Dear Committee Members:

The American Business Conference (ABC), a coalition of leaders of fast-growing midsize companies, is pleased that the Investor as Owner Subcommittee of the Investor Advisory Committee has made retail shareholder voting part of its agenda. As longtime observers of the shareholder voting system, we believe low levels of retail voting presents one of the greatest impediments to meaningful corporate governance. By "meaningful" we mean governance that reflects the views of the owners of public companies, individual and institutional shareholders alike.

Never robust, retail or individual shareholder voting has declined steadily since the Securities and Exchange Commission (SEC) approved "Notice & Access" proxy delivery. While the fact of low retail voting is widely known and widely bemoaned, nothing has been done to address the problem.

We believe that retail shareholders care about matters that appear on the annual proxy form but that expressing their concern through proxy voting is inconvenient. Whether the proxy is delivered by mail or electronically, voting

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requires the shareholder to initiate a separate, “one-off” transaction by mail, phone or online for every company owned. As against work, personal commitments, and everything else that crowds each hour of the day, proxy voting often falls into the never-quite-got-done category of shareholders’ “to-do” lists.

The investor mailbox or “Enhanced Broker Internet Platform” (EBIP) is potentially a useful tool for giving retail shareholders a way to integrate proxy voting with visits to their investment account website. The EBIP idea alone cannot immediately raise the low rate of retail voting, but it would be a solid start toward making voting more convenient and informed.

The SEC’s 2010 Proxy Concept Release asked for comments on EBIPs. It received many favorable responses from investor groups and from buy-side organizations. These responses are consistent with the views of issuer organizations, academics and law firms.

Last May the New York Stock Exchange’s Proxy Fee Advisory Committee (PFAC) recommended that the Exchange “discuss the proposal to create an investor mailbox as a possible means to increase voting participation by retail shareholders.” Further, the PFAC, in an effort to align broker and issuer incentives so as to ease the introduction of EBIPs, supported a one-time payment by issuers to brokers when a shareholder switched to electronic delivery of proxy materials following the broker’s installation of an investor mailbox. In other
words, brokers would pay the development cost for their EBIPs and issuers would defray some portion of that cost. The fee paid by issuers to brokers would come from the savings issuers would realize in the form of lower postage and printing costs that electronic delivery brings.

As we wrote recently to Chairman Schapiro regarding EBIPs, we think that the installation of EBIPs would build on the tendency of individual shareholders to regard brokers’ websites as “one-stop shopping” portals for their investment needs. Such websites offer a means for engaging shareholders in the voting process that is cost-beneficial and readily available. As such, the EBIP seems an easy step toward providing shareholders with better tools for participating in corporate governance.

As we understand it, the New York Stock Exchange is still studying this matter. In light of the widespread support for the pilot on the part of investors and issues, we recommend that the IAC ask the SEC to urge the Exchange to initiate promptly a pilot program to facilitate development of EBIPs. If this is done, it may still be possible for shareholders to vote via such a platform during the 2013 proxy season.

We hope the Subcommittee moves in this direction. It would be unfortunate if we put off any action for yet another year to rectify the abysmally low level of retail shareholder voting.

Sincerely,

[Signature]
John Endean

cc: Anne Sheehan, Chair, Investor as Owner Subcommittee

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7 For some time ABC and other issuer organizations sought SEC approval of “client directed voting,” a mechanism that was designed to address this problem by giving individual shareholder the opportunity to set voting policies and have them executed by their brokers. The SEC Proxy Concept Release sought comment on this approach under the name “Advance Voting Instructions.” See generally, Concept Release on the U.S. Proxy System, File No. S7-14-10, pages 81-86. While we continue to support CDV or AVI, we recognize that it raises some issues that have blunted its progress. EBIP – so far as we can tell -- raises none of the issues that have stymied CDV.