Jack Ehnes
Chief Executive Officer

CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

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January 16, 2007

The Honorable Christopher Cox, Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: File No. S7-03-06 Executive Compensation Disclosure

Dear Chairman Cox:

This letter is sent on behalf of the members of the California State Teachers' Retirement System (CalSTRS). As you are aware, CalSTRS is the second largest public pension system in the United States, with over $158 billion in assets that are managed on behalf of over 776,000 members and beneficiaries. Our domestic equity portfolio currently comprises $68 billion in investments; CalSTRS invests in over 2,800 stocks domestically. While we are invested globally and intend to expand our investments outside of the United States, clearly, the fortunes of CalSTRS are inextricably linked with the domestic market. CalSTRS has been actively involved with the operation and oversight of the domestic market for well over twenty-five years, at both the federal and state level. During this time we have commented on many aspects of market operation and regulation to your agency, the SEC, as well as the NYSE and to various state legislatures, such as Pennsylvania, Delaware and Ohio. We have taken the time to communicate and personally meet with the responsible regulatory, oversight and legislative bodies, including the SEC, in order to protect the assets that our beneficiaries and participants will have to depend on upon retirement, disability or death. We are long-term investors by necessity because of the long-term nature of our liabilities and the majority of our assets are dependent upon the domestic market.

We do not believe that the SEC's action on December 22, 2006 regarding disclosure with respect to the Summary (Named Executive Officers) Compensation and Director Compensation Table is helpful to investors in determining the intent and operation of Compensation Committees of their portfolio companies or the assessment of whether the pay-for-performance link is evident in the plan. We also do not believe that allowing a 30-day comment period on this interim, but **final** rule is fair to investors and frankly, we don't believe that this process and action represent the actions of an agency that is supposed to protect the interests of investors. When the final rule regarding executive compensation and director compensation disclosure was published, one of the most important objectives was to make the proxy information supplied to investors on this issue more transparent. The agency rightly concluded that the information should be in "plain English" and placed in a summary form so that investors could get have a 'more complete picture' of the compensation being paid to the named executive officers and the board of directors. Investors responded to that release and overwhelmingly supported the grant date present value of equity awards. This latest amendment does not allow investors a voice in this matter and denigrates their earlier participation. We urge you to review this action and make this rule a proposal on which investors can have a meaningful voice and extend the comment period beyond the 30 days stated in the release.

Please feel free to contact me to discuss this letter.

Sincerely,

Jack Ehnes
Chief Executive Officer