

# American Federation of Labor and Congress of Industrial Organizations



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February 13, 2006

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

RE: *File No.:* S7-10-05, Internet Availability of Proxy Materials  
Supplemental Comments of the AFL-CIO on Broker Voting

Dear Ms. Morris:

This letter is intended to supplement the AFL-CIO's comments that I submitted on January 11, 2006, regarding the Commission's proposed rule on Internet Availability of Proxy Materials (the "Proposed Rule"). As stated in my previous comments, the Proposed Rule should be amended to require that proxy statements be delivered in the same medium and at the same time as the proxy card. On further consideration, we are concerned that the Proposed Rule will have the unintended effect of increasing the role of broker voting in corporate elections.

New York Stock Exchange Rule 452 allows brokers to vote on certain "routine" proposals—including the uncontested election of directors, the ratification of auditors, and an increase in authorized common stock—if the beneficial owner hasn't provided voting instructions at least 10 days before a scheduled meeting. Brokers, who have no fiduciary obligation to vote in the best interests of beneficial shareholders, routinely vote in favor of management on these issues.

In general, we believe that the interests of companies to reach quorum at shareholder meetings will coincide with the interests of shareholders to receive proxy materials in a form that facilitates their ability to vote. If shareholders are not willing to vote electronically, issuers will have an incentive to disseminate paper proxy materials in order to meet their quorum requirements. However, the existence of the broker vote rule undermines this incentive for companies to seek maximum shareholder participation in corporate elections.

The AFL-CIO believes that no ballot item submitted today for shareowner approval is so "routine" that brokers should have the ability to vote on the matter without instructions from the beneficial owners. For example, director "vote-no" campaigns are an increasingly important means for shareholders to signal their disapproval of director nominees. In response to this trend, a variety of companies have adopted majority vote director election rules requiring that directors receive a majority of votes cast to be elected.

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As drafted, the Proposed Rule may have the unintended consequence of increasing the broker vote in corporate elections. This outcome contradicts the purpose of the Proposed Rule as stated by Chairman Cox: "The ultimate goal [of internet availability] is to put investors in the driver's seat when it comes to information about, and control over, their money." Accordingly, the AFL-CIO urges that the Proposed Rule be further amended to permit electronic delivery of proxy materials only in cases where broker voting is not permitted.

Sincerely,



Richard L. Trumka

RLT/me  
opeiu #2, afl-cio

cc: Chairman Christopher Cox  
Commissioner Paul S. Atkins  
Commissioner Roel C. Campos  
Commissioner Cynthia A. Glassman  
Commissioner Annette L. Nazareth