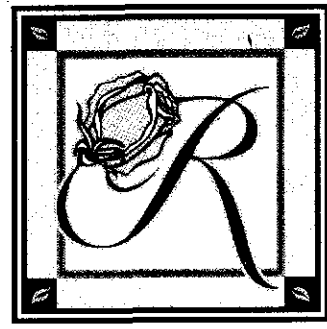


S7-16-07

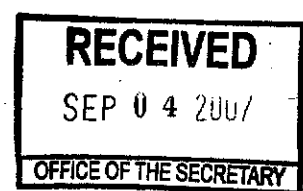
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THE ROSE FOUNDATION
For Communities & The Environment



8/27/07

Ms. Nancy Morris, Secretary
U.S. Securities and Exchange Commission
100 F St., NE
Washington, DC 20549



Re: Comment on File Number S7-16-07

Dear Ms. Morris,

I am writing to comment on File Number S7-16-07, the Release proposing amendments to the Rules under the Securities and Exchange Act of 1934 concerning shareholder proposals and electronic shareholder communications. Among other issues, this Release addresses shareholder proposals. As an investor who takes seriously our fiduciary responsibility to be engaged and informed, we feel strongly that the SEC's suggested proposals to eliminate or curtail the shareholder resolution process should not be adopted.

The Rose Foundation has approximately \$4.5 million under management, with a substantial portion of that invested in the publicly traded securities of US companies. We believe that a company's environmental performance is a strong proxy for the quality of its governance, and we believe that, over the long term, companies that exhibit better environmental performance are more likely to maximize shareholder value. The shareholder resolution process has been an important way for the Rose Foundation to raise these issues with the companies we own, and to engage management in dialogue designed to improve their long-term financial performance on key issues such as climate change, toxics, and sustainability. The shareholder resolution process has also been an important source of information about environmental, social and governance issues that effect shareholder value and the bottom line in the companies we buy, hold or sell. There is no alternative mechanism readily available to us to obtain that information elsewhere. Therefore, curtailing or eliminating shareholder resolutions as the SEC proposes would inhibit our ability to prudently evaluate the companies in which we invest.

There is a long history of positive results from shareholder resolutions, demonstrated by companies making specific reforms, changing policies and increasing transparency. Annually, approximately one-quarter to one-third of resolutions are withdrawn because constructive dialogue with companies results in win-win agreements. The rising support votes for shareholder resolutions across a range of environmental, social and governance topics is evidence of the mounting importance of shareholder resolutions to the general investing public.

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"Opt-Out:"

The SEC has floated for comment the proposal that a company may "opt-out" of the shareholder resolution process, either by obtaining approval from shareholders through a proxy vote, or, if sanctioned under State law, by having a Board vote authorizing it to opt-out. Either option would have significant negative consequences. The most unresponsive companies would be most likely to opt-out because resolutions are an important mechanism to strengthen corporate accountability. Buttressing a "bunker mentality" in the boardroom does not encourage good leadership and, in fact, threatens many of the corporate governance reforms passed in recent years by the SEC. For example, shareholder pressure in the form of resolutions related to executive compensation provides outside directors with a valuable opportunity to assess how shareholders view their compensation policies. Similarly, shareholder pressure around climate change has been widely credited with encouraging many companies to devote serious consideration to this well-recognized financial threat. Additionally, enabling companies to opt-out would result in an uneven playing field with some companies allowing resolutions and others prohibiting them -- confusing shareholders and potentially creating a new burden on SEC staff who would be called upon to clarify.

Electronic "chat rooms:"

The SEC has also queried, "Should the Commission adopt a provision to enable companies to follow an electronic petition model for non-binding shareholder proposals in lieu of 14a-8?" While chat rooms and electronic forums are welcome approaches for cost-effectively enhancing communication with investors, these informal communications mechanisms should not replace a shareholder's right to file resolutions. The current resolution process ensures that management and the Board focus a reasonable amount of attention to the issue at hand as they must determine their response to the shareholder proposal. In addition, each and every investor receives the proxy and has the opportunity to consider the issue. To substitute such a long-standing, well-understood and well-exercised right with a glorified blog in the form of a chat room or other form of electronic petition would significantly erode shareholders' ability to exercise a key fiduciary responsibility. Such a sweeping and unfounded change is also likely to spawn considerable litigation in challenge -- thereby burdening the SEC and diverting its resources from its core oversight mission.

Re-submittal Thresholds:

Finally, the SEC asks for comments on increasing the votes required for resubmitting shareholder resolutions to 10% after the first year, 15% after year two, and 20% thereafter, compared to current thresholds of 3%, 6% and 10%, respectively. We oppose such increases. Raising the thresholds as proposed would make it much more difficult for investors to resubmit proposals for a vote, thus further insulating management from shareholder opinion. Over the last 40 years, many proxy topics initially received very modest levels of support, only to garner increased support over time as shareowner awareness and knowledge increased. Adding more restrictive thresholds on resubmitting resolutions simply makes it harder for investors seeking constructive engagement with companies.

In summary, we urge the SEC to uphold the right of investors to sponsor resolutions for a vote at stockholder meetings. All investors are served by the current

process since it fosters a robust and public dialogue around core governance, environmental and social factors that may significantly effect long-term shareholder value. In the course of this dialogue, investors often receive information from diverse perspectives that may not be otherwise efficiently transmitted to all market participants or be well-translated into shareholder value. The SEC's recent proposals are contrary to constructive investor-management relations, and contrary to the SEC's mission of ensuring transparency and accountability in the US securities markets.

Sincerely,



Tim Little
Executive Director