



Walden Asset Management

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April 10, 2006

Ms. Nancy M. Morris
Secretary
Securities & Exchange Commission
100 F Street NE
Washington, D.C. 20549

Re: File Number S7-03-06

Dear Ms. Morris:

We are writing to comment on the SEC's proposed rule change concerning Executive Compensation and Related Matters.

Walden Asset Management is a division of Boston Trust & Investment Management Company, an investment manager representing approximately \$4 billion on behalf of individual and institutional clients. Walden Asset Management serves clients who desire to integrate social, environmental and governance issues into the investment process. Walden actively engages portfolio companies through correspondence, dialogue with management, thoughtful voting of proxies and, on occasion, sponsoring shareholder resolutions. Corporate governance issues are an important priority for both Walden Asset Management and Boston Trust & Investment Management Company.

We wish to commend the SEC for its efforts to increase transparency and clarity in compensation disclosure. The proposal is comprehensive, thoughtfully prepared and addresses a wide range of issues critical for investors. We hope that the Commission will be able to move with dispatch so the new disclosure rule can be in place by the 2007 Proxy Season.

As an investment manager committed to thorough securities analysis, we have a strong stake in receiving complete and accurate financial information from companies. Thus we have a clear business interest in the SEC's proposed rule changes on executive compensation disclosure. Our analysts experience first hand the frustration of paging through proxy statements as they attempt to understand the full and complete cost and structure of executive compensation packages. As the SEC is well aware, this is often a difficult and confusing exercise and the reforms proposed by the Commission will go a long way in providing clear and accurate information to investment managers and investors alike.

Walden Asset Management enthusiastically supports the direction of the expanded disclosure. We are pleased to provide the following additional comments on the proposed rule changes which will improve disclosure in the proxy by

- Enhanced analysis of compensation philosophy.
- Improved presentation of performance metrics and their relationship to compensation.
- Full disclosure of CFO's compensation arrangement.
- Mandatory disclosure of the grant date of stock options / SAR awards.
- Perquisite disclosure, proposed to be required at a \$10,000 level.
- Deferred income will be included as well as information on any increase in the value of vested restricted stock and other unvested equity awards.
- Disclosure of estimated annual retirement benefits and information on deferred compensation.
- Estimated payouts for severance upon termination.
- A summary compensation table for Directors.

This expanded disclosure will allow investors to have a much more complete picture of the compensation packages of top executives and Boards.

The maze of information about executive compensation has led to numerous reports about the difficulty of coming to a clear assessment of a company's executive compensation package.

For example, in a May 20, 2000 Business Week article by Anne Tergesen she states "What did Jerald Fishman, President and chief executive officer of Analog Devices, earn last year? A table in the Norwood (Mass.) semiconductor maker's recent proxy statement shows \$2.35 million in salary, bonus, and "other" compensation. But if you dig through the fine print and crunch some numbers, you'll see that the \$2.35 million is just part of a total package worth as much as \$12.7 million, depending on the method you use to compute it. Compensation specialists say pay packages for top executives and the rules for disclosing them are so complex that even they have a hard time figuring them out. Coming up with a total price tag means assigning a number to every benefit and sorting out what portion of a stock option grant belongs in this year's paycheck, vs. last year's or next year's." This is but one quote. There have been a plethora of stories urging reforms.

Discerning investors who wish to evaluate the appropriateness of the level of executive compensation or "pay for performance" require clear and accurate reporting. We therefore greet the SEC's proposal with enthusiasm.

Let us turn to some specific comments on the proposal.

1. Filed vs. Furnished – We support the SEC proposal whereby the disclosure will be considered “filed” with the SEC compared to the present “furnished” status. Both CEO’s and CFO’s would be responsible for the veracity of the report and required to certify that the statements are accurate. The result, we believe, will be an improved quality of disclosure.
2. Total Compensation Figure – As noted previously, this will be very helpful for investors. This figure approximately represents the pay package the compensation committee intends to award to the executive whether or not the actual compensation has been fully realized or is partly dependent upon other variables.
3. Reporting Executive Percs – In light of the reports over the last several years regarding the controversy over executive percs, this reform is necessary and timely. Percs can add up to substantial benefits paid for by shareowner money or they can signify the provision of unnecessary or inappropriate benefits. However, we believe the proposed threshold of a \$10,000 minimum for reporting is open to abuse. Since the company needs to measure and account for all such percs internally, gathering such information is not burdensome. Indeed, the proposed threshold would allow a company to “game the system” by separating percs into \$9,900 lots.

In addition, sometimes a company may be providing inappropriate percs for executives, benefits the executive should purchase themselves. The issue is not the dollar value of this particular perc, but the perc itself. Having all percs listed would minimize potential abuses.

4. Post Employment Compensation – The proposal to include a table and narrative of pension benefits and other deferred compensation, including golden parachutes, is another important advance.
5. Narrative Disclosure – A clear statement of the Compensation Committee and Board’s philosophy and process for establishing levels of compensation is very important. We support the change suggested by ISS that the Narrative be merged with CD and A to put the key information in one section so the reader isn’t forced to search through several sections to find comparable information.
6. Compensation Disclosure for three Non-Officer Employees – While it may be interesting reading to see that a TV personality or movie star or sports figure makes more than the CEO, these persons have no role in overseeing the strategic direction or everyday business of the company and thus the information may satisfy curiosity but be of no business value to investors. We support deleting it as a disclosure requirement.
7. Disclose Performance Targets – Such disclosure is important for shareowners who are striving to evaluate whether pay is fairly linked to performance. We need to get beyond boilerplate language and see a clear formula.
8. Director Compensation Disclosure – This is a reform that is welcome and overdue. European companies have been presenting such information for years. Some companies like Aetna and

Pfizer have already begun to provide this table. This table will include brand new information and will give a clearer snapshot of the philosophy for Director reimbursement as well.

SUMMARY COMMENT

It is our hope that this proposal, when amended, will provide investors with clear, accurate and expanded information on executive and director compensation. Hopefully, such expanded disclosure will assist Boards themselves in fulfilling their oversight responsibilities. Some Board members have confessed that they themselves never had full information to evaluate and act upon.

The proposed rule change will be useful to investors. We believe that it will reduce the abuses that we have seen in percs and excessive compensation packages unrelated to performance for investors. However, while sunlight is indeed an effective disinfectant, it is not a solution in itself, if a Compensation Committee prepares a package that is not in the interests of investors. Thus investors will need to be informed, vigilant and willing to be pro-active on the occasions that the information disclosed does not serve their interest.

We thank the Commission for its leadership in preparing and submitting this rule for comment.

Sincerely,

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