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March 31, 2006

VIA EMAIL

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303

Re: *File Number S7-03-06*
Proposed Amendments to Requirements for Executive Compensation and Related Party Disclosure

Dear Ms. Morris:

I am writing to respectfully submit comments with respect to File Number S7-03-06. I ask that the Commission consider the following viewpoints on selected provisions, given from an in-house attorney responsible for compliance with the provisions you have proposed. The following speaks from the point of view of the in-house attorney.

Filing of Compensation Discussion and Analysis (CD&A)

A significant impact of the proposal to make the CD&A a disclosure filed by the registrant rather than furnished by the compensation committee is the significant increase in potential liability for the principal executive officer (PEO) and principal financial officer (PFO) with respect to the certifications required to be made under the Sarbanes-Oxley Act of 2002. A significant number of decisions with respect to compensation of executive officers are made in executive session, outside of the presence of the PEO and PFO. For whatever reason, all of the factors behind compensation decisions may not be communicated to either or both of these individuals. To impose personal liability with respect to matters of which the PEO and PFO have no personal knowledge or access is not worth the *potential* of receiving more thorough compensation disclosure. I firmly believe that the quality of compensation disclosure can be achieved with your proposed guidance being part of the compensation committee report, a furnished document.

Performance Targets Excluded

I believe that specific performance targets should continue to be excludable from disclosure concerning performance based awards if disclosure of the targets would create adverse competitive effects. Performance targets are often set aggressively in order to motivate the participants. Disclosure of those targets could certainly put competitors, particularly private companies, at a competitive advantage in the marketplace. In addition, these "stretch" targets could evolve into Wall Street expectations. If that occurred, the targets in the plans would evolve into less aggressive, and therefore less meaningful, performance objectives.

Performance Graph

I agree with your proposal to eliminate the Performance Graph. It no longer provides meaningful information in a world where up-to-date information is available on the Internet, 24 hours a day.

Summary Compensation Table

Number of Years Presented

Compensation information for the last completed fiscal year only is adequate. With immediate availability of prior years' information on the Internet, repetition is not necessary. This is particularly true in this transition period, where Summary Compensation Tables will not use consistent methodologies in comparable periods.

Total Compensation

A "total compensation" figure which includes the fair value of equity awards in the year of grant is not necessary or helpful. In fact, it would be quite misleading to investors. The calculation you have presented bears no relation to the actual compensation the executive received in that year or to the expense borne by the registrant in that year. It will lead to further confusion regarding the impact of equity awards on the financial statements. It further ignores actual compensation earned by the executive upon the disposition of equity incentives. In a nutshell, the number is a fiction.

I propose a "total direct compensation" figure for cash, bonus and compensation other than equity-related compensation, with a separate table showing equity grants made in the most recent fiscal year, including the aggregate fair value and the annual expense associated with it. All of the same elements of disclosure would be addressed, without misleading investors who would read "total compensation" as money paid in that year.

Deferred Amounts

I propose that amounts deferred pursuant to qualified defined contribution plans be excluded from the requirement that a footnote quantify all compensation deferrals. These types of deferrals are non-controversial and limited by IRS regulations. In addition, I would exclude from the required footnote disclosure deferrals made into non-qualified deferred compensation plans where there are no

guaranteed returns on the deferral investments, which are invested in mutual funds or other third party investments without further risk to the registrant's financial position. In both of these scenarios, the future value of the deferrals increases and decreases with the market without any further obligation on the part of the issuer. Disclosure of these investments would not provide meaningful information to investors and would most likely confuse investors who would interpret the value of those investments as issuer liabilities.

Earnings on Outstanding Awards

I seek clarification of the meaning of the term "earnings." Does this mean appreciation in stock value of restricted stock? Does this include an increase in the aggregate "in the money" value of outstanding stock options? Or does this include actual realized earnings only, such as dividends? Would it include realized compensation upon exercise of stock options? If you intend for it to cover an increase in the value of previously granted instruments, you would further exacerbate the misleading effect of the "total compensation" figure, as compensation counted in prior years under the fair value approach would be double counted, since appreciation in value of the instrument is inherent in the fair value calculation.

Non-Stock Incentive Plan Compensation

I presume that this category does not include annual cash bonuses, which would technically fit within your definition. Please clarify in your final release.

Earnings on Deferred Compensation

Consistent with the statements above regarding disclosure of deferrals of income into qualified and non-qualified plans, I propose that disclosure of earnings on deferred compensation not be required with respect to qualified defined contribution plans and deferred compensation plans which are funded by employee contributions and increase or decrease according to investment elections which are not guaranteed or further funded by the issuer in any way. In both of these scenarios the issuer has no further financial responsibility (because the plans are funded), and disclosure of these amounts would confuse investors who would interpret the balances as future liabilities of the issuer.

