THE · NATHAN · CUMMINGS · FOUNDATION

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Pay Ratio Disclosure, File No. S7-07-13

Dear Ms. Murphy:

We are writing to express the Nathan Cummings Foundation's support for the proposed amendments to Item 402 of Regulation S-K to implement Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

As an institutional investor, the Nathan Cummings Foundation has long supported the disclosure of additional information to assist investors in their evaluation of senior executive compensation. The Foundation believes that information on the ratio of the median annual total compensation of all employees to the annual total compensation of the chief executive officer (CEO) is an important component of such information. In fact, the Foundation feels so strongly about the usefulness of disclosing the ratio of CEO pay to median worker pay that it has used its standing as a shareholder to call for disclosure of this information through the submission of shareholder proposals.

We believe disclosure of this information is important for several reasons. First, the ratio will provide investors with information useful in evaluating the companies they own. Perhaps more importantly, we believe that disclosure of the ratio can help to focus a company on internal pay disparity and potentially mitigate the ever-upward spiral of senior executive compensation, particularly CEO compensation, which we believe has significant implications for shareholder value over the longer-term.

On the evaluation front, the ratio will prove useful to investors in analyzing public company pay practices. For instance, disclosing the ratio of CEO (or principal executive officer) pay to median worker pay provides another lens through which to examine the appropriateness of the quantum of CEO pay. Disclosure of the ratio also allows investors to compare a company's performance on this indicator to its peer companies' performance.

In addition, we believe that the ratio will provide investors with insight into how well a company is managing its human capital. Large gaps between the pay of the average worker and the pay of the CEO are widely acknowledged by management consultants to

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have a detrimental impact on employee morale. Employee morale, in turn, has been linked to returns, valuations and operating performance. The ratio, therefore, can allow investors to gauge whether significant gaps in pay may lead to low levels of employee morale and negatively impact their company's performance.

We also believe that disclosure of the ratio will drive better management of internal pay disparity. There's an old adage that what gets measured gets managed, and we believe that this extends to compensation practices as well. In addition to having implications for employee morale, excessive levels of executive compensation, and the high levels of internal pay disparity that we believe generally accompany them, have clear implications for long-term shareholder value.

There can be no doubt that compensation levels directly impact shareholders. With executive compensation eating up an increasing portion of corporate earnings, the issue also has clear implications for shareholder value. According to a 2005 paper by Lucian Bebchuk and Yaniv Grinstein, the aggregate compensation paid by publicly traded companies to their top 5 executives equaled an astonishing 10% of aggregate earnings between 2001 and 2003, up from 5% of aggregate earnings in the period from 1993 to 1995.[1] It is well recognized that funds going to executive compensation cannot, by definition, be used on pursuits that can lead to increased shareholder value over the long-term, including investment in research and development and employee training.

With respect to the proposed rule, the Commission had a number of topics on which it requested comment. We address some of these below.

The Foundation agrees with the Commission's assessment that pay ratio disclosure is most useful in the context of other information on executive compensation and sees no need for requiring pay ratio disclosure in Commission forms that do not currently require Item 402 disclosure. We likewise do not see a need to extend pay ratio disclosure requirements beyond those registrants that are required to provide summary compensation table disclosure pursuant to Item 402(c).

We believe that the ratio will be most useful to investors if all employees, including international and part-time employees, are factored into the calculation. The global nature of business and the increasing use of part-time workers in some sectors necessitate the inclusion of these categories of workers if investors are to get a true picture of a company's pay practices. We therefore support the proposed requirement's definition of "employee" as including full-time, part-time seasonal or temporary workers employed by the registrant or any of its subsidiaries and we do not believe that it would be consistent with the statue to permit exclusion of non-U.S. employees from the calculation of the ratio. We do, however, believe that it would not be detrimental to allow registrants to disclose two separate pay ratios covering U.S. and non-U.S. employees.

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[1] Bebchuck, L. and Y. Grinstein. (2005). The Growth of Executive Pay. *Oxford Review of Economic Policy*, Volume 21, 283-303.

While many corporations have expressed concern about the complexity of calculating the median annual total compensation of all employees, and hence the calculation of the ratio of median worker to CEO pay, we believe that the rule as proposed provides companies with sufficient flexibility in determining the ratio and that doing so should not be burdensome.

We are broadly supportive of the approach taken by the Commission and urge you to act expeditiously to adopt the final rule implementing Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Thank you for the opportunity to comment.

Sincerely,

L. Campos

Laura Campos
Director of Shareholder Activities