



BRAD HENRY  
GOVERNOR

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STATE OF OKLAHOMA  
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

December 15, 2003

Jonathan G. Katz, Secretary  
U.S. Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549-0609



**Re: File No. S7-19-03**

Dear Mr. Katz:

The Teachers' Retirement System of Oklahoma represents 130,000 active and retired public school employees of the state of Oklahoma. Our members are dependent on the investment returns generated by the Teachers' Retirement System to provide meaningful retirement benefits at the end of their working careers. For this reason and others, we believe the proposed rule changes now under consideration by the SEC are of vital interest to the Board of Trustees of the Teachers' Retirement System and our membership.

We join the Council of Institutional Investors (Council), the National Association of State Retirement Administrators (NASRA), and the National Council on Teacher Retirement (NCTR) *in supporting the Commission's proposal* to amend the proxy rules to give shareowners limited access to management's proxy card to nominate directors.

*We also support the Council, NASRA and NCTR in their position that certain modifications would enhance the proposed rule.* Specifically, the seven points outlined in the December 12, 2003, letter to you from the Council, NASRA and NCTR.

Sixty years have passed since the Securities and Exchange Commission first considered whether shareowners should be able to include director candidates on management's proxy card. This reform has been studied for decades and is long overdue. Its adoption would be the single most significant and important investor reform adopted by any regulatory or legislative body in decades. We congratulate and thank the SEC for its leadership in this important area.

The corporate scandals of the past few years have highlighted a longstanding concern—some directors are not doing the jobs expected by their employers, the shareowners. Compounding the problem is the fact that in too many cases the director nomination process is flawed, largely due to limitations imposed by companies and the securities laws.

Some boards are dominated by the CEO, who plays the key role in selecting and nominating directors. All-independent nominating committees ostensibly address this concern, but problems persist. Some companies don't have nominating committees, others won't accept shareowner nominations for directors, and our members' sense is that shareowner-suggested candidates—whether or not submitted to all-independent nominating committees—are rarely given serious consideration.

Shareowners can now only ensure that their candidates get full consideration by launching an expensive and complicated proxy fight—an unworkable alternative for most investors, particularly fiduciaries who must determine whether the very significant costs of a proxy contest are in the best interests of plan participants and beneficiaries. While companies can freely tap company coffers to fund their campaigns for board-recommended candidates, shareowners must spend their own money to finance their efforts. And companies often erect various obstacles, including expensive litigation, to thwart investors running proxy fights for board seats.

We believe that reasonable access to company proxy cards for long-term shareowners would address some of these problems. We believe such access would substantially contribute to the health of the U.S. corporate governance model and U.S. corporations by making boards more responsive to shareowners, more thoughtful about whom they nominate to serve as directors and more vigilant about their oversight responsibilities.

We appreciate opportunity to comment.

Sincerely,



Tommy C. Beavers  
Executive Secretary

cc: Chairman William H. Donaldson  
Commissioner Paul S. Atkins  
Commissioner Roel C. Campos  
Commissioner Cynthia A. Glassman  
Commissioner Harvey J. Goldschmid  
Alan L. Beller, Director, Division of Corporation Finance  
Martin P. Dunn, Deputy Director, Division of Corporation Finance  
Sarah A.B. Teslik, Council of Institutional Investors