



National Retail Federation  
*The Voice of Retail Worldwide*

December 12, 2006

The Honorable Christopher Cox  
Chairman  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**RE: File No. S7-10-03  
Solicitation of Public Views Regarding Possible Changes to the Proxy Rules**

Dear Chairman Cox,

The National Retail Federation (NRF) appreciates the opportunity to share its views on the topic of shareholder access. NRF is the world's largest retail trade association, with membership that comprises all retail formats and channels of distribution including department, specialty, discount, catalog, Internet, independent stores, chain restaurants, drug stores and grocery stores as well as the industry's key trading partners of retail goods and services. NRF represents an industry with more than 1.6 million U.S. retail establishments, more than 24 million employees - about one in five American workers - and 2005 sales of \$4.4 trillion. As the industry umbrella group, NRF also represents more than 100 state, national and international retail associations.

In response to the September ruling of the US Court of Appeals for the Second Circuit on *American Federation of State, County and Municipal Employees vs. American International Group, Inc. (AFSCME v. AIG)*, we strongly encourage the Securities and Exchange Commission to affirm its interpretation of Rule 14a-8, which concerns the election of directors. Recent changes in corporate governance—including those required by the Sarbanes-Oxley Act of 2002—have benefited and protected shareholders. There is greater transparency in the director nomination process and corporate boards have actively increased their oversight and independence, as evidenced by the high CEO turnover rate. In addition, many public companies have adopted majority voting, giving shareholders more influence in the director election process. It is with these changes and the current environment in mind that we urge the Commission to affirm its current interpretation of Rule 14a-8 in its response to the *AFSCME v. AIG* ruling.

NRF thanks you for your time and consideration of this letter and welcomes any opportunity to further discuss this topic. If you need additional information, please feel free to contact me at 202 626-8129.

Sincerely,

Carleen C. Kohut  
SVP and Chief Financial Officer

Liberty Place  
325 7th Street NW, Suite 1100  
Washington, DC 20004  
800.NRF.HOW2 (800.673.4692)  
202.783.7971 fax 202.737.2849  
www.nrf.com