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June 20, 2011

The Honorable Spencer Bachus
Chairman
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

Dear Chairman Bachus,

On behalf of the Retail Industry Leaders Association (RILA), I write to ask for your support for H.R. 1062, the Burdensome Data Collection Relief Act, when the Financial Services Committee considers the bill this week. This legislation would repeal the compensation-ratio disclosure mandated by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and eliminate an onerous and extremely costly administrative reporting requirement that would not provide a meaningful benefit to either a company's employees or shareholders.

RILA is the trade association of the world's largest and most innovative retail companies. RILA members include more than 200 retailers, product manufacturers, and service suppliers, which together account for more than \$1.5 trillion in annual sales, millions of American jobs and more than 100,000 stores, manufacturing facilities and distribution centers domestically and abroad.

From the perspective of transparency, the compensation ratio will add little to shareholders' ability to evaluate a company's performance and will provide no meaningful information or insight as to whether executive or employee compensation is appropriate. In fact, it is more likely to result in confusion and erroneous comparisons between companies because of inherent differences in business models, staffing, and compensation practices.

These disparate results are only magnified if the ratio is used to compare publicly traded companies across industry sectors. For example, at a retail company with a high percentage of part-time, hourly employees, the individual earning the median total annual compensation could easily be a part-time hourly store employee. In contrast, for a manufacturing company and most other types of non-retail businesses, the person earning the median compensation would almost certainly be a full-time employee, and likely a salaried employee. Comparing the compensation ratios for these two companies would be totally meaningless. However, such a meaningless comparison could be used unfairly to cause reputational harm to retailers.

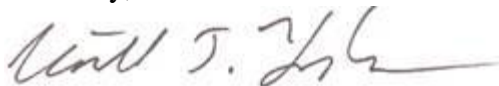
In terms of the cost of implementing this new reporting mandate, companies will be forced to spend hundreds of thousands of dollars, even millions in the case of the largest global companies, simply to calculate two numbers – median total annual compensation and the compensation ratio. To accomplish that task, companies will be required to develop systems that gather and calculate compensation information for each full- and part-time employee – including

thousands of individuals in multiple countries for some global retailers. Based on that data, the compensation of each employee will have to be determined from highest to lowest, and then the employee whose pay is the exact mid-point will have to be identified. Adding further complexity, each employee's compensation must be calculated in the same manner as that of the named executive officers in company proxy statements under the securities rules.

From a policy perspective, if the original objective of this reporting requirement was to improve wages and benefits for average workers, the compensation ratio is likely to have a contrary result. In today's economic environment, the funds necessary to undertake this complex calculation are critically needed and better directed toward competitive wages and benefits, creating new jobs, and fostering overall business growth. From this perspective, it is difficult to see how the new disclosure requirement in any way contributes to the objective of enhancing economic and job growth, let alone how the enormous cost of this disclosure requirement will produce even a dollar in value for the company and its shareholders.

Given the costly and counter-productive results of the compensation-ratio mandate, we urge you to support H.R. 1062 when it comes before the House Financial Services Committee. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Hughes".

Bill Hughes
Senior Vice President, Government Affairs