

# CITY OF LOS ANGELES

CALIFORNIA



ANTONIO R. VILLARAIGOSA  
MAYOR

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## DEPARTMENT OF FIRE AND POLICE PENSIONS

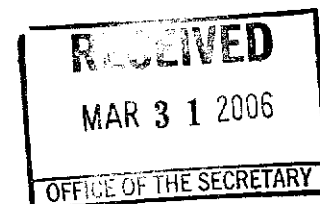
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MICHAEL A. PEREZ  
GENERAL MANAGER

March 23, 2006



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

RE: File Number S7-03-06  
Executive Compensation and Related Party Disclosure

Dear Ms. Morris:

The Board of Fire and Police Pension Commissioners of the City of Los Angeles administers a \$13.6 billion defined benefit public pension plan serving 24,000 active firefighters, police officers, retirees and their beneficiaries. Investment returns and good corporate governance are important issues for the Board.

The Board believes that an alignment of interests between corporate management and shareholders yields benefits to investors, the economy and to society in general. Improved disclosure will enable shareholders to make more effective investment decisions, and will help to ensure the proper alignment of management and shareholder interests. Consequently, the Board is pleased to provide these comments on the Commission's proposed rule on executive compensation disclosure.

In general, the Board strongly supports the proposed rule. The addition of the Compensation Discussion and Analysis section in company annual reports, wherein firms will be required to discuss the principles and objectives underlying their executive compensation programs, is welcome. Additionally, the use of separate tables to disclose compensation within the last fiscal year, holdings of equity-based interests, and retirement and other post-employment compensation, will greatly increase the clarity of compensation disclosure.

The Board disagrees with the Commission's proposal to eliminate the requirement for a performance graph showing shareholder return of a firm over a five year period as compared

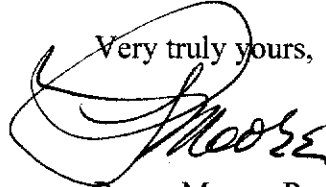
Ms. Nancy M. Morris  
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March 23, 2006  
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to the shareholder return of a competitive peer group and a broader index. Although it may be true that contemporary reporting and communication systems make financial and investment data much more accessible than in years past, the Board does not view the performance graph as outdated. Rather, it is viewed as a simple and useful aid in assessing a particular aspect of a company's performance, and continues to add value to the process of evaluating a firm's management.

The Board also believes that the valuation of perquisites should be based on the value of commercially available equivalents, rather than on the incremental cost to the company. Presented in a tabular format, this would disclose more clearly and accurately the economic benefit to the employee and the true cost to the company.

In conclusion, the Board wishes to recognize the hard work done by the SEC and its staff in the preparation of the proposed rule, and to commend them for the significant improvements in disclosure of executive compensation embodied therein.

Very truly yours,

A handwritten signature in black ink, appearing to read "Moore", with a large, stylized flourish above it.

Peggy Moore, President  
Board of Fire and Police Pension Commissioners

PM/MAP/TL