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November 18, 2010 Via E-Mail: rule-comments@sec.gov

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Dear Ms. Murphy and Commissioners:

Re: File Number S7-31-10; Proposed Rule, Shareholder Approval of Executive Compensation and Golden Parachute Compensation

I am writing on behalf of the California Public Employees' Retirement System (CalPERS), the largest public pension fund in the United States with approximately $217 billion in global assets and equity holdings in over 3,800 U.S. companies. CalPERS provides retirement benefits to more than 1.6 million public workers, retirees, their families and beneficiaries. As a significant long-term shareowner in the U.S. public equity markets, CalPERS views executive compensation as one of the most powerful tools available to a company to align key employee interests with the long-term interests of shareowners. CalPERS believes allowing shareowner approval of the votes included in Section 951 of Dodd-Frank will provide for an effective mechanism to enhance transparency in setting executive pay, improve accountability to shareowners, and to more effectively link pay with performance.

Thank you for the opportunity to provide our comments on the proposed rules to implement the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to shareholder approval of executive compensation and "golden parachute" compensation arrangements. Section 951 of the Dodd-Frank Act amends the Securities Exchange Act of 1934 by adding Section 14A; requiring a separate shareholder advisory vote to approve the compensation of executives, determine the frequency of an advisory vote, specific disclosures on compensation, and shareowner votes related to golden parachutes.

In general CalPERS supports the proposed amendments related to Section 951. We caution the SEC to carefully review the mechanisms of implementing and the impact of state laws as it relates to abstentions and majority vote versus plurality provisions. Additionally, we suggest the SEC further evaluate the impact to shareowner rights with the exclusion of shareowner proposals and the possible avoidance of future say on parachute votes.

Executive compensation is a critical and visible aspect of a company's governance and pay decisions are one of the most direct ways for shareowners to assess the performance of the board. CalPERS strongly believes the proposed rule amendments will provide shareowners the necessary disclosures to allow for a more informed vote as it relates to executive compensation and golden parachute compensation plans. The following comments specifically address a number of the issues:

A. Shareowner Approval of Executive Compensation

Proposed Rule 14a-21(a)

CalPERS supports proposed Rule 14A-21(a) requiring issuers to provide a separate shareowner advisory vote in its proxy statements to approve the compensation of executives. CalPERS Global Principles of Accountable Corporate Governance supports companies submitting compensation policies to shareowners for non-binding approval on an annual basis. Our preference and principles provide for allowing shareowners an annual vote, but situations may arise when it may be reasonably justified to support a less frequent vote.

CalPERS agrees with the proposed rule requiring a separate shareowner vote to approve the compensation of executives for the first annual meeting of shareowners occurring on or after January 21, 2011 at all publicly listed companies.

CalPERS strongly supports, to the extent that risk considerations are a material aspect of the issuer's compensation policies or decisions for named executive officers (NEOs) that the issuer is required to discuss them as part of its Compensation Disclosure and Analysis (CD&A). CalPERS believes that compensation plans during the economic crisis may have incentivized risky behavior which was material to the issuer's compensation decisions, but not necessarily fully disclosed in the CD&A.

Since Section 14A(a)(1), like Section 111(e) of the Emergency Economic Stabilization Act (EESA) of 2008, does not specify which shares are entitled to vote for approval of executive compensation, we recommend the SEC provide guidance that would ensure the ability of all shareowners to cast a vote on executive compensation plans.

We view this as a critical right of shareowners and believe especially within a merger or acquisition that shareowners be provided the opportunity to vote on executive compensation plans and have appropriate disclosures to base their decisions.

Proposed Amendments to Item 402(b) of Regulation S-K

Section 951 of the Act does not currently require issuers to address in its CD&A, how their compensation policies and decisions have taken into account the results of shareowner advisory votes on executive compensation from prior shareowner advisory votes in addition to the most recent vote. CalPERS supports the proposed amendments to Item 402(b) and requiring this disclosure to be mandatory. We believe mandating this as part of a Company's CD&A would provide shareowners a better understanding of how Board of Directors (Boards) consider and utilize shareowner advisory votes in the company's compensation policies and decisions. This type of disclosure provides more insight on Board deliberations in making decisions on compensation practices at the company.

CalPERS does not support scaled executive compensation disclosure reporting by smaller reporting companies. We continue to believe that smaller companies should be subject to similar reporting requirements as well as requiring the inclusion of a CD&A.

B. Shareholder Approval of the Frequency of Shareholder Votes on Executive Compensation

Proposed Rule 14a-21(b)

CalPERS believes new issuers should conduct a frequency vote upon issuance of its first proxy statement. However, CalPERS would encourage new issuers to disclose how the board will align executive management with the long-term economic interests of shareowners through compensation programs in the IPO registration statements.

