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October 23, 2006

Securities and Exchange Commission
100 F Street, N.E.
Washington, D. C. 20549
Attention: Nancy M. Morris, Secretary

Re: File Number S7-03-06

Ladies and Gentlemen:

I am writing to express opposition to the adoption of proposed Item 402(f)(2) of Regulation S-K. Fundamentally, the proposed disclosure requirements confuse information that might be interesting or even newsworthy with what is material to investors. Other commenters have persuasively addressed the lack of materiality of the information sought; the uncertainty associated with the new sub-category of those with "responsibility for significant policy decisions" as opposed to policy-making authority; the privacy issues raised; and the burden on issuers. I endorse their comments, and I add the following in response to some of the specific questions the Commission has raised.

Would it be appropriate to modify the rule to apply only to large accelerated filers? There is no logical reason to make this distinction. If the information is material (which I do not think it is), it is equally material for large and small filers. The burden of tracking compensation information will, in most cases, be proportional to the size of the organization, so the argument that large companies are better able to do it is not convincing.

Would the proposed approach provide information about how policy-making responsibilities are allocated? I do not believe it would. From the information requested, investors will only get the conclusions at the end of the process, not how they were arrived at or any systematic understanding of how compensation is set below the executive officer ranks.

What is the typical role of the compensation committee in determining compensation for non-executive officers? In my experience, the compensation committee typically plays little, if any, role in setting

compensation below the executive officer ranks. This is a sensible allocation of responsibility in our corporate governance structure. The board, through the compensation committee, oversees the pay of those officers to whom policy-making authority has been granted and holds them accountable for their performance. They, in turn, exercise the same function for those employees reporting to them. Material information about compensation is that which relates to officers at the policy-making level. Below that level, compensation policies are not a corporate governance issue and are not essentially different from any other corporate expense, policy or allocation of resources.

What additional work and costs are involved in collecting the necessary information? The Commission noted a lack of information here. That is not surprising. Companies have never had to try and track such information below the executive officer level and have no experience doing so. For companies with limited performance-based compensation, the process would be simple, and the likelihood of anyone out-earning the executive officers would be remote. For those, however, that place a greater emphasis on performance-based compensation and that establish different goals for senior executives and other employees, there may be dozens of employees who out-earn the executive officers. Winnowing out from that group those who may be argued to have “responsibility for significant policy decisions,” and then gathering all the information that would be required for compensation disclosure but otherwise has no importance for financial reporting, will involve considerable burdens in, among other things, involvement of legal counsel, executive time and additional accounting effort.

In summary, the proposed disclosure is unlikely to produce material information and is burdensome (disproportionately so to companies that embrace a performance-based compensation culture and that do not routinely reserve the highest compensation opportunities for those in the executive officer ranks). In the context of all the other pending changes in executive compensation disclosure, it is not something that any issuer, large or small, needs to have to deal with now.

Sincerely,

D. Michael Jones
Senior Vice President and
General Counsel