Sisters of MERCY OF THE AMERICAS
Regional Community of Detroit

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August 27, 2007

Christopher Cox, Chair
Commissioners
Securities and Exchange Commission
100 F Street, NE
Washington D.C. 20549-1090

File Number: S7-16-07

Dear Commissioner Cox:

I am writing on behalf of the Sisters of Mercy, Regional Community of Detroit to support the fundamental right of security holders guaranteed them under state corporate law, i.e., "to appear at the [annual] meeting; to make a proposal; to speak on that proposal at appropriate length; and to have [his] proposal voted on." (p. 7, SEC, 17 CFR Part 240, Release No. 34-56160; IC-27913; File No. S7-16-07)

The Sisters of Mercy, Regional Community of Detroit is one of the geographic regional communities within the Institute of the Sisters of Mercy of the Americas, an international community of Roman Catholic Sisters who address human needs through collaborative efforts in education, health care, housing, and pastoral and social services. When faith-based investors founded the Interfaith Center on Corporate Responsibility, the leaders of our Detroit community made the decision to join with them to promote justice with our investments. The founder of our religious institute directed us to manage our financial resources in a manner that models mercy and justice. We have adapted the language of that call to include the promotion of corporate social responsibility and recognition of the need for prudent risk/return in the management of our limited resources for the support of various community and ministry endeavors.

The socially responsible investment program continues to grow. During the 2006-07 proxy season, the Sisters of Mercy-Detroit filed 13 SRI proposals, of which five were successfully negotiated and we participated in some 15 additional dialogues on issues with serious social, economic and business consequences.

SUPPORT FOR PRECATORY RESOLUTIONS

The experience of the Sisters of Mercy-Detroit is that the nonbinding shareholder proposal process under Rule 14 a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934 functions smoothly. Although regulations have tightened over the past 30 years—in some instances

restricting investor rights—shareholders, nevertheless, retain the prerogative to raise questions and concerns about the social, environmental, governance and economic impacts of corporations in the U.S. and globally.

More than 95% of the shareowner resolutions filed in the last 35 years have been "advisory." When a corporation challenges subject matter or the right of the investor to file a resolution, the SEC Division of Corporation Finance has attorneys and processes in place to examine and rule on the logic. Over the years, investors and managements have argued their cases and often, although not always, investors have been able to prove that an issue—a corporate impact—has grown into a major public concern e.g. executive compensation, equal employment opportunity/ affirmative action, corporate political contributions. The system works and has been set up in a manner that allows for development as the global market and public awareness change.

As an institutional investor, the Sisters of Mercy-Detroit owns shares of some four hundred large, mid and small cap companies. We strive to invest responsibly and to hold management accountable for activities impacting justice and peace e.g. Lockheed Martin on diversity and violence in the workplace; Marriott and Wyndham Hotels to create practices which prevent trafficking of children for sex; and WellPoint and AIG to institute sound performance goals to reward executive management and to implement transparency on political contributions. These kinds of requests have had an identifiable impact on decision-making in corporate boardrooms. Managements and Boards of Directors have listened, talked with investors and voluntarily changed policies and practices. It was not necessary to legislate or go to government agencies for regulatory changes.

SUPPORT FOR CURRENT $2,000 WORTH OF SHARES FOR ONE YEAR

The Sisters of Mercy-Detroit supports the current regulation that an investor must have owned $2,000 worth of shares for a year. The value of the shares as well as the length of time for the shares to have been held before filing is reasonable. A small increase may be acceptable e.g. $5,000 or $10,000, but if the minimum number of shares to file rises to $100,000 or $250,000, you will have destroyed the right of small investors, guaranteed under state corporate law, to sponsor resolutions.