All Other Compensation Presentation

I do not think a pre-defined format for the presentation of All Other Compensation would be helpful. I would encourage flexibility for issuers to categorize only the elements applicable to them.

Disclosure for Additional Employees

Compliance with the proposal to require disclosure for up to three additional employees other than named executive officers would be difficult and quite time-consuming. From an administrative point of view, this greatly expands the potential universe for disclosure. This is particularly true when

the value of stock awards is included in the definition of total compensation. In addition, I do not believe the disclosure would be valuable, as these individuals would not be in policy-making functions and would likely be listed due to unusual, non-recurring circumstances.

Outstanding Equity Awards at Fiscal Year End

With the addition of fair value disclosures, this table and associated disclosures are no longer relevant and would result in confusion and double counting. Many investors are not sophisticated enough to recognize the difference between the two valuation methods and to recognize that the market value has no bearing on the financial impact to the corporation.

Option Exercises and Stock Vesting

The proposed disclosure is no longer relevant or necessary. As stated above with respect to outstanding equity awards, the amount received upon exercise or vesting has no bearing on the financial statements and would confuse investors who would not be able to differentiate between fair value accounting and the amounts actually received. Moreover, the information is otherwise available on the Internet within two business days of each trade.

Post Employment Payments

While qualitative disclosure of post-employment payments may be helpful and meaningful to investors, I have grave concerns with the requirement to quantify potential payments. Having gone through a merger in the past year, I can report to you that calculating these payments is extremely difficult and time consuming. This analysis took weeks to complete with several internal resources devoted to it as well as external consultants hired to review and audit the calculations. Moreover, the results of the calculations may vary considerably from day to day and can change considerably based on the assumptions made in the calculations. I ask that you seriously consider the significant burden of this disclosure obligation in order to obtain quantitative information which is only as good as the input and which may in fact be deceiving to investors when real market conditions play out.

General Comments on Item 402

Please refer to my comments above and consider my opinion that including the grant date fair value of stock option grants in the year of the grant in “total compensation” is not better disclosure and is in fact misleading.

With respect to your request for comment on whether a list of other filed documents should be provided, the Form 10-K does currently provide such a list. Another list in the Proxy Statement is not necessary or helpful.

With respect to your request for comment on whether interactive data would improve disclosure, I do not believe such a process would be helpful or necessary. With historical data presented in a clear format, the requirement for interactive data would further complicate a process

which is already quite burdensome.

Proposed Revisions to Form 8-K

I applaud the Commission's efforts to clarify the filing requirements with respect to executive compensation.

With respect to your request for comment on whether quarterly updating of Item 402 and Item 404 disclosure would be meaningful, my response is that such a requirement would instantly quadruple the intense work associated with this disclosure with no meaningful benefit to investors. Annual disclosure in this area is certainly adequate. Quarterly information would likely create additional "noise" that is not helpful. Material developments would be covered under current disclosure requirements nonetheless.

Moving the Form 8-K Item 5.02 to the Form 10-Q would alleviate significant administrative burden without losing the benefit of frequent disclosure, and I encourage this proposal. I encourage you to require disclosure of only material amendments to Item 5.02(e) agreements to reduce the "noise" created by immaterial information, such as corrective amendments. Finally, I encourage you to extend the safe harbor to all of Item 5.02.

Item 404 Disclosure

Issuer "involvement"

With respect to your request for comment as to whether you should require a company to be "involved" rather than to be a "participant" in transactions subject to disclosure, I encourage you not to adopt such an approach. The concept of involvement is extremely vague and might imply that simply becoming aware of a transaction, even after the fact, is "involvement."

Definition of Immediate Family Member

I encourage the Commission to adopt a definition of Immediate Family Member that is uniform throughout the integrated disclosure system. Numerous different definitions exist in today's environment (listing standards, Rule 10A-3, Regulation S-K, etc.). A uniform definition would alleviate confusion and improve disclosure.

Related Party Transaction Policies

Disclosure regarding approval policies would not be meaningful. Issuers have Codes of Ethics, which are publicly available. These Codes prohibit conflicts of interest, and the disclosure system currently covers waivers under the Codes.

Compensation Committee Procedures

The proposed extensive disclosure regarding compensation committees is not meaningful. It overlaps substantially with the CD&A. Moreover, committee charters are publicly available and dictated by listing standards.

Transition

I encourage the Commission to consider one-year disclosure of compensation information. If the Commission proceeds with two- or three-year disclosure, I would encourage a transition period which does not require issuers to restate prior periods. With such substantial changes (including potential reclassification of the named executive officers in prior years), it may not be possible to report prior periods accurately and it would impose a very significant burden on issuers.

I appreciate your consideration of the foregoing comments.

Very truly yours,

STRADLING YOCCA CARLSON & RAUTH

Christopher D. Ivey