



UNITARIAN UNIVERSALIST
ASSOCIATION OF CONGREGATIONS

October 1, 2007

Nancy M. Morris, Secretary
Christopher Cox, Chairman
U.S. Securities & Exchange Commission
100 F St., NE
Washington, DC 20549-1090

Timothy Brennan
Treasurer and
Vice President of Finance

Via FedEx & Email: rule-comments@sec.gov

RE: File Numbers S7-16-07 and S7-17-07

Dear Commissioner Cox and Secretary Morris:

I am writing on behalf of the Unitarian Universalist Association of Congregations to oppose proposed rule changes that would limit shareholders' ability to file non-binding resolutions.

The Unitarian Universalist Association (UUA) is a faith community of more than 1000 self-governing congregations that bring to the world a vision of religious freedom, tolerance and social justice. With roots in the Jewish and Christian traditions, Unitarianism and Universalism have together been a force in American spirituality from the time of the first Pilgrim and Puritan settlers. The UUA is also an investor with an endowment valued at approximately \$135 million, the earnings of which are an important source of revenue supporting our work in the world.

The UUA takes its responsibility as an investor and shareowner very seriously. We view the shareholder resolution process as an opportunity to bear witness to our values at the same time that we enhance the value of our investments. Interestingly, many of the resolutions filed by the UUA, which spring from our religious convictions, find support among the broader investor community – and occasionally even from the companies themselves – because they call for actions that enhance shareholder value.

Let me give you two recent examples. Last year, our concern with the growing inequity of compensation between executives and workers led us to file several resolutions asking that shareholders be given a “say on pay” for top executives through a non-binding vote. These resolutions, in just their first year on the ballots, received votes of 40%, 50% and 53% at Abbott Labs, Clear Channel Communications and Valero Energy, respectively. In another instance, the UUA filed a resolution with Starwood Hotels and Resorts asking the company take action to address the risks of climate change. This resolution was a direct response to the Statement of Conscience adopted by the UUA 2006 General Assembly on the “Threat of Global Warming/Climate Change.” But this resolution never made it onto

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the proxy statement because the company agreed to take the actions recommended in the UUA's proposal.

As to the specific proposals released for comment by the SEC, our concern is primarily with the following:

1. Opt-Out Provision – we believe this will allow just those companies that are most out of touch with their shareholders to further isolate themselves. We believe this could have negative consequences for these companies and for the society at large.
2. Electronic Forums – while the use of electronic technologies could be a welcome enhancement to the communication between investors and company managements, it is difficult to imagine how this could replace the proxy statement and vote at the annual meeting as a way to communicate directly with directors and top management.
3. Threshold for Resubmission of Non-binding Shareholder Resolutions – many of the most important issues raised in shareholder proposals have initially received low votes until investors and their advisors could more fully study the issues. Resolutions urging risk analysis and disclosure on climate change are only the most recent examples. Just 10 years ago, these resolutions were receiving votes in the single digits. Now climate change is widely recognized as one of the most important long-term risk factors facing companies in many sectors. We believe the current thresholds serve both companies and their investors.

The UUA is in full support of the defense of shareholder rights being led by the Social Investment Forum and Interfaith Center on Corporate Responsibility, and we urge you to fully respond to their concerns.

While improvements to the resolution process are certainly possible, we believe that no changes should be adopted by the SEC until all vacant positions on the Commission are filled. At this time, the SEC should reject both proposed rules in their current form and should not make any changes to shareholders' rights to file non-binding resolutions.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy Brennan". The signature is fluid and cursive, with a large initial "T" and "B".

Timothy Brennan
Treasurer & Vice President of Finance