

COUNCIL OF INSTITUTIONAL INVESTORS

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March 8, 2006

The Honorable Christopher Cox
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Dear Chairman Cox:

The Council of Institutional Investors, an organization of more than 140 corporate, union, and public pension plans with more than \$3 trillion in assets, looks forward to your keynote address at its upcoming spring meeting.

One issue of interest to the Council is Section 404 of the Sarbanes-Oxley Act of 2002. The Council is analyzing the recommendations of the SEC's Advisory Committee on Smaller Public Companies, and we will submit a detailed response commenting on specific recommendations.

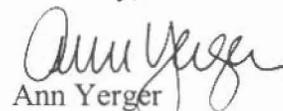
The Council is concerned by the direction of the report, particularly regarding Section 404. We consider the Section 404 a core piece of the Sarbanes-Oxley Act and believe it is appropriate for all publicly traded companies, large and small.

The committee's recommendations to exempt an estimated 80 percent of all U.S. publicly traded companies from all or part of Section 404 are of significant concern to the Council. We believe any company tapping the public to raise capital should have appropriate internal controls, and management should be responsible for assessing those controls and receiving an auditor report on the assessment.

As would be expected with any new requirement, implementation problems have been an issue, and the Council joins the business community in calling for these problems to be addressed. However, we believe these problems should be handled by guidance from the SEC and the Public Company Accounting Oversight Board. Wholesale exemptions are overkill, and we urge the Commission to reject the committee's recommendations regarding these exemptions.

We would be happy to respond if you have any questions or need additional information.

Sincerely,



Ann Yergler
Executive Director

cc: Commissioner Paul S. Atkins
Commissioner Roel C. Campos
Commissioner Cynthia A. Glassman
Commissioner Annette L. Nazareth