James M. Kilts

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 am a director of Meadwestvaco Corporation, Metropolitan Life Insurance Company, Pfizer, Inc., and other organizations, and I have served on numerous other boards of directors and similar governing bodies in the past. I am writing to express my views on the Commission's "proxy access" proposal.

I believe the proposal should not be adopted for a number of reasons. It recognizes neither the extent to which directors are already accountable to shareholders and nor recent corporate governance reforms that have enhanced the process by which directors are selected. The proposal also would diminish – if not eliminate – the role of boards and committees in evaluating the qualifications of candidates designated by shareholders and would have an adverse impact upon the functioning of boards. In addition, it would prevent companies from developing alternative ways of implementing proxy access, even where shareholders prefer such alternative approaches. Finally, the proposal's eligibility criteria are inappropriate and, among other things, should include triggering events.

The proposal does not recognize that public company directors are generally highly accountable and responsive to shareholders. At the same time, the proposal would reduce rather than enhance director accountability and responsiveness. In addition, in recent years, there have been a number of reforms in the director selection process. For example, at many public companies – including all of those of which I am a director – directors are elected by majority, rather than plurality, voting. These and other reforms, including the implementation of director independence and qualification standards, have greatly enhanced the processes by which nominees are chosen. In my view, the proposal would not improve these processes.

Many boards have implemented director independence and other qualification criteria and related policies to ensure that directors meet the highest practicable standards. However, the proposal would supersede these criteria and policies. Instead, a nominee designated by a shareholder or group of shareholders would be deemed qualified if he or she meets the minimum standards imposed by the applicable stock exchange. Boards and their nominating or governance committees would have an extremely limited role, if any, in the selection process for any such nominee, which would diminish if not eliminate their ability to fully consider a candidate's independence, integrity and ability.

The proposal would adversely impact the way boards function. For the reasons noted above, it could result in the election of persons whose abilities and experience are inappropriate to the board and/or its needs and could effectively create two different classes of directors. Further, the proposal would turn a regular annual election of directors into a contested election. The best boards are characterized by high levels of candor and collegiality; since the proposal could impair both, it would adversely affect corporate governance.

By imposing a rigid, unchangeable approach to proxy access, and one that would pre-empt both state corporate law and company organizational documents, the proposal would prevent companies from developing alternative ways of implementing proxy access, even where shareholders prefer alternatives. Alternate approaches would include limiting proxy access to shareholders whose holdings of company stock are larger than those proposed, or enhancing disclosure requirements relating to how committees and boards assess shareholder-proposed nominees.

Under the proposal, a shareholder or group of shareholders owning as little as 1% of a company's outstanding stock could designate up to 25% of its director nominees. I believe that these criteria should be modified. First, the ownership threshold should be increased to at least 5%, if not 10%; an investor owning less than 5% of a company would not normally seek representation on the company's board or other governing body. In addition, the amount of stock owned by a shareholder or group of shareholders should bear a reasonable relationship to the number of directors it can designate. For example, an owner of 5% of a company's stock should not be able to nominate 25% of its directors. The implementation of proxy access should also be subject to one or more triggering events, which should reflect the purposes for which proxy access is to be implemented. For example, if the purpose of the proposal is to address board unresponsiveness, 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.

This letter does not necessarily reflect the views of any of the companies on whose boards I serve.

Thank you for your consideration.

Very truly yours,

James M. Kilts/rl

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