195

LiUNA!

October 10, 2013

RECEIVED
OCT 15 2013
OFFICE OF THE SECRETARY

TERRY O'SULLIVAN
General President

ARMAND E. SABITONI
General Secretary-Treasurer

Vice Presidents:
VERE O. HAYNES
TERRENCE M. HEALY
RAYMOND M. POCINO
JOSEPH S. MANCINELLI
ROCCO DAVIS
Special Assistant to the General President
VINCENT R. MASINO
DENNIS L. MARTIRE
ROBERT E. RICHARDSON
RALPH E. COLE
JOHN F. PENN
OSCAR DE LA TORRE
SERGIO RASCON
JOHN F. HEGARTY

MICHAEL S. BEARSE
General Counsel

HEADQUARTERS:
905 16th Street, NW
Washington, DC
20006-1765
202-737-8320
Fax: 202-737-2754
www.liuna.org

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

RE: Pay Ratio Disclosure, File No. S7-07-13

Dear Ms. Murphy:

On behalf of the 500,000 members of Laborers' International Union of North America (LIUNA), I am writing to express my support for the U.S. Securities and Exchange Commission's proposal requiring disclosure of the worker-to-CEO pay ratio as mandated by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Laborers' Union represents over 500,000 workers across the U.S. and Canada. These members participate in one of our Union's 100 Individual Benefit Funds. These Funds exist to provide retirement security to our members and their families. Our Funds are active participants in the capital markets and collectively hold over $34 billion in assets.

The information that this rule would ultimately force publicly traded corporations to disclose is material information to institutional shareholders, such as our Funds. Compensation experts have found that there is a correlation between high CEO pay and poor performance. In fact, according to a review conducted by the Institute for Public Studies, more than 1/5 of the highest paid executives ran firms that received taxpayer money or collapsed during the financial crisis. Another 14% were either fired or forced to retire. In addition, these CEO's walked away with a collective $47.7 million in severance pay.[1] By mandating the worker- to- CEO pay ratio to be a required disclosure on corporate balance sheets, this culture of inequity will be more transparent.

The information that is gleaned from the worker-to-CEO pay ratio is invaluable information for the annual or tri-annual, say-on-pay vote that corporations are mandated to conduct. Due to our Funds having extremely diverse assets, they vote on thousands of say-on-pay votes annually. The Department of Labor has determined that these proxies are Fund assets and must be voted in accordance with Funds policies. The average worker-to-CEO pay ratio is another tool that can be used to make that vote in a responsible way.

---

[1] Institute for Policy Studies, August 2013.

Feel the Power

Perhaps the most important reason for this rule to be adopted is so that investors will be able to compare companies amongst their own peer groups. As active owners, LIUNA Funds have been asking Boards of Directors to set compensation packages that promote a close correlation between pay and performance through shareholder proposals and other corporate engagements. We believe that being able to compare similarly situated corporations CEO pay packages to each other, may have the effect of ratcheting down high worker-to-CEO pay ratio and thereby lowering executive compensation packages in the aggregate.

Many corporations will argue that this calculation will be too costly to justify. However, the rule, as written, allows corporations to have broad flexibility in how they identify their median employee for calculation of the pay ratio. Companies may use statistical sampling of their workforce to provide an estimate of median employee compensation, or they may use the salary to identify the median and then calculate the value of other employee benefits received by that employee. Either method uses statistics that the company has already calculated.

The time to adopt the proposal is now, without delay. Please contact Ms. Jennifer O'Dell, Assistant Director of Corporate Affairs, at [redacted] or via email at [redacted], should you have any questions. Your time and attention to this important matter are appreciated and we look forward to the implementation of this new rule.

With kind regards, I remain

Sincerely yours,

Terry O'Sullivan

TERRY O'SULLIVAN
General President

pgt