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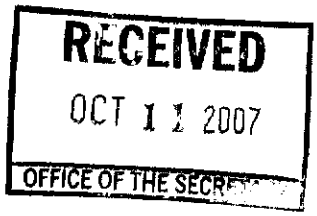

Securities and Exchange Commission
100 F St., N.E.
Washington, D.C. 20549
Attention: Nancy M. Morris, Secretary

Re: File No. S7-16-07
Release Nos. 34-56160; IC-27913
Shareholder Proposals

File No. S7-17-07
Release Nos. 34-56161; IC-27915
Shareholder Proposals Relating to the Election of Directors

Ladies and Gentlemen:

I write to comment on these proposals because I have a point of view very different from many of the form letter and other comments you have received. As an individual investor I would support a substantial reduction or elimination of shareholder proposals. I also have very mixed feelings about the election of directors proposals.

Shareholder voting is a clumsy way to debate important social and political issues. Often I don't even bother to read the proposals relying on the topic line to tell me if the issue is a social or political issue. I may agree or disagree with the position expressed. It really doesn't matter to me because this is not the forum for these issues. I address these issues through political actions—contributions, letters to officials and voting.

The problem is even more vexing to me since in many cases while its my money there isn't even a mechanism to solicit my opinion. While my wife and I have individual stocks in our portfolio a far larger percentage of the portfolio is in mutual funds including currently one fund of funds. The value of my vested pension benefits in my employer's defined benefit pension plan is significantly larger than all our other investments combined. The point is that I view all of these investments as *"my money"*. To the extent that *my money* is expressing a view on political and social issues it should be my view, not that of an investment manager or advisor.

Times have dramatically changed since the Significant Social Policy exception was developed in response to the decision in Medical Committee for Human Rights v. SEC[1]. In 1970 the majority of corporate shares were held by individual investors, either in their own names as record holders or through brokerage accounts. Shareholders tended to hold shares for years not days or weeks. Opportunities for communication among shareholders were virtually non existent and even communications from shareholders to the board were uncommon. The court's holding made sense in that context:

[1] 432 F 2nd 659 (D. C. Circuit 1970)

> "We think that there is a clear and compelling distinction between management's legitimate need for freedom to apply its expertise in matters of day-to-day business judgment, and management's patently illegitimate claim of power to treat modern corporations with their vast resources as personal satrapies *implementing personal political or moral predilections.* It could scarcely be argued that management is more qualified or more entitled to make these kinds of decisions than *the shareholders who are the true beneficial owners of the corporation*[2]" (emphasis added)

The world is very different today than it was in 1970. Today the vast majority of shares are held by institutions—mutual funds, hedge funds, pension funds and index funds. The investment managers who have voting power over these stocks are not the true beneficial owners. As our personal situation explained above illustrates the true beneficial owners are often several layers below these professionals. An investment manager does not know and cannot implement the "personal political or moral predilections" of me and my wife or of the other true owners. Holding periods for both the institution and for the far removed true beneficial owners are often measured in days or weeks. By the time the vote is cast there will be substantial changes in the mix of true beneficial owners. I may well find that I am the true owner of a company where some long gone investment manager has either guessed at my views or, more likely, implemented her "personal political or moral predilections."

Pension fund holdings are, to me, even more troubling. I understand that pension fund managers believe that ERISA requires them to make decisions on shareholder proposals. I have no problem with that concerning true corporate governance matters. There is merit to the comments expressed by a number of commentators that some proposals have resulted in governance improvements. I have a great many problems as to social issues. Its my money, it should be my view. In order to protect themselves they turn to advisory services such as ISS and Glass-Lewis. While such services may be able to differentiate among issuers on compliance with current good government norms they have no particular expertise or basis to know or even speculate about the beliefs of the true owners on issues such as animal rights. What we have are the "personal political or moral predilections" of some unknown person or persons at these agencies speaking for me. In 1970 the court used an ancient word "satrapies". I admit I had to go to the dictionary to learn that satrapies were provinces in ancient Persia ruled by single despots. I feel like the present system has created new satrapies controlled by a small group of activists, investment managers and their advisors.

One justification for shareholder proposals has been the need to allow shareholder communication. Numerous communication opportunities exist today that did not exist in 1970. Chat rooms, message boards, lists of millions of email addresses and many other virtually free communication mediums exist today to allow activists of many persuasions to disseminate their views. Corporate management and boards are much more accessible than they were thirty plus years ago. I note with some dismay the comments of a number of professional managers, particularly pension funds, claiming that shareholder proposals allow shareholders to address important issues. To the extent that any of these managers are investing my money let me assure you that any relationship between the views they might express and my views is purely coincidental.

