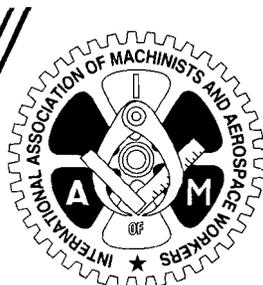


**International  
Association of  
Machinists and  
Aerospace Workers**



381  
9000 Machinists Place  
Upper Marlboro, Maryland 20772-2687

Area Code 301  
967-4500



OFFICE OF THE GENERAL SECRETARY-TREASURER

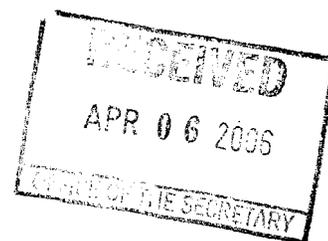
GL 2 – Strategic Resources

March 30, 2006

**Re: File Number S7-03-06**

**SUBMITTED IN TRIPLICATE**

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



Dear Secretary Morris:

As the General Secretary-Treasurer of the 750,000-member International Association of Machinists and Aerospace Workers (IAM), AFL-CIO and Trustee of the IAM National Pension Fund, I welcome this opportunity to offer supporting comments on Securities and Exchange Commission proposal S7-03-06 regarding executive compensation disclosure.

I strongly support the Securities and Exchange Commission's proposed rule to improve the clarity and transparency of executive pay disclosure and commend the Commission's staff for the tremendous work reflected in the executive compensation disclosure rulemaking proposal. While the proposed rule goes a long way to improve executive pay disclosure, more should be done. The SEC should require that companies disclose pay-for-performance data. Companies need to explain what level of financial and stock price performance is necessary for a particular level of pay.

A poorly designed executive compensation package can reward decisions that are not in the long-term interests of a company, its shareholders and employees. According to the *Washington Post*, a recent study identified 60 poorly performing companies that lost \$769 billion in market value in the five years ending in 2004. In total, these companies' top executives pocketed more than \$12 billion over this period, receiving on average more than \$8 million annually per executive.

I agree with the newly proposed structure for executive compensation disclosure, including the Compensation Discussion and Analysis, as well as the Summary Compensation Table, the additional tables, and the narrative disclosure sections. Specifically, I support the use of a total compensation figure that will include dollar amounts for every type of compensation

including equity awards, accrued pension benefits, perquisites in excess of \$10,000, and tax gross-ups. I also support the proposed enhancements in executive pension disclosure, particularly the reporting of benefits derived from each retirement plan in which an officer participates.

In order for companies to show how pay is linked to performance, proxy statements should describe in detail how payouts to executives are determined. I urge the SEC to require the disclosure of qualitative and quantitative performance metrics and their associated numerical performance targets. To the extent that forward-looking disclosure could put companies at a competitive disadvantage, such disclosure should, at a minimum, be required after the conclusion of the performance period.

Companies should also be required to disclose all peer groups used in formulating executive pay and how peer group data is used in setting executive compensation pay targets and performance benchmarks. For example, although most companies target executive compensation levels relative to their competitors, under the current rules these compensation target figures are not disclosed. Required disclosure of compensation targets relative to a peer group would significantly enhance the ability of shareholders to evaluate the rigors of a company's pay-for-performance goals.

Very truly yours,

A handwritten signature in black ink that reads "Warren L. Mart". The signature is written in a cursive, flowing style.

Warren L. Mart  
GENERAL SECRETARY-TREASURER  
AND TRUSTEE

WLM/mb

cc; IP Buffenbarger  
Dir Sleigh