



Hye-Won Choi
Senior Vice President and
Head of Corporate Governance
Tel: 212.916.5647
Fax: 212.916.6383
hchoi@tiaa-cref.org

September 8, 2009

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
Via e-mail rule-comments@sec.gov and UPS

Re: Proxy Disclosure and Enhancements - File No. S7-13-09

Dear Ms. Murphy:

I am writing on behalf of Teachers Insurance and Annuity Association of America (“TIAA”) and College Retirement Equities Fund (“CREF,” collectively, “TIAA-CREF”). TIAA-CREF is a national financial services organization and the leading provider of retirement services in the academic, research, medical and cultural fields with \$374 billion in combined assets under management as of June 30, 2009. CREF, one of the world’s largest institutional investors, holds shares in approximately 5,500 publicly traded companies.

We strongly urge the Securities and Exchange Commission (“Commission”) to adopt the proposed enhancements to corporate governance disclosures (the “Proposal”). Corporate governance always has mattered to long-term company and market performance. In the wake of the financial crisis, we believe that strengthening the corporate governance regime is necessary to ensure a healthy recovery. As a long-term investor on behalf of over 3.6 million individuals, TIAA-CREF recognizes our responsibility to monitor the activities of portfolio companies to help ensure that activities that diminish long-term value are avoided.

By broadening and expanding meaningful disclosure on corporate governance, the Proposal will assist in our efforts to actively monitor companies and help inform our investing and voting decisions. However, disclosure that is unclear, ambiguous and boiler plate wastes corporate resources and does not help shareholders make investment decisions or monitor the actions of the board. We therefore ask the Commission to reaffirm the need for disclosure to be clear, concise, customized to the company and accessible to all shareholders in addition to the proposed reforms. These two actions combined will provide investors with a greater degree of confidence both in the directors whom they elect to protect their interests and in the markets as a whole.

We support the Proposal which would include the following general changes:

1. Supplemental Information Regarding Director Qualifications: The Proposal would require companies to provide supplemental information about director nominees including the experience, qualifications, and skills that qualify the nominee to serve as a director of the company and a member of a board committee. As owners of equity securities, shareholders rely primarily on the board to protect their interests. The financial crisis has made clear the need for boards to possess the necessary expertise, skills and judgment to effectively oversee the business strategy of companies. We believe the enhanced disclosure will encourage nominating committees to think more deeply about whom they nominate to the board and help strengthen the composition, functioning, and quality of boards generally. The disclosure will also help shareholders vote in a responsible and informed manner, particularly in contested elections or other campaigns targeting specific directors. This requirement would be especially important if shareholders are granted proxy access rights.
2. Disclosure Regarding Diversity of Boards: The Commission has also asked for comment on whether companies should be required to disclose whether diversity is a factor in the nomination of directors. We believe shareholders have an interest in obtaining information about how companies integrate diversity into their director search and selection process. A lack of diversity could indicate that directors are not being selected from the widest possible pool of candidates, potentially excluding qualified individuals. Both our experience and a significant body of research suggest that a broad diversity of perspectives can enhance the quality of decision making.¹ We do not believe, however, that diversity should be defined in the same way for all companies. Diversity of perspectives can be achieved through consideration of a number of different criteria, including gender, ethnicity, geographical origin, educational background, professional experience or any number of other factors. Each company should take into account factors based on its own business model and specific needs and disclose the rationale for the criteria used.
3. New Information about Leadership Structure: We support the proposed requirement for companies to disclose and justify their board leadership structure. In particular, companies would be required to explain their decision to combine or separate the CEO and Chair positions or designate a lead independent director. Companies would also be required to disclose the board's role in managing risk. The economic crisis has highlighted the importance of boards to be (and to be perceived as) fully independent, free of conflicts and objective and rigorous in their oversight of management. We believe leadership structure impacts the effectiveness and independence of the board as well as the board's responsiveness to legitimate shareholder concerns. We agree with the Commission's approach of not setting a universal standard but allowing companies to explain why their leadership structure enables the board to serve as an effective check on the CEO.
4. Reporting of Voting Results: The Proposal would require companies to disclose voting results from special or annual meetings on Form 8-K, rather than on Forms 10-Q or 10-K. We believe the more expedited disclosure will benefit both investors and the markets. We do not see a reason why there should be a significant delay in reporting such results to

¹ See, Scott E. Page, *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies*, Princeton University Press, Princeton, NJ, 2007

shareholders, which in some cases can be several months under the current disclosure requirements.

5. Disclosure Related to Executive Compensation: We support the proposed enhanced disclosures related to executive compensation which would cover three areas: (i) the potential impact of compensation policies on the company's management of risk, (ii) disclosure of equity awards to reflect the grant date fair value of such awards (instead of the current requirement to report the dollar amount of such awards recognized during the year for financial statement reporting purposes); and (iii) the independence of compensation consultants and fees paid to and services provided by compensation consultants. We strongly supported the Commission's disclosure reforms on executive compensation in 2006 and believe the proposed enhancements are also necessary to provide clarity around several areas of importance to shareholders. The reforms will help shareholders better evaluate compensation policies and make informed voting decisions on executive compensation advisory votes. The proposed improvements to disclosure would be especially beneficial if legislation is adopted requiring all public companies to implement an advisory vote on executive compensation. If that is the case, it is imperative that shareholders provide quality input on company pay policies.

For the reasons stated above, TIAA-CREF believes shareholders and the market will benefit significantly from the increased transparency that would result from the Proposal. We thank the Commission for issuing the Proposal and urge the Commission to adopt it as expeditiously as possible. If you would like to discuss any of the issues raised in our letter, please do not hesitate to contact me by telephone (212-916-5647) or my colleagues Stephen L. Brown (212-916-6930) or John K.S. Wilson (212-916-4897).

Sincerely,



Hye-Won Choi

Cc: Hon. Mary L. Schapiro, Chairman
Hon. Louis A. Aguilar, Commissioner
Hon. Kathleen Casey, Commissioner
Hon. Tory A. Paredes, Commissioner
Hon. Elisse Walter, Commissioner
Meredith B. Cross, Director, Division of Corporation Finance
David M. Becker, General Counsel and Senior Policy Advisor, Office of the General Counsel