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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

www.oversight.house.gov

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FOR IMMEDIATE RELEASE
January 31, 2008

FOR MORE INFORMATION, CONTACT:
Karen Lightfoot: (202) 225-5051

OVERSIGHT COMMITTEE REQUESTS EXECUTIVE COMPENSATION INFORMATION FROM FORTUNE 250 COMPANIES

WASHINGTON, DC — The Oversight and Government Reform Committee is asking the compensation committee chairs of each of the Fortune 250 companies to provide information about how executive compensation consultants are utilized by these corporations in setting executive pay. This inquiry is part of an ongoing investigation into the role played by compensation consultants at large publicly traded corporations. In December 2007, the Committee held a hearing and released a report on this subject.

The text of the letter follows:

Dear Compensation Committee Chair:

The Oversight Committee has been investigating the role played by compensation consultants in determining the pay packages of senior executives at large publicly traded corporations. Corporate governance experts recommend that corporate directors hire independent executive compensation consultants that are free of conflicts of interest and can provide objective advice regarding executive pay.¹ In December 2007, the Committee held a hearing and released a report on this subject.²

To assist the Committee with its ongoing investigation, I request that you provide information in response to the following questions for the time period January 1, 2006, to the present:

1. Has your company utilized one or more compensation consultants to assist in determining or recommending the compensation for senior executives (*i.e.*, the five most highly compensated executives)? If yes, for each consultant:
 - a. Who retained the consultant? Was the consultant retained directly by the compensation committee? By management?

- b. To whom does the consultant report? Does the consultant report directly and exclusively to the compensation committee? To management?
 - c. Has the consultant performed other services for the company unrelated to executive compensation (e.g., benefits administration, actuarial services)?
 - d. Did you disclose to your shareholders the role of the consultant in determining or recommending executive compensation? Did you disclose to your shareholders information regarding other services provided to the company by the consultant? If so, please identify the disclosure.
2. Does your company have a written policy regarding whether executive compensation consultants can perform other services for the company unrelated to executive compensation? If yes, please describe this policy, indicate when the policy was put in place, and identify any changes to the policy over time.

In responding to these requests, please include information regarding companies affiliated with your firm, such as a corporate parent or subsidiary. Please provide this information by February 22, 2008.

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.

If you have any questions regarding this letter, please contact Michael Gordon or Roger Sherman of the Committee staff at (202) 225-5051.

Sincerely,

Henry A. Waxman
Chairman

¹ See, e.g., National Association of Corporate Directors, *Executive Compensation and the Role of the Compensation Committee* (Dec. 2003); The Conference Board, *The Evolving Relationship Between Compensation Committees and Consultants* (Jan. 2006).

² House Committee on Oversight and Government Reform, *Hearings on Executive Pay: The Role of Compensation Consultants*, 110th Cong. (Dec. 5, 2007); House Committee on Oversight and Government Reform, Majority Staff Report, *Executive Pay: Conflicts of Interest Among Compensation Consultants*, 110th Cong. (Dec. 2007) (online at www.oversight.house.gov/documents/20071205100928.pdf).