UAW RETIREE
Medical Benefits Trust

April 14, 2011

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Comments on Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act

Dear Ms. Murphy:

On behalf of the United Auto Workers Retiree Medical Benefits Trust (the "Trust"), I am writing to comment on Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 953(b) requires the Securities and Exchange Commission to require public companies to disclose the median annual total compensation of all employees (except the Chief Executive Officer), the annual total compensation of the CEO, and the ratio of the CEO's total compensation with median employee compensation. We view Section 953(b) as an essential tool that will increase corporate board accountability to investors and better align executive pay with long-term shareholder value.

The $55 billion Trust was established through a provision in the 2007 collective bargaining agreements between the UAW and General Motors, Ford and Chrysler, under which all of the retiree health care liabilities were transferred to a new independent Voluntary Employee Beneficiary Association. The largest non-governmental purchaser of retiree health care in the United States, the Trust administers health care plans that cover over 860,000 UAW retirees and dependents throughout the country.

As a closed fund, the Trust does not rely on contributions from retirees to stay solvent; rather, our investment returns provide the necessary capital to pay out health care benefits promised to the retirees for life. Retirees also participate directly in the capital markets as individual investors and as participants in pension plans sponsored by the U.S. automakers. The health care benefits and retirement savings of our beneficiaries therefore depend on boards of directors to promote and engage in corporate governance practices that build shareholder value.

When assessing the health of our investments, we often look to executive compensation as a window into board effectiveness. We expect boards to design compensation programs that reward executives for superior performance, not failure. However, we cannot gauge the quality of executive compensation practices—and board decision-making overall—without meaningful and comprehensive disclosure of how those programs conform to corporate performance objectives. Disclosure of internal pay equity, whether the ratio between median employee wages

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and those of the CEO or the ratio between compensation awarded to the CEO and to other top executives, will ultimately help investors evaluate executive pay practices by better contextualizing the information provided to shareholders through the proxy statement and other corporate filings.

Many investors view internal pay equity, or the relationship between CEO pay and compensation granted to lower-ranked employees, as an important part of compensation disclosure. In some industries, employee compensation is a company's largest expense, and substantive pay disparities can indicate an executive is earning an inappropriately large share of overall compensation paid to employees. While it is reasonable that a high-performing CEO is paid commensurate with the value he or she brings to the company and its shareholders, a top-heavy compensation structure may negatively affect employee morale and productivity,[1] especially as the wages of many employees have stagnated or decreased in the current economic environment. A pay ratio also would allow shareholders to compare employee compensation programs among companies and industries. Finally and perhaps most importantly, a comparison between CEO and employee pay may help shareholders identify the board's strengths and weaknesses, and may provide insight into its relationship with the CEO.

As the Commission considers the implementation of Section 953(b), we would like to stress the need to include all employees—both U.S.-based employees and employees working abroad—in calculating any pay ratios. In fact, the drafter of the provision, U.S. Senator Robert Menendez, noted in a January 19 letter to the Commission that he intended "all employees of the issuer" to include all U.S. *and* foreign employees. A ratio that only takes into account domestic workers would be incomplete, as many of our top holdings are large multinationals with subsidiaries around the world. Moreover, a CEO at a corporation with a significant global presence is paid based on the company's overall performance—not just the performance of its U.S. operations. Failing to produce global compensation comparisons would be akin to comparing apples-to-oranges, and would prove virtually useless to investors.

Some critics have said that providing a pay ratio will have unintended consequences by encouraging employers to restructure their operations to manipulate the data. These fears are completely unfounded: in the very unlikely event that a company alters its business structure to influence the ratio, it would clearly run afoul of state corporation laws that require boards to represent shareholders and act in their best interests. In fact, the CEO-to-worker pay ratio disclosure would help investors better understand a company's global business strategy and compensation philosophy—factors that are material to evaluating the quality of our investments.

We also urge the Commission to again consider requiring companies to disclose the ratio between pay awarded to the CEO and that of the next-highest-paid named executive officer as reported in the proxy statement. As credit rating issuer Moody's Investors Service noted in a 2007 comment on corporate governance, a "notably sharp" differential between CEO and other

[1] See James A. Cotton, "Toward Fairness in Compensation of Management and Labor: Compensation Ratios, A Proposal for Disclosure," Northern Illinois University Law Review 18, No. 157 (1997-1998). See also the February 17, 2011, letter from Rick Wartzman, Executive Director, The Drucker Institute, to Chairwoman Mary L. Schapiro, where the signatory discusses the potential impact of high CEO pay ratios to teamwork and trust, especially among middle-management.

top executive pay may indicate a power structure that is overly-weighted toward the CEO and not the board. Moreover, a high pay ratio could reveal succession planning shortcomings and lead to "key person" risk. Moody's also said that a multiplier between the CEO and the second-highest-paid NEO that is greater than 3.0 may indicate a weak board and poor decision-making. However, we would like to stress that the CEO-to-NEO pay ratio is a complement to, and not a replacement for, the disclosures required under Section 953(b). We believe both disclosures would provide investors with the context necessary to make more informed analyses of executive pay as it is reported in the proxy statement.

Transparency is critical to the viability of our capital markets. As executive compensation continues to rise, shareholders must have the tools to evaluate pay policies and practices that ultimately impact the value of our holdings. We hope the Commission will support investors by providing us with the necessary information to make informed investment decisions.

Sincerely,

Meredith Miller

Meredith Miller
Corporate Governance Officer