

February 19, 2009

NAME
TITLE
COMPANY
STREET
CITY

Dear Mr./Ms. CEO:

We are extremely concerned about the deepening economic crisis and the gaps in transparency and accountability that have contributed to the downward spiral. As more and more financial services companies receive funds from the Treasury Department's Troubled Asset Relief Program (TARP), it is critical that every effort be made to assure that transparency and accountability of business operations become the rule.

Disclosure of political spending is a key part of transparency and accountability. To help rebuild shareholder and public trust in financial services institutions, we are writing to urge your company to disclose and require board oversight of its political spending with corporate funds.

Treasury secretary Timothy Geithner emphasized the importance of transparency and accountability at his recent Senate confirmation hearing. According to the *Wall Street Journal*, he said, "there are serious concerns about transparency and accountability, ... confusion about the goals of the [TARP] program, and a deep skepticism about whether we are using the taxpayers' money wisely."

TARP recipient companies are facing heightened public scrutiny of their business operations and political spending. *Washington Post* columnist David Ignatius recently noted the dangers posed by secrecy. "Wall Street's problems have stemmed partly from the secrecy in which its cockeyed financial schemes were hatched," he wrote. This is also a problem with undisclosed political spending which, as we have seen over the past decade, has exposed companies to serious legal, business and reputation risks. The *Washington Times* reported on February 10, 2009, that financial institutions receiving TARP money continue to be active political contributors.

We urge your company to take the following three steps:

- disclose on the company website all political spending including soft money contributions and payments to trade associations and other tax-exempt organizations that are used for political purposes;
- require board oversight of corporate political spending; and
- adopt policies and procedures for approval and review of political spending.

Over the past four years, a growing number of companies, including several in the financial services industry, have recognized disclosure and board oversight of political

spending as a corporate governance best practice. Today, 52, including 33 in the S&P 100, have adopted political transparency and accountability. They include Capital One, American Express, Prudential Financial, UnitedHealth Group, Hewlett-Packard, Pfizer, General Electric, and Procter & Gamble.

Shareholders and directors strongly support disclosure as demonstrated by two Mason-Dixon Polling & Research surveys commissioned by the Center for Political Accountability in 2006 and 2008. The shareholder survey, carried out in 2006, found that more than 90% of respondents backed more disclosure and 84% wanted board oversight and approval of such giving, as reported by *The Wall Street Journal*. According to the poll of directors conducted last year, two-thirds said that recent corporate scandals involving political activities have “damaged the public’s confidence and trust in corporate America.” A similar majority (60%) agreed that reforms were necessary to “protect companies from risk.”

RiskMetrics ISS Governance Services as well as Proxy Governance, leading providers of proxy voting recommendations for major institutional investors, recognize the importance of political disclosure and accountability and strongly support its adoption in most cases. RiskMetrics’ U.S. Policy Guidelines maintain that “a company’s involvement in the political process could impact shareholder value if such activities are not properly overseen.”

Please contact CPA executive director Bruce Freed if you are interested in pursuing political disclosure at bffreed@politicalaccountability.net or (202) 464-1570 x 102. He will share your response with the signatories listed below. We look forward to hearing from you.

Sincerely,



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Center for Political Accountability



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Senior Vice President
Walden Asset Management



Shelley Alpern
Social Research and Advocacy Director
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CC: IR representative