SUPPORT FOR CURRENT VOTING THRESHOLD

The current voting threshold for resubmitting resolutions should remain. A significant number of independent investors must vote in favor of a resolution to attain the present 3% for the first year, 6% for the second and 10% for the third. There is no balance between the numbers of shares held by faith-based institutions, SRI individuals and funds, individuals and other independent investors versus shares—typically voting management's recommendations—held by insurance companies, banks and other financial/corporate shareholders. Additionally, if the SEC sets higher thresholds for resubmissions, new issues, which often take more than one year to gain support, will be difficult to bring to management's sustained attention. Furthermore, it may take two or three years for managements and Boards to acknowledge the business impact of issues that we raise e.g. transparency on corporate

political contributions; the cost of HIV/AIDS on the workforce and company operations; managing fresh water resources.

REPORTING THE VOTE
The votes are disclosed as a percentage of votes cast. A preliminary vote is often reported at the annual meeting with the final vote appearing in the 10Q. This is satisfactory and should be maintained. The votes should be based only on votes cast. The total number of outstanding securities, some of which may be sitting in reserve, has nothing to do with vote results.

ELECTRONIC FORUM DOES NOT MEET INVESTOR OR MANAGEMENT NEEDS
An electronic forum as an alternative to the current precatory proposal system will exclude many investors. It is not an appropriate vehicle for investor communication. All computer users do not spend hours in chat rooms or surfing the net. The current system is far more useful and efficient e.g. the faith-based and SRI networks coordinate and inform one another so that a corporation may address all proponents of an issue in one setting. Many corporations and investors over the years mutually have agreed to follow coordinating procedures e.g. ExxonMobil, Monsanto, Bristol-Myers Squibb. Furthermore, NGOs have joined with investors to bring concerns to the table e.g. Dow, Synagro, Freddie Mac.

Nor, is this a proven technology for corporations and their investors. The Sisters of Mercy-Detroit and others have researched corporate websites and been unable to find policies referred to in letters or in dialogues. As people with a concern for the environment, we often suggest that corporations issue their reports on their websites and give us the link. It does not make sense to urge an electronic forum as a substitute for the current proxy process when the technology in this realm has not been tried. Additionally, the SEC guidelines suggested in the release are complicated, full of exceptions and in light of Congressional attempts to control the Internet, may not comport with future legislation.

PRECATORY PROPOSALS DETERMINED BY STATE AND/OR CORPORATION
The current regulations established by the SEC should remain in force. The federal government has established oversight of corporations. The system works. To dismantle the regulatory system would serve neither corporations nor investors. The corporations operate in many states. It is not inconceivable that a state legislature would develop its own guidelines e.g. many states have passed or are considering anti-predatory lending rules, emissions standards, universal healthcare objectives. Furthermore, the Sisters of Mercy and other investors have been in conversations with bank managements, which find the differing anti-predatory standards onerous and an impediment to lending for affordable and low-income housing.

Currently, the SEC attorneys judge the arguments for and against inclusion in a company's proxy statement. There is no need to complicate the process by introducing an additional layer, which would in its turn require SEC attorneys to do the same thing. The system works as currently established.

SOUND BUSINESS CASE FOR PRECATORY PROPOSALS
A growing number of investors e.g. faith-based investors, TIAA-CREF, CalPERS, New York City and State pension funds, foundations, trade union pension funds, individuals and socially concerned mutual funds and investment managers engage companies in private dialogue and public persuasion, including filing shareholder resolutions, on hundreds of governance reforms and social and environmental issues. The business case is sound. While, currently, risk and liability are disallowed by the SEC, management often discusses these concerns, too.

The Sisters of Mercy-Detroit believes it is a fiduciary duty as an investor to raise questions when a company's governance or social record is putting shareholder value in jeopardy. Clearly the sponsorship of an advisory resolution is a sound, respectful way to address an issue.

The 14a-8 system for advisory resolutions established by the SEC is important and central to the U.S. system of corporate governance. The system is an investor freedom—one which is envied by shareholders in other countries. To abolish the precatory resolution process to allow corporations or states to determine individual rather than universal mechanisms will disenfranchise investors. Managements and Boards of Directors are operating in a global environment. These individuals cannot possibly know all of the issues and all of the impacts of their decisions and company operations. Knowledgeable and vocal investors serve an important and sound business function.

Thank you for your attention.

Yours truly,