



September 4, 2009

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

RE: Release Number 34-60218, File No. S7-12-09

Dear Secretary Murphy:

The General Board of Pension and Health Benefits of The United Methodist Church (General Board) is the largest faith-based pension fund in the United States, managing more than \$14 billion in assets on behalf of 74,000 active and retired clergy and lay employees of the Church. We are writing to submit comments on the Securities and Exchange Commission's proposed rule issued July 1, 2009 as Release Number 34-60218, File No. S7-12-09, entitled "Shareholder Approval of Executive Compensation of TARP Recipients."

The General Board supports the proposed rule that TARP recipients should be required to provide shareholders with an annual advisory vote on executive pay in the companies' proxy solicitations. We further recommend that the SEC extend the advisory-vote requirement to all companies whose market capitalization is generally considered to be in the large and mid-cap categories.

The General Board has long believed that executive pay should be tied to long-term organizational performance. We also believe that publicly held companies should provide a venue for stockholders to express their views concerning how top management is compensated. During the 2009 proxy season, the General Board co-sponsored two shareholder proposals seeking an advisory vote on executive compensation, commonly referred to as "say on pay" votes. Both proposals were later withdrawn after the companies agreed to our request. Throughout the 2009 proxy season, investors expressed strong interest in asking for a say on pay, with such proposals receiving, on average, 46% of the vote.

Release Number 34-60218 also solicits responses to several questions regarding the implementation of the proposed rule. The General Board supports presenting the advisory vote in the form of a management-sponsored resolution on the annual proxy ballot. We recognize that executive compensation packages can be complex and may not readily conform to common disclosure language. Therefore, rather than designating specific language, we recommend that the SEC instruct companies to explain executive compensation in a way that is clear to the average investor. Companies should be allowed to select the best language to fulfill the requirement.



If flexibility in the description of executive compensation packages is permitted, a preliminary proxy filing may be beneficial to SEC examiners and some investors. The General Board generally does not review preliminary proxy filings and, hence, would find such filings to be of limited value.

Investors should also be informed of whether the vote is binding on the company. For example, within the proxy statement, companies should describe the nature of the vote (advisory vs. binding) and explain the extent to which the compensation committee and board of directors will consider shareholder feedback obtained from the vote.

The General Board firmly believes that offering investors the opportunity to cast an advisory vote on executive compensation at *all* large and mid-sized publicly traded companies, not just TARP recipients, is a critical component of good corporate governance and is in the best interests of shareholders. Thank you for considering our position.

Sincerely,

David H. Zellner
Chief Investment Officer