



MICHAEL J. MURPHY
State Treasurer

State of Washington
Office of the Treasurer

April 7, 2006

Ms. Nancy Morris
Secretary
U.S. Securities and Exchange Commission
100 F. Street, NE
Washington D.C. 20549-9303

Re: File Number S7-03-06

Dear Ms. Morris:

As a member of the Washington State Investment Board (WSIB), I want to thank you for the opportunity to comment on the proposed new SEC rules related to executive compensation disclosure. The WSIB manages investments for 14 separate retirement funds for public employees, teachers, school employees, law enforcement officers, firefighters and judges. We also manage investments for 19 other public funds that support or benefit industrial insurance, colleges and universities, developmental disabilities, and wildlife protection. Total assets under management as of Dec. 31, 2005 were \$67 billion.

I commend the SEC for this much-needed effort to require greater disclosure of executive pay packages. For too long, shareholders have been forced to play detective in attempting to piece together an accurate picture of executive compensation. Belated revelations of lavish stock options and severance and change-in-control agreements have only fueled shareholders' concerns and frustrations.

In general, I support any effort that leads to more full and clear disclosure for investors. In particular, I support the SEC's proposal to:

- Require companies to disclose the dollar value of stock options.
- Require disclosure of compensation for the principal executive officer (CEO), the principal financial officer (CFO) and the three most highly compensated executive officers.
- Require disclosure of severance and change-in-control arrangements, including specific circumstances in which payments may be triggered.
- Require disclosure of retirement and post-employment benefits.

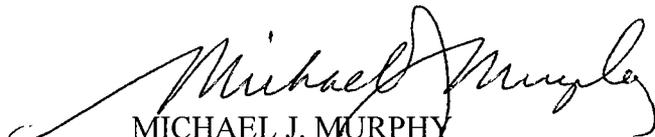
I would urge the SEC to reconsider its proposal to require less extensive disclosure for smaller companies, since this would apply to a significant number of companies in which the WSIB is invested.

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And instead of increasing the threshold for disclosure of related third-party transactions from \$60,000 to \$120,000, I would recommend the SEC eliminate the threshold and require disclosure of *all* related party transactions.

Overall, the proposed new rules are a significant improvement over the current system and will certainly help investors make better informed decisions. I encourage the SEC to remain aggressive and vigilant on the issue of executive compensation. Finally, I urge the SEC to make every reasonable effort to implement the new disclosure rules in time for the 2007 proxy season.

Sincerely,



MICHAEL J. MURPHY
Washington State Treasurer