March 30, 2007

Nancy M. Morris, Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

RE: Universal Internet Availability of Proxy Materials, File No. S7-03-07

Dear Ms. Morris:

AARP appreciates this opportunity to comment on the U.S. Securities and Exchange Commission's ("SEC" or the "Commission") proposed amendments to the proxy rules under the Securities Exchange Act of 1934. The proposed amendments would require issuers and others to furnish proxy materials to shareholders by posting them on an Internet Web site and providing shareholders with notice of the availability of the proxy materials.

This rule proposal represents the second major step in a steady march toward greater utilization of technology in an effort to enhance investor participation in company governance and in making informed voting decisions. We recognize the benefits of harnessing technology to facilitate more informed decision making by investors and commend the Commission for its efforts in this area.

However, AARP raised concerns during the first phase of this rulemaking which established a voluntary system for issuers to provide proxy materials to shareholders by posting them on a website and providing shareholders with notice of the availability of the materials.

In comments submitted to the Commission on February 13, 2006, AARP expressed concern that the proposed rule would "produce unanticipated and adverse effects on individual shareholder participation rates, especially among investors who are at or near retirement age."[1] (It is worth noting that AARP's concerns were grounded in data collected from a survey of shareholders which measured perspectives regarding the proposal's likely effects. A full set of the data was provided to the Commission.) In our comments, we recommended that the default in the distribution of proxy materials continue to be - at least for the over 50 investor - regular mail delivery of proxy materials.

Although the Commission adopted the proposed rule despite the concerns raised by AARP and others, we do appreciate the modification made before final adoption which ensures investors will have to exercise their option only once to continue to receive proxy materials by mail, rather than on an annual basis and separately for each stock owned, as originally proposed. That modification to the rule is an important one and is appreciated.

Today, the Commission proposes to extend the so-called "notice and access" model from what will be a voluntary system for issuers beginning July 1 of this year to a mandatory system in January 2008 for large accelerated filers. Under the rule adopted in December 2006, issuers may choose to continue to provide proxy materials only on paper and through the mail; they are not required to make these materials available electronically. The rule proposal currently before the Commission seeks to change that by requiring all issuers to make the proxy materials available electronically. Importantly, investors will continue to have the option to choose paper delivery through the mail.

The primary concern of AARP with the proposed rule is that it allows no time to gather data under the voluntary system to determine the impact on individual investor participation in the proxy process. Nor does it allow us to determine how the disclosure that informs investors they may continue to receive paper delivery of the proxy materials is working. Is the disclosure adequate? Do investors understand the affirmative steps they need to take to continue to receive the delivery through the mail of proxy materials? These are important questions that need to be answered before the universe of issuers delivering proxy materials electronically is expanded.

In AARP's view, it would make more sense to allow time to collect data and measure experiences under the voluntary system before moving to a mandatory system of electronic delivery of proxy materials. Therefore, we respectfully suggest that the date of implementation for the mandatory model be extended to such time in the future as will allow the Commission to carefully measure and assess the impact on individual investors of the voluntary model.

If you have any questions about our views with respect to this rulemaking, please contact Jo Reed of our Federal Affairs staff at (202) 434-3800.

Sincerely,

David P. Sloane
Senior Managing Director
Government Relations & Advocacy