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10 April 2006

Ms. Nancy M. Morris, Secretary  
Securities & Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-9303

Re: File Number S7-03-06: Executive Compensation  
and Related Party Disclosure: Proposed Rule

Dear Ms. Morris:

These comments are submitted on behalf of the Amalgamated Bank LongView Funds (“LongView Funds” or the “Funds”) in response to the Commission’s Notice of Proposed Rulemaking (“NPRM”) on the subjects of executive compensation and related party disclosure, which was published at 71 FED. REG. 6542 (8 February 2006).

The LongView Funds. The LongView Funds are a family of index funds created by Amalgamated Bank with over \$10 billion under management. Its investors are pension funds, and as the name implies, the LongView Funds take a long-term perspective with respect to investing. To that end, the LongView Funds maintain an active governance program that seeks to enhance the performance of companies in the Funds’ portfolio. As part of this effort, the LongView Funds have submitted shareholder resolutions on a range of issues over the past 14 years, including a number of resolutions dealing with executive compensation issues. The Funds’ compensation-related proposals have sought to establish closer links between executive pay and company performance, to promote greater transparency and investor understanding of a board’s compensation decisions, to give shareholders a say with respect to excessive “golden parachute” packages and other subjects.

Summary and Overview. On the basis of their experience in this area, the LongView Funds commend the Commission for undertaking the extensive review of executive compensation and related-party disclosures set forth in the Notice of Proposed Rulemaking. The LongView Funds believe that the Commission’s proposal provides an important step forward in terms of making executive compensation and related-party transactions more easily understood by investors by improving both the quality and the quantity of disclosure. There are a number of

reforms in the NPRM that the LongView Funds strongly support, and there are some proposals that the LongView Funds would encourage the Commission to strengthen. On balance, the LongView Funds believe that the NPRM provides a useful framework for crafting a final rule on the pertinent subjects, and we urge the Commission to work towards finalization of a rule in time for the 2006-07 proxy season.

Extensive comments have been filed to date by the Council of Institutional Investors (“CII”) and the AFL-CIO. The LongView Funds support the approach taken by those commentators. The Funds’ comments will thus attempt to limit its discussion to some of the key issues presented by the NPRM.

The LongView Funds support the Commission’s proposal for a new Compensation Discussion and Analysis, including the proposed new format, as a means of providing disclosures that are both comprehensive and easy to understand. The Funds also support the Commission’s proposals to improve qualitative disclosure of information and improved narrative discussions of key points. The Funds support in particular the Commission’s emphasis on “plain English” as a guiding principle in this area.

Specific Topics. There are some specific issues that the LongView Funds would like to highlight.

1. Stock Option Valuations. The LongView Funds support the Commission’s proposal to state the dollar value of stock options based on the same methodology that companies use under FASB 123R (grant date fair value). Although the value of options can vary over time, the provision of this information provides a good snapshot of how much the board of directors is willing to pay an executive at the time the decision of pay is being made.

2. Performance Targets. The LongView Funds are concerned that the proposal does not go far enough to provide information about what performance targets or thresholds must be met in order for incentive compensation to be awarded. In order for the concept of pay-for-performance to have practical meaning to shareholders, it is important for shareholders to know how high the bar is being set. The Funds understand the concern that has been expressed with respect to the possibility of disclosing commercially sensitive information, but they support the Council of Institutional Investors’ suggestion to disclose performance targets either at the time they are established or at a future date (such as when the performance is measured) if the information in question is competitively sensitive.

3. “Clawback” Policy Disclosure. The LongView Funds believe that the Commission should require the disclosure of any policy that a company may have

with respect to seeking the return of any bonus or incentive-based compensation that was paid to executives on the basis of financial returns that were later restated. The Funds view the existence of such a “clawback” policy as essential to any pay-for-performance compensation philosophy that is worthy of the name. To that end the Funds have in recent years filed shareholder resolutions at several companies that paid huge bonuses on the basis of financial results that, because of accounting irregularities, had to be lowered some time later. The announcement of significant restatements often destroyed significant shareholder value, yet there has not been a concerted push to recover money that was paid to executives for supposedly “hitting their numbers” during the period in question. To date, some companies (e.g., International Paper, EDS) have adopted policies on this topic; while those statements may not go as far as the Funds would prefer from a policy standpoint, we believe that companies should, at a minimum, identify any such clawback policy and, if no such policy is in force, why that is the case.

