisory vote on executive compensation will enhance shareholder rights, increase long-term shareholder value, and create a more competitive U.S. capital market. For these reasons, AFSCME strongly supports H.R. 1257, and we urge you to support this legislation.

Sincerely,

Charles M. Loveless
Director of Legislation

CML:mgb