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**Via Email**

Nancy M. Morris  
Federal Advisory Committee Management Officer  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

RE: Comments on Exposure Draft Dated February 21, 2006 Issued by the Advisory Committee on Smaller Public Companies (File No. 265-23)

Ladies and Gentlemen:

As the Director of Internal Audit and Sarbanes-Oxley Act of 2002 ("SOX") compliance manager for Neenah Paper, Inc. ("Neenah"), I appreciate this opportunity to reply to the request for public comments on the exposure draft of the Advisory Committee on Smaller Public Companies (the "Committee") dated February 21, 2006 (the "Exposure Draft").

Neenah became an operating company on November 30, 2004 when its former parent company, Kimberly-Clark Corporation ("Kimberly-Clark"), transferred its fine paper and technical paper businesses in the United States and its Canadian pulp business to Neenah in connection with a spin-off transaction. As a result of the spin-off transaction, Neenah became an independent public company and Kimberly-Clark had no continuing interest in Neenah. Because we were a separate public company in 2004, albeit only one month, we were obligated to comply with Section 404 of SOX ("SOX 404") for our fiscal year ending December 31, 2005. At year end 2005, Neenah's market capitalization was approximately \$480 million with net revenues of \$733 million. Neenah filed its Annual Report on Form 10-K for the fiscal year ending December 31, 2005 on March 13, 2006 with an unqualified opinion by our external auditors on our financial statements and our internal controls over financial reporting, ending Neenah's first year of SOX compliance.

Neenah commends the Committee for its work in identifying the material differences between smaller capitalization public companies and large capitalization public companies in the structure of internal controls over financial reporting and how they operate. As the current Director of Internal Audit for a smaller public company with a market capitalization of \$480 million and former manager in the SOX compliance group for a large public company with a

market capitalization in excess of \$86 billion at the time when they ventured through their first year of SOX 404 compliance. I have observed first-hand many of the differences between small capitalization and large capitalization companies noted in the Exposure Draft. I can also attest to the significant cost burden that SOX 404 compliance has placed on a smaller capitalization company versus a large capitalization company. Based upon Neenah's experience in 2005 and my knowledge of the meaningful differences between smaller and large capitalization companies, I am of the opinion that a significant level of SOX 404 relief is warranted for smaller public companies.

It is my recommendation that the Committee quickly move forward with the "primary recommendations" noted in the Exposure Draft. Part of the high level of internal and external costs associated with SOX 404 compliance for smaller capitalization companies, most which have already completed their first year of compliance, has been caused by the extensive testing of controls by external auditors. For example, Neenah's external audit fees increased more than \$1.1 million (consisting of nearly 15% of Neenah's net income excluding impairment charges for 2005) between 2004 and 2005 (Neenah's first year of SOX 404 compliance). This increase does not include other external resource costs or the increased internal resource costs. As succinctly stated in the Exposure Draft, "the costs of the requirement for an external audit of the effectiveness of internal control over financial reporting are disproportionate to the benefits" - Neenah concurs with this assessment. Neenah, therefore, recommends to the Committee that quick action be taken to change the SOX 404 external auditor attestation standard to a more cost-effective standard, which the Committee refers to as "ASX", for an external audit of the design and implementation of internal controls only (Recommendation III.P.3). The external auditor's validation that internal controls are designed as intended and are in place would be sufficient to support their audit opinions as well as provide a sufficient level of assurance for investors at a far more reasonable cost to those same investors.

For significant benefits to be achieved during the current year, the "ASX" relief recommended in the Exposure Draft for smaller capitalization companies must occur before the end of the second calendar quarter of 2006. We hope that quick action will be taken in order to reduce the undue SOX 404 compliance burden on smaller public companies in 2006 and we applaud Michael Oxley and Richard Baker for their proactive letter dated March 2, 2006 which addresses the question of the Committee's authority to provide this relief. Thank you for your consideration of these important issues.

Very truly yours,

/s/ W. ALAN BARNES

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