May 23, 2007

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

Re: File No. 4-537
Rountables Regarding Stockholder Rights and the Federal Proxy Rules
Proxy Voting Issues: Voting Integrity

Ladies and Gentleman:

I appreciate the opportunity to provide comments on behalf of The Altman Group related to topics to be discussed at the roundtables hosted by the Securities and Exchange Commission (the "SEC") to address stockholder rights and the federal proxy rules.

The Altman Group is a rapidly growing proxy solicitation firm serving hundreds of public company and mutual fund clients each year. My background includes over thirty-five years of proxy industry experience, starting in the back offices of a brokerage firm where I worked in college, to founding and running the proxy department for Hill & Knowlton for eighteen years, to founding The Altman Group winner of the last two TOPS Awards as the highest rated proxy solicitation firm in the U.S.

Summary

Our issue of concern: The inequitable impact of the proposed change to NYSE Rule 452 (eliminating broker voting on director elections) on public companies primarily held by retail owners.

Our proposed solution: Eliminate the distinction between NOBO and OBO and to create a new unified category of ABO (i.e., All Beneficial Owners) solely with regard to record dates for votes at companies' annual or special meetings.

Discussion

While there are many issues that may be covered at the sessions to be held later this week, we want to focus on the inequitable impact of the proposed change to NYSE Rule 452 (eliminating broker voting on director elections) on public companies primarily held by retail owners. We suggest that the SEC consider implementing a single interim solution that we believe will help deal with a number of the concerns that have been expressed. The proposed solution is to eliminate the distinction between

NOBO and OBO and to create a new unified category of ABO (i.e., All Beneficial Owners) solely with regard to record dates for votes at companies' annual or special meetings.

We view this solution as interim based on the assumption that there may be later changes to the proxy voting process. However, since any overhaul will no doubt take time, there is clearly a need for a short-term, common-sense solution in the interim. This proposed solution may serve as an interim step to broader overall disclosure, or it may in fact end up solely as part of a new approach to increasing disclosure of beneficial ownership with regard to annual or special meetings.

Here is our understanding of the proposed changes to NYSE Rule 452 and the difficulties that may result for many companies as they seek to get a majority of shares voted for the election of directors. Smaller companies lacking a significant institutional owner base will face an added burden with regard to gaining a quorum for the election of directors, particularly in terms of ensuring that the vote level they desire is achieved. Larger companies with 50-80% or more of their shares held by institutions will be less affected by the rule change as the shares owned by these firms are generally not voted by brokers under Rule 452 anyway. Also, these larger companies will typically have enough votes cast by a small number of large owners to ensure that directors receive votes from at least 50% of the outstanding shares.

However, for companies with many small retail holders in "street name" that cumulatively own the vast majority of the shares, the situation is rather different. These companies will often need to retain a proxy solicitor to call NOBOs and other small shareholders who typically do not vote in great numbers, due to apathy and perhaps the mistaken belief that their shares will be represented at the meeting regardless of whether or not they actually return a proxy. For decades NOBOs (and before they were NOBOs, most street holders) believed their brokerage firm would vote for them if they did not return a proxy. Nothing has happened to change that view

While an education program might help deal with this issue to some extent, the NYSE has yet to introduce an education program to inform holders of the consequences of their inaction, and it is unlikely such a campaign can be geared up in time and/or implemented in a meaningful way between now and January 2, 2008 (the start date for the change to Rule 452.) As a result, a number of companies will find themselves at a material disadvantage vis-à-vis other companies.

Certainly a change that forces smaller companies to spend more money seems a peculiar way to update a system to enhance shareholder democracy, especially when larger companies may spend less money than previously, in part by using the new "notice and access" model. In fact, the consequence of this change is really enhanced power of large share owners, some of whom are short-term owners looking for a quick profit and an exit strategy from an investment. This change actually will tend to concentrate voting power into the hands of more sophisticated, shorter-term owners at the expense of longer-term small retail owners.

Is corporate governance served by effectively disenfranchising millions of small owners who, based on past experience, believe their shares may be voted for them and who will simply discard their proxy in great numbers as they have done in past years?

We do not believe that the SEC would want to create a system where a company's ownership profile (small vs. large owners) becomes the primary factor that determines whether they can get directrs

elected in an environment moving toward a majority vote standard without expending substantially greater money on the effort than in years past.

To compound the problem, companies that need to reach their OBOs currently only have one option – one or more mailings via Broadridge.

Much has been written on the costs associated with street mailings, and it is unnecessary to rehash that issue except to say that the people who make money from the current system of mailings, i.e., the brokers, banks and their agent Broadridge, will gain a conspicuous benefit through increased fees paid by companies who have shareholder bases that are geared to retail vs. institutional ownership. This seems unfair on two levels: 1) because smaller companies have less money to spend on such activities, and 2) because the beneficiaries of the extra spending will be the brokerage community, which has historically been one of the main proponents of leaving the NOBO/OBO system intact.

