



CATHOLIC HEALTH EAST

March 29, 2007

Chairman Congressman Barney Frank  
And Ranking Member Spencer Bachus  
House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

Dear Congressman Frank and Congressman Bachus:

As a faith-based investor, we write to comment on and recommend your support of HR 1257 in particular the section of the bill proposing an annual shareholder advisory vote on executive compensation report.

Catholic Health East (CHE) is a multi-institutional Catholic health system, which is co-sponsored by 12 religious congregations. Based in Newtown Square, Pennsylvania, the System provides the means to ensure the continuation of the Catholic identity and operational strength of the sponsors' health ministries, which are located within 11 eastern states from Maine to Florida.

Catholic Health East accepts its responsibility to be a faithful steward of its resources in a manner consistent with its mission, vision, core values and strategic goals. In order to fulfill this responsibility, CHE is committed to utilize its financial resources in a way which will promote the common good, create a just society, for all and enhance human dignity and the protection of all life.

We believe that environmental, social and governance issues have a distinct impact on long term shareowner value and as we analyze companies we take those issues into account. Moreover, we also engage with companies as active shareowners encouraging leadership on environmental, social and governance issues. We believe it is part of our social and fiduciary duty to engage companies on these issues.

We are a member of the Interfaith Center on Corporate Responsibility (ICCR) and through ICCR we work with other concerned religious investors. Together ICCR members hold approximately \$110 billion in assets.

Strong corporate governance is increasingly understood as essential in protecting shareholder interests. Accordingly, the governance records of companies are carefully scrutinized by many investors. Certainly the executive compensation philosophy and package is a central part of good governance. We are pleased that the new SEC compensation disclosure requirements are in place, this will help investors enormously.

Religious investors have a variety of perspectives on executive compensation issues. Some feel the size of various compensation packages are out of control and are unreasonable. Certainly pay for performance is an issue for religious investors as well. We strongly believe that investors need to be proactive in challenging unreasonable compensation.

At present investors have few real tools to address concerns related to packages that are inadequately aligned with shareowner value, that include perks that are questionable or that provide excessive compensation. Therefore, we believe additional checks and balances are desperately needed if shareowners wish to register our concerns with, opposition to, or positive approval of a specific compensation package. We expect that this issue will quickly gain credibility with investors and bill HR 1257 will reflect the desire of an increasing number of investors for governance reform.

The investor community is already actively encouraging companies to adopt an Advisory Vote practice. Approximately a dozen companies have responded constructively stating that the concept of an Advisory Vote has merit and that they would work with investors to study how such a practice could be put into effect in the U.S. markets. While some companies such as Pfizer, Schering Plough, Prudential, EMC and Intel have indicated an interest in working constructively with investors on this issue, we have not seen a widespread embrace of this important shareholder rights initiative by corporate America.

If there was a groundswell by the corporate community adopting this practice then bill HR 1257 would not be necessary. The proposal to have an Advisory Vote provides an important vehicle for investors to be annually polled on their position of the Board's Compensation Package. We support HR 1257.

Sincerely,

Kathleen Coll, SSJ  
Administrator, Shareholder Advocacy

Cc: Representative Joseph Sestak