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# F.N.B. Investment Advisors, Inc.

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September 19, 2003

Securities and Exchange Commission  
Jonathan G. Katz, Secretary  
450 Fifth Street, NW  
Washington, D.C. 20549-0609

File No. S7-10-03

Dear Mr. **Katz**:

I am writing to you on behalf of F.N.B. Investment Advisors and our clients. The purpose of this letter is to petition the Securities and Exchange Commission (SEC) to adopt new rules under Section 14 of the Securities and Exchange Act of 1934, dealing with increasing shareholder involvement in the nomination and election of corporate directors.

Given the more recent corporate scandals and identification of flaws in the corporate governance system, the importance of increased shareholder involvement, representation, and participation in the corporate governance process is justified. Shareholders are, first and foremost owners of the corporation, and thus are entitled to adequate representation on the corporation's board of directors. Further, investor concerns should not go unnoticed.

The current system in place for communication of shareholder issues and concerns as well as the mechanisms currently utilized to effect changes to a corporation's board of directors are in our opinion, ineffective to shareholders, and our clients. More specifically, the current system allows shareholders to submit proposals under Exchange Act Rule 14a-8, conduct director election contests, submit director candidates as potential board nominees to the nominating committee, and nominate directors at the annual meeting. Expenses relating to election contests are absorbed by the shareholder and can be substantial in some cases. Further, most shareholders vote for a slate of directors via **proxy**, instead of voting in person at the annual meeting, and thus can not participate in a vote of directors submitted by a shareholder/s at an annual meeting. Finally, although shareholders **may** recommend directors to a corporation's nominating committee, this method is rarely effective. In most cases, the nominating committee is made **up** of members of the corporation's current board of directors, and thus there is no incentive to nominate candidates recommended by shareholders.

### ***Firm Background***

F.N.B. Investment Advisors Inc. (FNBIA) is a wholly owned subsidiary of First National Trust Company, a wholly owned subsidiary of F.N.B. Corporation.

F.N.B. Corporation is a \$8.1 billion diversified financial services company serving banking, trust, consumer finance and insurance customers through community banking affiliates and other financial services companies.

The company has full-service offices located in Florida, Pennsylvania, Ohio and Tennessee. A growth company, F.N.B. is headquartered in Naples, Florida. Shares of F.N.B. Corporation are traded on The NASDAQ Stock Market under the symbol **FBAN**.

### ***Specific Recommendations***

We welcome the Commission's recent decision to review the proxy rules and regulations regarding procedures for the nomination and election of corporate directors. The following relates to specific guidelines for consideration by the commission when formulating rules relating to greater shareholder involvement in the election of directors.

September 19, 2003

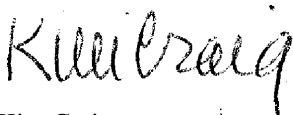
Page 2

- Minimum Ownership Threshold: Nominating shareholder group should own at least 3% of the outstanding shares
- Minimum Holding Period: A majority of the shares held by the nominating shareholders must have been held for a minimum holding period in excess of one year.
- Maximum Permissible Slate: Qualifying shareholders should have the right to nominate a maximum number of directors at each shareholder meeting (e.g. equal to the greater of (a) two directors or (b) one-third of the number of company nominees standing for election at a particular meeting, but in no case a majority of the entire board). This represents the **maximum** number of shareholder nominees that would be allowed in the company's proxy, regardless of the number of competing shareholder groups seeking to nominate candidates.
- Competing Shareholder Groups: In cases where there are multiple shareholder groups at a particular company competing for access to the proxy for their director nominees, the largest shareholder block should be permitted to nominate candidates to the board.
- Director Statement: Each shareholder-nominated director candidate should have the opportunity to include a background statement in the proxy statement in support of his or her candidacy. In contested situations, management-nominated candidates should be afforded the same opportunity.
- Exemption from Regulation 13-D: We recommend that the commission provide relief from Exchange Act Regulation 13D filing requirements for activities relating to shareholder nominations of directors, as long as the nominating shareholder group is not seeking a change in control.
- Safeguards Against Collusive Activities: The new rules should contain appropriate provisions to prevent management or the incumbent board from seeking to pre-empt an independent shareholder effort to nominate directors by, for example, colluding with a friendly shareholder group to nominate directors who are in effect their own nominees.

We believe the above criteria for granting long-term shareholders access to corporate proxies would greatly improve the director nomination process, and addresses the issues with the current system. Further, the process will encourage incumbent directors to be more responsive to shareholder concerns, and will promote more meaningful communication between incumbent directors and shareholders during the process of assembling a slate of directors for the corporate proxy.

On behalf of our clients, we appreciate the opportunity to comment on this important issue and look forward to future communication regarding this subject.

Sincerely,



Kim Craig  
President  
F.N.B. Investment Advisors