Additionally in the last year there has also been much written about issues surrounding a process called empty voting. There have also been concerns expressed about the use of loaned shares to alter the voting rights just before the record dates for meetings.

The collective impact of these issues have led us to contemplate a simple solution to helping all companies in an equal fashion in their efforts to adapt to and deal with the consequences of the proposed change to NYSE Rule 452.

Our solution requires no new technologies or software to be developed. It merely requires that the SEC mandate a change to the NOBO/OBO legislation concurrent with any change to NYSE Rule 452. The change would require that any company facing a record date that will be affected by NYSE Rule 452 have the right to request a complete list of all NOBOs and OBOs, i.e., an ABO (All Beneficial Owners) list.

While it is anticipated that the NYSE may propose a new process whereby all accounts are asked to again confirm their NOBO/OBO status, this approach simply doesn't go far enough. It may in fact cause more people to opt for OBO status. What is needed is a system that creates a true register of owners able to vote at a meeting rather than perpetuate a system that no longer reflects the standard that other global markets are moving to in terms of establishing the identity of owners eligible to vote at a meeting.

While we originally considered our idea for ABO rule changes within the context of the NYSE's proposed changes to Rule 452, we now believe that enabling legislation to support ABOs for record dates makes sense regardless of what the NYSE might eventually propose.

Much has been made in the past by investors who say they do not wish their ownership positions to be disclosed because it might reveal their trading strategy. However, this argument does not apply here as the information is not made public but is available ony to the issuer and only for that one record date per year (presuming the company does not also have a special meeting for some other purpose at another time.)

In fact we think if the SEC were to adopt this idea it would also help address other issues as well (e.g., identifying which institutions had shares out on loan) and the SEC could also add a new element to this

disclosure regime to require all investors to disclose stock borrowing and derivative transactions that have an impact on voting rights as of record dates for meetings.

In effect, the disclosure of ABOs should be viewed as a simple way to move the voting system in the United States to a point where the identity of all parties entitled to cast votes at the meeting is brought into clear view. Any discussion of transparency and the problem of overvotes by brokers can be addressed via this simple change.

Certainly there were protests twenty years ago when NOBO legislation was put in place. Since then, however, there have been few if any problems associated with the disclosure of such information. While howls of protest would likely be heard again in response to our proposed solution, it should be noted that any objecting party is likely already disclosing its ownership in United Kingdom-based companies and other markets requiring such information.

To be competitive for new company listing purposes, the U.S. must match the successful efforts others are making. With interest in the identity of shareholders at an all-time high, ABO legislation would help convince foreign companies as to one of the benefits of continuing to list on one of the U.S. exchanges.

Let me review some of the benefits that we believe are achieved through the adoption of ABO disclosure rules.

1. A company that knows the identity of all of its OBO owners can directly solicit them to vote at the annual meeting. Even though the OBO holds through street name and in all likelihood will vote through Broadridge, the company can encourage the shareholder to vote on the electronic platform or dial in toll-free to the voting systems long ago established by Broadridge.

2. Votes cast through Broadridge's voting platform are much less costly to a company than votes returned by mail.

3. The ability to mail a reminder notice directly to owners reduces the costs versus having to paying a resolicitation fee to Broadridge. This permits a company to reduce the charges associated with follow-up solicitations. It also gives a company the opportunity to inform the owner directly that the owner's vote will not be counted if it does not return a proxy or use the electronic or telephonic voting platforms available.

4. A full list of owners, segregated by firm and share amount, will enable companies to easily identify overvote situations, i.e., situations where brokers or banks are identifying more shares than The Depository Trust Company's records indicate are eligible to vote.

5. A company will no longer need to rely as heavily on the 13-F information to determine the ownership of its largest holders for voting purposes. 13-F filings are often quite deficient and misleading, as they are usually out of date and do not reflect the true voting position the institution may control due to sales or purchases of shares or any stock lending or borrowing. It is very difficult for a company, even one using a stockwatch product, to get an accurate updated list of institutional holders.

6. If our proposal also led the SEC to require disclosure of derivative transactions that affect voting rights, a company could then gain a realistic understanding of which parties will have the votes at a meeting. This is particularly important with regard to contested elections or votes on corporate transactions such as a merger vote. The separation of economic interest and voting rights is an issue that many are now asking for action on. This approach is a good first step in that effort.

I hope that our analysis and proposed solution helps shed light and provide options to the SEC in addressing certain issues it faces with regard to shareholder voting.

If I can be of service or answer any other questions or provide additional information, please contact me at (212) 681-9600 or by e-mail at kaltman@altmangroup.com.

Sincerely,

Kenneth L. Altman