Dear Commissioner Cox:

On behalf of Mercy Investment Program (MIP), I write in support of the fundamental right of security holders guaranteed them under state corporate law, i.e., “to appear at the [annual] meeting; to make a proposal; to speak on that proposal at appropriate length; and to have [his] proposal voted on.” (p. 7, SEC, 17 CFR Part 240, Release No. 34-56160; IC-27913; File No. S7-16-07)

Mercy Investment Program, Inc. is a pooled investment program of the Institute of the Sisters of Mercy of the Americas, whose participants consist of the Institute, Communities and Regional Communities of the Sisters of Mercy and many of their affiliated ministries. The Mercy Investment Program’s investment strategy utilizes segregated investment funds, which are professionally managed according to a common philosophy, objectives and social responsibility guidelines. Through the Corporation, the Sisters of Mercy seek to steward financial resources in a manner that models mercy and justice, promotes social responsibility and recognizes the need for prudent risk/return in the management of these limited resources to the support of various community and ministry endeavors.

The full integration of social responsibility with fiscal objectives is an essential part of the Mercy Investment Program’s process. The Program was launched in 1978 with funds of less than $5 million. In 1979, MIP filed its first socially responsible shareholder resolution urging Grumman Corporation to develop products that would be economically successful alternatives to weapons systems. Today, more than 25 years later, the Program continues to evolve as a sponsored ministry of the Sisters of Mercy, with approximately $400 million deposited in a diverse family of funds employing a spectrum of professional managers. As well, during the 2006-07 proxy season, MIP filed 15 SRI proposals, of which 4 were successfully negotiated. We participated in some 15-20 additional dialogues on issues of serious social, economic and business concern.

SUPPORT FOR PRECATORY RESOLUTIONS

The experience of Mercy Investment Program is that the nonbinding shareholder proposal process under Rule 14 a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934 functions smoothly. Although regulations have tightened over the past 30 years—restricting investor rights—shareholders, nevertheless, retain the prerogative to raise questions and concerns about the social, environmental, governance...
and economic impacts of corporations.

More than 95% of the shareowner resolutions filed in the last 35 years have been “advisory.” When a corporation challenges the subject matter or right of the investor to file the resolution, the SEC Division of Corporation Finance has attorneys and processes in place to examine and rule on the logic. Over the years, investors have argued their cases and often, although not always, been able to prove that an issue—a corporate impact—has grown into a major public concern e.g. the building of nuclear power plants, equal employment opportunity/affirmative action, corporate political contributions. The system works and has been set up in a manner that allows for development.

As an institutional investor, Mercy Investment Program owns shares of some five hundred large, mid and small cap companies. We strive to invest responsibly and to hold corporate managements accountable for the impact of corporate actions on justice and peace. Some examples of our corporate dialogues include work with Lockheed Martin on the use of depleted uranium to harden missiles; with Choice Hotels and Carnival Cruise Lines on human rights to create policies that will support a work environment which prevents trafficking of children for sex; and with companies such as AIG on issues of good corporate governance, instituting sound performance goals to reward executive management. The pre-catory resolutions on these issues and resulting dialogues have had an identifiable impact on decision-making in corporate boardrooms. Managements and Boards of Directors have listened, talked with investors and voluntarily changed policies and practices. It was not necessary to legislate or go to government agencies for regulatory changes.

**SUPPORT FOR CURRENT $2,000 WORTH OF SHARES FOR ONE YEAR**
MIP supports the current regulation that an investor must have owned $2,000 worth of shares for a year. The value of the shares as well as the length of time for the shares to have been held before filing is reasonable. A small increase may be acceptable, perhaps to $5,000 or $10,000, but if the minimum number of shares required to file rises to $100,000 or $250,000, the SEC will have destroyed the right of small investors, guaranteed under state corporate law, to sponsor resolutions.

