CtW Investment Group

Chairman Christopher Cox
Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549

April 17, 2008

Dear Chairman Cox:

As a result of the SEC's failure to act on the NYSE's proposal to eliminate uninstructed broker votes in corporate director elections, such votes have now disenfranchised shareholders at a major public company for the second year in a row. On Tuesday, Washington Mutual director-nominees James Stever and Charles Lillis failed to garner a majority shareholder vote, yet will be seated because uninstructed broker votes were counted towards their totals. **We therefore write to urge the SEC to approve the NYSE's rule change proposal promptly.**

Since many brokers support management as a matter of policy, their ability to exercise discretion over certain uninstructed client shares has been criticized as "legalized ballot stuffing" by parties who don't share investors' economic interests. Recognizing such concerns, in October 2006 the NYSE proposed to eliminate such votes in director elections.

Nearly eighteen months have passed since that proposal was submitted, yet the SEC has not even released it for public comment. We find this especially puzzling since you indicated in testimony before the House Financial Services Committee last June that the SEC would approve the proposal in time for this year's proxy season. With rising levels of shareholder opposition to directors in uncontested elections, it is essential that you take prompt action on this matter before shareholders are disenfranchised yet again.

The CtW Investment Group works with pension funds sponsored by unions affiliated with Change to Win, a federation representing nearly 6 million North American workers, to enhance long-term shareholder value through active ownership.

I have enclosed a copy of our letter to you from last June, when we made a similar appeal after this same scenario played out at last year's CVS/Caremark annual meeting. If we can be of assistance, please contact my colleague Brishen Rogers at 202 721-6049.

Sincerely,

William B. Patterson
Executive Director

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CHAIRMAN'S
CORRESPONDENCE UNIT

CC: Commissioner Paul S. Atkins
Commissioner Kathleen L. Casey

Dr. Erik R. Sirri – Director, Division of Trading and Markets

CtW Investment Group

Chairman Christopher Cox
Securities and Exchange Commission
100 F. Street, NE
Washington, DC 20549

June 6, 2007

Dear Chairman Cox:

We urge the Securities and Exchange Commission ("SEC") to quickly approve the New York Stock Exchange's ("NYSE") revised proposal to eliminate so-called "phantom votes" – those cast by brokers on behalf of uninstructed client shares – in all corporate director elections. While the distorting influence of the broker vote has long frustrated shareholders, the problem has now become acute with the recent adoption of majority vote director election policies by many major S&P 500 companies. With director elections now meaningful at these companies, the broker vote can tip the balance and negate shareholders' will, as recently happened at CVS/Caremark.

As you know, under current NYSE rules, if retail shareholders have not provided voting instructions at least 10 days prior to a meeting, then brokers may vote those shares as they wish on so-called "routine" matters, including most director elections. Since brokers reflexively support management, observers have long criticized this practice as "legalized ballot stuffing" by parties who don't share investors' economic interests.

Such concerns have become acute as shareholders increasingly register their discontent via "withhold" or "vote no" campaigns, and last year the NYSE's Proxy Working Group, after a long and deliberate process, proposed to eliminate broker voting in all director elections via changes to NYSE Rule 452. Following objection from the leading mutual fund trade group, on May 23 the NYSE resubmitted the proposal with revisions to exempt mutual funds.

As NYSE President and Co-Chief Operating Officer Catherine Kinney said in announcing the original proposal, "… today the election of directors is simply too important to ever be considered routine, even when the election is uncontested." (Ms. Kinney echoed that sentiment last week in comments to the SEC). Given the broad support for this step within the investor community, we are concerned that the SEC neither released nor commented on the original proposal, and to date has said nothing about its timeline for the revised version.

Underscoring the need for quick action, it appears that broker votes recently prevented CVS/Caremark director Roger Headrick from losing his board seat. As Caremark's former lead independent director, Headrick came under fire earlier this year for his role in that company's granting of suspiciously-timed stock options and its flawed takeover talks with CVS. The CtW Investment Group ultimately opposed his re-election. At the company's May 9 meeting, as many as 264.8 million shares were cast by brokers on behalf of uninstructed client shares, yet Mr. Headrick retained his seat by just 153.4 million shares. Assuming all broker votes supported him, Headrick in fact received just 43% of economically-interested votes, well short of a majority.

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CVS/Caremark has not yet requested Headrick's resignation, despite having adopted a "majority vote" bylaw. Absent quick SEC action, this could become a regular occurrence, hampering shareholders' ability to hold directors accountable and ultimately undermining investor confidence. We therefore strongly urge the SEC to take immediate steps to implement the proposed rule change in time for the 2008 proxy season.

The CtW Investment Group works with pension funds sponsored by unions affiliated with Change to Win, a federation representing more than 6 million North American workers, to enhance long-term shareholder returns through active ownership and corporate governance reform strategies. Members of Change to Win affiliates participate in public and union-sponsored pension funds with about $1.5 trillion in assets. If we can be of assistance, please contact my colleague Brishen Rogers at 202 721-6049.

Sincerely,

William B. Patterson

William B. Patterson
Executive Director

CC: Commissioner Paul S. Atkins
Commissioner Roel C. Campos
Commissioner Annette L. Nazareth
Commissioner Kathleen L. Casey
Dr. Erik R. Sirri – Director, Division of Market Regulation
Securities and Exchange Commission

Chairman Barney Frank
Ranking Member Spencer Bachus
U.S. House Committee on Financial Services

Jan-Michiel Hessels
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Larry W. Sonsini, Esq.
Chair, NYSE Proxy Working Group