

NAM National Association of Manufacturers

Dena Battle

Director, Tax and Domestic Economic Policy

August 17, 2009

The Honorable Mary L. Schapiro
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090



Re: Facilitating Shareholder Director Nominations
Release Nos. 33-9046; 34-60089; IC-28765
File No. S7-12-09
Attn: Elizabeth M. Murphy, Secretary, Securities and Exchange Commission

Dear Chairman Schapiro:

The National Association of Manufacturers (NAM) appreciates the opportunity to respond to the request for comments to the proposed rule entitled, "Facilitating Shareholder Director Nominations."

The NAM is the nation's largest industrial trade association, representing small and large manufacturers in every industrial sector and in all 50 states. A significant number of our members are public companies that would be negatively impacted by the proposed changes.

NAM members are committed to efforts to promote good corporate governance practices and appreciate the Commission's efforts to advocate reforms that will achieve such objectives. However, we have consistently been opposed and remain opposed to the proposed changes to Rule 14a-11.

Of primary concern to NAM members is that the proposed rules will give greater influence to activist shareholders promoting social or political interests over shareholder value. While it is important for boards of public companies to understand the concerns of their shareholders, election contests that are carried out as a social protest cause significant cost and disruption to the company. At the same time they also diminish the company-shareholder relationship from one that is united in a common purpose to an adversarial relationship.

By the Commission's own admission, the new regulations will increase costs and add substantial new paperwork burdens to publicly traded companies. According to the rulemaking proposal, the changes will cost individual companies, on average, approximately \$2, 796,320 for the services of "outside professionals." This represents a substantial new cost burden to companies.

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Many companies, without new mandates from the government, have on their own adopted practices that give shareholders a greater role in corporate governance, including majority, rather than plurality, voting and the implementation of director resignation policies. We believe that this trend should be allowed to continue, promoting true market reforms that serve to advance the interests of companies and shareholders alike.

Finally, in our free market system, shareholders hold the ultimate power of selling their shares in the public marketplace if they disagree with the corporate policies of the corporation whose shares they hold. The value of a public company is only as large as the market will bear in any particular trading day and, in the case where a company is causing social harm, the marketplace will eventually punish the stock. If large blocks of socially minded shareholders abandon a company in droves, it would cause the stock to lose value, effectively punishing the company for its practices.

In conclusion, we believe that the proposed changes to expand shareholder proxy access would be excessively burdensome, costly and disruptive to companies. We respectfully request that this rulemaking be withdrawn.

Sincerely,

A handwritten signature in black ink, appearing to read "Dena Battle", with a long horizontal flourish extending to the right.

Dena Battle
Director, Tax Policy
National Association of Manufacturers

cc: Luis A. Aguilar, Commissioner
Kathleen L. Casey, Commissioner
Troy A. Paredes, Commissioner
Elisse B. Walter, Commissioner