

Via Internet Comment Form

April 17, 2006

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:

The SEC is to be commended for its efforts to improve the quality and transparency of executive compensation disclosure. Thank you for your consideration of my comments with respect to your proposed executive compensation disclosure rules.

These comments are submitted anonymously because they reflect my personal views based on thirty years experience as a human resource professional and because my firm prefers to keep a very low profile on such matters.

I have served as the VP Comp/Benefits in two corporations, the Chief Human Resource Officer of a major corporation with over 50,000 employees and am currently a senior partner in a firm, which specializes in human capital consulting. I have an MBA and two other relevant advanced degrees., My primary focus today is as an independent advisor to boards and compensation committees of major public companies.

At first I did not intend to submit any comments. There certainly has been a robust discussion of the proposed rules, and I agree with many of the comments that have been submitted. However, there is one area where my professional colleagues appear reluctant to comment -- the need to require that the Compensation Committee Report (whether or not it is called the CD&A) contain specific mandated disclosures. I have noted that the topic of mandated disclosures in the CD&A has been mentioned by only a few of the commentators.. (One can speculate that the absence of comments on this topic results from a fear of alienating clients who might be embarrassed by specific disclosures.) Thus, I have decided to speak up.

I do like the principles-based approach of the CD&A. However, in my experience, unless there are also mandated disclosures, the reports will become another "hide-go-seek game." The reports will sound good, probably have a lot of information tucked in "somewhere," but will not provide the candid, easily accessible disclosure, to which shareholders are entitled. Further, if all the SEC does is provide "general guidance,"

companies that are perpetuating excessive pay practices will continue to do so. Their Compensation Committees will not feel compelled to be accountable and to develop and provide the true “analysis” that the SEC expects in the CD&A. And, their shareholders will not be able to determine if the Compensation Committee is truly fulfilling its stewardship and fiduciary responsibilities.

I would refer you to the lead article in the January-February issue of *The Corporate Counsel*. This article articulates a perspective quite similar to mine on mandated disclosures. Specifically, *The Corporate Counsel* has listed the critical disclosures that every report should address and advocates the usage of tally sheets and internal equity audits (two tools, which in my experience, are essential to sound compensation decision making). And, finally the captioned and clear instructions advocated in *The Corporate Counsel* article truly could result in the “plain English” disclosure which is one of the goals of the proposed rules.

In closing, I would like to relate an incident that occurred the Monday after the proposed rules had been released. I was meeting for the first time with the Compensation Committee of a new client. The agenda item was the approval of 2005 annual incentive awards for top management and the determination 2006 performance parameters. The Committee Chair (a CEO of another large public company) commented, “My read of the rules is that we’re going to have to be able to explain in plain English what we’re doing here.” Another Committee member responded, “No way we can *ever* explain how we come up with these bonuses (75th + percentile). We can’t just say we like the CEO and his team and thought they did well. Maybe we’d better come up with a different plan.” And, in thirty days, a task force designed and implemented a more responsible, defensible, performance driven plan. Thus, the fear of making headline news nudged this Committee to do something it had postponed for many years.

Most Compensation Committees want to do what’s right by the shareholder. They just need “encouragement” and VERY clear direction to prevent a muddying of the disclosure by those who collaborate with them in the writing of the proxy.. Mandated disclosures in the CD&A will be essential to showing Compensation Committees the way and keeping them on the track of transparency and plain English.

Thank you,

A Concerned Compensation Professional.