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October 20, 2006

Via Internet Comment Form

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

Re: File Number S7-03-06;
Proposed Amendments to Disclosure Requirements
for Executive and Director Compensation –
Required Compensation Disclosure for Three
Additional Highly Compensated Employees

Dear Ms. Morris:

On September 8, 2006, the Commission published in the Federal Register a request for additional comments with respect to the proposal to require compensation disclosure for up to three additional highly compensated employees (HCEs). This letter sets forth the additional comments of Frederic W. Cook & Co., Inc. on the proposal.

Frederic W. Cook & Co., Inc. provides compensation consulting services to corporations, boards of directors and compensation committees with respect to the compensation of executives and directors. The Firm's services are provided to companies in all industries and size categories. We have provided compensation consulting services to more than 1,800 companies since we were founded 33 years ago, including approximately 40% of the *Fortune* 200 during the past two years.

Introduction

We recommend that the Commission drop the proposal because the disclosure will not present information that is material to investors. However, if the rule is adopted we believe it would be a significant improvement over the original proposal because the disclosure of additional HCEs would be limited to employees with responsibility for significant policy decisions within the company, a significant subsidiary, or a principal business unit, division or function.

In our view investors are concerned with the compensation of employees who occupy policy-making roles for the company as a whole (i.e., executive officers), rather than employees who make some “significant policy decisions” that only affect a portion of the company’s business. Whether an employee received more compensation than a named executive officer does not affect the focus of investors in this regard. In addition, in light of the subjective determination of what constitutes a significant policy decision it is likely that there will not be a consistent and comparable approach among companies, including those engaged in the same line of business.

The information relating to the compensation of three additional HCEs would not assist investors in understanding the company’s compensation structures and policies. Except in limited circumstances (e.g., equity awards), the compensation of additional employees would not be reviewed by the compensation committee of most companies and thus would be outside of the governance practices that are of interest to investors.

Responses to Specific Questions

Set forth below are our response to certain of the specific questions raised by the Commission in its September 8, 2006 request.

Determination of Additional Highly Compensated Employees. In general it would be appropriate to determine the additional HCEs in the same manner that named executive officers are determined in order to have a consistent approach. However, we recommend that in making the determination there be excluded (i) special non-recurring grants of equity and cash awards for hiring and retention of employees and (ii) severance compensation. Little purpose would be served in requiring disclosure with respect to an additional HCE on a one-time basis due to such grants or as a result of severance compensation.

Total Compensation Disclosed. The total amount disclosed for the additional HCEs should include change in pension values and above-market interest or preferential earnings as is the case for named executive officers. Footnote disclosure of such amounts should not be required. Investors would have little reason, if any, to calculate the amounts used in determining the additional employees whose compensation is being disclosed.

Limitation to Large Accelerated Filers. Although we do not believe that large accelerated filers are more likely to have additional HCEs who have responsibility for significant policy decisions than other companies, we support limiting disclosure of the compensation to such filers. The limitation would ease the burdens imposed on smaller companies by the new rules for proxy disclosure of executive and director compensation. Nevertheless many large accelerated filers would need to add systems or make substantial modifications to existing systems in order to track which employees would be treated as additional HCEs who would be subject to this disclosure requirement.

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Privacy Issues; Negative Impact on Competition. In many companies the disclosure of the compensation of additional HCEs will raise privacy issues, particularly within the company. Other company employees will find it relatively easy to identify the additional HCEs based on the descriptions of their job positions. Similarly, in many industries competitors will be able to identify the additional HCEs easily which would likely raise the cost of the compensation of similar situated employees at many companies as competitors use the disclosure as an effective tool to recruit employees from their current positions. The privacy issues and the impact on competition clearly outweigh the materiality of the disclosure to investors.

Naming of Three Additional Employees. Requiring that the additional HCEs be named in the proxy statement or that other information about their compensation or job positions be included in the proxy statement would not serve a useful purpose in light of the privacy issues and impact on competition discussed above.

Definition of Responsibility for Significant Policy Decisions. A definition of the term “responsibility for significant policy decisions” would be an important step. It would enable companies to better understand the employees who may be covered, which would likely reduce the cost of compliance. It would reduce the number of employees whose compensation must be collected and analyzed to determine if they would be treated as additional HCEs subject to the disclosure requirements.

Transition

We recommend that if the rule is adopted the effective date for disclosure of additional HCEs be delayed until the 2008 proxy season. The delay would recognize the already heavy burdens of time, data collection and costs imposed on companies in complying with the new requirements for proxy disclosure of executive and director compensation.

We would be pleased to discuss any questions about our comments at your convenience. Please call me at 212-299-3599 if you have any questions or if we can provide other supporting information.

Very truly yours



Richard L. Alpern

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