4. Maintaining the Performance Chart. The LongView Funds disagree with the proposal to eliminate the five-year comparative performance chart as “outdated.” The chart, which tracks a company’s performance against its peers and a broader market gauge such as the S&P 500 index, offers a useful tool for comparing how well companies have been doing and provides a useful counter-point for examining how executives are being paid. As for the comment that comparative information is readily available elsewhere, even if that were true as to a benchmark such as the S&P 500 index, data regarding the performance of a company’s peer companies may not be readily available for the broader universe of shareholders, and it would be a shame to see a useful tool eliminated.

5. Improved Disclosure of Post-Retirement Payments and Benefits. Pension benefits are a huge element of senior executive compensation. Professor Lucian Bebchuk and a colleague estimated in a recent paper that the pension plans of CEOs of S&P 500 companies had a median actuarial value of \$15 million; that the ratio of the executives’ pension value to the executives’ total compensation (including both equity and non-equity pay) during their service as CEO had a median value of 34%; and that including pension values increased the median value of executives’ total compensation composed of salary-like payments during and after their service as CEO from 15% to 39%. Lucian A. Bebchuk and Robert J. Jackson Jr., *Executive Pensions*, National Bureau of Economic Research Working Paper 11907, <http://www.nber.org/papers/w11907> (December 2005).

Despite the apparent magnitude of these awards, information is not readily available to shareholders at individual companies. We thus favor the proposal to value pensions according to the aggregate of increase in the actuarial value that accrued to an executive during the fiscal year. We favor as well the Commission’s proposal with respect to reporting all forms of post-retirement compensation, as

well as improved disclosure of deferred compensation. These are areas where current rules are inadequate, and the information could be of value to investors.

6. Executive Perquisites. The LongView Funds support disclosure of the full value of perquisites paid to covered executives using any available commercially equivalent alternatives as a benchmark. (We believe that “gross up” tax payments should be enumerated and disclosed separately in a supplemental compensation table.) We favor too the Commission’s proposal to lower the threshold for reporting purposes to \$10,000. Given the judgment calls that might need to be made in a principles-based system, a lower threshold makes it easier to err on the side of disclosure.

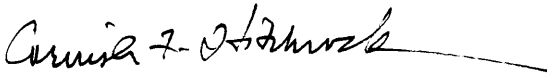
7. Related Party Transactions. The LongView Funds oppose the proposal to raise the threshold on related-party transaction reporting from \$60,000 to \$120,000. We are concerned that the current benchmark for director independence, as set forth in exchange listing standards, is relatively permissive, more so than the standard of independence adopted by the Council of Independent Investors. Thus, we have encountered situations where corporate boards that meet the exchange listing standards for board independence standard would not be considered “majority independent” under the CII criteria. Given that such differences of opinion exist, it would seem inappropriate to be relaxing the criteria for determination of when related-party transactions should be reported.

8. Director Compensation. The LongView Funds support the Commission’s proposal for a new table to outline director compensation and to provide more information than is presently provided. As time demands on directors have grown in recent years, director compensation has risen as well; compensation can come in a variety of forms, yet current rules have not kept pace. Disclosures could be improved and expanded, both in tabular and narrative form.

Concluding Comments. Although the LongView Funds have identified here some specific areas where refinements and improvements would be appropriate, we congratulate the Commission on the thoroughness of its proposal and believe that the NPRM marks a significant effort to improve disclosure and to give shareholders vital information with which to make decisions.

We appreciate the Commission’s consideration of these comments. Please do not hesitate to contact us if there is any further information that we can provide.

Very truly yours,

  
Cornish F. Hitchcock