Proposed Item 24 of Schedule 14A

We agree that the general effect of a shareowner advisory votes should be disclosed to shareowners along with vote tabulation, how the Board considered and addressed the vote in making its compensation policies and plans, and the frequency of the advisory vote on executive compensation.

Proposed Amendment to Rule 14a-4

CalPERS is a firm supporter of an annual advisory vote on executive compensation. However, we support the requirements of Section 14A(a)(2) and

amendments to Rule 14a-4 requiring a shareowner advisory vote on whether the say-on-pay votes will occur every 1,2 or 3 years, or allowing an abstention, to be included in an issuer's proxy.

Proposed Amendment to Rule 14a-8

CalPERS recommends the SEC clarify the requirements to exclude a shareowner proposal in the proposed amendment to Rule 14a-8. CalPERS believes a company should only be able to exclude a proposal based on being substantially implemented and only if a proposal had received a majority of the votes cast. Also CalPERS does not support that an exemption should be available if the issuer has materially changed its compensation program in the time period since the most recent say-on-pay vote or the most recent frequency vote.

Proposed Amendments to Form 10-K and Form 10-Q

We continue to support disclosure of current vote results within four business days following the shareholder meeting. CalPERS also supports allowing boards the ability to meet, deliberate and then articulate their implementation decision regarding the frequency of the advisory vote on executive compensation plans in the following 10-Q. We agree with the SEC's proposal to require disclosure in Form 10-Q or 10-K regarding the issuer's plans with respect to the frequency of its shareowner votes, that the results were considered, as well as the impact on the Board's decision regarding changes to its executive compensation plans and policies along with the frequency of the advisory vote.

C. Issues Relating to Both Shareholder Votes Required by Section 14A(a)

Proposed Amendments to Rule 14a-6

CalPERS is not aware of any compelling arguments on why the say-on-pay advisory vote and the frequency vote would trigger a requirement that the issuer file a preliminary proxy.

Broker Discretionary Voting

CalPERS agrees with Section 957 of the Act which amends Section 6(b) to direct national securities exchanges to change their rules to prohibit broker discretionary voting of uninstructed shares in certain matters, including shareowner votes on executive compensation. CalPERS supports that broker non-votes should be counted for quorum purposes only.

Relationship to Shareholder Votes on Executive Compensation for TARP Companies

Since companies with outstanding indebtedness under the TARP are currently required to conduct advisory votes on executive compensation annually, we do not see the current benefit of requiring these issuers to conduct a shareowner advisory vote on the frequency of the shareowner advisory vote on executive compensation. We do believe once outside the TARP requirements a company should be required to conduct a frequency vote of the shareowner advisory vote on executive compensation.

D. Disclosure of Golden Parachute Arrangements and Shareholder Approval of Golden Parachute Arrangements

Proposed Item 402(t) of Regulation S-K

We view disclosure of golden parachute arrangements as an integral component to understanding the full value and expenses of a merger or acquisition.

CalPERS supports the proposed amendments to Schedule 14A to require both tabular and narrative format disclosures with respect to golden parachute compensation arrangements as outlined in the new proposed Item 402 (t) of Regulation S-K. We fully support that a separate footnote be required to identify amounts attributable to "single-trigger" and "double" trigger arrangements so shareowners can distinguish between the two arrangements. Additionally, we agree that disclosure of any executive compensation agreements or understandings that an acquiring issuer has with its NEOs and for NEOs of the target company in transaction should be disclosed.

Proposed Rule 14a-21(c)

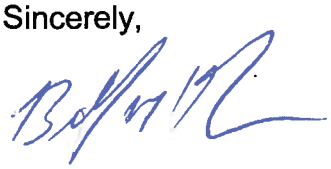
CalPERS agrees with the proposed Rule 14a-21(c) where a separate shareowner advisory vote in proxy statements for meetings at which shareowners are asked to approve an acquisition, merger, consolidation, or proposed sale or other disposition of all or substantially all assets, consistent with Section 14A(b)(2). We fully support and agree that shareowners will find disclosures about golden parachute arrangements informative to their voting decisions regarding the advisory vote and the acquisition, merger, consolidation, or proposed sale or other disposition of all or substantially all assets transactions.

E. Treatment of Smaller Companies

CalPERS does not support an exemption for smaller reporting companies and does not believe the additional disclosure requirements would impose an undue burden on smaller reporting companies. We believe the additional value of disclosure would outweigh any incremental costs for smaller companies.

We thank the SEC for its leadership in protecting investor rights and for this opportunity to submit our comments on Shareholder Approval of Executive Compensation and Golden Parachute Compensation as well as the frequency of advisory votes on executive compensation plans. If you would like to discuss any of these points, please do not hesitate to contact me at (916) 795-2431 or my colleague Todd Mattley at (916) 795-0565.

Sincerely,



BILL MCGREW
Portfolio Manager
Investment Office - Global Equity Corporate Governance

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