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The Honorable Christopher Cox, Chairman
The Honorable Paul S. Atkins, Commissioner
The Honorable Annette L. Nazareth, Commissioner
The Honorable Kathleen L. Casey, Commissioner
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

BARCLAYS GLOBAL INVESTORS

Re: Shareholder Proxy Access and the Commission's Response to AFSCME v. AIG;
Proposed Rule S7-16-07

Dear Chairman Cox and Commissioners,

Barclays Global Investors ("BGI") supports the Securities and Exchange Commission's decision to review the issue of shareholder access to the proxy in light of the recent 2nd Circuit Court of Appeal decision in AFSCME v. AIG. BGI manages over \$2 trillion in assets on behalf of investors throughout the United States and around the globe. As a large shareholder in many U.S. companies, we believe that shareholders should have the opportunity, when necessary and under reasonable conditions applied fairly across the market, to nominate individuals to stand for election to the boards of the companies they own.

The election of boards of directors is one of the most important corporate governance decisions we make as a large shareholder of many U.S. companies. Without shareholder access, it is difficult and costly for shareholders to nominate directors, even in circumstances where large numbers of shareholders believe that the directors nominated by a company are not effectively pursuing shareholders' best interests. In our view, securing a right of shareholders to nominate directors without engaging in a control contest would enhance shareholders' ability to participate meaningfully in the director election process. Properly implemented, we believe a shareholder right to nominate directors should and would be used sparingly by investors. From our perspective, shareholders would have no need to use such a tool at the vast majority of public companies for the foreseeable future. However, the right in itself would both stimulate board attention to shareholder interests and provide shareholders an effective means of ensuring that attention where it is lacking.

As a shareholder that votes its proxies in a manner intended to further the best long-term economic interests of shareholders, stability in the boardroom is clearly important. Hence we favor the general principle set forth in proposed rule S7-16-07—that after meeting certain minimum threshold requirements, and only in non-hostile situations, shareholders should have access to the proxy to nominate director candidates. It is in that spirit that we respectfully offer the following perspectives on the details of the proposed rule:

- We believe the shareholder access mechanism should not be employable for purposes of replacing an entire board or a majority of a board, even through nominations by different shareholders or groups of shareholders. In our view, shareholder access should be used in a limited manner to inject new thinking or additional oversight into the boardroom when necessary, but not to orchestrate a board takeover. The current proxy contest mechanisms should be used in the case of an attempt by a shareholder to replace more than a small fraction of the board in any one election cycle.
- The various disclosure provisions in the draft rule are onerous and may have the unintended effect of limiting shareholders' willingness to engage in constructive dialogue in advance of submitting an access proposal or a director nomination. This outcome would be contrary to the underlying intent of the rule proposal.
- A sunset provision on any rule that is adopted on this topic would provide an opportunity for the SEC and the market to evaluate whether a shareholder nomination right functions as intended.
- We respectfully suggest that the Commission contemplate whether a lower threshold than the suggested 5% would be appropriate for submitting an access proposal while maintaining a high threshold for the actual nomination of a director candidate, or whether some other triggers may be appropriate to allow for access.
- In general, we favor the sort of thresholds contained in the access proposal before the SEC in 2003 as we believe those limits would likely confine use of the rule to the most appropriate situations.

The right to have a board of directors of their choosing is one of the most basic and fundamental rights of a company's owners. The ability to nominate candidates to serve as directors is essential to securing that right in limited situations. Shareholders should not have to incur the expense or the burden of engaging in a costly, distracting and sometimes destructive campaign in order to exercise that right. We have confidence that if given the opportunity to exercise a right to access, shareholders would use the right to further the long term health of their investments and the companies they own. We respectfully request that you consider adopting an access rule that will give shareholders the tools necessary to effectively steward their investments which have long fueled the capital markets and economic growth of our country.

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Thank you for considering BGI's views on this important issue.

Sincerely,

A handwritten signature in black ink that reads "Abe M. Friedman". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Abe M. Friedman

cc: Nancy M. Morris