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May 17, 2006

Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-9303

Re: File S7-03-06

Dear Ms. Morris:

I am writing on behalf of the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) in response to the Commission's proposal on Executive Compensation and Related Party Disclosure. TIAA-CREF is a national financial services organization with over \$370 billion in combined assets under management and is the leading provider of retirement savings products and services in the academic, research, medical and cultural fields. CREF, one of Wall Street's biggest institutional investors, holds shares in more than 5,500 publicly traded companies.

We would like to express our strong support for the Commission's proposal. We believe that enhanced disclosure about executive compensation is badly needed and long overdue. For the past decade executive compensation has been an issue of intense concern to investors and the public. It has appropriately been referred to as the "intractable corporate governance dilemma" because compensation excesses have worsened despite a host of legislative and regulatory reforms that have improved other aspects of corporate governance and director accountability. We are deeply concerned about irrational compensation practices and the widening gap between executive and employee pay.

If adopted, the new disclosure requirements should provide shareholders with much-needed information about the details of executive compensation and an explanation of the rationale and policies underlying boards' decisions. Armed with this information, investors will be better equipped to determine whether compensation is performance-based and to evaluate how effectively boards are incentivizing managers and protecting shareholder interests.

Of all the elements in the Commission's comprehensive reexamination of compensation disclosure, we give our strongest endorsement to the newly conceived Compensation Discussion and Analysis (CDA). As articulated in the Release, the CDA will provide an opportunity for boards to explain their intentions and describe the inner workings of their compensation programs. At the same time, we recognize that disclosure requirements should not become a stealth form of micromanagement. The CDA should allow boards the discretion to strike a

balance in explaining compensation performance criteria while avoiding inappropriate disclosure of competitive or proprietary information.

We expect the CDA to become an essential corporate governance document. Shareholders will use it to assess board accountability and determine whether the company's compensation philosophy, objectives, policies and practices deserve their support. By providing a record of the compensation committee's deliberative process, the CDA will help investors understand how directors deal with conflicts of interest and how they balance management incentives, business challenges and shareholder interests. Because of its significance to shareholders and the investing public, we believe the CDA should be required of all companies – exception should not be granted to small companies.

While we support elimination of the Compensation Committee Report and its replacement with the CDA, we object to the elimination of the five-year Performance Graph. We recommend that the Performance Graph be retained and that it be expanded to include executive compensation data. Shareholders would welcome additional information directly aligning pay with performance. The expanded graph would display the CEO's annual total compensation (or such other measure as the Commission might recommend) and the company's stock price performance over a five-year period. The CDA and footnotes would permit management to explain how the data reflects their long-term compensation strategy.

We strongly support the requirement for a total compensation figure to be disclosed for each named executive officer in the Summary Compensation Table. We are aware of the debate over methodology and comparability, but we think that technical concerns are outweighed by the value to boards of calculating total compensation and the value to shareholders of knowing it. Footnotes and narrative can be used to clarify the total compensation figure as needed. We also support the use of total compensation as a means of ensuring that shareholders receive information about large severance packages granted to departing executives whose salary and bonus might not otherwise put them among the company's most highly compensated executives.

We endorse the integration of tabular and narrative disclosure that appears throughout the proposal. We agree that the new and enhanced tables detailing summary compensation, equity awards, retirement and post-employment benefits are needed to provide comprehensive information regarding the transfer of value to executives. The accompanying narrative, allowing the board to provide nuance and context, should help investors understand and evaluate the company's specific compensation decisions. We recognize that the proposed design of the tables has generated a great deal of debate. It is our hope that any modifications made to the proposal will maintain the underlying principle of clear and complete disclosure and will permit meaningful comparisons of executive compensation across companies and over time.

We support the requirement for companies to present the dollar value of stock options based on the same methodology they apply under FASB 123R. We have long supported this rule and believe it can provide a reasonable method for companies to present a dollar value for option grants in the Summary Compensation Table. We acknowledge the controversial nature of this requirement, but we assume that companies will use the narrative disclosure to explain any concerns they have about double counting.

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We support the proposed rules for expanded disclosure of perquisites. Lowering the threshold for disclosure and providing footnote itemization will give shareholders access to more detailed information about the additional benefits companies make available to executives. We anticipate that some companies will find the rules onerous. It is our hope that they will respond by simplifying their compensation packages and reviewing more carefully the types of perquisites they offer to executives.

We agree with the proposed requirement that the Chief Financial Officer of a company be included among the group of named executive officers subject to disclosure. In addition, we believe it is important to identify the named executive officers by using total compensation figures, rather than just annual salary and bonus.

We share the concerns that have been expressed about inconsistencies in the treatment of performance-based stock awards and performance-based non-stock awards. Further, we are concerned that the designation of named executive officers may be unduly affected by individual circumstances that may not be meaningful when assessing whether or not an executive should be included among the most highly paid for purposes of disclosure. These matters deserve the Commission's additional attention.

In summary, we believe the Commission's enhanced disclosure requirements should help to curb abuses and slow the pace of accelerating executive pay, thereby strengthening public confidence in the governance of listed companies and the fairness of our financial markets.

Sincerely,

/s/ John Wilcox

John C. Wilcox  
Senior Vice President  
Head of Corporate Governance