To the SEC:

I support the proposal to remove impediments to the exercise of shareholders’ rights to nominate and elect directors to company boards of directors.

In particular, I support the termination of Rule 14a-8(i)8. I have a short story to tell.

It concerns Journal Communications, Inc. (JRN, NYSE). It has a 9-member board with staggered terms of 3 years each.

Journal Communications (fka The Journal Company until 1987) was an employee-owned company from 1937 to 2003. At the time of the company’s IPO in September 2003, 90% of the company’s stock was owned by employees or retirees. When the company went public, 3 classes of stock were established: Class A (publicly traded), Class B (only to be held by employees, retirees and directors) and Class C (only to be held by the founding family, which owned more than 10% of the stock at the time of the IPO). Class A stock has one (1) vote per share. Class B stock has ten (10) votes per share. Class C stock has two (2) votes per share.

In December 2008, three former employees of the company announced that would seek to run as alternative candidates for the board of directors. I was one was of the proposed candidates, along with a former business editor and a retired business reporter and arts critic. Among other positions, we made the point that, despite their voting strength, the company’s employees and retirees had no representation on the board. The company was expected (and subsequently did) re-nominate 3 directors for an additional term. None of the 3 incumbents has had professional experience in the newspaper or broadcast industries.

We sought to be included in the company’s proxy statement (which was due in mid-March 2009). In January 2009, the company petitioned the SEC for an “election exclusion” pursuant to §14a-8(i)8. It was granted, quickly and routinely.

Expert counsel advised us that we could launch an independent campaign for the directors’ seats but the cost would be somewhere between $300,000 and $3 million. (The latter figure contemplated litigation by the company.) As former newspaper employees, these costs were far, far beyond our means.

Did we have a chance of winning the election had we been placed on the proxy ballot? The answer is almost certainly “Yes.”

The alternate candidates were well-known to the Class B shareholders who were employees, former employees and retirees. We received feedback from this group of shareholders that the support of Class B shareholders for our slate would be overwhelming, perhaps in the range of 65% to 75% of the Class B shares voting. That would have provided the alternate slate a decisive margin of victory. Here’s the math:

- 40 million Class A shares @ 1 vote per share = 40 million votes (27% of total vote)
- 10 million Class B shares @ 10 votes per share = 100 million votes (68% of total vote)
- 3.3 million Class C shares @ 2 votes per share – 6.6 million votes (5% of total vote)

In late April 2009, the incumbent slate of directors of JRN was re-elected – without a contest. And the holders of 68% of the voting power of the company were denied representation on the board.
Thank you for your consideration.

Paul E. Kritzer

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