

May 1, 1933

Mr. F. A. Altschul, Chairman
Committee on Stock List
120 Broadway
New York City

Dear Mr. Altschul:

In connection with the valuable work of your Committee in securing full and intelligent publicity of corporation affairs, may I suggest the importance of providing that the income accounts in stockholders' reports should contain a segregated item of the compensation paid to officers.

The "Statistics of Income," published annually by the Bureau of Internal Revenue, based on the returns of hundreds of thousands of corporations, shows that in each year of the last decade the compensation to officers has constituted at least one-third of the reported corporate net income of that year.

The division of profits between officers and stockholders is a vital issue which directly affects the investor. The stockholder need not be told the salary and bonus going to each individual officer, but he should certainly be informed of the aggregate payment to all officers. The figures can readily be compiled – in fact, they are now reported to the Treasury Department in the annual corporation income tax return.

The Listing Application properly requests full disclosure of the amount of depreciation charges and of the basis therefor. Yet the compensation of officers represents an item of about the same order of magnitude as the depreciation charge (nine-tenths as much in 1928 and six-sevenths as much in 1929). During the last decade officers have been paid an amount equivalent to about 70% of the dividends paid to stockholders. The investor is clearly entitled to as much data concerning officers' compensation as in the case of depreciation.

The amount of officers' compensation now comes to the public attention only in isolated instances, as in the case of Bethlehem Steel and American Tobacco. Regular publication of the totals paid would do much to prevent suspicion and to build up the investor's confidence in corporate management.

Our interest in this matter arises from the fact that we represent the interests of investors owning over 1,500,000 shares of common stock listed on the New York Stock Exchange.

Very truly yours,

Dean Langmuir
Vice-President

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