

7 April 2006

Ms Nancy M. Morris
Secretary
Securities and Exchange Commission
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USA

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Dear Ms Morris

Executive Compensation and Related Party Disclosure – File No. S7-03-06

Standard Life Investments Limited is a wholly owned subsidiary of The Standard Life Assurance Company, which is Europe's largest mutual life assurance company.

Standard Life Investments manages, on behalf of its clients, investments with a value in the region of US\$238.5bn, which includes significant investments, managed in our Boston and Montreal offices, in US corporations.

Standard Life Investments is one of the recognised leaders in corporate governance, especially as it relates to fulfilling shareholder responsibilities on behalf of clients. Our dedicated corporate governance team was established over 10 years ago and it has enabled Standard Life Investments to play an influential role, directly and indirectly, in the development of corporate governance in the global arena.

General Comments

We welcome the consultation document and the opportunity to comment. We support the main features of the proposals, which we regard as consistent with our clients' interests.

Our comments, which are mainly ones of emphasis, focus on the key issues.

Disclosures

The proposals will result in comprehensive & understandable disclosures. In particular, the use of a number of tables in a set format should ease comparability over time and between companies.

We commend the emphasis on the primacy of a Total Compensation Figure. Also, the proposals to provide individual disclosure for a number of the executive officers, mindful that many key executives in US corporations do not sit on the main boards.

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With reference to the Compensation Discussion and Analysis, we would underline the importance of the 'plain English' approach and the associated corollary that boilerplate language should not be used.

One aspect that should be re-considered is the proposal that the 5 year Performance Graph be no longer required. While it is undoubtedly true that this information is available elsewhere, it is also true that the Graph provides an excellent pictorial representation of share price performance, which is an invaluable and relevant reference point when reviewing the compensation disclosures.

Investor Engagement

In taking the issue of executive compensation forward, we would commend the benefits of constructive engagement by corporations with investors. In the UK, such engagement has contributed to achieving a mutual understanding of remuneration policies and practices on both sides of the fence.

Advisory Vote on Remuneration

It is fair to say that having been cynics when a vote on remuneration was first proposed in the UK, we have been persuaded of its benefits. Such a vote would be an important check and balance in the governance framework of US corporations, especially in instances where directors do not stand for a binding vote on election. While we understand that this normally is a matter for state regulation, it could be proposed as an exchange listing requirement, which would be more appropriate for SEC guidance and intervention.

In addition, we suggest that the SEC undertake publicly to review the effectiveness of the new disclosure arrangements, say, 3 years after their introduction. In doing so, it may be appropriate for the SEC to make clear to all concerned that it would be prepared to reassess its attitude towards the requirement for a shareholder vote if the arrangements were proving ineffective.

Conclusion

We regard the SEC's proposals as extremely important to the environment within which we operate. We recognise that there are challenges ahead in bringing these proposals to consensual completion but believe that this is a very worthwhile goal. We hope our comments will assist the SEC in its deliberations.

Sincerely yours,

Guy R Jubb
Investment Director, Head of Corporate Governance
Standard Life Investments