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[2] Id at 681

While I would favor complete elimination of the Significant Social Policy category entirely if the concept is retained I fully support significant increases in the resubmission standards and I would extent the bar on submitting proposals for several years to both the proposal and the proponent. If someone wastes my time and money with a proposal that has little support there should be consequences to the proponent.

Frankly I am of two minds concerning director election. Director elections are the heart of corporate theory. The directors are *supposed to* represent me, the true beneficial owner. While I did not directly own Enron or Worldcom at their implosions I indirectly did and in addition to much else that can be said, their directors didn't do a good job for me. I believe that investors such as I vote every time we buy or sell. Our decision is simply whether to trust a particular corporate management or fund with our money. If you like what you see you bur and/or stay. If you don't like what you see you don't buy or you leave as quickly as you can. The free market remains the best protection for investors.

I have owned shares of several companies that became involved in contested elections. The time, effort and money consumed has been very apparent. One company reported spending over $15 million. I owned 200 shares out of about 50 million. I considered the $0.30 a share a material loss and frankly would rather have had that amount in quarterly earnings or dividends.

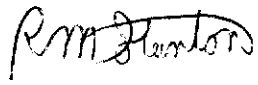
Notwithstanding that, if a significant number of the holders think a change is needed I support giving them access to the issuer proxy. Whether 5% is too high a standard needs to be considered and the disclosure surrounding the proponents probably is too onerous. We clearly need a significant threshold. We cannot allow corporate elections to become anything close to the California gubernatorial recall with literally hundreds of candidates. I think it might also be appropriate to require a minimum number of shareholders. A single shareholder, or even two or three, may well be motivated by specific grievances or issues not shared by the owners generally.

I also think the Commission must do a number of other things to prevent this system from producing new satrapies for unknown advisors and activists who quite often have agendas far beyond the overall economic performance of individual companies. One, I think a form of broker discretionary voting should be retained. I think brokers should be required to clients for blanket instructions when an account is opened with the default position being to vote as the current board recommends. As I said before most of the investors have voted with their purchases and sales and that vote should be reflected through the assumption that they endorse the current board. This of course is always subject to the duty to vote as instructed by the holder. I also feel this is needed if majority voting becomes widespread. Two, I think careful study followed by appropriate rules from the Commission and state legislatures are needed to police the voting process. The theory is "one share one vote" yet through share borrowing, and probably many other derivative means, that concept seems to have been repudiated. I understand that many marquee name public issuers, who by the way often have proxy ballots longer than most public elections, see over-voting even on the social policy proposals. Is there somebody out their devoting time and money to "fixing" these elections? As we saw in the 2000 Presidential election voting irregularities bedevil many

states and municipalities. Voting is a core function for government, it is at best an adjunct for corporations. Three, I think it is important, as the Release recognizes, that this access should not become a means to effect a change of control. Among other things I would suggest a limit on the number of candidates to the greater of 1 or 25% of the board seats being voted on. This limit should apply to all nominating groups. In the event of multiple groups, I would give preference to the group holding the greater number of shares. As an example if 12 board seats are being voted upon and two groups each propose 3 candidates I would let the group holding the larger number of shares have two nominees and the other group one. Four, there should be a penalty for frivolous requests. I would suggest that if all of the shareholder nominees receive less than 10% of the vote that three things happen—(a) there should be a one or two year period where shareholder access not be granted' (b) the proponents should be barred from submitting any proposals to the company for at least three years and (c) some portion of the increased costs, if any, paid by the issuer be reimbursed by the proponents.

In closing let me also endorse the need for continued vigorous enforcement of the antifraud rules. Many people talk about Enron and Worldcom. Shareholder proposals did not address their fraud. I wish someone was talking about the "raptors" at the last Enron meeting not the resolution concerning "biodiversity and indigenous peoples. " I even question whether easier proxy access for director elections would help in such situations. The very success in perpetrating such frauds makes it less likely that director challenges will be launched at such companies. In 2000 many companies' results were being unfavorably compared to Enron and Worldcom. The Commission could be inadvertently creating a situation where investors direct their "wrath" at the honest companies because of comparison to bogus results being claimed through fraud.

Very truly yours,



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