



**STATE OF WASHINGTON
STATE INVESTMENT BOARD**

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Via Email

November 26, 2013

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

Re: File Number S7-07-13: Proposed rule to implement Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act 1

Dear Ms. Murphy:

I am writing to express the Washington State Investment Board's (WSIB) support for the Securities and Exchange Commission's proposed rule requiring disclosure of the CEO-to-worker pay ratio as mandated by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The WSIB is a long-term investor managing investments for 17 separate retirement funds for public employees, teachers, school employees, law enforcement officers, firefighters and judges. We also manage investments for 16 other funds that support or benefit industrial insurance, colleges and universities, developmental disabilities, and wildlife protection. Total assets under management as of September 30, 2013, were \$94.6 billion.

Excessive levels of executive compensation and disproportionate levels of internal pay have very real consequences for long-term shareholder value. High pay disparities can hurt employee morale, productivity and negatively impact company performance. As a long-term investor, the WSIB believes disclosure of the ratio of CEO to worker pay would be useful in several ways.

Investors will be able to use CEO-to-worker pay ratios as an additional metric in evaluating say-on-pay votes and other executive compensation issues. Pay ratio disclosure also helps investors evaluate CEO pay levels in the context of companies' internal compensation structures as well as compared to peer companies. We believe disclosure of the ratio will drive better management of internal pay disparity.

Although there has been considerable concern expressed about the complexity and additional cost of calculating the median annual total compensation of all employees to arrive at the ratio of median worker to CEO pay, the proposed rule gives companies ample flexibility through sampling or using payroll data to calculate the median.

The WSIB urges the SEC to move as expeditiously as possible on the issuance and implementation of a final rule. Thank you for this opportunity to comment.

Sincerely,

Theresa Whitmarsh
Executive Director