**SUPPORT FOR CURRENT VOTING THRESHOLD**
The current voting threshold for resubmitting resolutions should remain. A significant number of independent investors must vote in favor of a resolution to attain resubmission: 3% for the first year, 6% for the second and 10% for the third. The numbers of shares held by faith-based institutions, SRI individuals and funds, individuals and other independent investors are far exceeded by the numbers of shares held by insurance companies, banks and other financial/corporate shareholders -- shareholders which typically vote in favor of management’s recommendations. Additionally, if the SEC sets higher thresholds for resubmissions, new issues, which often take more than one year to gain support, will be difficult to bring to management’s attention. Furthermore, it often takes two or three years for managements and Boards to recognize and acknowledge the business impact of issues of social responsibility such as transparency on corporate political contributions, the cost of HIV/AIDS on the workforce and company operations, or the importance of managing fresh water resources.

**REPORTING THE VOTE**
The votes are disclosed as a percentage of votes cast. A preliminary vote is often reported at the annual meeting with the final vote appearing in the 10Q. This is satisfactory and should be maintained. The votes should only be based on votes cast. The total number of outstanding securities, some of which may be sitting in reserve, has nothing to do with vote results.

**ELECTRONIC FORUM DOES NOT MEET INVESTOR OR MANAGEMENT NEEDS**
An electronic forum as an alternative to the current pre-catory proposal system will exclude many investors. It is not an appropriate vehicle for investor communication. Not all computer users spend hours in chat rooms or surfing the net. The current system is far more useful and efficient. The faith-based and SRI networks coordinate and inform one another so that a corporation may address all proponents of an issue in one setting. Many corporations and investors over the years have mutually agreed to follow coordinating procedures; some examples include ExxonMobil, Monsanto and Bristol-Myers Squibb. Furthermore, NGOs have joined with investors to bring concerns to the table with companies such as Dow, Synagro and Freddie Mac.

Nor, is the internet a complete source of information or proven technology for corporations and their investors. Mercy Investment Program and others have researched corporations and been unable to find policies referred to in letters or in
dialogues. As people with a concern for the environment, we often suggest that corporations issue their reports on their websites and give us the link. It does not make sense to urge an electronic forum as a substitute for the current proxy process when the technology in this realm has not been tried. Additionally, the SEC guidelines suggested in the release are complicated, full of exceptions and in light of Congressional attempts to control the Internet, may not comport with future legislation.

**PRECATORY PROPOSALS DETERMINED BY STATE AND/OR CORPORATION**

The current regulations established by the SEC should remain in force. The federal government has established oversight of corporations. The system works. To dismantle the regulatory system would serve neither corporations nor investors. The corporations operate in many states. It is not inconceivable that a state legislature would develop its own guidelines. Many states have passed or are considering anti-predatory lending rules, emissions standards, universal healthcare objectives. Furthermore, MIP and other investors have been in conversations with bank management, which find the differing anti-predatory standards onerous and an impediment to lending for affordable and low-income housing.

Currently, the SEC attorneys judge the arguments for and against inclusion in a company’s proxy statement. There is no need to complicate the process by introducing an additional layer, which would in its turn require SEC attorneys to do the same thing. The system works as currently established.

**SOUND BUSINESS CASE FOR PRECATORY PROPOSALS**

A growing number of investors -- faith-based investors, TIAA-CREF, CalPERS, New York City and State pension funds, foundations, trade union pension funds, individuals and socially concerned mutual funds and investment managers -- engage companies in private dialogue and public persuasion, including filing shareholder resolutions, on hundreds of governance reforms and social and environmental issues. The business case is sound. While, currently, risk and liability are disallowed by the SEC, management often discusses these concerns, too.

Mercy Investment Program believes it is our fiduciary duty as an investor to raise questions when a company’s governance or social record is putting shareholder value in jeopardy. Clearly the sponsorship of an advisory resolution is a sound, respectful way to address an issue.

The 14a-8 system for advisory resolutions established by the SEC is important and central to the U.S. system of corporate governance. The system is an investor freedom—one which is envied by shareholders in other countries. To abolish the precatory resolution process to allow corporations or states to determine individual rather than universal mechanisms will disenfranchise investors. Managements and Boards of Directors are operating in a global environment. These individuals cannot possibly know all of the issues and all of the impacts of their decisions and company operations. Knowledgeable and vocal investors serve an important and sound business function. Thank you for your attention.

Yours truly,

Mary Grady Duden
Chairperson, Board of Directors
For the Board of Directors