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February 13, 2006

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

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

Dear Mr. Katz:

I am a retired employee of a company that is now part of Verizon Communications, and I hold shares in Verizon. I am also President and Executive Director of a retiree activist organization of over 111,500 members who are retirees of Verizon, many of whom are shareowners. I am writing to express my concern, and that of our membership, about the SEC's proposal to change the way that companies solicit proxies from their shareholders.

Under the SEC proposal, companies would no longer have to mail shareholders a paper copy of the annual report and proxy statement. Instead, companies could simply mail shareholders a notice stating that these documents are available on the Internet, along with a proxy card that the shareholder could vote and return to the company.

If shareholders want to receive annual reports and proxy materials via the Internet, they should have that choice. However, the choice should not be forced on them, as the SEC is proposing to do. Many shareholders, including the vast majority of Americans over age 65, do not yet use the Internet or have access to it. The SEC should not write rules by assuming that they do. The research on this point is undisputed, as I document just below.

Shareholders should continue to receive all proxy materials in the same format at the same time. I do not believe that proxy cards should be delivered separately from other proxy materials. Indeed, for many years now, the SEC has regulated proxy solicitations based on a philosophy that companies should not be soliciting proxies unless they give shareholders all the pertinent facts they need to cast an informed vote. Separating the proxy card from the proxy statement may suggest that it is not as crucial for shareholders to read the written materials and that it is

acceptable to vote on the basis of information on the proxy card itself. We disagree with this approach. Proxy cards do not provide enough information about what one is asked to vote on, yet they contain management recommendations urging a specific vote for or against a proposal. Even under the Commission's proposal, proxy cards would be inadequate as a guide. They would omit contrasting views on significant issues to be decided, perhaps most notably with respect to shareholder proposals. By permitting the card to be delivered apart from the proxy statement, the Commission makes it easy for shareholders to vote their proxies without ready access to information on important matters proposed by management or contained in shareholder proposals.

This is a matter of concern to the Association for a separate reason. The Association and its members periodically sponsor shareholder resolutions on various corporate governance issues and have succeeded in obtaining majority votes on some of them; the Association and its members also use shareholder resolutions to open a dialogue with management about voluntary governance changes. Our experience has indicated that institutional investors are sophisticated in evaluating shareholder proposals on the merits and may rely on electronic technology for proxy voting. However, many individual investors are not as "tech-savvy," and they rely on paper copies of both the proxy statement and the card in casting a vote on our proposals. We are concerned that separating the proxy card from the proxy materials would diminish the ability of individual shareholders to learn about what matters will be on the agenda at upcoming annual meetings – and to cast informed votes thereon.

The SEC's notice suggests that we are at a point where electronic technology should be the default mode for delivering proxy materials, in lieu of the current system. We respectfully disagree. Empirical evidence strongly suggests that it is premature to expect retirees and most other shareholders over age 65 to rely on the Internet to access corporate proxy disclosures. An October, 2005 demographic survey sponsored by the Pew Internet and American Life Project – the leading ongoing survey research project on how Americans access and use the Internet, sponsored by the Pew Charitable Trusts of Philadelphia – found that only 26% of Americans age 65 and older use the Internet at all, while half of those seniors use it for little more than email. The report concluded that "[c]ertain groups continue to lag in their Internet adoption, including Americans 65 and older." (Pew's *Digital Divisions* is available online at http://www.pewinternet.org/pdfs/PIP_Digital_Divisions_Oct_5_2005.pdf).

Here are some relevant highlights from Pew's 2005 survey of 2,001 adults, conducted for Pew by Princeton Survey Research Associates International:

- Only 26% of Americans age 65 and older go online, compared with 67% of those age 50-to-64, 80% of those age 30-to-49, and 84% of those age 18-to-29.
 - The biggest drop-off occurs at age 70 – only 21% of those 70 and older use the Internet.

- “The new ‘grey gap’ is one of speed as well as access.” Most wired seniors go online at home, via dial-up connections.
 - More than two-thirds (72%) of wired seniors go online at home via dial-up connections, compared to 54% of the general Internet population who go online from home.
- Computer use among seniors in general is low.
 - 29% of Americans age 65 and older say they use a computer on at least an occasional basis.
 - By contrast, 71% of Americans age 50-64 use a computer.
- Among seniors who use the Internet, wired seniors are enthusiastic users of email – roughly equal to other age groups – but they are far less likely to go online for financial activities. For example, while 50% of 29-to-40-year-old Internet users have banked online, only 22% of Internet users over age 70 have banked online (and only 35% of those aged 60-to-69).

In explaining this gap between younger, working adults and retirees, Pew’s Internet survey the previous year (March, 2004) concluded: “[M]ost seniors live lives far removed from the Internet, know few people who use email or surf the Web, and cannot imagine why they would spend money and time learning how to use a computer. Seniors are also more likely than any other age group to be living with some kind of disability, which could hinder their capacity to get to a computer training center or read the small type on many Web sites.”

If we lived in a world where everyone had access to broadband Internet connections at a reasonable cost, and if the vast majority of adults routinely logged onto the Internet to locate and download information when they received postcards, then this would probably be a non-issue. But that day is not yet here. Indeed, if our society were at that stage, there would be no reason to require that the proxy “notice” be sent by mail; the fact that a mail notice is necessary is itself an indication that too many individual shareowners are not ready to rely on the Internet for the information and disclosures that are critical to reasoned proxy voting.

Although survey data suggests that the vast majority of today's retirees and older workers are *not* plugged into the online world, that situation is likely to look very different a decade from now. Pew has identified a phenomenon called the “silver tsunami” – a high percentage of people just under retirement age (under age 60) who will be transforming the wired senior landscape in the years to come. In February 2004, Pew found that 62% of Americans age 50-58 years-old had Internet access. By contrast, just 17% of Americans age 69 and older had access. Many of these pre-retirement Baby Boomers access the Internet mostly at work – or, if they do have Internet at home, it’s a dial-up connection. Thus, as these “wired” older workers retire – and as broadband access becomes more affordable and ubiquitous – perhaps even retirees on fixed incomes will go

online routinely to conduct personal business. For better or worse, that era is years in the future – and is also likely contingent on broadband connections becoming both more affordable than they are today.

Please do not make Internet usage mandatory. For the foreseeable future, linking the exercise of shareholder rights to effective Internet access would disenfranchise the vast majority of retired individual shareholders. Shareowners must have all proxy information in their hands in order to cast an informed vote. The Commission should be facilitating – and not burdening or deterring – the ability and inclination of individual shareholders to hold boards and managements accountable through informed participation in the corporate governance process.

Thank you for your consideration of these comments. Please do not hesitate to contact me if the Association can provide further information.

Very truly yours,

/s/ C. William Jones

C. William Jones
President and Executive Director