CALSTRS

HOW WILL YOU SPEND YOUR FUTURE?

California State Teachers'
Retirement System
Investments
100 Waterfront Place, MS-04
West Sacramento, CA 95605-2807
(916) 414-7410 Fax (916) 414-7442
asheehan@calstrs.com

May 16, 2011

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

RE: Listing Standards for Compensation Committees; File Number S7-13-11

Dear Ms. Murphy:

We are writing to you on behalf of the members of the California State Teachers' Retirement System (CalSTRS). CalSTRS was established for the benefit of California's public school teachers over 96 years ago and is currently the second-largest public pension system in the United States. The CalSTRS portfolio is currently valued at approximately $154 billion and serves the investment and retirement interests of 857, 000 plan participants. CalSTRS appreciates the opportunity to comment on the Securities and Exchange Commission's (SEC) proposed rule regarding Listing Standards for Compensation Committees. CalSTRS supports Title IX Section 952 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank).

The Securities and Exchange Commission (SEC) has provided an impressive and organized response to the passage of the Dodd-Frank legislation and as an active owner, CalSTRS congratulates you on your able response. As a long-term source of patient capital with investments in the broad U.S. market represented by indices like the Russell 3000, we remain keenly interested in executive compensation, as we believe it is one of the most visible tools that can demonstrate alignment between the interests of executives and shareholders. CalSTRS has previously commented to the SEC (CalSTRS comment letter, dated November 18, 2010) on the importance of the independence of compensation committee members as well as the independence of all the external advice they receive, especially that of compensation consultants. CalSTRS' Executive Compensation Model Policy Guidelines incorporates this important principle.

The SEC's proposed rule would require that the exchanges establish listing standards that would require each member of an issuer's compensation committee be an independent board member; additionally, compensation committees would be required to disclose how they consider independence when choosing compensation consultants. The compensation committee is responsible for designing, implementing, monitoring and evaluating the executive compensation program. The compensation committee is also responsible for designing compensation plans that promote the long-term growth and health of the company and that provide a proper alignment of interests with shareholders. Wholly independent compensation committees will help ensure that the executive pay deliberations are free of actual or perceived conflicts of interests that may influence committee members' judgment.

Properly designed executive compensation policies and programs are some of the most powerful tools available to the company to attract, retain motivate key employees to enhance shareholder value. Rule 10C highlights the importance of the executive compensation process and emphasizes the importance of a transparent, conflict-free and adequately disclosed program. We believe that this requirement will serve investors well and increase accountability, transparency and is an effective implementation of the intent of Title IX Section 952 of Dodd-Frank.

We appreciate the opportunity to comment on these proposed rules. If you would like to discuss this letter further, please feel free to contact me at the number set forth above.

Sincerely,

Anne Sheehan
Director of Corporate Governance