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April 13, 2006

Dear Commissioners:

As a business journalist who reads SEC filings every day so that I can write about the things companies try to bury in these routine filings on my blog, footnoted.org, I wanted to share my thoughts on the proposal to improve corporate disclosure on executive compensation and several related issues. While I believe the proposal is a good first step and certainly commend you for taking it, I don't think it goes far enough in helping investors to really gain a comprehensive picture of the companies that they invest in. I'm also concerned about several key provisions of the proposal:

- During the current proxy season, many companies have continued to disclose perks in a typeface that can best be described as Enron Beelzebub, a phrase coined in the comic strip, Dilbert. Simply requiring companies to disclose perquisites over $10,000 will do nothing for investors if they're first required to get out a magnifying glass in order to read the footnotes. Companies should be required to disclose these perks in an easy-to-read chart that lists the type of perk and the executive who received the perk, much like Honeywell began doing several years ago in its proxy statement.

- The threshold for related-party transactions should not be raised to $120K. In my research over the past few years, I have found that related-party transactions are a reliable indicator of troubled companies and inattentive boards. Investors should have as much information as possible on these transactions. In addition, companies should be required to provide the value of the related party transaction for the previous two years, much the same way they are required to provide details on executive compensation and perks for that period. As it stands right now, some companies provide this disclosure, while the overwhelming majority require investors to dig through older proxies in order to establish a trend.

- The five-year performance chart should not be removed. While it is true that this information is readily available online, I have found examples of companies that manipulate this chart to make their returns look better. Indeed, as I noted in a post I did about Spectrum Brands just last week, this can often be a quick and easy way for individual investors to gauge whether the company is being overly aggressive when it comes to numbers that are more difficult and time-consuming to fact-check.

- Compensation committees should be required to disclose what additional business a firm hired to provide compensation advice has with the company. As it stands right now, compensation committees typically tout that an independent consultant has sanctioned their decisions. But much the same way that Enron investors were kept in the dark about Arthur Andersen's non-audit work, investors often have no way of knowing whether the so-called independent consultant is also doing significant work for the company that is unrelated to the advice it is providing to the compensation committee.

In the end, investors will be better served if compensation and related-party transaction information is provided in a way that is clear and concise for the average user. Though I spend a significant amount of my time digging through footnotes in SEC filings, I am quite confident that the average investor does not. Nor should they have to. While requiring companies to provide additional disclosure may be more expensive over the short-run, I am sure it will pay off over the long-run in the form of more efficient markets.

Sincerely,

Michelle Leder

Editor, Footnoted.org