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Ms. Nancy Morris, Secretary
The Securities and Exchange Commission
100 F Street NE
Washington DC 20549-9303

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Re: File Number S7-10-05 Internet Availability of Proxy Materials

Ladies and Gentlemen of the Securities and Exchange Commission:

The SEC is to be very much commended for its efforts to foster the use of technologies that will reduce the very significant costs of making proxy materials “available” to U.S. investors.

As someone who has studied and written about the proxy process for over 30 years – and also as an investor, who receives over 100 sets of proxy materials each year - I would like to offer some suggestions on how to move forward quickly - and in a way that will maximize the potential cost-savings to issuers - while minimizing the very significant potential for disenfranchising “average investors” that exists if the Rules were to be amended exactly as currently proposed.

First off, surprised as I am to find myself in their camp, the AFL-CIO and the International Brotherhood of Teamsters are exactly right in saying that, given the state of Internet technologies currently being employed by issuers - as well as the state of Internet availability and usage by “average voters” - the Proxy Statement should - in fact **MUST** - accompany the Proxy card or Voting Instruction Form, regardless of how it is actually delivered, so that investors can understand exactly what they are voting on AND be able to obtain a reasonable understanding of the pros and cons.

But it is equally important to note that this will not prevent issuers from realizing very significant savings in printing, postage and delivery costs in what I’ll call phase-one – as long as issuers will be able to deliver the far-bulkier and expensive-to-produce Annual Reports only upon request.

As the Release notes, 56% of the beneficial owner accounts serviced by ADP fail to vote their proxies. Thus, one can safely conclude that (a) few if any of this group will bother to call a toll-free number to have an Annual Report sent to them and (b) that none of them

will be disenfranchised if the report comes late or not at all. ADP also reports that roughly 70% of the 60-odd million registered holder population currently fails to vote their proxies. Thus, counting only the “Spring annual meeting season” numbers that ADP cites, at least 127 million Annual Reports will no longer need to be printed, mailed and ultimately dumped, mostly unread, in our landfills. And this, using a *very low number* of \$5 per item for printing, postage and ADP and/or other mailing-agent fees – will save issuers (and us investors, who really pay the bills) at least \$635 million a year.

It should also be noted in this context, given the concerns that many respondents rightly expressed concerning “intermediaries”, that *ANY* reputable fulfillment house should be able to handle requests for paper Annual Reports, that a *single source* will be the most cost effective solution, by far, and that the selection of these suppliers should be entirely up to issuers, so they can negotiate the best possible terms.

Now, as to “phase two”: As numerous respondents noted, there are numerous technical deficiencies in the current and proposed rules and regulations regarding Internet “Availability” of proxy materials that need to be fixed – which can *easily be fixed*, I believe – to assure that investors are not disenfranchised by incomplete, unwieldy, hard-to-download, incomprehensible, or otherwise misleading or “mis-informing” proxy voting materials:

- **First and foremost, in my opinion, is the need for the SEC to completely re-think the content, format and permissible presentation(s) of “proxy solicitation materials”:** The first things that I – and every voter I’ve ever spoken to – look at when it comes to casting a proxy vote - or not – is the Chairman’s Letter, followed by the MD&A...and the charts and/or tables showing the bottom-line RESULTS. But these, as we know, are in the Annual Report. The next place I look - and advise others to look - before deciding whether to vote “Yes” on some or all directors – is the chart showing stock price performance vs. peers...a chart the recent Release on Compensation Disclosure proposes to eliminate! How better to get a quick idea about the stewardship of the board – or whether there are issues that may need a closer look before one casts one’s vote - to say nothing of the executive and director compensation practices? Wouldn’t *any* rational voter want to review this before voting the directors in? With today’s printed versions it’s a serious job of work to find all these sections. But with even the *best* of today’s internet-posted versions, it’s well nigh impossible! *In short, until the SEC finalizes the kinds of things that qualify as “proxy solicitation materials” – and makes sure that the voting-sites and the disclosure sites are easily findable and properly linked - there should be no move whatsoever to solicit, collect and tabulate votes based only on “a clear and impartial identification of the matters to be voted on”.*
- **Almost as important, I think - before the SEC could ever fairly allow e-delivery to become the standard - with paper-delivery of materials only on request - is the need for SEC-mandated standards that will assure that internet-posted materials are readily searchable...**so that investors can easily

skim proxy materials, find what they need, easily access the voting site - and navigate back and forth between the “soliciting materials” and the voting site if they need to do so. *Without this basic functionality, it seems crystal clear – as numerous respondents also noted, and as the suddenly and dramatically falling numbers of e-consenters amply demonstrates – individual voters will simply give up and go away...which is NOT something the SEC should be fostering.*

- **Also important to note, as at least one respondent also pointed out, is the fact that an “effective” Internet-version of proxy solicitation materials will almost never be “substantially identical to the printed document”, as the Release proposes.**

- **It would also be helpful to have proxy materials that are properly “compressed” - so as to download as quickly as possible, regardless** of whether the user has a dial-up or a DSL connection. I am somewhat less concerned here, however, since I believe that “smart issuers” will *always* want to send a paper Proxy Statement with the required Notice – and that the “Notice” will be the *equivalent* of a Proxy or “Voting Instruction Card”...and that the smartest of issuers will, increasingly, *want* to improve the quality of their Internet postings...IF they want to get VOTES, that is.

- **Finally, if we are to take full advantage of modern technologies - AND to fully realize the major savings that issuing companies and their shareholders will realize if technological changes are properly implemented - the free-market system must be allowed to operate in the American way:** A fresh and top-to-bottom look at the current proxy delivery system - including a fresh and open bidding process, for tasks that have not been competitively bid-out in 20 years – is absolutely essential.

Respectfully submitted,

Carl T. Hagberg