Comments on SEC Interpretive and Proposing Release, "Shareholder Proposals Relating to the Election of Directors", SEC File No. S7-17-07, and proposed amendment to rule 17 CFR 240.14a-8(i)(8), as set forth in SEC Release 34-56161 dated July 27, 2007 (the "Release").

The Release offers the Commission's view that the Second Circuit's 2006 ruling in *AFSCME v. AIG* is inconsistent with thirty years of interpretations of Rule 14a-8 by the SEC and its staff regarding the proper scope of that rule's 'director election' exception from the shareholder proposal process. The Release suggests that *AIG* was incorrectly decided because of stated concerns that the Commission's carefully-crafted proxy-contest disclosure requirements[1] (herein, "Proxy-Contest Rules") might be eviscerated.

Experience and developments over the past thirty years have made clear that the benefits of incumbent control of the governance process must be balanced against the important policy objectives of corporate and director accountability and of shareholder democracy, as evidenced by the corporate governance reforms mandated both by Congress (e.g., Sarbanes-Oxley) and by leading SROs (e.g., revisions to listed company qualification standards).

Judged against this evolving standard, the Release fails to strike an appropriate balance in the director-election context between full and accurate proxy disclosure, on the one hand, and participation in the director nomination process, on the other.

A fair balance between these competing objectives would be better achieved by a proposal that would allow, e.g., any "significant" shareholder[2] (or group of shareholders) (herein, a 'Qualified Nominator') to participate in the nomination process by requiring the inclusion in the registrant's proxy materials of simply the name and address[3] and business experience[4] (herein, "Limited Identifying Information") of the nominee(s) for a single director or a full or partial slate of directors (the "Opposition Nominees"). Thereafter, the Qualified Nominator would be permitted to solicit proxies for the Opposition Nominees only in accordance with the Commission's existing Proxy-Contest Rules.

Crafting such a new rule based on the distinction between nominations, on the one hand, and solicitations, on the other, would provide the following benefits:

(i) corporate and director accountability;
(ii) greater inclusiveness in the nomination and overall governance process;
(iii) shareholder choice and enhancement of the shareholder suffrage right;
(iv) full and accurate disclosure; and
(v) mitigation of any material burden to the registrant.

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[1] Set forth, e.g., in Rule 14a-12(c) and items 4(b) and 5(b) of Schedule 14A.
[2] Significant could be defined, e.g., with reference to the 'alternate' 1% ownership standard of existing Rule 14a-8(b)(1).
[3] Analogous to the 'name and address' disclosure per Rule 14a-8(l)(1).
[4] Analogous to the 'business experience' disclosure requirement of item 402(e)of Regulation S-K—the accuracy and completeness of which could be enhanced by a requirement in a revised Rule 14a-8(i) that such Limited Identifying Information be submitted to the registrant under oath, under penalties equivalent to materials that are 'deemed filed' with the Commission.

Despite these benefits, it is possible that this approach could produce a situation where no separate proxy materials are sent to shareholders in support of the Opposition Nominee(s), perhaps due to such causes as (i) insufficient funds committed by the Qualified Nominator, or (ii) a zealous campaign by the registrant to promote the merits of the management slate of director nominees. In either example, however, the risk of shareholder confusion would be minimal. Instead, shareholders could reasonably be expected to make an intelligent assessment of the benefits of voting for the registrant's well-vetted management nominees versus an Opposition Nominee for whom they have little or no data beyond the Limited Identifying Information in the registrant's proxy materials.

Respectfully submitted,
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