

# Robert N. Burt

August 17, 2009

Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

Attention: Elizabeth M. Murphy, Secretary

Re: File No. S7-10-09: Facilitating Shareholder Director Nominations

Ladies and Gentlemen:

I have served for many years on the boards of directors of several public companies and other organizations. Currently, I serve on the Board of Directors of Pfizer Inc. Based upon my experience as a director, I have a number of concerns regarding the Commission's "proxy access" proposal, and I am writing to convey those concerns to you.

My concerns with respect to the proposal fall into three principal categories. First, it would replace board and committee oversight of the director selection process with regulation. It would diminish the ability of boards and committees to evaluate a shareholder-proposed candidate's independence and other qualifications, and it would prevent boards – and even shareholders – from implementing alternative approaches to proxy access that may be more appropriate to a particular company. Second, the eligibility criteria in the proposal are inappropriate and need to be supplemented by providing for triggering events before proxy access can be implemented. Third, the proposal fails to recognize the extent to which directors are already accountable to shareholders and the extent to which recent corporate governance reforms have enhanced the process by which directors are elected.

In recent years, many boards (including that of Pfizer) have devoted considerable time and effort to developing director qualification standards and other policies designed to ensure that directors represent the highest levels of independence, integrity and ability. Because the proposal would supplant these standards and policies, companies would have no choice but to accept a shareholder-proposed nominee so long as he or she meets the minimum standards imposed by the relevant stock exchange. Under the proposal, boards and their nominating or governance committees would be excluded from the selection process with respect to those nominees, diminishing their ability to properly consider whether a particular candidate has the requisite levels of independence, integrity or ability.

In addition, by pre-empting state law and the company's governing instruments, the proposal would impose a "one-size-fits-all" approach to proxy access, depriving boards and committees of the ability to fashion alternative means of proxy access that are more appropriate to their particular companies. In fact, the proposal would prevent many changes proposed or endorsed by shareholders, even where an overwhelming number of shareholders might feel that such a change is desirable.

The proposal would permit a shareholder or group of shareholders owning as little as 1% of a company's outstanding stock to designate up to 25% of its directors. In my opinion, both of these criteria need to be changed. First, the ownership threshold needs to be increased to at least 5%, if not 10%. It is unusual for an investor owning less than 5% of a company to seek representation on the company's board or other governing body. In addition, there needs to be a reasonable correlation between the amount of stock owned by a shareholder or group of shareholders and the number of directors it can designate; the owner or owners of 5% of a company's stock should not be able to nominate 25% of the company's directors. Further, the Commission should require one or more triggering events before permitting proxy access to be implemented, and any triggering events should reflect the purposes for which proxy access is to be implemented. For example, if the purpose of the proposal is to address cases where a board is not responsive to shareholders, it would be appropriate (in the case of a company with a majority voting standard for the election of directors) to implement proxy access where a director fails to receive a majority vote but nonetheless remains on the board.

I believe the Commission has failed to recognize the extent to which directors are, and understand that they must be, accountable and responsive to shareholders. However, the proposal would reduce rather than enhance director accountability and responsiveness. Further, the director election process at many companies has been modified in recent years to provide for majority, rather than plurality, voting, and many companies have switched to annual, rather than staggered, director elections. Pfizer championed both of these reforms well before many other companies. These and other reforms, including the implementation of qualification standards mentioned above, have greatly enhanced the processes by which nominees are selected and elected. I do not believe that the proposal, at least in its current form, would improve these processes.

Thank you for your consideration.

Very truly yours,

*Robert N. Burt/ph*

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