

WALL STREET JOURNAL

Don't Blame Shareholders: They're Just Sitting Ducks

June 6, 2006; Page A15

In your May 27 editorial "Backdate Backlash," Congress is ultimately blamed for the voracious greed of corporate executives and the complicity of directors. However, you go too far in implicitly blaming shareholders -- e.g., "wages are best set by directors and shareholders," "Companies grant options according to shareholder approved plans." Unfortunately, there is no statement as to how shareholders might effectively participate in the wage-setting process.

Shareholders have no input in drafting the complex option plans; they're presented with a take it or leave it situation. Many institutional shareholders vote in favor of the option plans with an eye focused upon current or potential management of the corporation's employee retirement funds.

Directors, who do have control over corporate wages, will not act in the shareholders' best interests unless and until holders have a low-cost and effective means to hold directors accountable for their actions, e.g., vote them out of office by nominating director candidates where the names of those candidates are required to appear on the corporate ballot.

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